

**SKIN & CANCER FOUNDATION INC. AND
CONTROLLED ENTITIES**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

*Skin & Cancer Foundation Inc.
and Controlled Entities*

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COMMITTEE MEMBERS' REPORT

Your committee members present their report on the Skin & Cancer Foundation Inc. for the financial year ended 30 June 2014.

Committee Members

The names of the committee members in office at any time during or since the end of the year are:

	Meetings Held	
	Eligible to attend	Attended
Mr Chris Arnold	11	11
Assoc Prof Peter Foley	11	8
Assoc Prof Chris Baker	11	11
Dr Michael Rich	11	6
Dr Mei Tam	11	8
Assoc Prof Rosemary Nixon	11	7
Dr Edward Upjohn	11	6
Ms Jacqueline Phillips	11	5
Dr Hugh Roberts	11	8
Dr Miklos Pohl	11	7
Mr Andrew Farr	8	0
Ms Jennifer Gale	11	3
Ms Kathryn Watt	3	1

Committee members have been in office since the start of the financial year to the date of this report unless otherwise stated.

Significant Changes in the State of Affairs

No significant changes in the state of affairs occurred during the financial year.

Principal Activities

The principal activities of the association during the financial year were medical treatment, research and training.

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operation of the Association, the results of those operations, or the state of affairs of the Association in future financial years

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Likely Developments and Expected Results of Operations

Likely developments in the operations of the association and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the association.

Environmental Regulation

The association's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been a member of the committee or auditor of the association.

Proceedings on Behalf of the Association

No person has applied for leave of court to bring proceedings on behalf of the association or intervene in any proceedings to which the association is a party for the purpose of taking responsibility on behalf of the association for all or any part of those proceedings.

The association was not a party to any such proceedings during the year.

This committee members' report is signed in accordance with a resolution of the Committee:

Committee
Member



Associate Professor Chris Baker

Dated this

22

day of

October

2014

Committee
Member



Mr Chris Arnold

Dated this

22

day of

October

2014

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Income			
Revenue from services		4,507,426	3,898,968
Government education grants		809,149	796,533
Share of net profits of joint venture	13	592,307	576,842
Rental income		306,761	258,380
Interest		60,115	82,968
Gain on revaluation of building		-	1,743,013
		6,275,758	7,356,704
Expenditure			
Audit		20,500	18,657
Bank charges		14,625	7,883
Communication expenses		52,010	49,613
Consultants fees		-	4,814
Depreciation		198,633	232,619
Employment expenses		4,109,508	3,886,803
Finance costs		235,728	284,589
Insurance		50,837	54,796
Leasing charges		6,970	4,149
Medical supplies		233,954	231,649
Occupancy expenses		225,756	198,637
Other expenses		883,880	768,923
Printing & stationery		47,440	59,919
Professional Fees		71,981	77,743
		6,151,822	5,880,794
Net income before income tax		123,936	1,475,910
Income tax expense	1 (b)	-	-
Net income after income tax		123,936	1,475,910
Other comprehensive income / (expense):			
Net loss on revaluation of land		-	(140,000)
Other comprehensive income / (expense) for the year		-	(140,000)
Total comprehensive income for the year		123,936	1,335,910

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014 \$	2013 \$
Assets			
Current Assets			
Cash and cash equivalents	2	939,541	1,605,151
Trade and other receivables	3	315,928	248,445
Other assets	4	277,070	165,070
Investments	5	701,871	-
Total Current Assets		<u>2,234,410</u>	<u>2,018,666</u>
Non-Current Assets			
Investments	5	10	10
Property, plant and equipment	6	10,625,607	10,742,425
Total Non-Current Assets		<u>10,625,617</u>	<u>10,742,435</u>
Total Assets		<u>12,860,027</u>	<u>12,761,101</u>
Liabilities			
Current Liabilities			
Borrowings	8	6,307	3,954,740
Provisions	9	159,550	176,856
Trade and other payables	7	902,429	642,118
Total Current Liabilities		<u>1,068,286</u>	<u>4,773,714</u>
Non-Current Liabilities			
Borrowings	8	3,717,244	-
Provisions	9	122,122	158,948
Total Non-Current Liabilities		<u>3,839,366</u>	<u>158,948</u>
Total Liabilities		<u>4,907,652</u>	<u>4,932,662</u>
Net Assets		<u>7,952,375</u>	<u>7,828,439</u>
Equity			
Retained earnings	11	3,554,599	3,467,160
Reserves	12(a)	3,050,000	3,050,000
Special Purpose Funds – Bequests	12(b)	887,345	864,645
Special Purpose Funds – Department of Dermatology	12(c)	460,431	446,634
Total Equity		<u>7,952,375</u>	<u>7,828,439</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Note	Special Purpose Fund - Bequests	Special Purpose Fund – Dept of Dermatology	Retained Earnings	Revaluation Reserve	Total
Balance at 30 June 2012		1,026,635	421,488	1,854,406	3,190,000	6,492,529
Net income for the year		-	-	1,475,910	-	1,475,910
Net loss on revaluation of Land		-	-	-	(140,000)	(140,000)
Total comprehensive income for the year		-	-	1,475,910	(140,000)	1,335,910
Transfers to and from reserves – Interest	12(b&c)	9,513	25,146	(34,659)	-	-
Transfers to and from reserves – Other	12(b)	(171,503)	-	171,503	-	-
Balance at 30 June 2013		864,645	446,634	3,467,160	3,050,000	7,828,439
Balance at 30 June 2013		864,645	446,634	3,467,160	3,050,000	7,828,439
Net income for the year		-	-	123,936	-	123,936
Total comprehensive income for the year		-	-	123,936	-	123,936
Transfers to and from reserves	12(b&c)	22,700	13,797	(36,497)	-	-
Balance at 30 June 2014		887,345	460,431	3,554,599	3,050,000	7,952,375

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The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013
		\$	\$
Cash flows from operating activities			
Receipts from customers		6,521,546	5,739,361
Payments to suppliers and employees		(5,996,669)	(5,452,577)
Interest received		60,115	82,968
Finance costs		(235,728)	(284,589)
Net cash provided by operating activities	10	349,264	85,163
 Cash flows from investing activities			
Payment for investment		(701,871)	-
Payment for property, plant and equipment		(81,815)	(111,998)
Net cash used in investing activities		(783,686)	(111,998)
 Cash flows from financing activities			
Payments to members		-	(4,000)
Repayment of borrowings		(237,496)	(205,767)
Net cash used in financing activities		(237,496)	(209,767)
 Net (decrease) increase in cash held		(671,918)	(236,602)
Cash at beginning of financial year		1,605,151	1,841,753
Cash at end of financial year	2	933,234	1,605,151

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The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Reform Act 2012. The committee has determined that the association is not a reporting entity.

The financial report covers Skin & Cancer Foundation Inc. as an individual entity and Skin & Cancer Foundation Inc. and controlled entities as an economic entity. Skin & Cancer Foundation Inc. is an association incorporated in Victoria under the Association Incorporations Reform Act 2012.

Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

Accounting Policies

a. Income Tax

Skin & Cancer Foundation Inc. is endorsed as a public benevolent institution and is entitled to Income Tax Exemption, Goods & Services Tax concessions and Fringe Benefits Tax Exemption (up to \$30,000 grossed-up per employee)

b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by committee members to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the association commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Leasehold improvement	2.5 – 25%
Plant and equipment comprising:	

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- Fixtures and fittings	5 – 10%
- Medical equipment	10 – 33%

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (Cont'd)

Depreciation (Cont'd)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

c. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

d. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the association, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e. Impairment of Assets

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f. Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

g. Provisions

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All dividends received shall be recognised as revenue when the right to receive the dividend has been established.

Grant and donation income is recognised when the entity obtains control over the funds, which is generally at the time of receipt.

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax (GST).

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

k. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

l. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

m. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the association has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

n. Critical Accounting Estimates and Judgments

The committee members evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the association.

Key Estimate

(i) Fair value of land and building

The land and buildings have had an independent valuation performed as at 30 June 2013. The valuation approach adopted was the Direct Capitalisation Approach – Market Income method. The method involves the addition of market rent for the various components of the property, and the deductions of outgoings (where appropriate) to determine the net market income of the property. The net market income is capitalized at the adopted capitalization rate to derive the fair value.

The Board has given consideration to the fair value to be disclosed for the property situated at 80 Drummond Street Carlton ("The Property") in the Financial Reports for the year ended 30 June 2014.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Key Estimate (Cont'd)

(ii) Fair value of land and building (Cont'd)

The Board noted that a formal valuation was undertaken by Mr Jacob Russell of Jones Lang LaSalle and his report was issued on 29 August 2013.

The Board has made relevant enquiries as to the current conditions of the commercial property market in inner-city Melbourne and considers that there have been no material changes in circumstances or conditions that would result in a different valuation being determined in the event that the property was to be revalued in mid-2014.

The Board has therefore resolved to accept the valuation of 29 August 2013 as still being current, relevant and reflective of the fair value of the property for the purposes of disclosure in the financial reports for the year ended 30 June 2014.

d. New Accounting Standards for Application in Future Periods

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatory applicable to the association and their potential impact on the association when adopted in future periods is discussed below:

AASB 10: consolidated financial statements, *AASB 11: joint arrangements*, *AASB 12: disclosure of interests in other entities*, *AASB 127: separate financial statements* and *AASB 128: investments in associates and joint ventures* (as amended by *AASB 2012-10: amendments to Australian accounting standards – transition guidance and other amendments*), and *AASB 2011-7: amendments to Australian accounting standards arising from the consolidation and joint arrangements standards* (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 10 replaces parts of AASB 127: *consolidated and separate financial statements* (March 2008, as amended) and interpretation 112: *consolidation – special purpose entities*. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. This standard is not expected to significantly impact the association's financial statements.

AASB 11 replaces AASB 131: *interests in joint ventures* (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed). This standard is not expected to significantly impact the association's financial statements.

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a 'structured entity', replacing the 'special purpose entity' concept currently used in interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This standard will affect disclosures only and is not expected to significantly impact the association's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the association's financial statements.

AASB 2012-3: amendments to Australian accounting standards – offsetting financial assets and financial liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This standard provides clarifying guidance relating to the offsetting of financial instruments and is not expected to significantly impact the association's financial statements.

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AASB 2013-3: amendments to AASB 136 – recoverable amount disclosures for non-financial assets (applicable for annual reporting periods commencing on or after 1 January 2014).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards for Application in Future Periods (Cont'd)

This standard amends the disclosure requirements in AASB 136: impairment of assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the association's financial statements.

AASB 2013-4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the association's financial statements.

AASB 2013-5 amends AASB 10: Consolidated Financial Statements by defining an "investment entity" and requiring that, with limited exceptions, the entity not consolidate its subsidiaries. The unconsolidated subsidiaries must also be measured at fair value through profit or loss in accordance with AASB 9. The amendments also introduce additional disclosure requirements. As the association does not meet the definition of an investment entity, this Standard is not expected to significantly impact the association's financial statements.

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NOTE 2: CASH AND CASH EQUIVALENTS

Note

2014

2013

\$

\$

Cash at bank and in hand

939,541

1,605,151

939,541

1,605,151

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents

939,541

1,605,151

Bank overdrafts

(6,307)

-

933,234

1,605,151

NOTE 3: TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables

267,851

176,611

Provision for impairment

-

-

267,851

176,611

Other receivables from joint venture

-

49,238

Other receivables

48,077

22,596

315,928

248,445

315,928

248,445

NOTE 4 : OTHER ASSETS

CURRENT

Prepayments

277,070

165,070

277,070

165,070

NOTE 5 : INVESTMENTS

CURRENT

Investment – ANZ Common Fund

701,871

-

701,871

-

NON CURRENT

Units in Unlisted Unit Trusts at cost

10

10

Total investments

701,881

10

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NOTE 6: PROPERTY, PLANT AND EQUIPMENT

	Note	2014	2013
LAND AND BUILDINGS		\$	\$
Freehold land at cost – Drummond Street		4,600,000	4,600,000
Revaluation Reserve		3,050,000	3,050,000
Total land at fair value		<u>7,650,000</u>	<u>7,650,000</u>
 Buildings at fair value– Drummond Street		 2,350,000	 2,350,000
Total buildings at fair value		<u>2,350,000</u>	<u>2,350,000</u>
 Building improvements at cost		 20,189	 -
Accumulated depreciation		(13,871)	-
Total leasehold improvements		<u>6,318</u>	<u>-</u>
Total land and buildings		<u>10,006,318</u>	<u>10,000,000</u>
 PLANT AND EQUIPMENT			
Plant and equipment at cost		1,881,956	1,820,330
Accumulated depreciation		(1,262,667)	(1,077,905)
Total plant and equipment		<u>619,289</u>	<u>742,425</u>
Total property, plant and equipment		<u>10,625,607</u>	<u>10,742,425</u>

NOTE 7: TRADE AND OTHER PAYABLES

CURRENT

Trade payables	175,045	256,509
Deferred income	422,578	104,733
Sundry payables and accrued expenses	304,805	280,076
	<u>902,428</u>	<u>642,118</u>

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NOTE 8: BORROWINGS

	Note	2014	2013
		\$	\$
CURRENT			
Bank loan secured	(a)	-	3,725,000
Bank overdraft secured		6,307	-
Loan from Melbourne Pathology		-	229,740
		<u>6,307</u>	<u>3,954,740</u>
NON-CURRENT			
Commercial bill - secured	(b)	3,717,244	-
Loan from Melbourne Pathology		-	-
		<u>3,717,244</u>	<u>-</u>
Total current and non-current secured liabilities:			
Bank overdraft		6,307	-
Commercial bill		3,717,244	3,725,000
		<u>3,723,551</u>	<u>3,725,000</u>

- (a) The bank loan is secured by a registered mortgage over the freehold property of the association. The loan expired on 31 October 2013.
- (b) The commercial bill is secured by a registered mortgage over the freehold property of the association. The commercial bill will expire on 29 October 2016

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit

Total facilities		
Commercial bill secured	4,000,000	4,000,000
Used at the reporting date		
Commercial bill secured	3,717,244	3,725,000
Unused at the reporting date		
Commercial bill secured	282,756	275,000

NOTE 9: PROVISIONS

CURRENT

Provision for annual leave	159,549	176,856
	<u>159,549</u>	<u>176,856</u>

NON-CURRENT

Provision for long service leave	122,122	158,947
	<u>122,122</u>	<u>158,947</u>

*Skin & Cancer Foundation Inc.
and Controlled Entities*

NOTE 10: CASH FLOW INFORMATION

	Note	2014 \$	2013 \$
Reconciliation of Cash Flow from Operations with Net Income after Income Tax			
Net income after income tax		123,936	1,475,910
Non-cash flows in net income:			
+ depreciation		198,633	232,619
+ bad and doubtful debts		-	2,896
- impairment reversal		-	(1,743,013)
Changes in assets and liabilities:			
decrease/(increase) in receivables		(67,483)	(17,222)
decrease/(increase) in other assets		(112,000)	(124,938)
increase/(decrease) in payables		260,311	217,139
increase/(decrease) in provisions		(54,133)	41,772
		<u>349,264</u>	<u>85,163</u>

NOTE 11: RETAINED EARNINGS

Retained earnings at the beginning of the year	3,467,160	1,854,406
Net income for the year	<u>123,936</u>	<u>1,475,910</u>
	<u>3,591,096</u>	<u>3,330,316</u>
Transfer to and from Reserves	<u>(36,497)</u>	<u>136,844</u>
Retained earnings at the end of the year	<u>3,554,599</u>	<u>3,467,160</u>

NOTE 12: RESERVES

Revaluation reserve	(a)	3,050,000	3,050,000
Special Purpose Fund – Bequests	(b)	887,345	864,645
Special Purpose Fund – Department of Dermatology	(c)	460,431	446,634
		<u>4,397,776</u>	<u>4,361,279</u>

(a) Revaluation reserve

Revaluation reserve at the beginning of the year	3,050,000	3,190,000
Less net loss on revaluation of land	-	(140,000)
Revaluation reserve at the end of the year	<u>3,050,000</u>	<u>3,050,000</u>

*Skin & Cancer Foundation Inc.
and Controlled Entities*

NOTE 12: RESERVES (CONT'D)

	Note	2014	2013
		\$	\$
(a) Special Purpose Fund – Bequests			
Special Purpose Fund at the beginning of the year		864,645	1,026,635
Add interest income		22,700	9,513
Less MAM event		-	(171,503)
Special Purpose Fund at the end of the year		<u>887,345</u>	<u>864,645</u>
(b) Special Purpose Fund – Department of Dermatology			
Special Purpose Fund at the beginning of the year		446,634	421,488
Add interest income		13,797	25,146
Special Purpose Fund at the end of the year		<u>460,431</u>	<u>446,634</u>

The committee members have resolved to recognise the Bequest monies and dermatology funds received within separate reserve accounts in order to clearly identify the funds available. The purpose of the funds will be decided by the committee members.

NOTE 13: JOINT VENTURE

The Skin & Cancer Foundation Inc. has a 50% interest (through its wholly owned subsidiary Skin & Cancer Pathology Pty Ltd) in the joint venture entity Melbourne Skin Pathology, a partnership operating in Australia which is involved in derma pathology services. The original joint venture arrangement expired on 17 April 2014 and was subsequently restated on 17 April 2014 for a further 3 years (Expires 17 April 2017).

NOTE 14: CONTROLLED & ASSOCIATED ENTITIES

Controlled Entities Consolidated	Country of incorporation	2014	2013
<u>Parent Entity</u>			
Skin & Cancer Foundation Inc.	Australia	-	-
<u>Controlled entities of Skin & Cancer Foundation Inc. (100% owned)</u>			
Skin & Cancer Pathology Pty Ltd (as trustee for Skin & Cancer Foundation Pathology Trust)	Australia	100%	100%
Skin & Cancer Foundation Pathology Trust (Which owns 50% in the joint venture entity, Melbourne Skin Pathology)	Australia	100%	100%

*Skin & Cancer Foundation Inc.
and Controlled Entities*

NOTE 15: CONTINGENT LIABILITIES

No contingent liabilities present at reporting date.

NOTE 16: EVENTS OCCURRING AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the association, the results of the operations, or the state of affairs of the association in future years.

NOTE 18: ASSOCIATION DETAILS

The registered office and principle place of business of the association is:

Skin & Cancer Foundation Inc.
Level 1, 80 Drummond Street,
CARLTON VIC 3053

*Skin & Cancer Foundation Inc.
and Controlled Entities*

STATEMENT BY MEMBERS OF THE COMMITTEE

The committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the committee the financial report as set out on pages 4 to 19:

1. Presents a true and fair view of the financial position of Skin and Cancer Foundation Inc. As at 30 June 2014 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that Skin and Cancer Foundation Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:



Associate Professor Chris Baker
Committee Member



Mr Chris Arnold
Committee Member

Dated this 22 day of October 2014

*Skin & Cancer Foundation Inc.
and Controlled Entities*

CERTIFICATE BY MEMBERS OF THE COMMITTEE

I, Associate Professor Chris Baker and I, Mr Chris Arnold certify that:

- a. We are members of the committee of Skin and Cancer Foundation Inc.
- b. We are authorised by the attached resolution of the committee to sign this certificate.
- c. The financial statements for the year ended 30 June 2014 were submitted to the members of the association at its annual general meeting.

Associate Professor Chris Baker
Committee Member

Mr Chris Arnold
Committee Member

Dated this 22 day of October 2014

*Skin & Cancer Foundation Inc.
and Controlled Entities*

INDEPENDENT AUDITOR'S REPORT TO THE COMMITTEE OF
SKIN & CANCER FOUNDATION INC.

We have audited the accompanying financial report, being a special purpose financial report of Skin & Cancer Foundation Inc. (the association), which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the committee members' declaration.

Committee members' Responsibility for the Financial Report

The committee members of the association are responsible for the preparation of the financial report and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the *Corporations Act 2001* and to meet the needs of the members. The committee members' responsibility also includes such internal control as the committee members determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

*Skin & Cancer Foundation Inc.
and Controlled Entities*

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those 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 association's preparation of the financial report that gives a true and fair view 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 committee members, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the committee members of Skin & Cancer Foundation Inc., would be in the same terms if given to the committee members as at the time of the auditor's report.

Opinion

In our opinion the financial report of Skin & Cancer Foundation Inc. is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the association's financial position as at 30 June 2013 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the committee members' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Name of Firm

Name of Partner

Address

Dated this

day of

2014

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SKIN & CANCER FOUNDATION INC.**

We have audited the accompanying financial report, being a special purpose financial report of Skin & Cancer Foundation Inc. (the association), which comprises the committee's report, the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the committee.

Committee's Responsibility for the Financial Report

The committee of the Skin & Cancer Foundation Inc. are responsible for the preparation of the financial report and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the Association Incorporation Reform Act 2012 and are appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those 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 judgment, 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 association's preparation of the financial report that gives a true and fair view 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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

Opinion

In our opinion, the financial report presents fairly, in all material respects the consolidated financial position of Skin & Cancer Foundation Inc. as at 30 June 2014 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, and the requirements of the Association Incorporation Reform Act 2012.

Emphasis of Matter - Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared to assist to meet the requirements of the Association Incorporation Reform Act 2012. As a result, the financial report may not be suitable for another purpose.

Emphasis of Matter - Share of Joint Ventures Net Profits

Without qualifying our opinion, attention is drawn to the Statement of Comprehensive Income and the recognition of Share of Net Profits of Joint Venture for the amount of \$592,307 (2013: \$576,842). The financial report of the Joint Venture was not separately audited for the year ended 30 June 2014 and our procedures in relation to the Share of Net Profits of Joint Venture are limited to amounts distributed and paid to the association.

A handwritten signature in black ink, appearing to read "Nexia".

NEXIA MELBOURNE
ABN 16 847 721 257

A handwritten signature in black ink, appearing to read "George S Dakis".

GEORGE S DAKIS
Partner
Audit & Assurance Services

Melbourne

24 October 2014