

HOUSE OF ASSEMBLY
LAID ON THE TABLE

29 Nov 2017



Health Services Charitable Gifts Board **2016-17 Annual Report**

Health Services Charitable Gifts Board

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To:
Hon. Peter Malinauskas MP
Minister for Health

This annual report is presented to Parliament to meet the statutory reporting requirements of *Health Services Charitable Gifts Act, 2011 (HSCG Act)* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Health Services Charitable Gifts Board by:

Robyn Pak-Poy

Chairman

	<u>25-10-17</u>
Signature	Date

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Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role

The Health Services Charitable Gifts Board (Board) has been established to hold charitable gifts and donations received by public hospitals and research institutions proclaimed under the *Health Services Charitable Gifts (HSCG) Act 2011*. Funds held form part of the Charitable Asset as defined in the HSCG Act. As part of the prudential management of the Charitable Asset it is invested to earn a return for the hospitals and institutions concerned. Funds are then applied for research, services and equipment in accordance with the purpose for which the funds were originally donated or gifted in accordance with the HSCG Act.

The Board consults with persons considered to be appropriate in relation to the application of funds under the HSCG Act and, in the case of funds applied for the purposes of clinical equipment or research, with any prescribed research body established under the HSCG Act.

Pursuant to the HSCG Act the Board holds the Town Acre 86 fund (TA 86) in perpetuity to benefit the RAH. This fund comprises the land on the south-east corner of Pulteney Street and Rundle Mall. The ground lease from this land is a significant source of investment income for the Board. Part Town Acre 85 (TA 85), which also included in the ground lease, was purchased by the Commissioners of Charitable Funds (the forerunner of the Board) in 1981 to facilitate the construction of the current CitiCentre building (refer page 12).

In addition the Board may act as a trustee of a health-related trust. The Board also has other duties under the HSCG Act including the provision of advice to the Minister as appropriate or requested.

Objectives

The Board's objectives are to:

- Provide excellence in its stewardship, investment and application of funds held by it for the benefit of Public Health Entities (PHE's) and relevant research bodies in their delivery of services, equipment and research in accordance with the HSCG Act.
- Target best practice throughout the Board's operations.
- Act in a timely, principled and ethical manner to address funding requests, seeking accountability for the funds being spent by PHE's and ensuring that funding provided to them is done so on a long-term sustainable basis.

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
Achieving better outcomes for PHE's through the pursuit of best practice investment policies and improved risk-adjusted returns	South Australia's Strategic Plan: Our Health Targets
Targeting of best practice in all other areas of the Board's governance and operations while remaining cognizant of the small size and resources of the agency	
Ensuring compliance with the Board's obligations under the HSCG Act and other relevant legislation and Government guidelines through established reporting practices.	
Ensuring prudent, merit based funding and accountability for expenditure and compliance with the HSCG Act by PHE's by implementing robust processes	
Ensure PHE's remain compliant by submitting quarterly reporting and delegating authority compliance	

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Comments
Transfer of Gifts and Donations	Gifts and donations and supporting paperwork pursuant to the HSCG Act are forwarded by PHE's to the Board.	
Expenditure Monitoring	Expenditure for which funding from the Board is sought is prioritised by the PHE, duly authorised by the appointed PHE delegate, and the PHE is compliant with Government policy and procedure.	
Investment Returns	Investments have been made in line with the Board approved, institution standard investment policies which are regularly reviewed and maintained by the Board. This includes the monitoring and benchmarking of returns.	
Publicity, Communication and Consultation	Encouragement of continued compliance with the HSCG Act is a result of communication and consultation with relevant stakeholders in relation to achievements and performance of the Board. These outcomes result from direct written communications, publications, website and face-to-face meetings with stakeholders.	

Legislation administered by the agency

None.

Organisation of the agency

The Board consists of three members (Commissioners) nominated by the Minister and appointed by the Governor each for a three-year term. One of the board members must have legal expertise with the two remaining required to have expertise in the area of trusts or financial management or other expertise, knowledge or experience deemed suitable by the Minister.

Commissioners can be re-appointed to their position by the Minister at the end of their three-year term. The Commissioners elect one of their members to act as Chair of the Board.

An Executive Officer and two part-time staff assist the Board in its role.

Other agencies related to this agency (within the Minister's area/s of responsibility)

Central Adelaide Local Health Network

Country Health South Australia Local Health Network

Northern Adelaide Local Health Network

Southern Adelaide Local Health Network

Women's and Children's Health Network

South Australian Ambulance Service

Employment opportunity programs

Program name	Result of the program
No specific Board employment opportunity programs were in place during 2016-17.	

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Staff Performance Development Reviews	Staff undertake internal performance development reviews on a yearly basis.

Occupational health, safety and rehabilitation programs of the agency and their effectiveness

Occupational health, safety and rehabilitation programs	Effectiveness
OHS Policy	No incidents were reported for the 2016-17 year. The Board has a Workers Health and Safety and associated processes in place with internal training provided on induction.

Fraud detected in the agency

Category/nature of fraud	Number of instances
Nil to report	0

Strategies implemented to control and prevent fraud

The Board has a fraud policy in place and adherence to that policy is mandatory for all Commissioners, Employees and Contractors. The policy details action to be taken to address the issue of fraud should it arise.

Data for the past five years is available at: [Data.SA](#)

Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993*. 0

Data for the past five years is available at: [Data.SA](#)

Executive employment in the agency

Executive classification	Number of executives
Nil	0

Data for the past five years is available at: [Data.SA](#)

For further information, the [Office for the Public Sector](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultants	Purpose	Value
All consultancies below \$10,000 each		
Cetpar Pty Ltd	Property portfolio management	\$9,000
Consultancies above \$10,000 each		
Thompson & Cooper Partners	Accounting	\$27,000
Total all consultancies		\$36,000

Data for the past five years is available at: [Data.SA](#)

Financial performance of the agency

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2016-17 are attached to this report.

Funds received for the 2016-17 financial year are shown below and comprise contributions from estates and gifts to different units of the Royal Adelaide Hospital (RAH) and other public health entities.

Total Funds Received	2016-17 (\$'000)	2015-16 (\$'000)	2014-15 (\$'000)
Bequests	2,899	3,008	6,756
Gifts and Donations Other Than Bequests	3,083	4,080	5,028
Total Funds Received	5,982	7,088	11,784
Total Investment Earnings			
Investment revenue	11,326	3,204	9,346
Rental and other revenue	2,780	2,476	2,847
Total Investment Earnings	14,106	5,680	12,193
Total Income	20,088	12,768	23,977

Bequests received for 2016-17 were not significantly different from the previous year, however for the second year in a row Gifts and Donations (other than Bequests) fell. This is considered to reflect the changing environment for such funding.

Investment revenue in 2014-15 reflected the effect of realising investments prior to the transitioning of investment funds to Superannuation Funds Management Corporation of South Australia (Funds SA), whereas the 2016-17 result reflected the good returns generated by Funds SA investments.

For the 2016-17 financial year funds (bequests, gifts and donations) were received in respect of the following public health entities:

2016-17	2016-17	2016-17	2016-17
Funds Received	Total	Bequests	Other
PHE	(\$'000)	(\$'000)	(\$'000)
RAH	2,291	319	1,972
RAH, TQEH*, Hampstead Joint Funds	1	0	1
TQEH	38	29	9
Women's & Children's Hospital	1,334	861	473
Lyell McEwin Hospital	39	0	39
Modbury	14	0	14
Flinders Medical Centre	85	81	4
Noarlunga Hospital	1	0	1
Repatriation General Hospital	832	832	0
Mount Gambier	7	0	7
SA Pathology & Hanson Centre	1,329	777	552
MedSTAR	9	0	9
Breastscreen SA	2	0	2
Total	5,982	2,899	3,083

*The Queen Elizabeth Hospital

Other financial information

Investments

The Board continues to hold those investments, which are not real estate in cash and equity investments with Funds SA. These investments are made in accordance with the Board's investment policies which are reviewed annually. No significant changes have been made to them in the last financial year.

Funds SA is a large institutional investment specialist servicing the South Australian Government and its statutory authorities.

Funds SA continues to provide the Board with a number of advantages, including:

- Access to leading institutional investment consultants, fund managers and investment strategies generally not accessible to smaller investors;
- The economies of scale arising from Funds SA's over \$29 billion investment portfolio;
- A broad suite of investment implementation alternatives, enabling customisation of the Board's investment strategies to achieve the specific requirements of the various Trusts and bequests administered by the Board;
- Comprehensive institutional quality investment administration and reporting services; and

- Specialist investment governance supported by an extensive risk management framework.

The Board's property investments are discussed later in this report.

Investment Advisor

During the financial year Mr Kevin Cantley, Executive Director Public Finance within the department of Treasury and Finance, stepped down from his role as the public sector employee appointed by the Minister of Health under Section 23 of the HSCG Act to advise the Board on investment and related matters. Mr Andrew Blaskett, General Manager, South Australian Government Financing Authority was appointed by the Minister of Health to the role as Mr Cantley's replacement.

The Board met regularly with Mr Cantley up until this change and continued to meet regularly with Mr Blaskett post his appointment. The meetings were of a general nature and were in relation to the investment activities of the Board.

The investment policies that resulted from the investment review (referred to above) were referred to both Mr Cantley and Mr Blaskett who were supportive of the approach taken.

No specific advice was given or formal recommendations made to the Board by Mr Cantley or Mr Blaskett during the financial year.

Both Mr Cantley and Mr Blaskett were supportive of the Board's integration of institutional quality investment arrangements across the organisation.

Investment Strategies

The Board's investing responsibilities extend across a number of trusts and bequests, each with specific requirements and constraints and, accordingly, requiring tailored investment strategies.

The Board has developed and maintained the investment strategy for each portfolio it administers in consultation with Funds SA.

The investment strategies discussed below for each of the Board's portfolios became effective, from the time that Funds SA commenced investing the Board's funds.

HSCGB Pool portfolio

This portfolio comprises over 400 individual funds, trusts or bequests with sufficient commonality of purpose to allow their aggregation for investment purposes.

HSCGB Pool Investment Policy Criteria

Investing Time Horizon	3 years
Target Investment Return	2.5% pa over CPI
Potential Negative Return	1 year in 8

Portfolio Investment Components:

Funds SA Capital Defensive product	Funds SA Growth product
Funds SA Balanced product	Funds SA Cash product

A direct loan at a concessional interest rate to SAHMRI associated with the purchase and establishment of a Cyclotron.

A direct loan in the form of a first mortgage charge over advances made to the Port Pirie Hospital Inc. This loan is long-standing and interest free.

Direct holdings of commercial property.

Martin portfolio

This portfolio comprises a bequest from the late Thomas Martin and has two elements:

- Town Acre 86 and Part Town Acre 85 (**TA 85**), which is the land on the south-east corner of Pulteney Street and Rundle Mall, being the Adelaide CBD land on which the CitiCentre building is located; and
- A sum of money.

Martin Investment Policy Criteria

Investing Time Horizon	10 years
Target Investment Return	4.5% pa over CPI
Potential Negative Return	1 year in 10

Portfolio Investment Components:

Ground rent from TA 86 and part TA 85	Investment in HSCGB Pool
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Norman portfolio

This portfolio comprises a bequest from the late Raymond Simpson Norman to establish the Ray and Shirl Norman Cancer Research Trust (Norman Trust).

Norman Trust Investment Policy Criteria

Investing Time Horizon	10 years
Target Investment Return	4.0% pa over CPI
Potential Negative Return	1 year in 5

Portfolio Investment Components:

Funds SA Growth product	Funds SA Cash product
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D E Brown Charitable Trust (Brown Trust)

This trust was established by deed poll on 17 December 2014. The late Mrs Brown left the residue of her estate for the “*benefit of sufferers from kidney diseases or complaints*”. Following a Supreme Court decision, the deed poll was executed, providing for the HSCGB to act as trustee. Initially the funds were invested through the HSCGB Pool portfolio, however following revision of the investment policy in late 2015, a separate portfolio at Funds SA was created.

Brown Trust Investment Policy Criteria

Investing Time Horizon	4 years
Target Investment Return	2.0% pa over CPI
Potential Negative Return	1 year in 8

Portfolio Investment Components:

Funds SA Conservative product

SAHMRI Charitable Health Trust (SCHT) Portfolio

This portfolio was established in 2013 at the request of the Minister of Health and arose primarily from the sale of the property rights to the medical product, Biomarin.

Following the receipt of advice from the Minister of Health dated 27 October 2015 informing the HSCGB of his intention to submit a proposal to Cabinet to transfer the Trustee obligations to a new trustee at SAHMRI, the HSCGB resolved that the portfolio should be invested in the Funds SA Cash product to ensure capital value was preserved. Further advice from the Minister of Health, dated 3 August 2016, confirmed that Cabinet had approved the change to a new trustee. Accordingly the Trust's funds were invested in the Funds SA Cash product until the Trust was finalised 23 March 2017.

Investment performance

The 2016-17 after-costs investment returns for each Board administered investment portfolio are shown in the table on the next page.

Investment Performance	One year %	Three years % per annum
HSCGB Pool portfolio	7.3	4.5
Martin Estate portfolio	19.1	11.2
Norman portfolio	11.6	7.7
D E Brown portfolio	7.1	na

The Pool portfolio outperformed its benchmark for the year due to factors such as:

- Funds SA outperforming their own benchmarks; and
- Returns from direct property improving on previous years.

For the last three years the 3% pa real investment return is modestly above the 2.5% pa real return target.

The one-year return for the Martin Estate portfolio was significantly impacted by the five-yearly review of the value of the head-lease that was finalised during the year. The more meaningful three-year investment return is well above the target 4.5% pa real return target.

The strong one-year return for the Norman trust portfolio was helped by the exposure to Funds SA Growth product out-performing their benchmark by 1.5%. This return is in contrast with the smaller Brown Trust portfolio, which is invested in the Funds SA Conservative portfolio.

The Board remains confident that the risk-adjusted investment returns generated from the assets managed by Funds SA will meet the Board's investment objectives, thereby assisting to maximize within prudent parameters, the future distributions from each portfolio.

Property Assets

The HSCGB has maintained a policy to cover the Board's investments in direct real estate.

The Board owned three direct property investments during the 2016-17 year. These are listed below along with their locations:

- Office building and warehouse - 346 Torrens Road, Croydon Park;
- Offices - 234-240 Waymouth Street, Adelaide; and
- Warehouse - 4 Archer Place, Clare.

In addition the Board in accordance with section 25 of the HSCG Act holds in perpetuity:

- Ground on which CitiCentre building located - Town Acre 86 and part Town Acre 85.

The Board has held all of these properties for some years.

As disclosed in the Board's audited financial statements for the 2016/17 financial year, the Board signed a contract during the financial year for the sale of the Torrens Road property. Settlement on this contract occurred 31 July 2017 and, consistent with the Board's general strategy, the proceeds from this sale have been invested with Funds SA. Funds SA investment products include an element of real estate investment.

The Clare warehouse has been leased throughout the financial year. The previous issues with the property relating to building improvements, building code compliance and title encroachment have been resolved with minor remedial works continuing into the 2017-18 financial year. While these issues were being resolved, the Board received an offer to purchase the property. Since the end of the financial year sale negotiations have been completed with settlement on the contract occurring 12 September 2017. The carrying value for the property at balance date was set with reference to the final sale price for the property.

The Board's office is located at 240 Waymouth Street, Adelaide. The remainder of the property, numbers 234-238, are leased to commercial tenants. The Board plans to hold this property for the foreseeable future and its sale is not planned as part of the restructuring of the Board's direct property investments.

Pursuant to the lease, the Town Acre 86 investment is professionally re-valued every 5 years. This revaluation process was completed during the 2016/17 financial year and led to an increase in valuation of \$4.3M to \$27.2M. The next revaluation is now due in August 2021. This valuation determines the ground rent for the subsequent five years.

Pursuant to the head-lease the option to renew the lease for a further 33-year term to 2052 was exercised by the head-lessee. This renewal is on the same terms as the original head lease.

Subsequent to the renewal of the head lease the head lease was sold to a group of investors. The Board looks forward to working with the new head lessee as they implement their plans to upgrade and renew the building.

As at 30 June 2017 the Board reviewed the value of its direct property investments and ensured that the properties were all valued at fair value in accordance with Board policies.

The property portfolio continues to make a positive contribution to the overall performance of the investment portfolio notwithstanding the various matters noted above.

Investment Loan to SAHMRI to Finance the Establishment of Cyclotron Facility at SAHMRI

In the 2012/13 year, following extensive consultation with the RAH and other interested stakeholders, the Board entered into a strategic investment to fund the establishment of a cyclotron facility by providing a 15-year secured loan to SAHMRI.

The loan is at a concessional interest rate in recognition of the benefits accruing from this facility.

A cyclotron makes relatively short-lived radioisotopes. These radioisotopes are used for medical imaging and research. These radioisotopes can be used in PET scans which are being increasingly used in the diagnosis and staging of cancer. Most of the isotopes produced for these studies have a short half-life and rapidly degrade. With the establishment of a cyclotron in Adelaide, it is now possible to utilise isotopes for a range of research and medical treatment applications, which would not have been possible previously. As a result the benefits accruing to PHE's such as the RAH are significant. Daily supplies of isotopes to the RAH commenced in April 2015.

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

Funds Applied

In response to approved requests of \$10.7m for funding, a total of \$8.7m was expended during 2016-17 year to PHE's. Details are summarized in the table on the next page.

FUNDS APPLIED 2016-17 FINANCIAL YEAR

RAH	\$m
Conferences and Training (including travel)/Professional Fees/Textbooks and Equipment - research and other	0.5
Fundraising Recognition/Volunteer Support and Other	0.2
Grants – fellowship, scholarship and research	1.1
Salary and Consumables - research (refer table on next page for more details)	3.0
Salary and Consumables - non research	1.7
SAHMRI - Heart Disease Theme Leader	0.3
RAH, TQEH, Hampstead Joint Funds – Palliative Care	
Other including Volunteer Support, Equipment – research and Salary and Consumables – non research	0.1
TQEH, Modbury and Lyell McEwin, SA Dental Service and Mt Gambier	
Other including Conferences and Training, Equipment – research and other and Professional Fees	0.1
SA Pathology and Hanson Centre (includes Centre for Cancer Biology)	
Other including Conferences and Training (including travel), Professional Fees and , Equipment – research and other	0.2
Salary and Consumables – research (refer table on next page for more details)	0.8
Salary and Consumables – non-research	0.1
Women's and Children's Hospital	
Other including Conferences and Training (including travel), Professional Fees and Equipment – research	0.3
Salary and Consumables – non-research	0.3
Total	\$8.7m

Payments totalling \$0.25m were made to SAHMRI, the prescribed research body proclaimed under the HSCG act, as a contribution towards the cost of SAHMRI Heart Research Theme Leader, Professor Stephen Nicholls, whose work involves both SAHMRI and the RAH. This payment is to cover the cost of Professor Nicholls clinical involvement at the RAH and was made after consultation with the RAH in an earlier financial year. This payment was made from funds held on behalf of the RAH for a five year period ending 30 June 2017.

Expenditure in relation to: Salary and Consumables – research at RAH, SA Pathology, Hanson Centre and CCB	\$m
Intensive Care Unit	0.1
Plastics	0.1
Cardiology	0.2
Orthopaedic	0.2
Rheumatology	0.3
Haematology	1.0
Cancer	1.4
Other research	0.5
Total	\$3.8m

Sources of Funds used

Major sources of these funds from which these payments were made are:

RAH Expenditure in relation to:	\$m
Christoford Bequest	0.2
General Research Fund	2.1
Gum Bequest	0.1
Helpman Family Foundation	0.1
Martin Bequest	0.9
Nimmo Bequest	0.1
RAH Doctors Right to Private Practice Earnings	1.6
Rheumatology and various specialty funds	0.9

RAH Expenditure in relation to:	\$m
Various Research Funds (Heart, Haematology, Melanoma, Intensive Care, Renal, Surgical, Immuno Oncology)	0.6
Various accounts	0.2
RAH, TQEH, Hampstead Joint Funds – Palliative Care	0.1
TQEH – Various accounts	0.1
SA Pathology & Hanson	
Brine Bequest	0.1
Centre for Cancer Biology	0.2
Fay Fuller Fellowship	0.4
Hanson – RAH Research Fund	0.4
Women's & Children's Hospital	
Robinson Bequest	0.2
Hopscotch Foundation	0.1
Various accounts	0.3
Total	\$8.7m

Bequests Received 2016-17**Estate*****RAH and TQEH***

PT Berndt	WJ Brown
EE Lewis	TA Hall
MG & SM Helpman	AM Hickey
SJ Hugo	V King
EE Lewis	LA Poore
AH Schlank	R Scicluna
N Tran	

Flinders Medical Centre

HM Barclay

Repatriation General Hospital

CK Morris DJ Veale

Women's & Children's Hospital

JE Allen	GA Carter
FM Colmer	AC Cutts
DM Haines	VF Kornets
EM McDonald	J Melrose

Estate***SA Pathology & Hanson Institute***

EM Adams	TJ Ashton
G Cottenden	VM Dodd
R Doepke	AJ Hatchard
AM Hickey	K Hollams
AT Hopkins	P March
LLJ Michell	ME Morley
JD Thomas	LE Thomas
JI Schackelford	G Southgate
LMH Williams	IH Wilson

HE Robinson	AH Schlank
A Sentef	RH Spencer
RW Walker	JH Whitehead

Section B: Reporting required under any other act or regulation

Health Services Charitable Gifts Act 2011

30—Reports

- (1) The Board must, on or before 31 October in each year, deliver to the Minister separate reports on the operations of—
 - (a) the Board; and
 - (b) subject to the regulations, any trust established under section 20, during the financial year ending on the preceding 30 June.
- (2) Each report must include the audited accounts of the Board or trust (as the case may be) for the relevant financial year.
- (3) The report on the operations of the Board under subsection (1)(a) must include the following:
 - (a) if the Board has, in the relevant financial year, applied a portion of the charitable assets that is attributable to a gift to or for the benefit of an entity or body to some other entity or body, a statement of reasons for the Board's decision to so apply the portion;
 - (b) a summary of any advice given, or recommendations made, by the public sector employee under section 23 in the relevant financial year;
 - (c) any other information prescribed by regulation.
- (4) The Minister must, within 12 sitting days after receiving each report under this section, have copies of the report laid before both Houses of Parliament.

Health Services Charitable Gifts Act 2011 - Regulations

7—Reports

For the purposes of section 30(3)(c) of the Act, the following information is to be included in the Board's annual report in relation to the relevant financial year:

- (a) a summary of the Board's investment portfolio, investment objectives and strategies;
- (b) the names of the public health entities to which a portion of the charitable assets has been applied;
- (c) the purposes for which portions of the charitable assets have been applied and the total amount applied for each purpose;
- (d) if the Board holds property on trust for the purposes of a charitable health trust under section 20 of the Act—the purposes for which trust money has been applied;
- (e) a summary of the activities of, and advice given to the Board by, a committee established under section 24 of the Act.

Source of Funds held

Funds and other assets that have been given to PHEs, by way of bequests, other donations and gifts from corporate and community groups and individuals, and as a result of various fundraising programs, vest with the HSCGB.

PHEs are also able to transfer property to the Board pursuant to Section 17 of the HSCG Act. No transfers occurred during the 2016/17 financial year.

Proclaimed Institutions

PHE's proclaimed under Section 4 of the HSCG Act for the full financial year are shown in the table below:

Proclaimed Institutions

The parts of Central Adelaide Local Health Network Inc. (CALHN) known as:

Royal Adelaide Hospital (RAH);
The Queen Elizabeth Hospital (TQEH);
South Australian Dental Health Service;
SA Pathology; and
Breastscreen SA.

The parts of Northern Adelaide Local Health Network Inc. (NALHN) known as:

Modbury Hospital; and
Lyell McEwin Hospital.

The part of the Women's and Children's Health Network Inc. (WCHN) known as the Women's and Children's Hospital.

The parts of Country Health SA Local Health Network Inc. (CHSALHN) known as:

Mount Gambier Hospital;
Port Augusta Hospital;
Port Lincoln Hospital;
Port Pirie Hospital;
Wallaroo Hospital; and
Whyalla Hospital.

The parts of the Southern Adelaide Local Health Network Inc. (SALHN) known as:

Flinders Medical Centre;
Repatriation General Hospital; and
Noarlunga Hospital.

The part of the South Australian Ambulance Service Incorporated known as MedSTAR.

The South Australian Health and Medical Research Institute Limited (SAHMRI) is the only prescribed research body as defined in Section 3 of the HSCG Act.

Board Policies

The Board has reviewed and updated the policies that cover the way that funds are managed, invested, and applied during the year. New and additional policies have been established where considered appropriate.

Funds vested in the Board are used for the purpose for which they were donated. This is almost always at the institution for which the assets are held. In instances where the funds cannot be used for the purpose donated at that institution, consultation as provided for under Section 18(3) of the HSCG Act is undertaken to determine whether funds can be redirected to enable them to be used for the purpose intended.

During the 2016-17 financial year there were no consultations required pursuant to this section.

Examples of Projects, Services and Equipment funded

The list of projects funded during the 2016-17 financial year is extensive. Set out below are some of the projects where more than \$100,000 has been advanced in respect of the year:

- Hyperspectral Imaging of the Retina: a Novel Technique for detecting and monitoring eye diseases;
- Multiple haematology research projects;
- Recent onset rheumatoid arthritis: pharmaceuticals and fish oil as therapeutic options;
- Immune cells and drug interactions in rheumatoid arthritis;
- Multiple endocrine research projects;
- Beat Cancer T-Cell Therapy;
- Cardiorenal effects of renal sympathetic denervation;
- Modulating sphingosine Kinase in cancer and wound healing;
- Cooperative Research Centre - Cell Therapy Manufacture supported by Commonwealth;
- Ongoing operations of the SACRB Biobank;
- Confocal Microscope; and a
- Digital microfluidic electrophoresis system (Cell Sorter).

In addition to these projects, the Board as Trustee of the Ray and Shirl Norman Cancer Research Trust provided funding for the following multi-year projects:

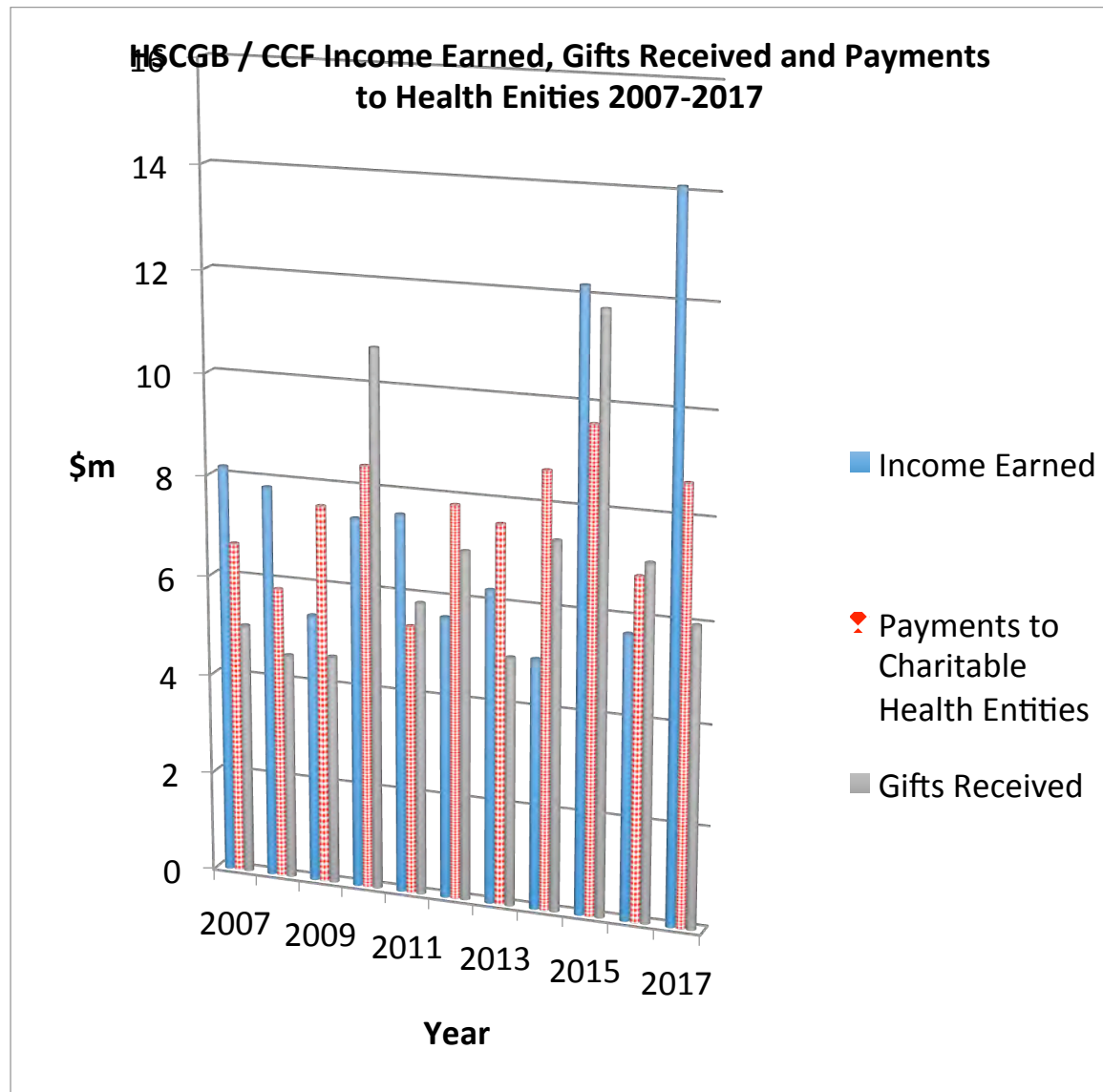
- A combined pre-clinical and clinical investigation of the role of TLR4 in chemotherapy-induced gut toxicity; and
- Investigation and development of novel orally-available small molecule kinase inhibitors as therapeutic treatment for relapse AML patients.

Charitable Asset Key Indicators

Total Assets held at 30 June 2017 were \$128.4m, (2016, \$117.3m). This increase was driven by the following key factors:

- Strong returns from funds invested with Funds SA;
- Five-yearly revaluation of TA 86 (leading to a \$4.3m increase in valuation); and
- Funds expended by the RAH at \$8.7m being substantially less than the budget sought and approved.

Income earned, gifts received and payments to Health Entities for the last eleven years are shown in the graph below.



Consultation undertaken

During the year the Board sought and obtained, where appropriate, specialist advice and input to aid it in its assessment of matters brought before it as is provided for under Section 15(d) of the HSCG Act.

Prescribed Research Body

SAHMRI is declared as a prescribed research body as defined under Section 3 of the HSCG Act. As a prescribed research body, SAHMRI pursuant to Section 4 of the HSCG Act cannot be declared a PHE.

The Board consulted with SAHMRI in relation to new matters involving expenditure to be applied for the purposes of clinical equipment or research during the 2016-17 financial year as is required under Section 15(d) of the HSCG Act.

Apart from the SCHAT, of which the Board is trustee, no funds have been held for or on SAHMRI's behalf during or at the end of the financial year or in the period up to the completion of this report. The SCHAT is discussed in more detail in the next section.

Charitable Health Trusts – The South Australian Health and Medical Research Institute Charitable Health Trust (SCHAT)

The SCHAT was established following Ministerial Direction dated 5 September 2013 pursuant to Section 20 of the HSCG Act to provide funding for health and medical research and health and medical research equipment expenditure at SAHMRI.

On 26 October 2016 the Minister of Health issued a direction requiring the transfer of SCHAT assets to SAHMRI Foundation as trustee of the South Australian Health and Medical Research Institute Trust. Windup of the SCHAT was completed 23 March 2017.

Separate financial statements, are included as supplementary statements to the Board's financial statements for the financial year just ended.

Other Trusts administered by the Board

The Ray and Shirl Norman Cancer Research Trust (Norman Trust)

The income from the Ray and Shirl Norman Cancer Research Trust, valued at 30 June 2017 at \$7.0 million, is to be used at the RAH for the purpose of the prevention and cure of cancer and anything incidental or conducive to those purposes. The HSCGB is the Trustee of the Norman Trust.

During the financial year the Norman Trust continued to fund research projects. Projects that are funded are selected by the Board only after the receipt of specialist advice as to the merit of applications received. Funding of \$0.24m was advanced during the year for two projects and as at 30 June 2017, research funding agreed to and not yet due totalled \$0.41m. A further call for applications for funding has been made since the end of the financial year, the results of which will be considered in October 2017.

Separate financial statements, are included as supplementary statements to the Board's financial statements for the financial year just ended.

Following advice from the Auditor General's office that they would no longer audit the Norman and Brown trusts, ASF Audits were appointed as auditors of these trusts.

The Dorothy E Brown Charitable Trust (Brown Trust)

This Trust was established by deed poll dated 17 December 2014 for the "benefit of sufferers from kidney diseases or complaints". Under the deed poll "trust monies are to only be expended on benefits that such patients would not normally receive or enjoy as patients of hospitals".

Trust funds are invested with Funds SA in their Conservative Investment Product. At 30 June 2017 the balance of the Trust was \$0.3m.

During 2016-17 the Board provided funding from the trust for holiday dialysis treatments for haemodialysis patients. This allowed patients to continue to receive dialysis treatment, using the SA Dialysis Truck from Country Health, during two short holidays to regional SA.

Separate financial statements, are included as supplementary statements to the Board's financial statements for the financial year just ended.

Other Matters

Transfer of Specified Property to a Health Advisory Council (HAC)

No application has been made by a HAC to transfer property to the HSCGB as is permitted under Section 26 of the HSCG Act.

Major Bequests

Thomas Martin Estate

TA 86, which is the land on the south-east corner of Pulteney Street and Rundle Mall in the central business district of Adelaide was bequeathed to the RAH as part of the Thomas Martin Estate and this property is vested with the Board in perpetuity in accordance with the provisions of Section 25 of the HSCG Act.

On this site, the CitiCentre building construction was completed in August 1988.

Together with Part Town Acre 85, which was purchased by the Board in 1981, the Board receives an 8% rent based on the "site" or unimproved valuation. This valuation was increased by \$4.3M to \$27.2M during the 2016/17 financial year. The Board also receives an additional annual payment equivalent to 4% of the net profit of the property. This income is used to pay for many important programs at the RAH. The Martin Estate was valued at \$48m as at 30 June 2017.

Summary of Major Bequests

Besides the Martin Bequest the Board has received a number of bequests on behalf of PHE's. The larger of these bequests are summarised in the following table along with the Martin Bequest:

Bequest Account	PHE	Purpose of Gift	Balance 30 June 2017 \$m
AA Shadgett Estate	RAH	Research	2.0
Acraman Estate	RAH	Allied Health Care and Christmas cheer to Patients	1.6
Thomas J Ashton	Hanson Centre for Cancer Research	Cancer Research	3.3
Leonard Jack Balchin	RAH Research Fund	Research	1.3
Gum Bequest	RAH Hospital Research Institute	Endocrine research	1.2
Stanley and Carmel Hugo	RAH Research Fund	Endocrine research and development of medicines and treatments of diseases of an endocrine nature	1.1
Thomas Martin Estate	RAH	Expenditure at the RAH	48.0
Moser	RAH	Expenditure at the RAH	1.0
Nimmo Estate	RAH	Expenditure such as visiting professor position at RAH	4.5
Overton Estate	RAH Research Fund	Various medical research grants	4.4
Trevis Roberts Rheumatology Fund	RAH	Rheumatology research	2.1
George E Southgate Estate	Hanson Centre for Cancer Research	Research other than reproductive	1.3

Recurrent Income is also received from the following bequests:

Bequest Account	PHE	Purpose of Gift	Balance 30 June 2017 \$m
Helpman Family Foundation (MG Helpman & SM Helpman Estates)	RAH	Helpman Chair of Cardiology and Cardiology	1.7
HE Robinson Bequest	WCH	General Research	1.1

Registered Charities And Deductible Gift Recipient (DGR) Status

The Board is registered with the Australian Charities and Not-for-profits Commission (ACNC) as a charity and therefore is eligible for the various tax concessions, benefits and exemptions available to charities under Commonwealth law. The Board also has DGR status from the Australian Taxation Office and as such donations to the Board for the appropriate purposes are tax-deductible.

The Norman Trust and D E Brown Trust also registered with the ACNC. Similarly the SCHAT (until its winding up) was also registered.

Reporting required under the *Carers' Recognition Act 2005*

The *Carers' Recognition Act 2005* is deemed applicable for the following: Department for Communities and Social Inclusion, Department for Education and Child Development, Department for Health and Ageing, Department of State Development, Department of Planning, Transport and Infrastructure, South Australia Police and TAFE SA.

Section 7: Compliance or non-compliance with section 6 of the Carers Recognition Act 2005 and (b) if a person or body provides relevant services under a contract with the organisation (other than a contract of employment), that person's or body's compliance or non-compliance with section 6.

Not applicable.

Section C: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

Public complaints received by	
Category of complaints by subject	Number of instances
Nil to report.	0

Data for the past five years is available at: [Data.SA](#)

Complaint outcomes

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
Not applicable.	0

Appendix: Audited financial statements 2016-17



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To the Chairman Health Services Charitable Gifts Board

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 29(2) of the *Health Services Charitable Gifts Act 2011*, I have audited the financial report of the Health Services Charitable Gifts Board for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Health Services Charitable Gifts Board as at 30 June 2017, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes comprising significant accounting policies and other explanatory notes
- a Certificate from the Chairman and the Executive Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Health Services Charitable Gifts Board. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Executive Officer and the Commissioners for the financial report

The Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The Commissioners are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Officer
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Executive Officer and Commissioners regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

A handwritten signature in black ink, appearing to read 'A. Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

21 September 2017

HEALTH SERVICES CHARITABLE GIFTS BOARD
ABN 49 517 603 275

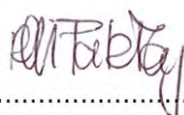
CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached general purpose financial statements for the Health Services Charitable Gifts Board (referred to in the attached as "HSCGB" or "the Board"):

- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Board; and
- present a true and fair view of the financial position of the Health Services Charitable Gifts Board as at 30 June 2017 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Health Services Charitable Gifts Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period and there are reasonable grounds to believe the Board will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board members.



.....
R Pak-Poy - Chairman
30 / 08 / 17



.....
C Peirce - Executive Officer
30 / 8 / 17

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
Income			
Revenue from gifts to public health entities vesting in the Board		5,465	6,854
Revenue from Helpmann Family Foundation & other trusts	1.3	517	234
Investment revenue	4	11,326	3,204
Rental revenue	14	2,764	2,460
Other income		16	16
Total income		<u>20,088</u>	<u>12,768</u>
Expenses			
Employee & Commissioner benefits expenses	5	280	252
Supplies and services	8	121	187
Depreciation and amortisation		8	7
Investment property expenses	14	192	295
Funds distributed to public health entities & prescribed research bodies		8,668	6,811
Total expenses		<u>9,269</u>	<u>7,552</u>
Profit for the year		<u>10,819</u>	<u>5,216</u>
Total comprehensive result		<u>10,819</u>	<u>5,216</u>

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	10	2,035	2,160
Receivables	11	524	574
Other financial assets	12	2,581	2,531
Investment properties held for sale	14	5,738	4,665
Total current assets		<u>10,878</u>	<u>9,930</u>
Non-current assets			
Receivables	11	-	49
Other financial assets	12	89,243	82,867
Property, plant & equipment	13	23	31
Investment properties	14	28,250	24,685
Total non-current assets		<u>117,516</u>	<u>107,632</u>
Total assets		<u>128,394</u>	<u>117,562</u>
Current liabilities			
Payables	15	150	132
Other financial liabilities	16	-	28
Employee benefits	17	11	8
Total current liabilities		<u>161</u>	<u>168</u>
Non-current liabilities			
Employee benefits	17	20	-
Total current liabilities		<u>20</u>	<u>-</u>
Total liabilities		<u>181</u>	<u>168</u>
Net Assets		<u>128,213</u>	<u>117,394</u>
Funds held			
Funds held		128,213	117,394
Retained earnings		-	-
Total funds held	18	<u>128,213</u>	<u>117,394</u>
Unrecognised contractual commitments	21		
Contingent assets and liabilities	22		

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Note No.	Funds held \$'000	Retained earnings \$'000	Total Funds held \$'000
Balance at 30 June 2015		112,178	-	112,178
Profit for 2015-16		-	5,216	5,216
Total comprehensive result for 2015-16		-	5,216	5,216
Profit allocated to Funds held	2(i)	5,216	(5,216)	-
Total change for the period		5,216	-	5,216
Balance at 30 June 2016		117,394	-	117,394
Profit for 2016-17		-	10,819	10,819
Total comprehensive result for 2016-17		-	10,819	10,819
Profit allocated to Funds held	2(i)	10,819	(10,819)	-
Total change for the period		10,819	-	10,819
Balance at 30 June 2017		128,213	-	128,213

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Cash inflows			
Rent received		3,067	2,652
Imputation credits received		201	712
Interest received		378	480
Other income received		19	19
Receipts from Helpmann Family Foundation & other trusts		517	234
Receipts from gifts to public health entities vesting in the Board		5,465	6,855
Other receipts		-	412
Cash generated from operations		<u>9,647</u>	<u>11,364</u>
Cash outflows			
Payments for supplies and services		(286)	(602)
Employee benefits payments		(262)	(232)
Payments to public health entities & prescribed research bodies		(8,672)	(6,820)
Other payments		(7)	(24)
GST paid to the ATO		(232)	(563)
Cash used in operations		<u>(9,459)</u>	<u>(8,241)</u>
Net cash provided by operating activities	19	<u>188</u>	<u>3,123</u>
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of investment property		-	4,055
Proceeds from the sale of financial assets		1,500	-
Other receipts		5	9
Cash generated from investing activities		<u>1,505</u>	<u>4,064</u>
Cash Outflows			
Purchase of improvements to investment properties		(68)	(157)
Purchase of property, plant & equipment		-	(8)
Purchase of financial assets		(1,750)	(6,500)
Payment to Dorothy E Brown Charitable Trust	1.6	-	(293)
Cash used in investing activities		<u>(1,818)</u>	<u>(6,958)</u>
Net cash (used in) investing activities		<u>(313)</u>	<u>(2,894)</u>
Net increase/(decrease) in cash and cash equivalents		(125)	229
Cash and cash equivalents at 1 July		2,160	1,931
Cash and cash equivalents at 30 June	10	<u>2,035</u>	<u>2,160</u>

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

1 Objectives of the Health Services Charitable Gifts Board

The *Health Services Charitable Gifts Act 2011* was proclaimed on 30 June 2011 and commenced on 1 July 2011 (the HSCG Act). Previously the *Public Charities Funds Act 1935* applied.

Pursuant to the HSCG Act, prescribed gifts made to or received by public health entities (as defined in the HSCG Act and Regulations) vest in the Board. A prescribed gift means property given to a public health entity. Such gifts form part of the charitable asset, which the Board prudentially manages and applies for the benefit of public health entities.

These financial statements have been prepared in accordance with the requirements of the HSCG Act.

1.1 Vesting of Gifts

On the commencement of the HSCG Act all property previously vested in the Commissioners of Charitable Funds formed part of the charitable assets of the Board.

The HSCG Act enables the Board to act as trustee or co-trustee of a trust where the Board is named or otherwise asked to act in those roles.

The Board has been appointed as trustee of the following trusts:-

- Ray & Shirl Norman Cancer Research Trust (Norman Trust) refer to Note 1.4.
- South Australian Health & Medical Research Institute Charitable Health Trust (SCHT) refer to Note 1.5.
- Dorothy E Brown Charitable Trust (Brown Trust) refer Note 1.6.

As the assets have not vested in the Board the operations of the each of the above trusts are reported separately from those of the Board.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

1.2 Investment of Funds

Under the HSCG Act the Board has all the powers of a natural person that are capable of being exercised by a body corporate. It is able to determine appropriate investment strategies to apply.

Pursuant to section 23 of the HSCG Act, the Board meets regularly with the public sector employee who has been nominated by the Minister.

The Board is registered as a Prescribed Public Authority and primarily invests in a range of managed investment unit trust products offered by Funds SA. Funds SA is a South Australian Government owned corporation investing and managing the monies of prescribed authorities.

1.3 Helpmann Family Foundation & other trusts

The income received from the Helpmann Family Foundation has been recorded separately in the Statement of Comprehensive Income as none of the assets contained in the SM & MG Helpmann Estates have been received by the Board but remain assets of the Foundation.

This year, for the first time, where the Board is an income beneficiary of other Foundations or Trusts the income is treated in a similar manner.

1.4 Ray & Shirl Norman Cancer Research Trust

The Board was appointed as sole trustee of the Norman Trust on 21 September 2011 by way of orders from the Supreme Court of South Australia.

The Board administers the revenues, expenses, assets and liabilities in accordance with the terms of the document establishing the Norman Trust. As these funds do not form part of the charitable asset they are not recognised in the Board's financial statements.

Note 24 includes a summary of the financial results of the Norman Trust for the year.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

1.5 South Australian Health and Medical Research Institute Charitable Health Trust

The Board was appointed as trustee of the SCHAT on 23 September 2013 pursuant to a Ministerial Direction and the Trust Deed. As reported in the previous year, the Minister of Health had advised that Cabinet had approved the proposed transfer of the assets of SCHAT to a new organisation - SAHMRI Foundation Ltd as trustee for SAHMRI Trust.

On 26 October 2016, pursuant to section 20(5)(b) of the HSCGB Act the Minister issued directions "...to transfer all the assets of SCHAT to SAHMRI Foundation Ltd as trustee for SAHMRI Trust and to otherwise "wind up" SCHAT."

The majority of the assets were paid to the new organisation during December 2016. A small amount was retained to cover any expenses involved in the finalisation and winding up of the affairs of SCHAT. Once this process has been completed any remainder will also be paid to SAHMRI Trust.

The assets did not vest in the Board but were administered by them as trustee in accordance with the terms of the Deed establishing the SCHAT. As these funds did not form part of the charitable asset they were not recognised in the Board's financial statements.

The SCHAT was wound up on 23 March 2017 and separate financial reports have been prepared for the SCHAT for the period then ended.

1.6 Dorothy E Brown Charitable Trust

The Board was appointed as trustee of the Brown Trust on 17 December 2014 pursuant to a Deed Poll following Supreme Court action required to clarify the terms of the will of the late Mrs Dorothy E Brown.

Initially the assets of the Brown Trust were pooled and invested by the Board with its other assets and the corresponding obligation to the Brown Trust recognised as a liability in the records of the Board. During the previous year the balance of the Brown Trust was transferred to Funds SA into an account in the name of the Brown Trust.

The Board administers the revenues, expenses, assets and liabilities in accordance with the terms of the document establishing the Brown Trust. As these funds do not form part of the charitable asset they are not recognised in the Board's financial statements.

Note 25 includes a summary of the financial results of the Brown Trust for the year.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

2 Significant accounting policies

a) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements (APS) promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Board has applied Australian Accounting Standards that are applicable to for-profit entities, as the Board has been granted a variation to APS Clause 3.3, to allow for the presentation of the statement of comprehensive income on a profit and loss basis.

b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes.
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.
- compliance with accounting policy statements issued pursuant to section 41 of the Public Finance and Audit Act 1987. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - a) expenses incurred as a result of engaging consultants
 - b) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

b) Basis of preparation (continued)

c) revenues, expense, financial assets and liabilities where the counterparty/transaction is with an entity within SA Government as at reporting date, classified according to their nature. A threshold of \$100,000 for separate identification of these items applies.

The Board's statement of comprehensive income, statement of financial position and statement of changes in equity have been prepared on an accruals basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The statement of cash flows has been prepared on a cash basis.

c) Reporting entity

The financial report covers the Health Service Charitable Gifts Board as an individual reporting entity. The Board was established pursuant to the *Health Services Charitable Gifts Act 2011*.

The Board does not control any investees, has no joint arrangements and no interest in unconsolidated structured entities.

d) Comparative Information

The presentation and classification of items in the financial statements are consistent with prior periods except where a specific accounting standard and/or accounting policy statements have required a change.

Where the Board has applied an accounting policy retrospectively; retrospectively restated items in the financial statements; reclassified items in the financial statements, it has provided three Statements of Financial Position and related notes.

The restated comparative amounts do not replace the original financial statement for the preceding period.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

e) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000), unless otherwise specified.

f) Taxation and imputation credits

The Health Services Charitable Gifts Board is exempt from income tax and has been issued with Deductible Gift Recipient (DGR) status by the Australian Taxation Office (ATO). As a result, a donation received by the Board may be an allowable deduction to the donor.

Notwithstanding the income tax exempt status, the Board is entitled to a refund of excess imputation credits. The Board recognises the entitlement to this refund as revenue at the time of receipt of a franked distribution.

The Board is liable for goods and services tax (GST), emergency services levy and local government rates.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST payable to the ATO is included as part of payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing activities, which is payable to the ATO, is classified as part of operating cash flows.

g) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events are material and provide information about conditions that existed at 30 June.

Disclosure is made in the notes about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

h) Income and expenses

Income and expenses are recognised in the Board's Statement of Comprehensive Income when and only when it is probable that the flow of economic benefits to or from the entity will occur and can be reliably measured.

Income and expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Revenues

Revenues are measured at fair value of consideration received or receivable. Revenue is recognised for major activities as follows:

Gifts of cash vesting in the Board are recognised on their receipt by the Board from the donee either directly or via a public health entity. Bequests and legacies are also only recognised on their receipt from the administrators or executors of an estate.

Gifts other than cash vesting in the Board are recognised at fair value as an asset and income of the Board when control of the asset passes.

Rental income arising on investment properties is accounted for on a straight line basis over the lease term.

Interest income includes interest received on bank term deposits, interest from investments and other interest received. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Distribution income due in relation to units held in unlisted unit trusts is recognised when the entitlement to receive that income is established.

Gains from the disposal of non-current assets and investments is recognised at the date control of the asset is passed to the buyer and are determined after deducting the carrying amount of the asset from the proceeds at that time. Where revalued assets are sold, the revaluation surplus is transferred to retained earnings.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

h) Income and expenses (continued)

Expenses

Expenses are recognised as follows:

Funds distributed to public health entities and prescribed research bodies are recognised as an expense once the expenditure claim has been approved by the Board.

Employee benefits expense include all costs related to employment including wage, salaries, non-monetary benefits and leave entitlements. These are recognised when incurred, at nominal value.

Superannuation expenses represent the Board's contributions to superannuation plans in respect of current services of current employees.

Supplies and services generally represent day-to-day running costs, including maintenance costs, incurred in the normal operations of the Board. These items are recognised as an expense in the reporting period they are incurred.

Depreciation and amortisation:

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Depreciation is applied to tangible assets such as property, plant and equipment whereas amortisation is used in relation to intangible assets.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate on an annual basis.

Depreciation/Amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life (years)
Computer equipment	2 to 5
Lease incentive paid *	term of lease

* As the property has been sold the remaining unamortised balance of the lease incentive has been expensed in the current year.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

i) Allocation of Net Profit to Funds

The net profit has been allocated to each of the individual funds held for the public health entities in accordance with the following policy.

Income generated by pooled assets held by the Board is distributed to individual funds based on the average balance of each fund after allowing for administration expenses incurred.

Gifts, other investment income and expenses that are directly related to an individual fund are allocated directly to that fund.

j) Current and non-current classification

The Board has a clearly identifiable operating cycle of twelve months. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Board has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

k) Fair value measurement

AASB 13: *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Fair value measurements are required to be disclosed by level, based on the following measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- (iii) inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

1) Other Financial Assets

Investments are recognised and derecognised on trade date and are initially measured at fair value, net of transaction costs.

The Board classifies its other investments into the following categories:

- financial assets at fair value through profit and loss, or
- held- to-maturity investments.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at each reporting date.

Financial assets at fair value through the profit and loss:

These assets are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs on financial assets at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all instruments held at fair value through profit and loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

Held-to-maturity investments:

These are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Board's management have the ability and the positive intention to hold to maturity. They are measured at historical cost.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

m) Investment Properties

Investment properties represent properties held to earn rentals and/or capital appreciation. Notwithstanding the occupation of a small area of one of the properties, the Board has determined that it is appropriate to treat all properties as investment properties.

Investment properties are initially measured at cost, including transaction costs, and are subsequently measured at fair value. Any change in fair value is recognised in the Statement of Comprehensive Income in the period in which it arises. The properties are not depreciated.

Pursuant to the Head lease the Board's interest in Town Acre 86 was independently valued in August 2016 by m3 Property Strategists. The current lease expires 19 August 2019. The Head lessee has given notice under the lease of their intention to exercise their option to renew for a further term of 33 years. The Board believes the value determined in August 2016 is still appropriate at the reporting date.

The Board has determined that the appropriate fair value of the Waymouth Street, Adelaide property should be that advised by the Valuer General. As a result the carrying value has increased as at 30 June 2017.

A contract for the sale of the Clare property was entered into during July 2017. The carrying value of the property has been adjusted to reflect the contracted price less costs of sale and is reported as available for sale.

A contract for the sale of the Torrens Road, Croydon property was entered into in February 2017. According to the contract, settlement was due prior to the reporting date. As a result of a number of delays settlement finally occurred on 31 July 2017. As at the reporting date the carrying value of the property has been adjusted to reflect the contracted price less costs of sale and is reported as available for sale.

n) Impairment

The Board holds its property, plant and equipment and intangible assets for their service potential (value in use).

All non-current tangible assets are valued at fair value.

The Board expects for all other non-current tangible assets that any costs of disposal will be negligible, and the recoverable amount to be close to or greater than fair value.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

o) Liabilities

Employee benefits

These benefits accrue to employees as a result of services provided up to the reporting date that remain unpaid.

Salary and wages, annual leave and sick leave:

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within 12 months and is measured at the nominal amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long Service Leave:

At the reporting date no employee had a vested entitlement to long service leave.

It was determined that it was reasonable to provide for the estimated long service leave liability as at the end of the year for all existing employees. The liability has been measured at nominal value as the total amount of the liability is not material and would approximate the result if it had been calculated using the projected unit credit method.

p) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from the ATO, the commitments and contingencies are disclosed on a gross basis.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

3 New and revised accounting standards and policies

The Board did not voluntarily change any of its accounting policies during 2016-17.

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Board for the year ended 30 June 2017. The Board has assessed the impact of the new and amended standards and interpretations, particularly in relation to the introduction of AASB 9 *Financial Instruments* that will apply from 1 January 2018. The Board is not expecting any material impacts on the accounting policies or the financial statements from the adoption of this new standard.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
4 Investment revenue			
Interest revenue		367	468
Distributions from unlisted unit trusts		3,264	2,501
Imputation credits	2(f)	211	251
Gain (loss) on financial assets		2,913	(81)
Net gain from fair value adjustment of investment properties	2(m), 14	4,570	114
(Loss) from disposal of investment property	14	-	(50)
Sundry investment revenue		1	1
		<u>11,326</u>	<u>3,204</u>
5 Employee & Commissioner benefits expenses			
Salary and wages		194	184
Superannuation paid		18	18
Annual leave accrual		3	-
Long service leave accrual		20	-
		<u>235</u>	<u>202</u>
Commissioners' remuneration		45	50
Total employee & Commissioner benefits expense		<u>280</u>	<u>252</u>

No employees earned or were remunerated at a level equal to or in excess of the base executive remuneration level.

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, other salary sacrifice benefits and accrued leave entitlements.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
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6 Related party transactions

The Board is a statutory authority established pursuant to the *Health Services Charitable Gifts Act 2011* and is a wholly owned and controlled entity of the Crown.

Related parties of the HSCGB include all key management personnel and their close family members; all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Significant transactions with government related entities

The Board invests the majority of its funds through Funds SA. Information about transactions and balances between the Board and Funds SA are set out below.

Income:

Distributions from unlisted unit trusts	3,264	2,501
Gain (loss) on financial assets	<u>2,913</u>	<u>(81)</u>

Current assets:

Investments in unlisted unit trusts at fair value	<u>2,581</u>	<u>2,531</u>
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Non-current assets:

Investments in unlisted unit trusts at fair value	<u>73,792</u>	<u>67,416</u>
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Refer to Note 12 for balance of loan provided to SAHMRI.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
6 Related party transactions (continued)			
Collectively but not individually significant transactions with government related entities			
Quantitative information about transactions and balances between the Board and other SA Government related entities are set out below.			
Income:			
Rental revenue		310	298
Interest revenue		<u>353</u>	<u>416</u>
Expenses:			
Funds distributed to public health entities & prescribed research bodies		<u>8,668</u>	<u>6,811</u>
Non-current assets:			
Secured investment at cost		<u>445</u>	<u>445</u>

Unless otherwise disclosed, transactions between HSCGB and any related parties are on conditions no more favourable than those it is expected the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
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7 Key management personnel

Key management personnel of the Board include the Minister, the Commissioners and the Executive Officer. The compensation detailed below excludes salaries and other benefits the Minister receives, the Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under sec 6 of the *Parliamentary Remuneration Act 1990*.

(a) Commissioners:

The following persons held position of Commissioner during the year:

Ms Robyn Pak-Poy (Chairman)

Mr Geoffrey Loveday

Prof Villis Marshall

(b) Other key management personnel:

The following person held a position of authority and responsibility for planning, directing and controlling the activities of the HSCGB, directly or indirectly during the financial year:

Mr Christopher Peirce

Executive Officer

(c) Key management personnel compensation:

The compensation for key management personnel for the years ended 30 June 2017 and 2016 is set out below.

Salaries and other short-term employee benefits	162	169
Post-employment benefits	16	16
Total	<u>178</u>	<u>185</u>

(d) Remuneration of Commissioners:

The number of Commissioners whose remuneration received or receivable falls within the following bands :

\$10,000 - \$19,999	No.	3	2
\$20,000 - \$29,999	No.	-	1
Total number of Commissioners		<u>3</u>	<u>3</u>

The total remuneration received or receivable by those Commissioners was \$45,000 (2016: \$50,000) which includes sitting fees, superannuation contributions and any other salary sacrifice arrangements and are also included in note 7(c) above.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
8 Supplies and services			
Accounting fees		27	35
Auditor's remuneration		38	34
Consultancy fees	9	9	60
General administration expenses		47	58
		<u>121</u>	<u>187</u>

Auditor's remuneration comprises audit fees paid/payable to the Auditor-General's Department for work performed under the *Public Finance and Audit Act*. No other services were provided by the Auditor-General's Department.

9 Consultancy fees

The number and dollar amount of consultancies paid/payable that fell within the following bands:

	No.	\$'000	No.	\$'000
Below \$10,000	1	9	2	17
\$10,000 to \$50,000	-	-	1	43
Total paid/payable to the consultants engaged		<u>9</u>		<u>60</u>

10 Cash and cash equivalents

- Current

Cash at bank	<u>2,035</u>	<u>2,160</u>
	<u>2,035</u>	<u>2,160</u>

Interest rate risk

Cash at bank earns a floating interest rate. The carrying amount of cash and cash equivalents represent fair value.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
11 Receivables			
- Current			
Interest income accrued		90	101
Rental income accrued		180	180
Other income receivable		20	38
Prepayments - Legal fees		14	12
Prepayments - Other		3	35
Imputation credits receivable		217	208
		<u>524</u>	<u>574</u>
- Non-current			
Other income receivable		-	19
Prepayments - Other		-	30
		<u>-</u>	<u>49</u>

Other income receivable includes current amounts of \$19,000 (2016: \$38,000) and non-current \$Nil (2016: \$19,000) relating to amounts owing from the previous owner of the Clare investment property. The previous owner agreed to pay the Board an amount of \$75,000 in compensation relating to a number of matters concerning the condition of the building at the time of purchase by the Board. The amount was payable in 4 equal, six monthly instalments with interest payable at the rate of 5% pa.

Prepayments - Legal fees comprises amounts paid to the Crown Solicitor's Office in relation to disputes and other issues associated with various deceased estates in which the Board has an interest. On finalisation of these matters, the costs will be recovered/offset against the funds received from the respective estates.

Prepayments - Other includes current amounts of \$Nil (2016: \$30,000) and non-current \$Nil (2016: \$30,000) relating to the unexpired portion of lease incentive paid to secure a long term lease over the Torrens Road investment property. The total amount paid was \$150,000 and it was being expensed in a straight line over the period of the lease. As the property has been contracted for sale the remainder has been expensed in the current year.

Interest rate and credit risk: Receivables, prepayments and accrued revenues are non-interest bearing apart from the Clare compensation amount referred to above. The carrying amount approximates net fair value due to being receivable on demand. Rental income accrued includes \$180,000 (2016: \$180,000) outstanding from the head lessee of Town Acre 86. Apart from this amount there is no significant concentration of credit risk.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
12 Other financial assets			
- Current			
Investments in unlisted unit trusts at fair value		2,581	2,531
		<u>2,581</u>	<u>2,531</u>
- Non-current			
Secured investment at cost		445	445
Long term secured loan at cost		15,000	15,000
Investments in unlisted unit trusts at fair value		73,792	67,416
Shares & other listed securities at fair value		6	6
		<u>89,243</u>	<u>82,867</u>

The secured investment is an advance to the Port Pirie Regional Health Service Inc. in the form of a first mortgage over land and buildings held by the Service. Since commencement this investment has been interest free. Under the terms of the agreement the Service has foregone income allocations on an equivalent amount. The Board has no intention of varying the original arrangement.

The Board provided a loan of \$15m to South Australian Health and Medical Research Institute (SAHMRI) in the 2014 year for a total period of 15 years. The funds were used to acquire, establish and commission a cyclotron facility in South Australia to produce isotopes for use by South Australian organisations.

Only interest is payable on the loan for the first 5 years. Principal and interest payments apply from the quarter ended December 2018. The loan is secured against other funds held and invested by SAHMRI Investments Pty Ltd and guaranteed by SAHMRI. The interest rate is based on the Reserve Bank of Australia Cash Rate plus a margin of 0.75%.

At the current balance date there was a minor shortfall in funds held in SAHMRI Investment Pty Ltd, as security for the Cyclotron loan. There was a shortfall at the previous balance date that was rectified during the year but has recurred late in the financial year, resulting in a technical breach of the covenants contained in the loan agreement. Notwithstanding this the Board considers that the loan is not impaired as all payments due have been received from SAHMRI in accordance with the agreement.

The Board is as a Prescribed Public Authority and as a result holds significant financial assets in a range of managed investment unit trust products offered by Funds SA. Based on the nature of the underlying assets of each fund, amounts invested in the Funds SA Cash B - Taxed Fund have been classified as current whereas all other funds are classified as non-current.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
12 Other financial assets (continued)			
The fair value of shares and other listed securities traded in active markets is based on quoted market prices at the end of the reporting period. The fair value of all of these instruments have been categorised as Level 1.			
The fair value of investments in unlisted trusts is based on fair value reported by the managers of such funds. The fair value of all of these instruments have been categorised as Level 2.			
(a) Categorisation and maturity analysis of other financial assets - refer note 20			
(b) Risk exposure information - refer note 20			
13 Property, plant & equipment			
- Non-current			
Office equipment at cost		40	40
Less: Accumulated depreciation		(17)	(9)
		<u>23</u>	<u>31</u>
14 Investment properties			
- At fair value			
Opening balance at the beginning of the period		29,350	33,184
Disposals at carrying value		-	(4,105)
Capitalised subsequent expenditure		68	157
Net gain from fair value adjustment		4,570	114
Balance at the end of the financial year		<u>33,988</u>	<u>29,350</u>
- Current			
Investment properties - held for sale		5,738	4,665
- Non-current			
Investment properties - held for long term rental		28,250	24,685
		<u>33,988</u>	<u>29,350</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
14 Investment properties (continued)			
Amounts recognised in the income statement for investment properties			
- Rental operations			
Rent and recoveries income		2,764	2,460
Direct operating expenses		(192)	(295)
Net rental income recognised in profit and loss		<u>2,572</u>	<u>2,165</u>
- Disposal of investment property			
Proceeds from disposal		-	4,120
Less: Costs of disposal		<u>-</u>	<u>(65)</u>
		<u>-</u>	<u>4,055</u>
Less Net carrying value at time of disposal		-	(4,105)
(Loss) from disposal of investment property		<u>-</u>	<u>(50)</u>

The property at Clare has been reported as available for sale at the reporting date (reported as held for long term rental in the previous year). A contract for sale has been entered into since the end of the financial year.

The sale of the property at Torrens Road, Croydon (reported as available for sale in the previous year) has been contracted for, but not settled by reporting date.

Fair value measurements for investment properties recognised as at 30 June 2017 are the amounts for which the properties could be exchanged between willing parties in an arms length transaction, based on current prices in an active market for similar properties. The fair values have been determined by the Board with reference to external valuations as determined by the Valuer General or independent property valuers having appropriate, recognised professional qualifications and recent experience in the location and category of property being valued.

The fair value of all investment properties have been categorised as Level 2 or 3.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
15 Payables			
- Current			
Accrued expenses		92	89
GST payable		58	43
		<u>150</u>	<u>132</u>
Interest rate and credit risk:			
Payables are measured at nominal amounts. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.			
(a) Categorisation of financial instruments and maturity analysis of payables - refer note 20			
(b) Risk exposure information - refer note 20			
16 Other financial liabilities			
- Current			
Rent received in advance		-	28
		<u>-</u>	<u>28</u>
17 Employee benefits			
- Current			
Annual leave accrued		11	8
		<u>11</u>	<u>8</u>
- Non-current			
Long Service Leave		20	-
		<u>20</u>	<u>-</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
18 Funds held			
Funds held on behalf of the following public health entities or their successor bodies:			
Royal Adelaide Hospital - General		100,592	92,400
Royal Adelaide Hospital - Glenside Campus		636	592
Royal Adelaide Hospital - Private Practice Funds		3,646	4,377
Hillcrest Hospital		115	107
Pt Augusta Hospital & Regional Health Service Inc		25	23
Pt Lincoln Health & Hospital Services Inc		421	392
Pt Pirie Regional Health Service Inc		566	558
The Queen Elizabeth Hospital		1,325	1,258
SA Dental Service		1	8
The Whyalla Hospital & Health Services Inc		334	311
Mt Gambier & Districts Health Service Inc		560	549
Northern Yorke Peninsula Regional Health Service		32	30
SA Pathology		12,086	10,957
Women's & Children's Hospital		5,510	4,455
Lyell McEwin Hospital		490	426
Repatriation General Hospital		1,056	208
Flinders Medical Centre		649	521
Noarlunga Hospital		5	4
BreastScreen SA		4	1
SA Ambulance Service		87	72
Royal Adelaide Hospital, Queen Elizabeth Hospital & Hampstead Joint Funds		73	145
		<u>128,213</u>	<u>117,394</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
19 Cash flow reconciliation			
Reconciliation of profit to net cash provided by operating activities:			
Profit for the year		10,819	5,216
Add/less non cash items:			
(Gain) loss on financial assets		(2,913)	81
Distributions from unlisted units trusts		(3,264)	(2,501)
Loss on disposal of investment property		-	50
Net (gain) from fair value adjustment of investment properties		(4,570)	(114)
Depreciation expense		8	7
Total non cash items		<u>(10,739)</u>	<u>(2,477)</u>
Movement in assets and liabilities:			
Decrease (increase) in operating receivables		106	(5)
(Increase) decrease in imputation credits receivable		(10)	462
Increase (decrease) in payables		2	(71)
Increase in employee entitlements		23	-
(Decrease) in unearned revenue		(28)	(24)
Increase in GST payable		15	22
Total movement in assets and liabilities		<u>108</u>	<u>384</u>
Net cash provided by operating activities		<u>188</u>	<u>3,123</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

20 Financial Instruments/Financial Risk Management

Details of significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset and financial liability are disclosed in *Note 2 Summary of Significant Accounting Policies*.

	Note	Carrying Amount		Fair Value	
		2017	2016	2017	2016
Financial Assets					
- Cash & Cash equivalents	10	2,035	2,160	2,035	2,160
- Receivables (1),(2)	11	290	338	290	338
- Other financial assets	12	91,824	85,398	91,824	85,398
Total Financial Assets		94,149	87,896	94,149	87,896
Financial Liabilities					
- Payables (1)	15	56	54	56	54
- Other financial liabilities	16	-	28	-	28
Total Financial Liabilities		56	82	56	82

(1) Receivable and payable amounts disclosed here exclude amounts relating to imputation credits refundable and GST payable, as these obligations are sourced in Legislation.

(2) Receivables amounts disclosed here excludes prepayments. Prepayments are identified in note 11 in accordance with paragraph 78(b) of AASB 101. However prepayments are not financial assets as defined in AASB 132.

a) Credit Risk

Credit risk arises when there is the possibility of the Board's debtors defaulting on their contractual obligations resulting in financial loss to the Board. The Board measures credit risk on a fair value basis and monitors the risk on a regular basis.

The Board has policies and procedures in place to manage credit risk and to ensure that transactions occur with customers with appropriate credit history. The Board does not hedge its financial assets.

Note 12 refers to the Board holding a first mortgage charge over advances made to the Port Pirie Regional Health Service Inc as well as to the long term secured loan made to SAHMRI to establish a cyclotron facility.

The carrying amount of financial assets as detailed in note 20 represents the Board's maximum exposure to credit risk.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

20 Financial Instruments/Financial Risk Management (continued)

The Board does not consider that any of the financial assets are impaired.

The following table discloses the maturity analysis of financial assets and financial liabilities.

		Contractual maturities			
	Note	2017 \$'000	< 1 year \$'000	1-5 years \$'000	>5 years \$'000
Financial Assets					
- Cash & Cash equivalents	10	2,035	2,035	-	-
- Receivables	11	290	290	-	-
- Other financial assets	12	91,824	2,581	-	89,243
Total Financial Assets		94,149	4,906	-	89,243
Financial Liabilities					
- Payables	15	56	56	-	-
- Other financial liabilities	16	-	-	-	-
Total Financial Liabilities		56	56	-	-

		Contractual maturities			
	Note	2016 \$'000	< 1 year \$'000	1-5 years \$'000	>5 years \$'000
Financial Assets					
- Cash & Cash equivalents	10	2,160	2,160	-	-
- Receivables	11	338	319	19	-
- Other financial assets	12	85,398	2,531	-	82,867
Total Financial Assets		87,896	5,010	19	82,867
Financial Liabilities					
- Payables	15	54	54	-	-
- Other financial liabilities	16	28	28	-	-
Total Financial Liabilities		82	82	-	-

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

20 Financial Instruments/Financial Risk Management (continued)

b) Liquidity risk

Liquidity risk arises where the Board is unable to meet its financial obligations as they fall due.

Other than the specific items mentioned below the Board's exposure to liquidity risk is considered insignificant based on past experience and current assessment of risk.

As previously outlined in these financial statements the Board now primarily invests through various products offered by Funds SA. Funds SA is a large institutional investment specialist servicing the South Australian Government and its statutory authorities. The Board no longer actively invests directly in tradeable securities but rather in unlisted units in investment funds managed by Funds SA. The Board's liquidity risk for these products is now the risk of a request to redeem units not being satisfied by Funds SA in the required timeframe.

The Board is satisfied that the resulting liquidity risk is also insignificant based on Funds SA liquidity risk management policies as follows;

- The allocation of cash in the strategic asset allocation of each investment option is set at a sufficient level to manage expected cash redemptions, and
- A large proportion of each investment option is invested in highly liquid investments as actively traded equities, unit trusts or securities with short term maturities.

The carrying amount of financial liabilities recorded above represent the Board's maximum exposure to liquidity risk.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

20 Financial Instruments/Financial Risk Management (continued)

c) Market risk

Market risk is the risk that investment returns generated by the different financial markets will be volatile and will deviate from long-term expectations over the short/medium term.

As previously outlined in these financial statements the Board now primarily invests through various investment products offered by Funds SA. The Board no longer actively invests directly in tradeable securities but rather in unlisted units in investment funds managed by Funds SA. The Board's market risk is now the risk of a change in value of underlying assets adversely affecting the value of the Board's investment in these units.

The Board is satisfied that the resulting market risk has been significantly reduced based on Funds SA market risk management policies as follows;

- Ensuring a diversity of exposures to different financial markets and sub-markets; and
- Ensuring asset allocations for different investment options are consistent with the time horizon of each.

d) Sensitivity Analysis

A general fall in the fair value of long term investments in unlisted unit trusts of 5% and 10%, if equally spread over all assets in the portfolio, would lead to a reduction in value of \$3,690,000 (2016: \$3,371,000) and \$7,380,000 (2016: \$6,742,000) respectively.

The Board believes the underlying quality of the assets support the conclusion that the value of financial assets are not overstated.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2017

21 Unrecognised contractual commitments

Investment property operating lease arrangements

Unrecognised amounts receivable under operating leases over investment properties owned by the Board. No amount has been recognised in the financial statements to 30 June 2017.

The properties owned by the Board are leased to third parties for commercial use. Lease terms vary between lessees with most requiring the payment of outgoings by the lessee.

Future minimum rental revenues under non-cancellable operating commercial property leases (exclusive of GST)

	2017 \$'000	2016 \$'000
Due within one year	2,291	2,127
Due between one and five years	2,574	4,142
Due after five years	-	-
	<u>4,865</u>	<u>6,269</u>

The lease over the Citi Centre property is for ground rent only and comprises base annual rental (paid monthly) of 8% of the value of the land. The most recent valuation was undertaken in August 2016.

The existing lease expires in August 2019. The current lessee has indicated it intends to extend the lease in accordance with the lease document but has not yet done so formally and as a result the lease has been treated as finalising in August 2019.

This base rent is supplemented each year by the payment of 4% of the net rental for the entire property. This at risk component has not been included in the above calculation.

22 Contingent assets and liabilities

At balance date the Board is not aware of any contingent assets or liabilities.

23 Post balance date events

Investment Properties

As previously indicated, a contract for the sale of the Torrens Road property was entered into during February 2017. Settlement was delayed but ultimately occurred on 31 July 2017. The Board maintained control of the asset until settlement and the property has been reported as an available for sale investment property at balance date.

On 7 July 2017 a contract for the sale of the Clare investment property was entered into. At the date of signing settlement has not yet occurred. The property has been reported as an available for sale investment property at balance date.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	2017	2016
	\$	\$

24 Ray & Shirl Norman Cancer Research Trust

The Ray & Shirl Norman Cancer Research Trust ('Trust' or 'Fund') was created under the will of Mr Raymond Norman who passed away on 23 March 2006. All income derived by the Trust is to be "used for the purpose of the prevention and cure of cancer and anything incidental or conducive to those purposes".

Under the terms of the will the Royal Adelaide Hospital (RAH) was appointed as trustee of the Fund and were required to administer the Fund for the designated purpose. Following legal advice that the RAH was not able to act as trustee application was made to the Supreme Court and the Health Services Charitable Gifts Board (HSCGB) assumed the role as sole Trustee from 21 September 2011.

The following summary of the financial results for the year of the Ray & Shirl Norman Cancer Research Trust are included for information purposes only. All amounts are rounded to the nearest dollar.

Schedule of income and expenses

Total income	744,610	285,915
Total expenses	<u>257,660</u>	<u>257,726</u>
Total comprehensive result	<u>486,950</u>	<u>28,189</u>

Schedule of financial position

Total assets	7,049,297	6,562,325
Total liabilities	<u>2,083</u>	<u>2,061</u>
Net assets	<u>7,047,214</u>	<u>6,560,264</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	2017	2016
	\$	\$

25 Dorothy E Brown Charitable Trust

The Dorothy E Brown Charitable Trust ('Trust' or 'Fund') was established by Deed Poll dated 17 December 2014 pursuant to Section 21 of the Health Services Charitable Gifts Act 2011.

In accordance with the will of Mrs Dorothy E Brown dated 16 August 1971 the residue of her estate was bequeathed to the now defunct Hospitals Department of the South Australian Government for the "benefit of sufferers from kidney diseases or complaints". The amount of the residue has been held by SA Health since October 2009 and was the subject of Supreme Court proceedings seeking directions in relation to the residue. The judgement of the Court from those proceedings was that the deceased's will established a charitable trust and that, having consented to its appointment, the Health Services Charitable Gifts Board (HSCGB) should be appointed as trustee of this charitable trust. The Deed Poll dated 17 December 2014 appoints the HSCGB as trustee and provided further guidance of the administration of the charitable trust.

Under the terms of the Deed Poll the HSCGB was appointed as trustee and an initial sum of \$286,621 was provided by SA Health to be administered by the HSCGB. These funds remained under the control of HSCGB in its capacity as trustee and were invested in the pooled assets of HSCGB. Monthly income allocations were credited to the Trust.

In accordance with the judgment the terms of the Trust were varied whereby -

- the trust monies may be applied for the benefit of any patient of a hospital incorporated under the Health Care Act 2008 who is suffering from a kidney disease or complaint; and
- the trust monies shall be expensed on benefits that such patients would not normally receive or enjoy as patients of those hospitals.

The following summary of the financial results for the year of the Dorothy E Brown Charitable Trust are included for information purposes only. All amounts are rounded to the nearest dollar.

Schedule of income and expenses

Income	20,997	11,609
Total expenses	5,843	2,772
Total comprehensive result	<u>15,154</u>	<u>8,837</u>

Schedule of financial position

Total assets	315,587	302,051
Total liabilities	-	1,617
Net assets	<u>315,587</u>	<u>300,434</u>



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To the Chairman Health Services Charitable Gifts Board

I have audited the financial statements of South Australian Health and Medical Research Institute Charitable Health Trust for the period ended 23 March 2017.

Opinion

In my opinion, the accompanying financial statements of the South Australian Health and Medical Research Institute Trust for the period ended 23 March 2017, give a true and fair view of the financial position of the South Australian Health and Medical Research Institute Trust, its financial performance and its cash flows in accordance with the financial reporting requirements of the Trust Deed – South Australian Health and Medical Research Institute Charitable Health Trust.

The financial statements comprise:

- Statement of Income and Expenditure for the period ended 23 March 2017
- Balance Sheet as at 23 March 2017
- Statement of Changes in Equity for the period ended 23 March 2017
- Statement of Cash Flows for the period ended 23 March 2017
- Notes to and forming part of the financial statements
- a certificate from the Chairman and the Executive Officer.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of my report. I am independent of the South Australian Health and Medical Research Institute Trust. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – going concern basis not adopted

I draw attention to notes 1 and 2.1 which note that the trust was wound up on 23 March 2017, and accordingly the going concern basis of accounting has not been adopted. Note 2.1 explains the basis of accounting that has been adopted in the financial statements. My opinion is not modified in respect of this matter.

Responsibilities of the Commissioners of the Health Service Charitable Gifts Board for the financial statements

The Commissioners of Health Service Charitable Gifts Board, who collectively are trustee of the South Australian Health and Medical Research Institute Trust, are responsible for the preparation of financial statements that give a true and fair view in accordance with the Trust Deed – South Australian Health and Medical Research Institute Charitable Health Trust, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioners

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial statements described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the statements.

I communicate with the Commissioners regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

21 September 2017

SOUTH AUSTRALIAN HEALTH AND MEDICAL
RESEARCH INSTITUTE CHARITABLE HEALTH TRUST
ABN 42 300 586 439

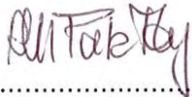
CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached financial statements for the South Australian Health and Medical Research Institute Charitable Health Trust (referred to in the attached as "the Trust"):

- are in accordance with the accounts and records of the Trust; and
- present a true and fair view of the financial position of the Trust as at 23 March 2017 and the results of its operation and cash flows for the financial period.

We certify that the internal controls employed by the South Australian Health and Medical Research Charitable Health Trust for the financial period over its financial reporting and its preparation of the financial statements have been effective throughout the reporting period.

Signed in accordance with a resolution of the members of the Board of the Trustee.



.....
R Pak-Poy - Chairman

30 / 08 / 17



.....
C Peirce - Executive Officer

30 / 8 / 17.

SOUTH AUSTRALIAN HEALTH AND MEDICAL
RESEARCH INSTITUTE CHARITABLE HEALTH TRUST
STATEMENT OF INCOME AND EXPENDITURE
For the period ended 23 March 2017

	Note	2017 \$	2016 \$
Income			
Investment of Funds			
Interest Revenue		6,704	1,643
Funds SA Distribution		-	215,984
Imputation Credits	2.2	-	3,844
Gain (loss) on financial assets		70,418	(19,440)
Total Income		<u>77,122</u>	<u>202,031</u>
Expenses			
Administration Expenses			
Administration costs	3	7,243	2,979
Total Expenses		<u>7,243</u>	<u>2,979</u>
Net Result		<u>69,879</u>	<u>199,052</u>
Other Comprehensive Income			
Research funding recognised directly in equity	4	-	(4,032,292)
Total Comprehensive Result		<u>69,879</u>	<u>(3,833,240)</u>

The above statement should be read in conjunction with the accompanying notes.

SOUTH AUSTRALIAN HEALTH AND MEDICAL
RESEARCH INSTITUTE CHARITABLE HEALTH TRUST
BALANCE SHEET
As at 23 March 2017

	Note	2017 \$	2016 \$
Current Assets			
Cash and cash equivalents	5	-	30,124
Other Financial Assets at Fair Value	6	-	8,402,866
Total Current Assets		-	8,432,990
Total Assets		-	8,432,990
Current Liabilities			
Accrued Expenses	7	-	495
Total Current Liabilities		-	495
Total Liabilities		-	495
Net Assets		-	8,432,495
Trust Funds			
Trust Funds		-	8,248,677
Retained Earnings		-	183,818
Total Trust Funds		-	8,432,495

The above statement should be read in conjunction with the accompanying notes.

SOUTH AUSTRALIAN HEALTH AND MEDICAL
RESEARCH INSTITUTE CHARITABLE HEALTH TRUST
STATEMENT OF CHANGES IN EQUITY
For the period ended 23 March 2017

	Note	Trust Funds	Retained Earnings	Total Trust Funds
		\$	\$	\$
Balance at 30 June 2015		12,280,969	(15,234)	12,265,735
Net result		-	199,052	199,052
Other comprehensive income for 2015-16	4	(4,032,292)	-	(4,032,292)
Total Change for the period		(4,032,292)	199,052	(3,833,240)
Balance at 30 June 2016		8,248,677	183,818	8,432,495
Net result - 01/07/2016 to 23/03/2017		-	69,879	69,879
Payment of Capital on dissolution of Trust	8	(8,248,677)	-	(8,248,677)
Retained Earnings 1 July 2016	8	-	(183,818)	(183,818)
Current Year Earnings	8	-	(69,879)	(69,879)
Total Change for the period		(8,248,677)	(183,818)	(8,432,495)
Balance at 23 March 2017		-	-	-

The above statement should be read in conjunction with the accompanying notes.

SOUTH AUSTRALIAN HEALTH AND MEDICAL
RESEARCH INSTITUTE CHARITABLE HEALTH TRUST
STATEMENT OF CASH FLOWS
For the period ended 23 March 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Cash inflows			
Interest received		6,704	1,643
Imputation credits received		-	10,565
Cash generated from operations		<u>6,704</u>	<u>12,208</u>
Cash outflows			
Payment for administration costs		(7,738)	(2,946)
Cash used in operations		<u>(7,738)</u>	<u>(2,946)</u>
Net cash provided by/ (used in) operating activities	9	<u>(1,034)</u>	<u>9,262</u>
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of investments		8,473,284	3,932,012
Cash generated from investing activities		<u>8,473,284</u>	<u>3,932,012</u>
Cash Outflows			
Purchase of investments		-	-
Cash used in investing activities		<u>-</u>	<u>-</u>
Net cash provided by investing activities		<u>8,473,284</u>	<u>3,932,012</u>
Cash flows from financing activities			
Cash Outflows			
Payment of capital to SAHMRI Foundation Ltd		(8,502,374)	(4,032,292)
Cash used in financing activities		<u>(8,502,374)</u>	<u>(4,032,292)</u>
Net cash (used in) financing activities		<u>(8,502,374)</u>	<u>(4,032,292)</u>
Net increase/(decrease) in cash and cash equivalents		(30,124)	(91,018)
Cash and cash equivalents at 1 July		30,124	121,142
Cash and cash equivalents at 23 March	5	<u>-</u>	<u>30,124</u>

The above statement should be read in conjunction with the accompanying notes.

**SOUTH AUSTRALIAN HEALTH AND MEDICAL
RESEARCH INSTITUTE CHARITABLE HEALTH TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 23 March 2017**

1 Objectives of the Trust

The South Australian Health & Medical Research Institute Charitable Health Trust ('SCHAT', 'Trust' or 'Fund') was established by Ministerial Direction dated 5 September 2013 pursuant to Section 20 of the Health Services Charitable Gifts Act 2011.

Under the terms of the Deed establishing the Trust the Health Services Charitable Gifts Board (HSCGB) was appointed as trustee and a total amount of \$17,156,156 was provided by the Minister to be administered by the HSCGB. Since its establishment, and in accordance with the terms of the Deed, the Minister has approved the release of \$8,907,479 of the capital of the Trust. These funds have been used by the South Australian Health & Medical Research Institute (SAHMRI) for approved purposes.

The Deed requires that the income of the Trust be applied solely for the benefit of the SAHMRI in support of its health and medical research or health and medical research infrastructure.

Winding up of the Trust

The Deed establishing the SCHAT and the requirements of the Australian Charities and Not-for-profit Commission (ACNC) permit the winding up of the SCHAT. It is a requirement that the net amount remaining after the satisfaction of all debts and liabilities is transferred to an organisation or body with similar purposes and which is not carried out for the profit or gain of its individual members.

On 26 October 2016 the Minister for Health issued a direction pursuant to Section 20(5)(b) of the Health Services Charitable Gifts Act 2011 requiring the transfer of all the assets of the SCHAT to SAHMRI Foundation Ltd (ACN 609 329 508) as trustee of the South Australian Health and Medical Research Institute Trust (ABN 78 997 789 442) and to then wind up the SCHAT.

The Board, as initial trustee of the SCHAT, has reviewed the Deed of the transferee organisation and believe it is an organisation or body with similar purposes and it appears not to be carried out for the profit or gain of its individual members. The assets have been realised and the funds transferred to the new organisation and the SCHAT wound up in accordance with the Ministerial direction.

**SOUTH AUSTRALIAN HEALTH AND MEDICAL
RESEARCH INSTITUTE CHARITABLE HEALTH TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 23 March 2017**

2 Summary of Principal Accounting Policies

2.1 Format of the Accounts

The Trust deed of the South Australian Health and Medical Research Institute Charitable Health Trust sets out the financial reporting requirements of the Trust. It requires that a statement showing the financial position of the Trust, including a balance sheet and statement of income and expenditure for that period be prepared.

The financial statements have been prepared using the accrual basis of accounting and are in accordance with the historical cost convention unless otherwise indicated.

The financial statements have not been prepared on a going concern basis as the SCHAT had been wound up as at 23 March 2017. The financial statements have been prepared on a liquidation basis.

Comparative amounts are for the full financial year ended 30 June 2016.

All amounts are rounded to the nearest dollar.

2.2 Taxation and Imputation Credits

The South Australian Health & Medical Research Institute Charitable Health Trust is exempt from income tax and has been granted status as a Charitable Fund.

As a Charitable Fund the Trust is entitled to a refund of imputation credits. Entitlement to this refund is recognised as revenue at the time of receipt of the franked dividend or distribution in relation to investments held by the Trust.

SOUTH AUSTRALIAN HEALTH AND MEDICAL
RESEARCH INSTITUTE CHARITABLE HEALTH TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 23 March 2017

2.3 Basis of valuation - Assets

Cash and cash equivalents

Cash on hand, deposits held at call and other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value are carried at nominal value.

Other financial assets

The trustee is registered as a Prescribed Public Authority which enables the Trust to invest through Funds SA. As these investments are managed and their performance evaluated in accordance with a documented investment strategy and the information reported to the trustee on a regular basis it is considered appropriate that they be designated as fair value through profit and loss.

Investments are recognised and derecognised on trade date and are initially measured at fair value, net of transaction costs.

Financial assets and liabilities held at fair value through the profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through the profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. Fair value of financial instruments are classified, according to fair value hierarchy, at Level 2 - fair values that are based on inputs that are directly or indirectly observable for the asset/liability

Fair value of unlisted unit trusts

Investments in unlisted unit trusts are recorded at the fair value as reported by the managers of such funds at the end of the period. As at 23 March 2017 no such investments are held.

2.4 Basis of valuation - General

Other assets and liabilities are carried at their nominal amounts.

SOUTH AUSTRALIAN HEALTH AND MEDICAL
RESEARCH INSTITUTE CHARITABLE HEALTH TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 23 March 2017

	Note	2017	2016
		\$	\$
3 Administration costs			
Accounting services		3,541	2,970
Auditor's remuneration		3,700	-
Bank fees		2	9
		<u>7,243</u>	<u>2,979</u>

Audit fees payable to the Auditor General's Department relate to the audit of the financial statements.

No other services were provided by the Auditor General's Department.

4 Research funding

During previous years, approval was obtained from the Minister to apply a portion of the capital of the Fund for health and medical research, or health and medical research infrastructure at SAHMRI.

Minister approved applications of capital	-	4,032,292
Total research funding paid to SAHMRI	<u>-</u>	<u>4,032,292</u>

SOUTH AUSTRALIAN HEALTH AND MEDICAL
RESEARCH INSTITUTE CHARITABLE HEALTH TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 23 March 2017

	Note	2017	2016
		\$	\$

5 Cash and cash equivalents
- Current

Westpac Business Account		-	30,124
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Interest rate risk

Cash at bank earns a floating interest rate. The carrying amount of cash and cash equivalents represents fair value.

6 Investment of funds

The Deed prescribes the investment of funds only through Funds SA, SAFA or as otherwise approved by the Minister.

On 26 October 2016 the Minister for Health issued a direction pursuant to Section 20(5)(b) of the Health Services Charitable Gifts Act 2011 requiring the transfer of all the assets of the SCHAT to SAHMRI Foundation Ltd (ACN 609 329 508) as trustee of the South Australian Health and Medical Research Institute Trust (ABN 78 997 789 442) and to then wind up the SCHAT.

As the trustee of the transferee organisation is not registered as a Prescribed Public Authority the current trustee has been required to realise all investments held with Funds SA prior to transferring assets to the new organisation.

Financial assets through profit and loss
- Current

Investments in unlisted unit trusts		-	8,402,866
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SOUTH AUSTRALIAN HEALTH AND MEDICAL
RESEARCH INSTITUTE CHARITABLE HEALTH TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 23 March 2017

	Note	2017 \$	2016 \$
7 Accrued expenses			
Thompson & Cooper Partners		-	495
		<u>-</u>	<u>495</u>

8 Winding up of Trust

Following the realisation of the investments of SCHAT, payments representing the capital and retained earning were paid to SAHMRI Foundation Ltd (ACN 609 329 508) as trustee of the South Australian Health and Medical Research Institute Trust (ABN 789 997 789 442). This then allowed for the SCHAT to be wound up in accordance with the Ministerial direction.

The total paid to SAHMRI Foundation Ltd comprised the following:

Trust Funds (balance)	8,248,677	-
Retained Earnings - 1 July 2016	183,818	-
Current Year Earnings	69,879	-
	<u>8,502,374</u>	<u>-</u>

9 Cash flow reconciliation

Reconciliation of net result to net cash provided by operating activities:

Net result	69,879	199,052
Add/less non cash items:		
(Gain) loss on financial assets	(70,418)	19,440
Distributions from unlisted units trusts	-	(215,984)
Total non cash items	<u>(70,418)</u>	<u>(196,544)</u>
Movement in assets and liabilities:		
Decrease in imputation credits receivable	-	6,721
Increase (decrease) in payables	(495)	33
Total movement in assets and liabilities	<u>(495)</u>	<u>6,754</u>
Net cash provided by operating activities	<u>(1,034)</u>	<u>9,262</u>

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF RAY AND SHIRL NORMAN CANCER RESEARCH
TRUST****Opinion**

We have audited the financial report of Ray and Shirl Norman Cancer Research Trust (the Entity), which comprises the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, and the declaration by those charged with governance.

In our opinion, except for the effects on the financial statements of the matter referred to below, the accompanying financial report of the Entity presents fairly, in all material respects, in accordance with the accounting policies described in the notes to the financial statements, the financial position of the trust at 30 June 2017 and its financial performance and its cash flows for the year then ended.

Basis for Qualified Opinion

The trust holds investments in two Funds SA products valued at \$6,819,362. As the underlying assets are custodially held, we were unable to verify the holdings directly, and therefore relied on the reports provided by Funds SA. At the time of audit, these reports provided by Funds SA were unaudited.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Report section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

Without further modifying our opinion, we draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Ray and Shirl Norman Cancer Research Trust to meet the requirements of the Trustee's needs. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ASF Audits



Richard Smith RCA
Director

23 August 2017
Adelaide SA

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST
ABN 48 360 657 320


CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached special purpose financial statements for the Ray & Shirl Norman Cancer Research Trust (referred to in the attached as "the Trust"):

- are in accordance with the accounts and records of the Trust; and
- present a true and fair view of the financial position of the Ray & Shirl Norman Cancer Research Trust as at 30 June 2017 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Ray & Shirl Norman Cancer Research Trust for the financial year over its financial reporting and its preparation of the special purpose financial statements have been effective throughout the reporting period and there are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the members of the Board of the Trustee.


.....
R Pak-Poy - Chairman
11 / 08 / 17


.....
C Peirce - Executive Officer
11 / 08 / 17

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2017

	Note No.	2017 \$	2016 \$
Income			
Interest revenue		353	947
Distributions - Funds SA		308,001	186,506
Imputation credits	2.2	25,975	31,190
Gain on financial assets		410,281	67,272
Total income		<u>744,610</u>	<u>285,915</u>
Expenses			
Administration costs	3	21,296	21,362
Research funding	4	236,364	236,364
Total expenses		<u>257,660</u>	<u>257,726</u>
Net result		<u>486,950</u>	<u>28,189</u>
Total comprehensive result		<u>486,950</u>	<u>28,189</u>

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note No.	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	5	198,856	6,935
GST receivable		3,409	3,409
Imputation credits receivable		27,670	28,201
Other financial assets at fair value	6	259,824	254,831
Total current assets		<u>489,759</u>	<u>293,376</u>
Non-current assets			
Other financial assets at fair value	6	6,559,538	6,268,949
Total non-current assets		<u>6,559,538</u>	<u>6,268,949</u>
Total assets		<u>7,049,297</u>	<u>6,562,325</u>
Current liabilities			
Accrued expenses		2,083	2,061
Total current liabilities		<u>2,083</u>	<u>2,061</u>
Total liabilities		<u>2,083</u>	<u>2,061</u>
Net assets		<u>7,047,214</u>	<u>6,560,264</u>
Trust funds			
Trust funds		4,403,529	4,403,529
Retained earnings		2,643,685	2,156,735
Total trust funds		<u>7,047,214</u>	<u>6,560,264</u>

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2017

	Note No.	Trust Funds	Retained Earnings	Total Trust Funds
		\$	\$	\$
Balance at 30 June 2015		4,403,529	2,128,546	6,532,075
Net result for 2015-16		-	28,189	28,189
Total comprehensive result for 2015-16		-	28,189	28,189
Balance at 30 June 2016		4,403,529	2,156,735	6,560,264
Net result for 2016-17		-	486,950	486,950
Total comprehensive result for 2016-17		-	486,950	486,950
Balance at 30 June 2017		4,403,529	2,643,685	7,047,214

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

STATEMENT OF CASH FLOWS
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Cash inflows			
Interest received		353	947
Imputation credits received		26,505	131,583
GST refunds received		13,636	13,636
Cash generated from operations		<u>40,494</u>	<u>146,166</u>
Cash outflows			
Payment for administration costs		(21,273)	(21,318)
Payment for research funding		(250,000)	(250,000)
Cash used in operations		<u>(271,273)</u>	<u>(271,318)</u>
Net cash provided by operating activities	7	<u>(230,779)</u>	<u>(125,152)</u>
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of financial assets		422,700	749,500
Cash generated from investing activities		<u>422,700</u>	<u>749,500</u>
Cash Outflows			
Purchase of financial assets		-	(625,000)
Cash used in investing activities		<u>-</u>	<u>(625,000)</u>
Net cash (used in) investing activities		<u>422,700</u>	<u>124,500</u>
Net increase/(decrease) in cash and cash equivalents		191,921	(652)
Cash and cash equivalents at 1 July		6,935	7,587
Cash and cash equivalents at 30 June	5	<u><u>198,856</u></u>	<u><u>6,935</u></u>

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

1 Objectives of the Trust

The Ray & Shirl Norman Cancer Research Trust ('Trust' or 'Fund') was created under the will of Mr Raymond Norman who passed away on 23 March 2006. All income derived by the Trust is to be "used for the purpose of the prevention and cure of cancer and anything incidental or conducive to those purposes".

Under the terms of the will the Royal Adelaide Hospital (RAH) was appointed as trustee of the Fund and were required to administer the Fund for the designated purpose. Following legal advice that the RAH was not able to act as trustee application was made to the Supreme Court and the Health Services Charitable Gifts Board (HSCGB) assumed the role as sole Trustee from 21 September 2011.

2 Statement of Principal Accounting Policies

2.1 Format of the Accounts

The attached financial reports and related notes are special purpose financial statements that provide information on the value and operations of the trust being administered.

The Statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

All amounts are rounded to the nearest dollar.

2.2 Taxation and Imputation Credits

The Ray & Shirl Norman Cancer Research Trust is exempt from income tax and has been granted status as a Charitable Fund.

As a Charitable Fund the Trust is entitled to a refund of imputation credits. Entitlement to this refund is recognised as revenue at the time of receipt of the franked dividend or distribution.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

2.2 Taxation and Imputation Credits (continued)

Income, expenses and assets are recognised net of the amount of GST except:

- when GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to the ATO is included as part of the receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and any GST arising from investing activities, which is payable to the ATO, is classified as part of operating cash flows.

2.3 Basis of valuation - Assets

Cash and cash equivalents

Cash on hand, deposits held at call and other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value are carried at nominal value.

Other financial assets

The trustee is a Prescribed Public Authority which enables the Trust to invest through Funds SA. As these investments are managed and their performance evaluated in accordance with a documented investment strategy and the information reported to the trustee on a regular basis it is considered appropriate that they be designated as fair value through profit and loss.

Investments are recognised and derecognised on trade date and are initially measured at fair value, net of transaction costs.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

2.3 Basis of valuation - Assets (continued)

Financial assets and liabilities held at fair value through the profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through the profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. Fair value of financial instruments are classified, according to fair value hierarchy, at level 2 - fair values that are based on inputs that are directly or indirectly observable for the asset/liability

Fair value of unlisted unit trusts

Investments in unlisted unit trusts are recorded at the fair value as reported by the managers of such funds as at 30 June 2017.

2.4 Basis of valuation - General

Accrued Revenue and Accrued Expenses are carried at their nominal amounts.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

	2017	2016
	\$	\$
<hr/>		
3 Administration costs		
Accounting Services	3,696	3,762
General Administration Expenses (see below)	17,600	17,600
	<u>21,296</u>	<u>21,362</u>

This represents a recovery by the Health Services Charitable Gifts Board for various administrative tasks undertaken and costs incurred in its capacity as trustee of the Ray & Shirl Norman Cancer Research Trust.

4 Research funding

Research funding (net of GST)	<u>236,364</u>	<u>236,364</u>
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The Will establishing the Ray & Shirl Norman Cancer Research Trust required the income of the fund to be used "...for the prevention and cure of cancer.." and during the year funds were provided in support of cancer research projects.

At 30 June 2017 research funding amounts agreed to, but not yet due totalled \$412,500 (2016: \$362,500) (inclusive of any GST).

As these amounts are not yet due they have not been recognised in these financial statements.

The next call for applications for the funding of research projects was issued during August 2017.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

	2017 \$	2016 \$
<hr/>		
5 Cash and cash equivalents		
- Current		
NAB Business Account	<u>198,856</u>	<u>6,935</u>
Interest rate risk		
Cash at bank earns a floating interest rate. The carrying amount of cash and cash equivalents represents fair value.		
6 Other financial assets at fair value		
The trustee was is a Prescribed Public Authority and invests in unlisted unit trusts managed by Funds SA.		
Surplus cash and short term deposit assets of the Trust are invested in Funds SA Cash B - Taxed Fund and disclosed as current assets at fair value.		
Other investments are invested in Funds SA Growth B - Taxed Fund and disclosed as non-current assets at fair value.		
- Current		
Investments in unlisted unit trusts at fair value	<u>259,824</u>	<u>254,831</u>
- Non-current		
Investments in unlisted unit trusts at fair value	<u>6,559,538</u>	<u>6,268,949</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

	2017 \$	2016 \$
<hr/>		
7 Cash flow reconciliation		
Reconciliation of net result to net cash provided by operating activities:		
Net result	486,950	28,189
Add/less non cash items:		
(Gain) loss on financial assets	(410,281)	(67,272)
Distributions from unlisted units trusts	(308,001)	(186,506)
Total non cash items	<u>(718,282)</u>	<u>(253,778)</u>
Movement in assets and liabilities:		
Decrease in imputation credits receivable	530	100,393
Increase (decrease) in payables	23	44
Total movement in assets and liabilities	<u>553</u>	<u>100,437</u>
Net cash provided by operating activities	<u>(230,779)</u>	<u>(125,152)</u>

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF DOROTHY E BROWN CHARITABLE TRUST****Opinion**

We have audited the financial report of Dorothy E Brown Charitable Trust (the Entity), which comprises the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, and the declaration by those charged with governance.

In our opinion, except for the effects on the financial statements of the matter referred to below, the accompanying financial report of the Entity presents fairly, in all material respects, in accordance with the accounting policies described in the notes to the financial statements, the financial position of the trust at 30 June 2017 and its financial performance and its cash flows for the year then ended.

Basis for Qualified Opinion

The trust holds investments in a Funds SA product valued at \$314,425. As the underlying assets are custodially held, I was unable to verify the holdings directly, and therefore relied on the reports provided by Funds SA. At the time of audit, these reports provided by Funds SA were unaudited.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Report section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

Without further modifying our opinion, we draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Dorothy E Brown Charitable Trust to meet the requirements of the Trustee's needs. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ASF Audits



Richard Smith RCA
Director

23 August 2017
Adelaide SA

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST
ABN 76 417 094 848


CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached special purpose financial statements for the Dorothy E Brown Charitable Trust (referred to in the attached as "the Trust"):

- are in accordance with the accounts and records of the Trust; and
- present a true and fair view of the financial position of the Dorothy E Brown Charitable Trust as at 30 June 2017 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Dorothy E Brown Charitable Trust for the financial year over its financial reporting and its preparation of the special purpose financial statements have been effective throughout the reporting period and there are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the members of the Board of the Trustee.


.....
R Pak-Poy - Chairman
11 / 08 / 17


.....
C Peirce - Executive Officer
11 / 08 / 17

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
Income			
Interest revenue		-	44
Distribution - Funds SA		12,813	10,686
Imputation credits	2.2	600	562
Gain on financial assets		7,584	317
Total income		<u>20,997</u>	<u>11,609</u>
Expenses			
Accountancy fees		-	2,772
Research funding		5,843	-
Total expenses		<u>5,843</u>	<u>2,772</u>
Net result		<u>15,154</u>	<u>8,837</u>
Total comprehensive result		<u><u>15,154</u></u>	<u><u>8,837</u></u>

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST

STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	2017 \$	2016 \$
Current assets			
Imputation credits receivable	2.2	592	563
Other financial assets	3	570	-
Total current assets		<u>1,162</u>	<u>563</u>
Non-current assets			
Other financial assets	3	314,425	301,488
Total non-current assets		<u>314,425</u>	<u>301,488</u>
Total assets		<u>315,587</u>	<u>302,051</u>
Current liabilities			
Accrued expenses		-	1,617
Total liabilities		<u>-</u>	<u>1,617</u>
Net assets		<u>315,587</u>	<u>300,434</u>
Trust funds			
Trust funds		286,621	286,622
Retained earnings		28,966	13,812
Total trust funds		<u>315,587</u>	<u>300,434</u>

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2017

	Note	Trust Funds	Retained Earnings	Total Trust Funds
		\$	\$	\$
Balance at 30 June 2015		286,621	4,975	291,596
Total comprehensive result for 2015-16		-	8,837	8,837
Total Change for the period		-	8,837	8,837
Balance at 30 June 2016		286,621	13,812	300,433
Total comprehensive result for 2016-17		-	15,154	15,154
Total Change for the period		-	15,154	15,154
Balance at 30 June 2017		286,621	28,966	315,587

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST

STATEMENT OF CASH FLOWS
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Cash inflows			
Imputation credits received		570	-
Cash generated from operations		<u>570</u>	<u>-</u>
Cash outflows			
Payment for administration costs		(2,187)	(2,310)
Payment for research funding		(5,843)	-
Cash used in operations		<u>(8,030)</u>	<u>(2,310)</u>
Net cash provided by operating activities	4	<u>(7,460)</u>	<u>(2,310)</u>
Cash flows from investing activities			
Cash Inflows			
Proceeds from sale of financial assets		7,460	292,796
Cash generated from investing activities		<u>7,460</u>	<u>292,796</u>
Cash Outflows			
Purchase of financial assets		-	(290,486)
Cash used in investing activities		<u>-</u>	<u>(290,486)</u>
Net cash (used in) investing activities		<u>7,460</u>	<u>2,310</u>
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 July		-	-
Cash and cash equivalents at 30 June		<u>-</u>	<u>-</u>

Due to the inactive nature of the Trust, it does not operate a bank account. Should the need arise, funds are redeemed from the Funds SA investment and payments made on behalf of the Trust via the HSCGB bank account.

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

1 Objectives of the Trust

The Dorothy E Brown Charitable Trust ('Trust' or 'Fund') was established by Deed Poll dated 17 December 2014 pursuant to Section 21 of the Health Services Charitable Gifts Act 2011.

In accordance with the will of Mrs Dorothy E Brown dated 16 August 1971 the residue of her estate was bequeathed to the now defunct Hospitals Department of the South Australian Government for the "benefit of sufferers from kidney diseases or complaints". The amount of the residue has been held by SA Health since October 2009 and was the subject of Supreme Court proceedings seeking directions in relation to the residue. The judgement of the Court from those proceedings was that the deceased's will established a charitable trust and that, having consented to its appointment, the Health Services Charitable Gifts Board (HSCGB) should be appointed as trustee of this charitable trust. The Deed Poll dated 17 December 2014 appoints the HSCGB as trustee and provided further guidance of the administration of the charitable trust.

Under the terms of the Deed Poll the HSCGB was appointed as trustee and an initial sum of \$286,621 was provided by SA Health to be administered by the HSCGB. These funds were initially invested in the pooled assets of the HSCGB. During the previous year these funds were transferred to Funds SA in an account in the name of the Trust.

In accordance with the judgment the terms of the Trust were varied whereby -

- the trust monies may be applied for the benefit of any patient of a hospital incorporated under the Health Care Act 2008 who is suffering from a kidney disease or complaint; and
- the trust monies shall be expended on benefits that such patients would not normally receive or enjoy as patients of those hospitals.

**HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017**

2 Summary of Principal Accounting Policies

2.1 Format of the Accounts

The attached financial reports and related notes are special purpose financial statements that provide information on the value and operations of the trust being administered.

The Statements have been prepared using the accrual basis of accounting and are in accordance with the historical cost convention.

All amounts are rounded to the nearest dollar.

2.2 Taxation and Imputation Credits

The Dorothy E Brown Charitable Trust is exempt from income tax and has been granted status as a Charitable Fund.

As a Charitable Fund the Trust is entitled to a refund of imputation credits. Entitlement to this refund is recognised as revenue at the time of receipt of the franked dividend or distribution in relation to investments held by the Trust.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

2.3 Basis of valuation - Assets

Other financial assets

The trustee is a Prescribed Public Authority which enables the Trust to invest through Funds SA. As these investments are managed and their performance evaluated in accordance with a documented investment strategy and the information reported to the trustee on a regular basis it is considered appropriate that they be designated as fair value through profit and loss.

Investments are recognised and derecognised on trade date and are initially measured at fair value, net of transaction costs.

Financial assets and liabilities held at fair value through the profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through the profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. Fair value of financial instruments are classified, according to fair value hierarchy, at level 2 - fair values that are based on inputs that are directly or indirectly observable for the asset/liability

Fair value of unlisted unit trusts

Investments in unlisted unit trusts are recorded at the fair value as reported by the managers of such funds as at 30 June 2017

2.4 Basis of valuation - General

Accrued Revenue and Accrued Expenses are carried at their nominal amounts.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
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3 Other Financial assets			
The Trust invests in the Funds SA Conservative B - Taxed Fund. As this is considered to be a long term holding it is disclosed as a non-current asset at fair value.			
Financial assets though profit and loss			
- Current			
Short term advance HSCGB		570	-
- Non-Current			
Investments in unlisted unit trusts at fair value		314,425	301,488
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4 Cash flow reconciliation			
Reconciliation of net result to net cash provided by operating activities:			
Net result		15,154	8,837
Add/less non cash items:			
(Gain) on financial assets		(7,584)	(317)
Distributions from unlisted units trusts		(12,813)	(10,686)
HSCGB Pool Income		-	(44)
Total non cash items		(20,397)	(11,047)
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Movement in assets and liabilities:			
Decrease (increase) in imputation credits receivable		(30)	(562)
(Increase) in other receivables		(1,725)	-
(Decrease) increase in payables		(462)	462
Total movement in assets and liabilities		(2,217)	(100)
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Net cash provided by operating activities		(7,460)	(2,310)
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