The Anika Foundation
SUPPORTING RESEARCH INTO ADOLESCENT DEPRESSION

THE ANIKA FOUNDATION Annual Report

2010 - 2011

CONTENTS | Page

CHAIRMAN'S REPORT

On behalf of the board, I am delighted to present the 2010-11 annual report.

A Time to Look at New Proposals

The Anika Foundation has had one of its most successful years. I am pleased to announce that all of the scholarships are exceeding our expectations in terms of results, support for the Foundation in the community continues to grow, and because of this (together with conservative strategies during the financial crisis) all our existing activities are now fully funded. That is to say, we will be able to sustain our current activities in the future. These activities include: our NSW teachers' scholarships and the Macquarie Foundation PhD Scholarship in Adolescent Depression and Suicide at the University of NSW. We should therefore be in a position to expand these activities in the future, as our funds grow further, and we would be open to proposals from other State governments and/or community groups as to what might be some of the best ways to do this.

Some Fundraising Highlights

In this years' financials we show some greater detail on our sources of revenue: (i) The annual Glenn Stevens speech to financial market participants (in July of each year) to publicise the Foundation and raise funds; (ii) other speeches and presentations for fees by the chairman and others; (iii) donations from other large foundations; and (iv) unsolicited donations from the community at large. Perhaps reflecting the difficult times in the global economy, the annual Glenn Stevens speech, which again focused on policy challenges, was better attended than ever in July 2010. The function, sponsored by The Australian Business Economists and Macquarie Group raised a net $74,250, compared to $39,150 in July 2009. The donations from other Foundations was down versus the previous year, mainly because the Macquarie Group Foundations' generous support for the PhD scholarship had come to its scheduled end in June 2010. But the Tudor Foundation gave $28,997, and we are very pleased that they have remained a strong supporter. Speaker fees and broking tags for the Chairman and others, paid to the Foundation, amounted to $99,521 in this financial year, well up on the $59,537 in the previous year. Finally, unsolicited donations from the community at large were $10,451, down on last years' best ever outcome (which had been greatly boosted by another large donation from Tim Ryan of Orion Funds). We are pleased to say that once again we are proud that Caringbah High School continued to support the foundation during FY2011.

Glenn Stevens' Speech on the Challenges of Economic Policy

On the 20th of July 2010 the Anika Foundation held its fifth annual fund raiser at which Glenn Stevens spoke to financial market participants to raise money for the Foundation's work. The event was preceded by a short speech from Mona Taouk, about the progress of her PhD on screening questionnaires for adolescents, and what she hoped to achieve. Glenn's speech was entitled "*Some longer-run Consequences of the Financial Crisis*". He looked first at the fiscal support given in terms of government stakes in banks and support for the economy more generally. Australia did not need to inject any money into banks compared to the huge injections in the US and Europe. On the other hand, the Australian government provided relatively more support for the economy. He touched on liquidity injections by central banks, which could only be temporary, as they risked replacing the proper functioning of interbank markets. He also discussed the potential costs (in terms of wider interest rate spreads) the may arise as a consequence of the process or regulatory change. Glenn saw an outlook where de-leveraging would continue, resulting in a lower ratio of credit to GDP, and that growth would be slower overall but less subject to financial shocks. If regulations were poorly designed the growth of shadow banking would accelerate. He suggested it would be very important to allow *caveat emptor* to prevail in that sector, and such institutions should not be too big to be allowed to fail.

Raising Community Awareness About Adolescent Depression

Depression, self harm and the risk of suicide are such big issues for our young people, both in Australia and all around the world. Mission Australia's National Youth Survey results for 2010 showed the top three issues of personal concern were body image, family conflict and coping with stress. Around a third of respondents on average indicated body image was a major concern, with that proportion increasing with age: from 28.1% of 11 to 14 year olds to 40.3% of 20 to 24 year olds. More than a quarter of respondents identified coping with stress as a major issue, well above the 2009 figure: one fifth of 11 to 14 year olds and increasing to 45% of 20 to 24 year olds indicated it was a major concern. Concern about school or study problems also rose this year to 25.5%. It was an issue for both genders and a particular concern for the 15 to 19 year old group. Concern about depression was greatest amongst the young adult group, with a third of them identifying it as a major concern. Males were much more likely than females to be concerned about alcohol and drugs. Concern about drugs was higher for the youngest age group than it was for older respondents.

While our functions and the speaking roles of board members raise the profile of the foundation and its work, I am very pleased to say that our main ambassadors are the growing community of returning Teacher's Scholarship winners. These scholars visit programs all over the world, and bring back ideas that they disseminate in their own and other schools, and at public conferences. Some the ideas they have been promoting were presented to us by 4 past scholars at the February 2011 board meeting:

- That schools need to take depression more seriously, and not push children into what they are good at academically too soon—before they learn about themselves.
- That lowering academic pressure has actually been shown to lead to better academic results. Happier young adults do much better at school.
- That there needs to be a greater ownership of the depression problem by all three of young people, schools and parents.
- That there may be a conflict between 'role playing 'exercises, that really can help young people to know what to do when they notice friends with problems (e.g. worrying messages on Facebook), and many schools not letting teachers/counsellors talk about depression issues and suicide.
- That school nurses are surprisingly important for mental health too—that kids find them easier to talk to about 'issues' than they do to teachers.
- That there is evidence that *positive psychology* is very useful and should be supported.
- That outside of the metropolitan area the problems can be further complicated for teachers due to distance, isolation and indigenous issues.

The Premier's Anika Foundation Youth Depression Awareness Scholarships

The Anika Foundation has had five sets of research travel scholarship winners. The selection panel met in June 2011 to choose the 2 new winners. Danae Blundell-Wignall and Jeff White once again represented *The Anika Foundation* on the panel. The winners this year will be announced by the Premier in August 2011.

At its last meeting the board took evidence on the effectiveness of the scholarships from past scholarship winners. It concluded that these were indeed a very effective way to promote the objectives of the foundation in the community. As our funding moves above that needed to sustain the NSW program, we will possibly look at adding another state into our activities.

The Macquarie Group Foundation PhD Scholarship in Adolescent Depression and Suicide

Mona Taouk has advanced very well in her research, and is looking to finish up her PhD in the next year.

Her depression scale project contains many items and needs to be reduced for use in a manageable questionnaire. Some of the items include the following areas: (1) activities to overcome depression (hobbies, music, art, blocking out, sleep, substance abuse, sexual activity, eating, focus on less fortunate, etc); (2) difficulties in identifying depression (fatigue and behavioural difficulties can present as depression, and masking and blocking are factors); (3) Factors unique to adolescent depression include: school issues; difficulty 'fitting in'; unwillingness to talk about stressors; parental conflict; appetite and weight changes; no hope for the future; retreat behaviour (e.g. into the internet); etc.

Mona has culled and edited the 256 original items after collating advice from 40 adolescents (the pilot sample) and 10 professionals (the expert panel). The scale has been reduced to 97 items. The next steps are data collection from schools and subsequent statistical analysis, which should allow the scale to be reduced to about 40 items. Mona has approval from some independent schools, and is waiting on ethics approval from DET to include some government schools into the mix.

www.anikafoundation.com

The website run by Anika's brother Tate is proving to be a huge success in raising the profile of the Foundation on the topic of adolescent depression and suicide. The utilisation rate continues to rise. On the website can be found: all our annual reports; teacher scholarship winner reports; how to donate; the composition of the board; useful links; research; and of course Anika's own story and her art.

'Self Portrait', from Anika's Art Portfolio

Adrian Blundell-Wignall, Chairman, 21/7/2011

DIRECTOR'S REPORT

The directors present their annual report for The Anika Foundation, for the year ended 30 June 2011.

Directors

The directors of the company any time during or since the end of the year are:

- Adrian Blundell-Wignall (chair, investments)
- Glenn Stevens
- Prof. Phillip Mitchell
- Crispin Murray (investments)
- Paul Brennan
- Jeffrey White
- Tate Dogan
- Danae Blundell-Wignall
- Tanya Branwhite (corporate relations)

The company was set up on 13 March 2005;

Endorsed as a Deductible Gift Recipient by the Australian Tax Office on 12 May 2005, under Subdivision 30-B of the Income Tax Assessment Act 1997.

Endorsed for income tax exemption from 12 May 2005, under Subdivision 50-B of the Income Tax Assessment Act 1997.

Endorsed for GST concessions from 1 July 2005, under Division 176 of A New Tax System (Goods and Services Tax) Act 1999.

NSW Dept of Gaming & Racing, authority to fundraise for charitable purposes, issued on 29 July 2005, and renewed in 29 July 2006. A current renewal application has been submitted.

Principal Activity

The principal activity of the company over the course of the year was fund raising for an endowment fund, the income from which is used to support research into adolescent depression and suicide.

2 grants of $15,000 were made in the course of 2010-2011, under the Premier's Anika Foundation Youth Depression Awareness Scholarships scheme. One annual grant of $35,000 was made to the University of NSW to support payment of the Macquarie Group Foundation PhD Scholarship in Youth Depression and Suicide. These funds have been dispersed to the scholar by the University in the course of the year. The Foundation is committed to making similar grants in 2011-2012, depending on the timing of the completion or work by the current scholar.

Review and Result of Operations

The total revenue from ordinary activities was $277,340 (2010: $394,785).

Earnings including interest and dividends was $64,121 (2010: $39,969).

The management of the investment portfolio has reflected the continued cautious view of the board investment subcommittee. The move to a very high cash allocation, and a defensive stock selection (that outperformed the ASX in 2 of the worst years on record) meant that the fund rose in absolute terms in each of the past 4 financial years.

Ann Perf.	Total Assets	% Equity	Div Yld	Int Rate	Tot Perf %
Jun-07	695762	29.57			
Jun-08	905610	19.70	5.26	7.84	3.70
Jun-09	984684	15.46	5.29	5.15	2.04
Jun-10	1358338	12.26	4.39	4.00	5.39
Jun-11	1588694	11.58	5.42	4.62	5.33

The directors were delighted with the progress made during the year.

State of Affairs

There were no significant changes in the state of affairs of the company that occurred during the year under review.

Environmental Regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the board believes that the Company has adequate systems in place in place for the management of its environmental requirements as they apply to the Company.

Events Subsequent to the Balance 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.

Likely Developments

The company expects the endowment fund raising activity to continue in the 2011-2012 financial year. We expect to make awards in the vicinity of $65,000 in the course of 2011-2012.

Dividends, Options Remuneration

No common or preferred stocks have been issued.
All activities of the Foundation are voluntary.
No remuneration was paid to directors.

Indemnification and Insurance of Officers & Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the balance date year, for any person who is or has been an officer of the company.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Lead Auditor's Independence Under Section 307c of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 8 and forms part of the director's report for the year ended 30 June 2011.

Dated at Sydney at this 21th July 2011.

Signed in accordance with a resolution of the directors.

……………………………………………

Adrian Blundell-Wignall
Director and Chairman

Lead Auditors Independence Declaration Under Section 307c of the Corporations Act 2001.

To: The directors of The Anika Foundation

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

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

KPMG

Peter Russell
10 Shelley St.
Sydney, 2000 Australia

21th July 2011

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011	Note	2011 $	2010 $
Revenue from continuing operations	5	277,340	394,785
Scholarships		(65,000)	(30,000)
Other expenses from operating activities		(311)	(969)
Surplus for the year		212,029	363,816
Other comprehensive income for the year		-	-
Net change in fair value of available-for-sale financial assets transferred to profit or loss		-	-
Total comprehensive income for the year	12	212,029	363,816

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 11 to 19.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2011	Note	2011 $	2010 $
Current Assets			
Cash and cash equivalents	12	1,395,417	1,191,804
Available for sale securities	6	182,779	166,535
Total Current Assets		1,578,196	1,358,339
Total Assets		1,578,196	1,358,339
Current liabilities			
Unearned income	8 & 9	-	-
Payables	8	0	35,000
Total Current liabilities		0	35,000
Total Liabilities		-	35,000
Net Assets		1,578,196	1,323,339
Fair value reserve		43,451	35,622
Retained surplus	10	1,534,746	1,287,717
Total funds		1,578,196	1,323,339

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 11 to 19.

STATEMENT OF CHANGES IN FUNDS

For the year ended 30 June 2011	Fair value reserve $	Retained surplus $	Total $
Balance at 1 July 2009	21,283	923,901	945,184
Total comprehensive income for the year			
Surplus for the year	-	363,816	363,816
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	14,339	-	14,339
Balance at 30 June 2010	35,622	1,287,717	1,323,339
Total comprehensive for the year			
Surplus for the year	-	212,029	212,029
Other comprehensive income		35,000	35,000
Net change in fair value of available-for-sale financial assets	7,829	-	7,829
Balance at 30 June 2011	43,451	1,534,746	1,578,196

The statement of changes in funds is to be read in conjunction with the notes to the financial statements set out on pages 11 to 19.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2011	Note	2011 $	2010 $
Cash from operating activities			
Cash receipts in the course of operations		213,219	350,316
Scholarships paid		(65,000)	(30,000)
Interest received		55,090	33,288
Dividends received		9,031	6,681
Other expenses paid		(311)	(969)
Net cash from operating activities	12b	212,029	359,316
Net cash flows from investment activities			
Proceeds from sale of investments		2082-	-
Increase in available for sale securities		(10,497)	-
Net cash used in investment activities		(8415)	-
Net increase in cash held		203,614	359,316
Cash at the beginning of the year		1,191,804	832,488
Cash at the end of the year	12a	1,395,418	1,191,804

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 11 to 19.

Notes to the financial statements for the year ended 30 June 2011

Note 1: Reporting entity

The Anika Foundation (the "company") is an Australian Public Company, limited by guarantee incorporated and domiciled in Australia. The address of the company's registered office is 56 Ballast Point Rd, Birchgrove, NSW (2041).

The Company is primarily involved in the raising of funds from donations and organization of events for an endowment fund, the income from which will support research into adolescent depression.

Note 2: Basis of preparation and significant accounting policies

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

Presentation of financial statements

The Company applies amended AASB 101 Presentation of financial statements (September 2007) and AASB 2007-8 Amendments to Australian Accounting Standards resulting from AASB 101, which are applicable for annual periods beginning on or after 1 January 2009. This presentation has been applied within these financial statements as of and for the year ended 30 June 2010. Since the application only affects presentation aspects of the primary financial statements, there is no impact on the financial position of financial performance of the Company.

(a) Basis of preparation

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

The financial report was authorised for issue by the directors on 21st July 2010.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for available for sale securities that are measured at fair value.

The methods used to measure fair values are discussed further in note 3.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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.

Notes to the financial statements for the year ended 30 June 2011 (continued)

Note 2: Basis of preparation and significant accounting policies (cont.)

(e) Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: cash and cash equivalents and available-for-sale financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale securities

The Company's investments in equity securities and certain debt securities are classified as available-for-sale securities. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 2(f)), and foreign currency differences on available-for-sale equity instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following non-derivative financial liabilities: trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

Notes to the financial statements for the year ended 30 June 2011 (continued)

Note 2: Basis of preparation and significant accounting policies (cont.)

(f) Impairment

(i) Financial assets (including receivables)

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise and indications that a debtor will enter bankruptcy.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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 asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(g) Revenue

Donations and fundraising

The Company is a non-profit organisation and receives significant income from donations and fundraising. Grants and donation income is brought to account when there is a reasonable assurance that monies will be received. Funds received in advance of obligations being met are deferred and taken to income as the related expenses are incurred and obligations are met.

(h) Finance income

Finance income comprises interest income, dividend income, gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit and loss using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(i) Income tax

The Company has been granted an exemption from income tax pursuant to Section 50-5 of the Income Tax Assessment Act 1997.

Notes to the financial statements for the year ended 30 June 2011 (continued)

Note 2: Basis of preparation and significant accounting policies (cont.)

(j)
The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application:

• AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.

• AASB 9 Financial Instruments, simplifies the mixed measurement model and establishes two primary measurement categories for financial assets; amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. AASB 9, becomes mandatory for the Company's 30 June 2014 financial statements. The Company has not yet determined the potential effect of the new standard.

• AASB 124 Related Party Disclosures (revised December 2009), introduces changes to the related party disclosure requirements for government-related entities, and the definition of a related party. The amendments, which become mandatory for the Company's 30 June 2012 financial statements, are not expected to have a significant impact on the financial statements. The Company has not yet determined the potential effect of the new standard.

3 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investments in equity and debt securities
The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

Notes to the financial statements for the year ended 30 June 2011 (continued)

4 Financial risk management

Overview
The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Significant Accounting Policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liabilities are disclosed in note 2 to the financial statements.

(a) Credit risk
Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's credit risk is primarily attributable to cash and cash equivalents and investment securities.

The Company's cash and cash equivalents are placed with major financial institutions.

Investments
The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a high credit rating. Given these high credit risk ratings, management does not expect any counterparty to fail to meet its obligations.

(b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(c) Market risk
Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to interest rate risk attributable to cash and cash equivalents and other financial assets.

(d) Capital management
The Company, being a not-for-profit entity, retains all surpluses to satisfy both working capital requirements and the long-term viability of the operations.

Notes to the financial statements for the year ended 30 June 2011 (continued)

Note 5: Revenue

	2011 $	2010 $
Revenue from continuing operations		
Donations	213,219	354,816
--of which annual July event	*--74,250*	*--39,150*
--of which presentations for fees	*--99,521*	*--59,537*
--of which Other Foundations	*--28997*	*--183,267*
--of which unsolicited	*--10,451*	*--68,362*
Interest	55,090	33,288
Dividends	9,031	6,681
Total revenue from continuing operations	277,340	394,785

Note 6: Available for sale securities

	2011 $	2010 $
Available for sale securities - at fair value	182,779	166,535

Note 7: Auditor's remuneration

The auditor of the Company, KPMG Australia, acts in an honorary capacity and receives no compensation for its services.

Note 8: Payables

	2011 $	2010 $
Unearned income	-	-
Payables	-	35,000
	-	35,000

Note 9: Unearned income

The annual fundraiser is held in July 2011. This year no cash receipts were collected prior to 30 June 2011 (unlike 2009). If this occurred, and July function was to be cancelled, the money would have to be returned and hence would be held in unearned income for 2011.

Note 10: Retained surplus

	2011 $	2010 $
Retained surplus at the beginning of the year	1,287,717	923,901
Net surplus for the year	212,029	363,816
Retained surplus at the end of the year	1,499,746	1,287,717

Notes to the financial statements for the year ended 30 June 2011 (continued)

Note 11: Financial instruments

Exposure to credit, liquidity and market risk arises in the normal course of the Company's business.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. At the balance sheet date there were no significant concentrations of credit risk.

The carrying amount of financial assets represents the maximum credit exposure, which at reporting date was:

		Carrying amount	
	Note	**2010**	**2009**
		$	**$**
Cash and cash equivalents	12	1,395,417	1,191,804
Available for sale securities	6	182,779	166,535

Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments.

Interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments were:

	Note	**2010**	**2009**
Variable rates instruments		**$**	**$**
Cash and cash equivalents	12	1,395,417	1,191,804

The average interest rate for the year ended 30 June 2010 was 6.6% (2009: 4.80%)

Trade payables are non-interest bearing.

Other market price risks

The company's investments subject to price risk are listed on the Australian Stock Exchange. A 1% increase at the reporting date in the All Ordinaries Index (which includes the majority of the Company's investment) would increase the market value of the securities by $1,828 (2010: $1,665), and an equal change in the opposite direction would decrease the value by the same amount. The increase/decrease would be reflected in equity as these financial instruments are classified as available-for-sale.

Impairment losses

No impairment losses in respect to available for sale securities were recognised in the profit and loss for investments that had a significant decline in their fair value below their cost (2010: $ 0.00).

Cash flow sensitivity analysis for floating rate instruments

A change of 100 basis points in the interest rates at the reporting date would have increased the surplus for the year by $13,954 (2010: $11,918). This analysis assumes that all other variables remain constant. This analysis is performed on the same basis for 2010.

Notes to the financial statements for the year ended 30 June 2011 (continued)

Note 11: Financial instruments (cont.)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The following are the contractual maturities of financial liabilities:

2011	Note	Carrying amount	Contractual cash flows	0-30 days	31-60 days	More than 60 days
		$	$	$	$	$
Payables	8	65,000	65,000	-	65,000	-

2010	Note	Carrying amount	Contractual cash flows	0-30 days	31-60 days	More than 60 days
		$	$	$	$	$
Payables	8	35,000	35,000	-	35,000	-

Fair values

The fair values of financial assets and liabilities approximate their carrying amounts shown in the balance sheet.

Note 12: Cash and cash equivalents

	2011	2010
	$	$
a) Reconciliation of cash For the purposes of statement of cash flows, cash includes cash on hand and at bank. Cash as at the end of the year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank	1,395,417	1,191,804
b) Reconciliation of cash flow from operations with surplus for the year:		
Surplus for the year	212,029	363,816
Adjustments for:		
Net loss on financial assets	-	-
Decrease in payables	-	(4,500)
Net cash provided by operating activities	212,029	359,316

Notes to the financial statements for the year ended 30 June 2011 (continued)

Note 13: Directors Remuneration

The Directors did not receive any income from the company or related parties for their office during the year.

The names of directors who have held office during the year are:
Adrian Blundell-Wignall (chair)
Glenn Stevens
Prof. Phillip Mitchell
Crispin Murray
Paul Brennan
Tate Everett Dogan
Danae Rhiannon Blundell-Wignall
Jeffrey White
Tanya Branwhite (corporate relations)

The directors are limited by guarantee to a maximum of AU$10 each.

Director's Declaration

In the opinion of the Directors of The Anika Foundation (the "Company"):

a) the financial statements and notes, set out on pages 9 to 19, 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 2010 and of its performance for the financial year ended on that date, and
- (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2; and

c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 21st day of July 2011.

Signed in accordance with a resolution of the directors.

…………………………………………………
Director