

SpineCare Foundation  
ABN 98 003 427 272  
(A Company Limited by Guarantee)  
Annual financial report  
30 June 2009

SpineCare Foundation  
 Directors' report  
 For the year ended 30 June 2009

The directors present their report together with the financial report of SpineCare Foundation ("the Company") for the year ended 30 June 2009 and the auditor's report thereon.

**1. Directors**

The directors of the Company at any time during or since the end of the financial year are:

**Name and qualifications**

K Stubbs <i>BA (Hons), MA (Hons), Grad Cert Writing, MAICD</i>	Chairperson and director since April 2008
A Ellison <i>BA (Hons), Grad Dip (Mgt)</i>	Director from 2006 to October 2009
A G Epps <i>FRACP, FAFRM</i>	Director since 2006
A Gray <i>MB, BS, FRACS (Orth)</i>	Director since 2005
C Little <i>BSc, BVMS, MSc, PhD</i>	Director since 2004
P Serrao <i>BEd</i>	Director since 2005
M Fryer <i>FCPA, FCMA, FCIS, GAICD</i>	Director from 2004 to July 2009
A Fisher <i>BSocWork, DipBus</i>	Director from October 2008
L Carpenter <i>GCertBAdmin, ACMA, CPA</i>	Director since October 2008

In accordance with the Company's constitution, one third of the Directors retire from the Board of Directors at the forthcoming Annual General Meeting of members and, being eligible, offer themselves for re-election.

**2. Company Secretary**

L Carpenter was appointed to the position of company secretary in July 2008.

**3. Directors' meetings**

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

	Number of Meetings	
	Attended	Held*
K Stubbs	2	2
A Ellison	-	1
A G Epps	2	2
A Gray	1	2
A Fisher	1	1
C Little	2	2
P Serrao	2	2
L Carpenter	2	2

\* Number of meetings held during the time the director held office during the period

**4. Principal activities**

The principal activity of the Company is to raise funds for research into spinal injuries, disorders and related activities and to dispense the funds raised by awarding scholarships and grants to appropriate individuals and organisations.

SpineCare Foundation  
Directors' report (continued)  
For the year ended 30 June 2009

5. Operating and financial review

**Review and results of operations**

The deficit for the year amounted to \$127,263 (2008: \$263,697). The Company relies on revenue from donations and financial income to meet its operating expenses. The deficit is a result of financial investments making a loss during the year and therefore, donation revenue on its own not being sufficient to cover operating expenses.

**Significant changes in the state of affairs**

In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

6. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

7. Likely developments

The Company expects to maintain the present status and level of operations.

8. Environmental regulation

The Company's operations are not subject to any significant environmental regulations under Commonwealth and State legislation. The Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any significant breaches of those environmental requirements as they apply to the Company.

9. Indemnification and insurance of officers and auditors

**Indemnification**

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

**Insurance premiums**

Since the end of the previous financial year the controlling entity, The Northcott Society, paid insurance premiums in respect of Directors' and Officers' liability and legal expenses' insurance contracts for current and former Directors and Officers of SpineCare Foundation.

The insurance premiums relate to:

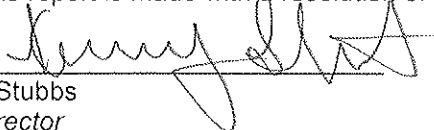
- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Further details of the nature of the liabilities covered or the amount of premiums paid under these policies as such disclosure is prohibited under the terms of the contracts.

10. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 22 and forms part of the directors' report for the financial year 2009.

This report is made with a resolution of the directors:

  
K Stubbs  
Director

10 September 2009  
Dated

SpineCare Foundation  
Income statement  
For the year ended 30 June 2009

	<i>Note</i>	2009 \$	2008 \$
Revenue from donations		31,932	39,715
Other income		2,865	1,535
Depreciation expense		(886)	(292)
Administrative expenses		(27,794)	(27,299)
Scholarship expenses		(32,000)	(53,300)
Research grant expenses		(42,500)	(59,500)
		<hr/>	<hr/>
<b>Deficit before financing expense</b>		(68,383)	(99,141)
		<hr/>	<hr/>
<b>Net financing expense</b>	5	(58,880)	(164,556)
		<hr/>	<hr/>
<b>Deficit for the period</b>		(127,263)	(263,697)
		<hr/>	<hr/>

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 7 to 17.

SpineCare Foundation  
Statement of changes in equity  
For the year ended 30 June 2009

	General Accumulated Funds \$	Total Equity \$
Opening balance at 1 July 2007	2,641,090	2,641,090
Deficit for the period	(263,697)	(263,697)
Closing balance at 30 June 2008	<u>2,377,393</u>	<u>2,377,393</u>
Opening balance at 1 July 2008	2,377,393	2,377,393
Deficit for the period	(127,263)	(127,263)
Closing balance at 30 June 2009	<u>2,250,130</u>	<u>2,250,130</u>

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 7 to 17.

# SpineCare Foundation

## Balance sheet

As at 30 June 2009

	<i>Note</i>	2009	2008
<b>Assets</b>		\$	\$
Cash and cash equivalents	6	333,616	158,679
Trade and other receivables	7	213,703	205,102
Other financial assets	8	492,306	653,566
<b>Total current assets</b>		<u>1,039,625</u>	<u>1,017,347</u>
Trade and other receivables	7	799,365	965,835
Other financial assets	8	429,610	419,125
Property, plant and equipment	9	-	886
<b>Total non-current assets</b>		<u>1,228,975</u>	<u>1,385,846</u>
<b>Total assets</b>		<u>2,268,600</u>	<u>2,403,193</u>
<b>Liabilities</b>			
Trade and other payables	10	18,470	25,800
<b>Total current liabilities</b>		<u>18,470</u>	<u>25,800</u>
<b>Total liabilities</b>		<u>18,470</u>	<u>25,800</u>
<b>Net assets</b>		<u>2,250,130</u>	<u>2,377,393</u>
<b>Equity</b>			
General accumulated funds		<u>2,250,130</u>	<u>2,377,393</u>
<b>Net equity</b>		<u>2,250,130</u>	<u>2,377,393</u>

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 7 to 17.

SpineCare Foundation  
Statement of cash flows  
For the year ended 30 June 2009

	<i>Note</i>	2009 \$	2008 \$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		193,801	215,284
Cash paid to suppliers and employees		(110,759)	(78,235)
Interest received		76,961	—
		<hr/>	<hr/>
<b>Net cash generated by operating activities</b>	14	<hr/> 160,003	<hr/> 137,049
<b>Cash flows from investing activities</b>			
Refund of imputation credits		14,934	3,858
Acquisitions of managed funds held for trading		-	(200,000)
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		<hr/> 14,934	<hr/> (196,142)
Net decrease in cash and cash equivalents		174,937	(59,093)
Cash and cash equivalents at 1 July		<hr/> 158,679	<hr/> 217,772
<b>Cash and cash equivalents at 30 June</b>	6	<hr/> 333,616	<hr/> 158,679

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 7 to 17.

# SpineCare Foundation

## Notes to the financial statements

For the year ended 30 June 2009

### 1. Reporting Entity

SpineCare Foundation (the "Company") is a company limited by guarantee and domiciled in Australia.

### 2. Basis of preparation

#### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial statements were approved by the directors on 2 September 2009.

#### (b) Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial report is presented in Australian dollars.

#### (c) Use of estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### (a) Financial instruments

##### (i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits.

Accounting for finance income and expense is discussed in note 3(e).

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

# SpineCare Foundation

## Notes to the financial statements

For the year ended 30 June 2009

### 3. Significant accounting policies (continued)

#### (b) Property, plant and equipment

##### (i) Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

##### (ii) Subsequent costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

##### (iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives in the current and comparative periods are as follows:

- Plant and equipment 6.67 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

#### (c) Impairment

##### (i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

##### (ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

# SpineCare Foundation

## Notes to the financial statements

For the year ended 30 June 2009

### 3. Significant accounting policies (continued)

#### (c) Impairment (continued)

##### (ii) Non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (d) Revenue

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without cash consideration are not recognised as revenues.

##### (i) Rendering of services

Revenue from rendering of services is recognised in the period in which the service is provided.

##### (ii) Interest income

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

##### (iii) Donations

Donations are recognised as they are received or, where special terms and conditions attach to these, in accordance with these terms and conditions.

##### (iv) Estates and bequests

Estates and bequests received are recognised as income by the Company in accordance with the terms and conditions of the bequests. Where no specific terms and conditions exist, these are recognised as income as follows:

- Cash distributions from estates at the time of receipt; and
- Shares, real property and other securities at the estimated market value when the risks and benefits pass to the Company.

#### (e) Finance income and expense

Finance income comprises interest income on funds invested and unwinding of the discount on long-term receivables. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

#### (f) Income tax

In accordance with the provisions of the Income Tax Assessment Act 1997 (as amended), the Company is exempt from income tax.

# SpineCare Foundation

## Notes to the financial statements

For the year ended 30 June 2009

### 3. Significant accounting policies (continued)

#### (g) Segment reporting

A segment is a distinguishable component of the Company that is engaged in either providing goods or services (business segment) or in providing goods and services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments.

#### (h) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

#### (i) Share capital

SpineCare Foundation has no share capital, as it is a company limited by guarantee.

#### (l) Issued standards not early adopted

A number of Accounting Standards and amendments with application dates commencing subsequent to year end were available for adoption. The Company plans to adopt these Accounting Standards and amendments in future financial years. The quantification of the initial impact of new standards and amendments issued but not yet adopted is not known or reasonably estimable in the current financial year as an exercise to quantify the financial impact has not yet been undertaken by the Company to date. The impact of these new standards and amendments will be assessed prior to their operative date.

SpineCare Foundation  
Notes to the financial statements

For the year ended 30 June 2009

	2009	2008
	\$	\$
4. Auditor's remuneration		
<b>Audit services</b>		
Auditors of the Company		
<i>KPMG Sydney:</i>		
Audit of financial reports	<u>6,600</u>	<u>6,300</u>
5. Net financing (loss)/income		
Interest income – other parties	18,431	16,621
Interest income – unwinding of discount on receivable	58,530	66,462
(Loss)/gain from investments in managed funds held for trading	<u>(135,841)</u>	<u>(247,640)</u>
Net financing (loss)/income	<u>(58,880)</u>	<u>(164,556)</u>
6. Cash and cash equivalents		
Cash at bank	10,093	2,480
Term deposits	<u>323,523</u>	<u>156,199</u>
Cash and cash equivalents in the statement of cash flows	<u>333,616</u>	<u>158,679</u>
7. Trade and other receivables		
<b>Current</b>		
Other debtors	<u>213,703</u>	<u>205,102</u>
<b>Non-current</b>		
Other debtors	<u>799,365</u>	<u>965,835</u>
Non-current receivables have been discounted to their present value using a discount rate of 5% (2008: 5.0%).		
8. Other financial assets		
<b>Current</b>		
Investments in managed funds held for trading	<u>492,306</u>	<u>653,566</u>
<b>Non-current</b>		
Investments in managed funds held for trading	<u>429,610</u>	<u>419,125</u>

SpineCare Foundation  
Notes to the financial statements (continued)  
For the year ended 30 June 2009

9. Property, plant and equipment

	Plant and equipment \$	Total \$
Cost		
Balance at 1 July 2007	1,947	1,947
Balance at 30 June 2008	<u>1,947</u>	<u>1,947</u>
Balance at 1 July 2008	1,947	1,947
Disposals	<u>(1,947)</u>	<u>(1,947)</u>
Balance at 30 June 2009	<u>-</u>	<u>-</u>
Depreciation		
Balance at 1 July 2007	(769)	(769)
Depreciation charge for the year	<u>(292)</u>	<u>(292)</u>
Balance at 30 June 2008	<u>(1,061)</u>	<u>(1,061)</u>
Balance at 1 July 2008	(1,061)	(1,061)
Depreciation charge for the year	<u>(886)</u>	<u>(886)</u>
Disposals	<u>1,947</u>	<u>1,947</u>
Balance at 30 June 2009	<u>-</u>	<u>-</u>
Carrying amounts		
At 1 July 2007	1,178	1,178
At 30 June 2008	<u>886</u>	<u>886</u>
At 1 July 2008	886	886
At 30 June 2009	<u>-</u>	<u>-</u>
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>

10. Trade and other payables

**Current**

Ruth Marion Fardell Scholarship	-	12,000
Greg and Delores Farrell Fund	10,000	7,500
Owing to related party	1,870	-
Other creditors and accruals	<u>6,600</u>	<u>6,300</u>
	<u>18,470</u>	<u>25,800</u>

11. Financial instruments

The Company's financial assets and liabilities are subject to interest rate and credit risk. The Company does not use derivatives to minimise the risk and these will fluctuate in accordance with movements in the market interest rates.

# SpineCare Foundation

## Notes to the financial statements (continued)

For the year ended 30 June 2009

### 11. Financial instruments (continued)

#### Credit risk

##### Trade receivables

The Company is exposed to credit risk as \$1,003,435 of its total receivables balance amounting to \$1,013,068 is due from one entity. The Company disposed of its leasehold improvements in the Spinecare Village in a prior financial year to Royal Rehabilitation Centre, Sydney. The total receivable will be paid over 6 years, by 2013.

##### Impairment losses

None of the Company's receivable are past due (2008: nil).

##### Investments

The Group limits its exposure to credit risk by investing in managed funds and bonds with reputable organisations. Management does not expect any of these counterparties to fail to meet their obligations.

#### Market price risk

The Company is exposed to market price risk as its investments in managed funds held for trading of \$492,306 are effected by changes in market prices, such as interest rates.

#### Interest rate risk

In respect of financial assets and financial liabilities the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

	Note	Effective interest rate	2009					More than 5 years
			Total	6 months or less	6-12 months	1-2 years	2-5 years	
Cash and cash equivalents	6	4.04%	333,616	333,616	-	-	-	-
Trade and other receivables	7	5%	1,003,435	-	204,070	204,070	408,140	187,155
			<u>1,337,051</u>	<u>333,616</u>	<u>204,070</u>	<u>204,070</u>	<u>408,140</u>	<u>187,155</u>

	Note	Effective interest rate	2008					More than 5 years
			Total	6 months or less	6-12 months	1-2 years	2-5 years	
Cash and cash equivalents	6	6.35%	158,679	158,679	-	-	-	-
Trade and other receivables	7	5%	1,170,937	1,032	204,070	204,070	408,140	353,625
			<u>1,329,616</u>	<u>159,711</u>	<u>204,070</u>	<u>204,070</u>	<u>408,140</u>	<u>353,625</u>

SpineCare Foundation  
Notes to the financial statements (continued)  
For the year ended 30 June 2009

11. Financial instruments (continued)

**Cash Flow analysis**

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below.

	2009 Profit on Loss	
	100 bp increase \$	100 bp decrease \$
Variable rate instruments	3,336	(3,336)
	3,336	(3,336)
	2008 Profit on Loss	
	100 bp increase \$	100 bp decrease \$
Variable rate instruments	1,587	(1,587)
	1,587	(1,587)

**Fair values**

The carrying amounts of financial assets and financial liabilities approximates their fair value.

**Estimation of fair values**

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

**Trade and other receivables / payables**

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine their fair value.

SpineCare Foundation  
Notes to the financial statements (continued)

For the year ended 30 June 2009

**Investments in managed funds**

The fair value of investments in managed funds classified as held for trading is their quoted bid price at balance date.

**12. Commitments**

The Spinecare Foundation has a commitment at 30 June 2009 to pay a number of instalments to the Prince of Wales Medical Research Institute.

	2009	2008
	\$	\$
Within 1 year	50,000	-
Between 1 and 2 years	37,500	-
	87,500	-

**13. Members guarantee**

SpineCare Foundation is incorporated in New South Wales as a company limited by guarantee. In the event of the Company being wound up, each member undertakes to contribute a maximum of \$100 for payment of the Company's liabilities. At 30 June 2009 there were 5 members (2008: 5 members) and the amount of capital that could be called up in the event of the Company being wound up is \$500 (2008: \$500).

**14. Reconciliation of cash flows from operating activities**

	2009	2008
	\$	\$
Cash flows from operating activities		
(Deficit)/Surplus for the period	(127,263)	(263,697)
<i>Adjustments for:</i>		
Depreciation	886	292
Loss/(gain) from investments in managed funds held for trading	135,841	243,782
<b>(Deficit)/surplus before changes in working capital and provisions</b>	9,464	(19,623)
Decrease/(increase) in trade and other receivables	157,869	173,372
(Decrease)/increase in trade and other payables	(7,330)	(16,700)
<b>Net cash generated by operating activities</b>	160,003	137,049

**15. Key management personnel**

**Transactions with key management personnel**

No key management personnel of the Company received any remuneration in respect of the services provided to the Company or had any transactions with the Company during the year.

SpineCare Foundation  
Notes to the financial statements (continued)

For the year ended 30 June 2009

16. Non key management personnel disclosures

**Directors**

There were no transactions with the Directors of the Company or their Director related entities during the year.

**Identity of related parties**

The Company has a related party relationship with its parent entity and with its key management personnel.

The immediate and ultimate parent entity of SpineCare Foundation is The Northcott Society, a company incorporated in New South Wales.

**Other related party transactions**

During the year, management, administrative and personnel services were provided by the controlling entity, The Northcott Society, for which fees of \$20,400 (2008: \$20,400) were charged based on the cost to The Northcott Society. The Company also provided a grant of \$30,000 to the Northcott Society's Spinal Outreach Team (2008: \$30,000).

17. Segment reporting

SpineCare Foundation is engaged in raising funds for research into spinal injuries, disorders and related activities and operates wholly within New South Wales.

18. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

19. Fundraising appeals conducted during the financial year

Fundraising appeals conducted during the financial year included direct mail appeals.

	2009	2008
	\$	\$
<b>i) Results of fundraising appeals</b>		
Gross proceeds from fundraising appeals	33,232	39,715
Less: Direct costs of fundraising appeals	-	-
	<u>33,232</u>	<u>39,715</u>
Net surplus obtained from fundraising appeals	<u>33,232</u>	<u>39,715</u>
<b>ii) Application of net surplus obtained from fundraising appeals</b>		
Direct client services	74,500	112,800
Recurrent administration expenses	28,680	27,591
	<u>103,180</u>	<u>140,391</u>

SpineCare Foundation  
Notes to the financial statements (continued)

For the year ended 30 June 2009

iii) The difference between the surplus available from fundraising appeals and the total expenditure was provided from the following sources:

Investment (loss)/income	(58,880)	(164,556)
Other revenue	1,565	1,535
	<u>(57,315)</u>	<u>(163,021)</u>
Transfer from/(to) general accumulated funds	127,263	263,697
	<u>69,948</u>	<u>(100,676)</u>

iv) Comparisons of certain monetary figures and percentages

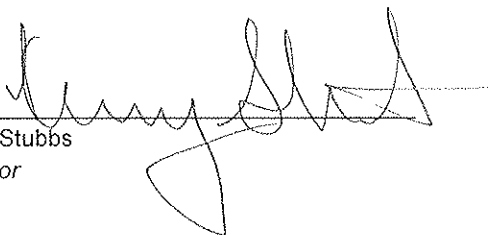
	2009	2009	2008	2008
	\$	%	\$	%
Total cost of fundraising	-	-	-	-
Gross proceeds from fundraising	33,232		39,715	
Net surplus from fundraising	33,232	100	39,715	100
Gross proceeds from fundraising	33,232		39,715	
Total costs of services	74,500	72	112,800	80
Total expenditure	103,180		140,391	
Total costs of services	74,500	224	112,800	173
Total income received	33,232		41,250	

SpineCare Foundation  
Directors' declaration in respect of the fundraising appeals

I, Kerry Stubbs, Director of SpineCare Foundation declare in my opinion:

- a) the financial report gives a true and fair view of all income and expenditure of SpineCare Foundation with respect to fundraising appeal activities for the financial year ended 30 June 2009;
- b) the balance sheet gives a true and fair view of the state of affairs of SpineCare Foundation with respect to fundraising appeal activities as at 30 June 2009;
- c) the provisions of the Charitable Fundraising (NSW) Act 1991 and Regulations under the Act and the conditions attached to the authority have been complied with during the year ended 30 June 2009; and
- d) the internal controls exercised by SpineCare Foundation are appropriate and effective in accounting for all income received and applied by SpineCare Foundation from any of its fundraising appeals.

Dated at Sydney this 10<sup>th</sup> day of September 2009.

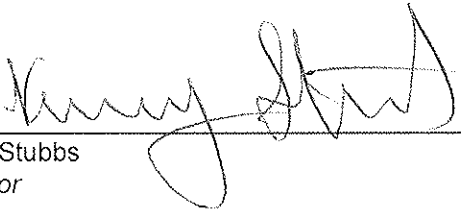
  
Kerry Stubbs  
Director

SpineCare Foundation  
Directors' declaration

In the opinion of the directors of SpineCare Foundation ("the Company"):

- (a) The financial statements and notes set out on pages 3 to 17 are in accordance with the Corporations Act 2001, including :
- (i) giving a true and fair view of the financial position of the Company as at 30 June 2009 and of its performance, as represented by the results of its operations and its cash flows for the financial year ended on that date; and
  - (ii) complying with the Accounting Standards in Australia (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Dated at Sydney this 10 day of September 2009.



Kerry Stubbs  
Director



## Independent auditor's report to the members of SpineCare Foundation

We have audited the accompanying financial report of SpineCare Foundation ("the Company") for the financial year ended 30 June 2009, which comprises the balance sheet as at 30 June 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration set out on pages 3 to 17 and page 19.

### *Directors' responsibility for the financial report*

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's financial position and of its performance.

In addition, our audit report has also been prepared for the members of the company in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991. Accordingly we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the *Corporations Act 2001*. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Charitable Fundraising (NSW) Act 1991 and Regulations.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year end financial report preparation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Independent auditor's report to the members of SpineCare Foundation (continued)

### *Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

### *Auditor's opinion on the financial report*

In our opinion the financial report of SpineCare Foundation is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

### *Auditor's opinion pursuant to the Charitable Fundraising (NSW) Act 1991*

In our opinion:

- a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 June 2009;
- b) the financial report has been properly drawn up, and the associated records have been properly kept for the year ended 30 June 2009, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations;
- c) money received as a result of fundraising appeal activities conducted during the year ended 30 June 2009 has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations; and
- d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

*KPMG*

KPMG

Tony Nimac  
Partner

Sydney  
10 September 2009



## Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: the directors of SpineCare Foundation

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

*KPMG*

KPMG

Tony Nimac  
Partner

Sydney

10 September 2009