



Health Services Charitable Gifts Board

2018-19 Annual Report

Health Services Charitable Gifts Board

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Date presented to Minister: 31 October 2019

To:

Hon. Stephen Wade

Minister of Health and Wellbeing

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

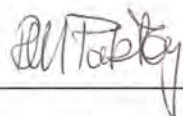
This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

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

Robyn Pak-Poy

Chairman

Date 28.10.19

Signature 

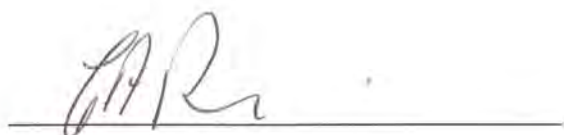
From the Chief Executive

The Board's ninth Annual Report is hereby presented.

It sets out how the Board has been able to provide a significant flow of funds to its Public Health Entity (**PHE**) stakeholders in accordance with the purposes for which funds are held and in line with priorities decided by the PHEs.

As a result of the application of the Board's policies and the accessing of skilled investment expertise by Funds SA the Board continues to be in a strong position to make similar payments in 2019-20 and subsequent years.

The Board continues to provide sound governance and integrity to the holding and investing of charitable gifts and donations so as to ensure that ongoing significant funding streams are available for PHEs.

A handwritten signature in dark ink, appearing to read 'CP', is written over a horizontal line.

Christopher Peirce

Executive Officer

Health Services Charitable Gifts Board

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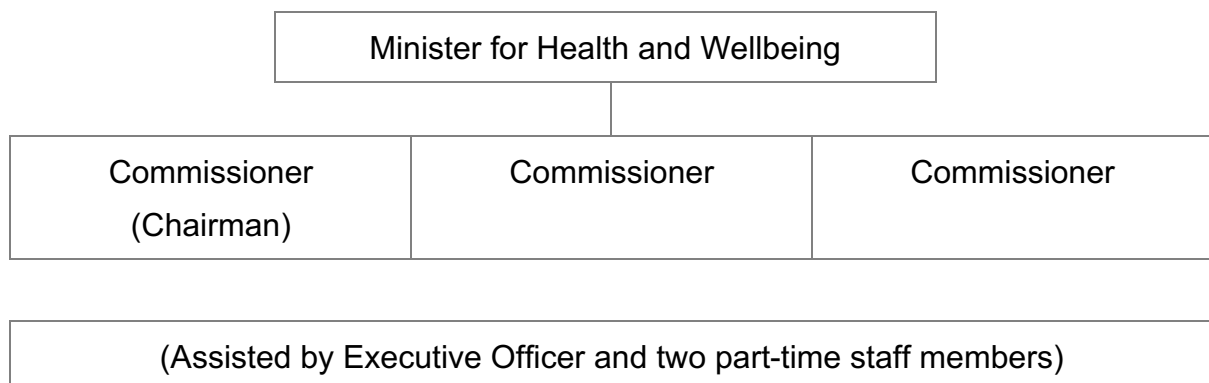
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Overview: about the agency

Our strategic focus

Our Purpose	The purpose of the Health Services Charitable Gifts Board (Board) is to hold charitable gifts and donations received by public hospitals and research institutions. Funds held are invested to earn a return for the hospitals and institutions concerned. They are then applied for research, services and equipment in accordance with the purpose for which the funds were originally donated or gifted.
Our Vision	To provide excellence in the Board's stewardship, investment and application of funds held by it to benefit PHEs and relevant research bodies in their delivery of services, equipment and research in accordance with the <i>Health Services Charitable Gifts Act, 2011 (HSCG Act)</i> .
Our Values	The Board operates ethically to fund research and other expenditure by the various PHEs for which it holds funds. The Board takes a view to this task commensurate with the perpetual nature of the Board.
Our functions, objectives and deliverables	<ol style="list-style-type: none"> 1. To provide excellence in the Board's stewardship, investment and application of funds held by it to benefit PHEs and relevant research bodies in their delivery of services, equipment and research in accordance with the HSCG Act. 2. To target best practice throughout the Board's operations. 3. To act in a timely, principled and ethical manner to address funding requests, seeking accountability for the funds being spent by PHEs and ensuring that funding provided to them is done so on a long-term sustainable basis.

Our organisational structure

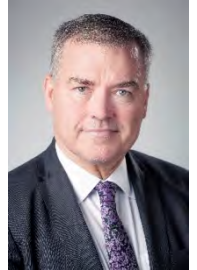


Changes to the agency

During 2018-19 there were no changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

Our Minister

Hon Stephen Wade MLC is the Minister for Health and Wellbeing in South Australia. The Minister oversees health, wellbeing, mental health, ageing well, substance abuse and suicide prevention.



Our Executive team

Chairman – Robyn Pak-Poy

As Chairman, Ms Pak-Poy's expertise to the Board is in areas of legal, contractual and trust matters. As well as her interests in governance, she has been a member of various finance, audit, safety and quality committees.

Commissioner – Professor Villis Marshall

As a Commissioner, Professor Marshall's expertise to the Board is in areas of PHEs, research and clinical matters as well as numerous health administration, mentoring and teaching positions.

Commissioner – Lino Di Lerna

As Commissioner, Mr Di Lerna's expertise to the Board is in the areas of commercial property, senior executive management as well as varied executive appointments across the private and public sector.

Legislation administered by the agency

None.

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

Central Adelaide Local Health Network

Northern Adelaide Local Health Network

Southern Adelaide Local Health Network

Women's and Children's Health Network

South Australian Ambulance Service - MedStar

Country Health SA Local Health Network (from 1 July 2019 this network has been replaced by: Yorke and Northern Local Health Network; Eyre and Far North Local Health Network; Flinders and Upper North Local Health Network; and Limestone Coast Local Health Network).

The agency's performance

Performance at a glance

Total Assets held at 30 June 2019 were \$143.5m, an increase from \$137.1m at 30 June 2018. The increase in assets enabled the Board to maintain its investment base to generate income ensuring future year distributions to PHEs.

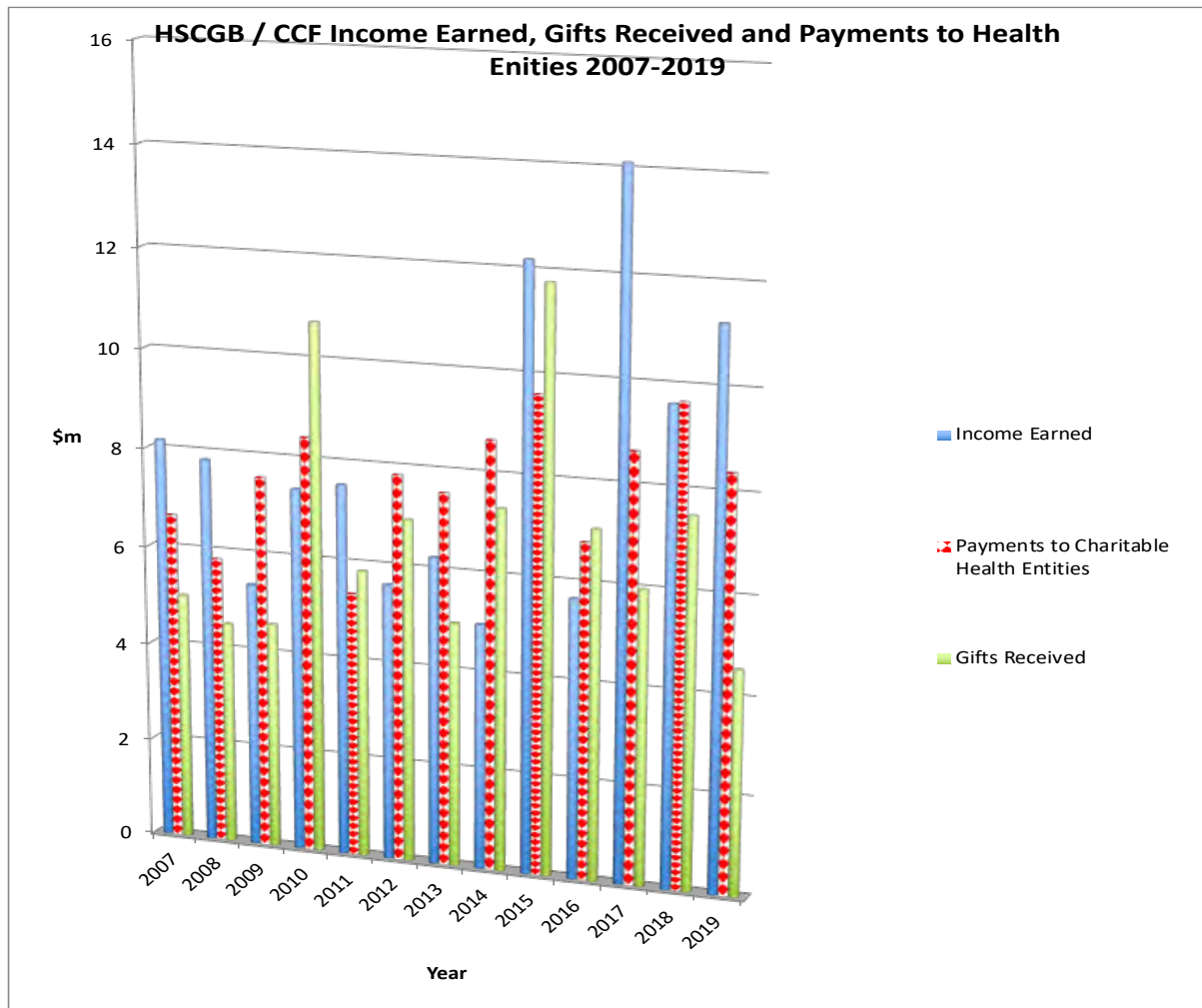
The major determinants of Agency performance over the last 13 years are shown on the next page. These are: HSCGB income earned; gifts received; and payments to PHEs by HSCGB (and its predecessor).

Returns from funds invested with Funds SA and real estate known as Town Acre 86 (TA 86) were once again strong during the recently completed 2018-19 financial year. Investment performance has been discussed in more details on pages 16 to 21.

Gifts received from bequests vary significantly from year to year. Whilst donations have been gradually declining over recent years bequests in 2018 were much higher than in 2019 as a result of the receipt of a single bequest of nearly \$3m.

In addition, the amount available to be spent from accounts such as Doctors Right of Private Practice have declined over time, due to incoming funds to these accounts continuing at lower levels.

Budgets for expenditure are reviewed, considered and approved by the Board. During the year, \$8.4m in funds was provided to PHEs for claims spent (\$9.7m in 2018).



Agency contribution to whole of Government objectives

More jobs	Funding various research positions within PHEs
Lower costs	Focus on efficiencies ensuring prudent, merit-based funding and accountability
Better Services	Ensuring prudent, merit-based funding and accountability for expenditure and compliance with best practice policies

Agency specific objectives and performance

Agency objectives	Indicators	Performance
Transfer of Gifts and Donations	Gifts and donations and supporting paperwork pursuant to the HSCG Act are forwarded by PHEs to the Board.	This helps ensure that all funds donated to PHEs are forwarded to the Board for application as intended under the HSCG Act.
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.	Funds applied by HSCGB are applied for the purpose they were donated and for the highest priority as identified by the relevant PHE.
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.	This helps generate a sustainable flow of funds to fund various charitable programs and purposes including medical research year-on-year.
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.	Ensuring that stakeholders are aware of the operations of the Board and the initiatives that it funds as well as encouraging compliance with the HSCG Act.

Corporate performance summary

Total Assets held at 30 June 2019 were \$143.5m, (\$137.1m in 2018). This increase was driven by the following key factors:

- Continued strong returns from funds invested with Funds SA and in TA 86;

- Funds expended by PHEs at \$8.4m were less than the budget sought by PHEs and approved by HSCGB; and
- Continued inflows of gifts and donations of \$4.5m (\$7.6m in 2018).

Employment opportunity programs

Program name	Result of the program
No specific Board employment opportunity programs were in place during 2018-19	Nil

Agency performance management and development systems

Performance management and development system	Performance
Staff Performance Development Reviews	Staff undertake internal performance development reviews on a yearly basis. Internal and external training is provided where appropriate to staff.

Work health, safety and return to work programs

Program name	Performance		
OHS Policy	The Board has a Workers Health and Safety policy and associated processes in place with internal training provided on induction.		
Mental Health Initiatives	No specific Mental Health initiatives were in place during 2018-19 and there was no demonstrated need.		
No other programs were in place			
Workplace injury claims	Current year 2018-19	Past year 2017-18	% Change (+ / -)
Total new workplace injury claims	0	0	0%
Fatalities	0	0	0%
Seriously injured workers*	0	0	0%

Program name	Performance		
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	0	0	0%

**number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the Return to Work Act 2014 (Part 2 Division 5)*

Work health and safety regulations	Current year 2018-19	Past year 2017-18	% Change (+ / -)
Number of notifiable incidents (<i>Work Health and Safety Act 2012, Part 3</i>)	0	0	0%
Number of provisional improvement, improvement and prohibition notices (<i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i>)	0	0	0%

Return to work costs**	Current year 2018-19	Past year 2017-18	% Change (+ / -)
Total gross workers compensation expenditure (\$)	0	0	0%
Income support payments – gross (\$)	0	0	0%

***before third party recovery*

Data for previous years is available at: [Data.SA](#)

Executive employment in the agency

Executive classification	Number of executives
Nil	0

Data for previous years is available at: [Data.SA](#)

The [Office of the Commissioner for Public Sector Employment](#) has a [workforce information](#) page that provides further information on the breakdown of executive gender, salary and tenure by agency.

Financial performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. Full audited financial statements for 2018-19 are attached to this report.

Statement of Comprehensive Income	2018-19 Budget \$m	2018-19 Actual \$m	Variation \$m	2017-18 Actual \$m
Expenses	11,825	9,359	2,466	10,110
Revenues	12,577	15,792	3,215	17,137
Net cost of providing services	752	6,433	5,681	7,027
Net Revenue from SA Government	0	0	0	0
Net result	752	6,433	5,681	7,027
Total Comprehensive Result	752	6,433	5,681	7,027

Statement of Financial Position	2018-19 Actual \$m	2017-18 Actual \$m
Current assets	7,803	7,465
Non-current assets	135,764	129,671
Total assets	143,567	137,136
Current liabilities	1,862	1,871
Non-current liabilities	32	25
Total liabilities	1,894	1,896
Net assets	141,673	135,240
Equity	141,673	135,240

Consultants disclosure

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

Consultancies with a contract value below \$10,000

Consultancies	Purpose	\$ Actual payment
Not applicable		0

Consultancies with a contract value above \$10,000 each

Consultancies	Purpose	\$ Actual payment \$000s
(See below)		0

The following consultancies were undertaken during the 2018-19 year:

- DP Consulting: \$12,800 for the review of and advice on proposed building works to be undertaken by head lessor and rental abatement payments resulting under the ground lease on Town Acre 86 which is held by the Martin Estate. This expense is allocated direct to the estate and is not an expense of the Board.
- Ferrier Hodgson: \$16,977 for the review of and to provide advice on a shortfall of security of a Board vested loan, and entering into a Deed of Forbearance to provide additional time for the borrower to rectify shortfall issues. This cost was recovered in full from the borrower after the end of the financial year.

Data for previous years is available at: [Data.SA](#)

See also the [Consolidated Financial Report of the Department of Treasury and Finance](#) for total value of consultancy contracts across the South Australian Public Sector.

Contractors disclosure

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

Contractors with a contract value below \$10,000

Contractors	Purpose	\$ Actual payment
All contractors – below \$10,000 each - combined	Building maintenance and fire safety services	\$9,570
All contractors – below \$10,000 each - combined	Information technology, trust audit, records management and security services	\$17,310
	Total	\$26,880

Contractors with a contract value above \$10,000 each

Contractors	Purpose	\$ Actual payment \$000s
*Crown Solicitors' Office	Services related to disputes and other issues associated with various Board interests	\$ 27,920
**Thompson & Cooper Partners	Accounting services	\$ 27,940
**Auditor-General	Audit of financial statements	\$ 28,000
	Total	\$ 83,860

**Crown Solicitor's Office services does not include the portion of services (reported in audited financial statements) to be recovered against 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.*

*** Reported in audited financial statements.*

Data for previous years is available at: [Data.SA](#)

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. [View the agency list of contracts](#).

The website also provides details of [across government contracts](#).

Other financial information**Investments**

The Board continues to hold most of its investments in investment products 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 \$34 billion (as at 30 June 2019) funds under management;
- 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

Under Section 23 of the HSCG Act, a public sector employee appointed by the Minister for Health and Wellbeing is to hold a position as Investment Adviser to the Board.

In September 2018, the Board was advised by the Minister for Health and Wellbeing that due to Mr Blaskett's resignation from the role, Mr Kevin Cantley had been appointed in his place.

The Board met with Mr Cantley during the financial year. The meetings were of a general nature and were in relation to the investment activities of the Board.

The investment policies that were reviewed through the Board's general policy review period were referred to Mr Cantley who was supportive of the approach taken.

No specific advice was given or formal recommendations made to the Board by Mr Cantley nor Mr Blaskett during the financial year.

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.

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 Policy Criteria

Investing Time Horizon	4.7+ years
Target Investment Return	2.5% pa over CPI
Potential Negative Return	1.12 years in 10

Portfolio Investment Components:

Funds SA Administered Assets:

- Funds SA Capital Defensive product
- Funds SA Growth;
- Funds SA Balanced; and
- Funds SA Cash.

Additional Direct Investments:

- Loan at a concessional interest rate to SAHMRI to purchase and establish a Cyclotron facility;
- First mortgage charge over advances made to the Port Pirie Hospital Inc. This loan is long-standing and interest free; and
- Small commercial property in Waymouth Street Adelaide.

Martin portfolio

This portfolio comprises a bequest from the late Thomas Martin for the purpose of assisting the Adelaide Hospital, the forerunner to the RAH.

Martin Investment Policy Criteria

Investing Time Horizon	7+ years
Target Investment Return	4.3% pa over CPI
Potential Negative Return	1 year in 10

Portfolio Investment Components:

- Ground rent from Town Acre 86 (**TA 86**) and Part Town Acre 85 (**TA 85**), which is the land on the south-west corner of Pulteney Street and Rundle Mall, being the Adelaide CBD land on which the Citicentre building is located; and
- A sum of money invested in the HSCGB Pool portfolio, predominately in Funds SA administered assets as detailed above.

This portfolio is reported separately due to its size with its value at 30 June 2019 being in excess of \$55m.

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**), further particulars of which are set out later in this report.

Norman Trust Investment Policy Criteria

Investing Time Horizon	7.4+ years
Target Investment Return	3.7% pa over CPI
Potential Negative Return	1.75 years in 10

Portfolio Investment Components:

Funds SA administered assets:

- Funds SA Growth product; and
- Funds SA Cash product.

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	1.9 years in 20

Portfolio Investment Components:

Funds SA administered asset:

- Funds SA Conservative product

Investment performance

The 2018-19 after-costs investment returns for each Board administered investment portfolio are shown in the following table.

Investment Performance by Portfolio	One Year % per annum			Three Years % per annum		
	Actual	Target	Achieved – Yes (✓), No (x)	Actual	Target	Achieved – Yes (✓), No (x)
HSCGB Pool portfolio	5.8%	CPI +2.5%	✓	6.6%	CPI +2.5%	✓
Martin Estate portfolio	9.7%	CPI +4.3%	✓	12.1%	CPI +4.3%	✓
Norman portfolio	7.2%	CPI +3.7%	✓	9.7%	CPI +3.7%	✓
D E Brown portfolio	5.6%	CPI +2.0%	✓	4.9%	CPI +2.0%	✓

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 in relation to the Board's investments in direct real estate.

The Board owned one direct property investment for the 2018-19 year, a suite of four offices located at 234-240 Waymouth Street Adelaide. The Board occupies 240 Waymouth Street, with the remainder of the property (numbers 234-238) leased to commercial tenants. The Board plans to hold this property for the foreseeable future.

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

- Ground on which the Citicentre building is located - Town Acre 86 and part Town Acre 85.

The Board (and its predecessors) have held this land since the late 1800s. Based on external information the Board revalued the lease on this land at 30 June 2019 in line with its real estate policy. This revaluation saw the property value increase by \$1.7m.

Pursuant to the head lease which expires in 2052, the Town Acre 86 investment is re-valued every 5 years. Rent is adjusted whenever the 5-yearly professional revaluation is completed. The next 5-yearly revaluation is due in August 2021.

Following the earlier receipt of a claim for rental abatement as a result of a building upgrade program being undertaken, and pursuant to the head lease, there was a period of negotiation during 2018-19 as to the amount of abatement payable. An abatement amount of \$751K was agreed with \$566K of that amount recognised as an expense in the 2018-19 financial year.

As at 30 June 2019 the Board reviewed the value of its direct property investment and ensured that all property was valued at fair value in accordance with Board policies.

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. The loan is secured against investments held in a separate subsidiary of SAHMRI.

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 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 PHEs such as the RAH are significant. Daily supplies of isotopes to the RAH commenced in April 2015.

Principal repayments to HSCGB under the finance facility commenced during 2018-19.

Prior to 30 June 2019, SAHMRI allowed the investments held as security against the outstanding loan principal to fall below the required level. As a result of this deficiency, and after a period of negotiation, a Deed of Forbearance was entered into to provide SAHMRI with sufficient time to rectify this shortfall. All repayments due have been made by SAHMRI and the loan is not considered to be impaired. At the conclusion of the Deed of Forbearance on 30 September 2019, SAHMRI have advised that the shortfall in security has been rectified.

Other information

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions are set out in the pages following.

Funds Applied

The Board approved requests from PHEs for \$12.0m of funding and against that, a total of \$8.4m was applied on account of expenditure claimed during the 2018-19 year by PHEs. Details are in the following table.

FUNDS APPLIED 2018-19 FINANCIAL YEAR

RAH	\$m
Grants – fellowship, scholarship and research	0.9
Salary and Consumables - research (refer table on next page for more details)	2.3
Salary and Consumables – non-research	2.2
Equipment – research, non-research and clinical	0.5
Volunteer Support	0.4
Conferences and Training (including travel), Professional Fees	0.1
<i>RAH/TQEH/Hampstead Joint Funds, Modbury, Lyell McEwin, SA Dental Service, MedSTAR, Pt Lincoln and Mt Gambier</i>	
Salary and Consumables – non-research, Volunteer Support, Equipment – research, non-research and clinical, and Conferences and Training (including travel)	0.3
<i>SA Pathology and Hanson Centre (includes Centre for Cancer Biology)</i>	
Salary and Consumables – research	0.5
Salary and Consumables – non-research	0.1
Equipment – research and non-research, Conferences and Training and Professional Fees	0.5
<i>Women's and Children's Hospital</i>	
Equipment – research and non-research	0.1
Salary and Consumables – research and Conferences and Training (including travel)	0.5
Total	\$8.4m
 Expenditure in relation to: Salary and Consumables – research at RAH, SA Pathology, Hanson Centre and CCB	
	\$m
Cancer	0.9
Cardiology	0.2
Endocrine	0.2

Expenditure in relation to: Salary and Consumables – research at RAH, SA Pathology, Hanson Centre and CCB	\$m
Haematology	0.3
Neurology	0.2
Other	0.2
Orthopaedic	0.1
Renal	0.4
Rheumatology	0.1
Surgical practice and ICU	0.2
Total	\$2.8m

Sources of Funds used

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

RAH	\$m
Martin Bequest	0.7
Nimmo Bequest	0.1
Miller Bequest	0.1
RAH Doctors Right to Private Practice Earnings	1.1
Rheumatology, Oncology and Various Speciality Accounts	0.7
Overton Bequest	0.1
J Page Fund	0.1
MG & SM Helpman	0.1
Gum Bequest	0.2
Various Research Funds	0.6
Faith, Hope & Charity Fund	0.2
Lane Bequest and other Mental Health bequests and accounts	0.4
Various RAH Bequest Accounts	0.1
RAH Research Fund – General Accounts	2.0
Pt Lincoln/TQEH/Mt Gambier/Lyell McEwin/Modbury	0.2

RAH	\$m
SA Pathology & Hanson	0.2
Hanson Centre for Cancer Research	0.5
M F Kellet Bequest	0.2
T J Ashton Bequest	0.2
Women's & Children's Hospital General Funds and other accounts	0.2
HE Robinson	0.1
Storen Bequest	0.1
Cutts Bequest	0.1
Spencer Bequest	0.1
Total	\$8.4m

Bequests Received 2018-19***RAH and TQEH / SA Pathology & Hanson***

T Brown	B Bryant	HW Colls	C Davenport
R Doepke	ES Dunn	PL Florence	B Gillard
MG & SM Helpman	EJ Jones	M Keyhoe	M Kiroff
JL Lawton	ME Lawton	JM Martin	AB Mellor
J Radtke	D Reynold	AH Schlank	FW Slater
BL Thompson	A Wheat	JM Williams	

Women's' & Children's Hospital

JE Allen	MJ Bassani	MD Beckett	GA Carter
AD Churcher	FM Colmer	LM Cowley	M Csuka
R Fenwick	DM Haines	EM McDonald	J Melrose
MK Milne	HJ Nankivell	HE Robinson	AH Schlank
JE Whitehead			

Risk management

Risk and audit at a glance

The Board maintains a risk policy and register which the Board regularly reviews. All risk and audit matters are brought to the Board for consideration.

The audit of the Board is conducted by the Auditor General. The audit of the two administered Trusts is completed by ASF Audits. The outcomes of these audits are contained in this report.

Fraud detected in the agency

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

NB: Fraud reported includes actual and reasonably suspected incidents of fraud.

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 previous 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 *Whistleblowers Protection Act 1993*.

Whistle-blowers disclosure	Number of instances
Nil to report	0

Data for previous years is available at: [Data.SA](#)

Reporting required under any other act or regulation

Act or Regulation	Requirement
<p><i>Health Services Charitable Gifts Act 2011</i></p> <p>30—Reports</p> <p>(1) The Board must, on or before 31 October in each year, deliver to the Minister separate reports on the operations of—</p> <ul style="list-style-type: none"> (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. <p>(2) Each report must include the audited accounts of the Board or trust (as the case may be) for the relevant financial year.</p> <p>(3) The report on the operations of the Board under subsection (1)(a) must include the following:</p> <ul style="list-style-type: none"> (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. <p>(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.</p>	
<p><i>Health Services Charitable Gifts Act 2011 - Regulations</i></p> <p>7—Reports</p> <p>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:</p> <ul style="list-style-type: none"> (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 2018-19 financial year.

Proclaimed Institutions

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

Proclaimed Institutions	
<p>The parts of Central Adelaide Local Health Network Inc. (CALHN) known as:</p> <p>Royal Adelaide Hospital (RAH); The Queen Elizabeth Hospital (TQEH); South Australian Dental Health Service; SA Pathology; and Breastscreen SA.</p>	<p>The parts of Country Health SA Local Health Network (CHSALHN) known as:</p> <p>Mount Gambier Hospital; Port Augusta Hospital; Port Lincoln Hospital; Port Pirie Hospital; Walleroo Hospital; and Whyalla Hospital.</p> <p><i>(From 1 July 2019 this network has been replaced by: Yorke and Northern Local Health Network; Eyre and Far North Local Health Network; Flinders and Upper North Local Health Network; and Limestone Coast Local Health Network).</i></p>
<p>The parts of Northern Adelaide Local Health Network Inc. (NALHN) known as:</p> <p>Modbury Hospital; and Lyell McEwin Hospital.</p>	<p>The parts of the Southern Adelaide Local Health Network Inc. (SALHN) known as:</p> <p>Flinders Medical Centre; Repatriation General; and Noarlunga Hospital.</p>
<p>The part of the Women's and Children's Health Network Inc. (WCHN) known as the Women's and Children's Hospital.</p>	<p>The part of the South Australian Ambulance Service Incorporated known as MedSTAR.</p>

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.

The Board does not hold property on trust for the purposes of a charitable health trust under section 20 of the HSCG Act.

There were no committees established during the 2018-19 financial year under Section 24 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.

The list of projects funded during the 2018-19 financial year is extensive. Set out below are some of the projects where more than \$100,000 has been advanced during the year:

Research:

- Scleroderma Studies;
- Recent onset rheumatoid arthritis: pharmaceuticals and fish oil as therapeutic options;
- Various Mental Health initiatives;
- Type 2 Diabetes: Bitter taster as a mediator of food intake and postprandial glycaemia in health and type 2 diabetes;
- Various Orthopaedic Studies; and
- Beat Cancer: Advancing T-cell Therapy for leukaemia and glioblastoma.

Equipment and Other:

- SA Cancer Services Nurse Consultant to facilitate the adoption of the SACS Optimal Cancer Care Pathways program;
- Hanson Centre for Cancer Research contribution to the CRC (Cooperative Research Centre) - Cell Therapy Manufacture. The CRC for Cell Therapy Manufacturing facilitates the cost-effective manufacture and rapid translation of cell therapies into clinical practice;
- SA Cancer Research Biobank – contribution towards ensuring maintenance of the Biobank which provides tumour tissue samples for medical research to improve patient outcomes;
- SAP Equipment – Covaris ME220 (a focused ultrasonicator), Amersham Typhoon IP, Controlled Rate Freezer, AKTA Pure Liquid Chromatography (LC) (a fast liquid chromatography); Refrigerated Lab Centrifuges, Waters 1525

HPLC (a High Performance Liquid Chromatography System Software); AATI Femton Pulse (an automated pulsed-field capillary electrophoresis system);

- Volunteer support to the RAH/Hampstead and TQEH including Volunteer Recognition events, service badges, volunteer uniforms, travel costs, salary support for the Volunteer's Coordinator and admin support;
- WCH Queen Victoria Lecture Theatre technology upgrade; and
- WCH Telemedicine Trial.

In addition to the above many other meaningful programs were supported such as:

- Preventing Neurological Injury Initiative (PINI) in preterm infants;
- Choosing Wisely Initiative;
- Support to the Palliative Care unit at the TQEH including art therapy, therapy dogs and volunteer support;
- Christmas Cheer for patients in the RAH and TQEH over the Christmas period;
- Purchase of various equipment;
- Varied research grants;
- Speaking up for Safety - Train the trainer program;
- Support for patients experienced financial hardship including transport costs, TV vouchers, hire of independent living aids; and
- WCH Premature Babies Christmas Party.

Significant research projects are also funded by the Board as Trustee of the Ray and Shirl Norman Cancer Research Trust (details can be found under "**Other Trusts administered by the Board**" on page 29).

Through the various initiatives detailed in this report, related to the management of investments and application of funds to PHEs, the Board has helped facilitate a significant flow of funds year on year to its principal PHE stakeholders.

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 2018-19 financial year as is required under Section 15(d) of the HSCG Act.

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.

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 2019 at \$7.7 million, is to be used 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 \$0.26m was applied during the year for various projects and as at 30 June 2019, research funding agreed to and not yet due totalled \$0.66m.

During the year the Board as Trustee of the Ray and Shirl Norman Cancer Research Trust provided funding for the following multi-year projects:

- Circular RNAs as trojan horses of oncogenesis;
- New molecular therapies for lung cancer; and
- Whether high-grade serious ovarian cancer be eradicated using a novel antibody drug conjugate with bystander killing.

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

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 its Conservative Investment Product. At 30 June 2019 the balance of the Trust was \$0.3m.

During 2018-19 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 audited 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-west 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. Pursuant to the Head Lease this valuation is reviewed every five years with the next review due during the 2021-22 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 \$55m as at 30 June 2019. A building upgrade has commenced pursuant to the head lease. A rental abatement charge is payable. This has been agreed with the head lessee as detailed on page 19.

Summary of Major Bequests

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

	Balance 30 June 2019 \$m
E Acraman Bequest - RAH <i>Expenditure at the RAH</i>	1.8
J Ashton Bequest - Hanson Centre for Cancer Research <i>Cancer Research</i>	3.5
Balchin Bequest - RAH Research Fund <i>Research</i>	1.5
B Gum Bequest - RAH Hospital Research Institute <i>Endocrine research</i>	1.1
S and C Hugo Fund - RAH Research Fund <i>Endocrine research and development of medicines and treatments of diseases of an endocrine nature</i>	1.3

	Balance 30 June 2019 \$m
Martin Bequest -RAH <i>Expenditure at the RAH</i>	55.3
L Moser Estate - RAH <i>Expenditure at the RAH</i>	1.1
E & PA Munday Memorial Fund - RAH <i>Expenditure at the RAH</i>	3.1
R H Nimmo Bequest - RAH <i>Expenditure such as visiting professor position at RAH</i>	4.9
Overton Bequest - RAH Research Fund <i>Various medical research grants and equipment</i>	4.8
Trevis Roberts Rheumatology Research Fund - RAH <i>Rheumatology research</i>	2.4
AA Shadgett Bequest - RAH <i>Research</i>	2.2
George Southgate Fund - Hanson Centre for Cancer Research <i>Research other than reproductive</i>	1.5
Morris J Keyhoe – RAH <i>General cancer research</i>	1.0

Recurrent Income is also received from the following bequests:

	Balance 30 June 2019 \$m
M G Helpman & S M Helpman Estates - RAH <i>General purposes of cardiovascular investigation at the RAH</i>	2.3
HE Robinson Bequest - WCH <i>General purposes of the Women's and Children's</i>	1.6

Other PHE funding requests during the 2018-19 year

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 DE Brown Trust are also registered with the ACNC.

Reporting required under the *Carers' Recognition Act 2005*

The *Carers' Recognition Act 2005* is deemed applicable for the following: Department of Human Services, Department for Education, Department for Health and Wellbeing, 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.

Public complaints

Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2018-19
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	0
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	0
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	0
Communication	Communication quality	Inadequate, delayed or absent communication with customer	0
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	0
Service delivery	Systems/technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	0
Service delivery	Access to services	Service difficult to find; location poor; facilities/environment poor standard; not accessible to customers with disabilities	0
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	0
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	0
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	0

Complaint categories	Sub-categories	Example	Number of Complaints 2018-19
Service quality	Information	Incorrect, incomplete, out dated or inadequate information; not fit for purpose	0
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	0
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	0
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	0
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	0
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	0
		Total	0

Additional Metrics	Total
Number of positive feedback comments	0
Number of negative feedback comments	0
Total number of feedback comments	0
% complaints resolved within policy timeframes	0%

Data for previous years is available at: [Data.SA](#)

Service improvements for period

Service improvements that responded to customer complaints or feedback

Not applicable.

Appendix: Audited financial statements 2018-19



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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 Service Charitable Gifts Act 2011*, I have audited the financial report of the Health Services Charitable Gifts Board for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report has been prepared in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987*, Division 60 of the *Australian Charities and Not-for-profits Commissions Act 2012*, and Australian Accounting Standards including:

- a) giving a fair and true view of the financial position of the Health Services Charitable Gifts Board as at 30 June 2019, its financial performance and its cash flows for the year then ended
- b) complying with Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2013.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- 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 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 issued 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, but not for the purpose of expressing an opinion on the effectiveness of the Health Services Charitable Gifts Board's internal control

- 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 about, 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

29 October 2019

HEALTH SERVICES CHARITABLE GIFTS BOARD
ABN 49 517 603 275

CERTIFICATION OF THE FINANCIAL STATEMENTS

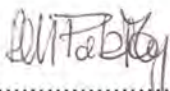
We certify that the attached general purpose financial statements for the Health Services Charitable Gifts Board (referred to in the attached as "HSCGB" or "the Board"):

- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- comply with Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013;
- 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 2019 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

28 / 10 / 19



.....
C Peirce - Executive Officer

28 / 10 / 19

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
Income			
Revenue from gifts to public health entities vesting in the Board	4.1	3,900	7,059
Revenue from charitable foundations and other trusts	4.2	674	449
Investment revenue	4.3	8,746	7,215
Rental revenue	4.4, 8.2	2,451	2,398
Other income		21	16
Total income		<u>15,792</u>	<u>17,137</u>
Expenses			
Employee and Commissioner benefits expenses	5.3	277	258
Supplies and services	6.1	102	107
Depreciation	6.2	4	6
Funds distributed to public health entities and prescribed research bodies	6.3	8,390	9,678
Investment property expenses	8.2	586	61
Total expenses		<u>9,359</u>	<u>10,110</u>
Profit for the year		<u>6,433</u>	<u>7,027</u>
Total comprehensive result		<u>6,433</u>	<u>7,027</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 2019

	Note No.	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	7.1	539	2,579
Receivables	7.2	849	390
Other financial assets	7.3	6,415	4,496
Total current assets		<u>7,803</u>	<u>7,465</u>
Non-current assets			
Other financial assets	7.3	105,251	101,004
Property, plant & equipment	8.1	13	17
Investment properties	8.2	30,500	28,650
Total non-current assets		<u>135,764</u>	<u>129,671</u>
Total assets		<u>143,567</u>	<u>137,136</u>
Current liabilities			
Payables	9.1	1,847	1,660
Employee benefits	5.4	13	12
Other liabilities	9.2	2	199
Total current liabilities		<u>1,862</u>	<u>1,871</u>
Non-current liabilities			
Employee benefits	5.4	32	25
Total non-current liabilities		<u>32</u>	<u>25</u>
Total liabilities		<u>1,894</u>	<u>1,896</u>
Net Assets		<u>141,673</u>	<u>135,240</u>
Funds held			
Funds held		141,673	135,240
Retained earnings		-	-
Total funds held	10.1	<u>141,673</u>	<u>135,240</u>
Unrecognised contractual commitments	12.1		
Contingent assets and liabilities	12.2		

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 2019

	Note No.	Funds held \$'000	Retained earnings \$'000	Total Funds held \$'000
Balance at 30 June 2017		128,213	-	128,213
Profit for 2017-18		-	7,027	7,027
Total comprehensive result for 2017-18		-	7,027	7,027
Profit allocated to Funds held	10.1	7,027	(7,027)	-
Total change for the period		7,027	-	7,027
Balance at 30 June 2018		135,240	-	135,240
Profit for 2018-19		-	6,433	6,433
Total comprehensive result for 2018-19		-	6,433	6,433
Profit allocated to Funds held	10.1	6,433	(6,433)	-
Total change for the period		6,433	-	6,433
Balance at 30 June 2019		141,673	-	141,673

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 2019

	Note No.	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Cash inflows			
Rent received		2,467	2,924
Imputation credits received		139	196
Interest received		350	400
Other income received		21	16
Receipts from charitable foundations and other trusts		674	449
Receipts from gifts to public health entities vesting in the Board		3,518	7,153
Cash generated from operations		<u>7,169</u>	<u>11,138</u>
Cash outflows			
Payments for supplies and services and investment property expenses		(148)	(186)
Employee benefits payments		(288)	(272)
Payments to public health entities and prescribed research bodies		(8,634)	(8,247)
GST paid to the ATO		(230)	(228)
Cash used in operations		<u>(9,300)</u>	<u>(8,933)</u>
Net cash (used in)/provided by operating activities	10.2	<u>(2,131)</u>	<u>2,205</u>
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of investment property		-	5,738
Proceeds from the sale of financial assets		500	1,006
Proceeds from SAHMRI loan repayments		591	-
Cash generated from investing activities		<u>1,091</u>	<u>6,744</u>
Cash Outflows			
Purchase of financial assets		(1,000)	(8,400)
Other payments		-	(5)
Cash used in investing activities		<u>(1,000)</u>	<u>(8,405)</u>
Net cash provided by/(used in) investing activities		<u>91</u>	<u>(1,661)</u>
Net increase/(decrease) in cash and cash equivalents		(2,040)	544
Cash and cash equivalents at 1 July		2,579	2,035
Cash and cash equivalents at 30 June	7.1	<u>539</u>	<u>2,579</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 2019

1 About the Health Service Charitable Gifts Board

The *Health Services Charitable Gifts Act 2011* was proclaimed on 30 June 2011 and commenced on 1 July 2011 (the HSCGB Act).

This financial report covers the Health Services Charitable Gifts Board as an individual reporting entity.

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

1.1 Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987* and the Australian *Charities and Not-for-profit Commission Act 2012*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*;
- relevant Australian Accounting Standards.

The Treasurer granted the Board the following variation:

- APS 101.D *Treasurer's Instructions (Accounting Policy Statements)*. The Board is permitted to present its Statement of Comprehensive Income on a profit and loss basis. This exemption was originally granted in 2015 for the five year period ending 30 June 2019.

For the 2018/19 financial statements the Board adopted AASB9 - *Financial Instruments* and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. Further information is provided in note 11.

The financial statements have been prepared based on a 12 month period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

1.1 Basis of preparation (continued)

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

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 have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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.

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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2019

2 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.

2.1 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 2.3.
- Dorothy E Brown Charitable Trust (Brown Trust) refer Note 2.4.

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

2.2 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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

2.3 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 14 includes a summary of the financial results of the Norman Trust for the year.

2.4 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.

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 15 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 2019

	Note No.	2019 \$'000	2018 \$'000
3 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		-	3,689
Gain on financial assets		6,256	2,594
Total income from Funds SA		<u>6,256</u>	<u>6,283</u>
Current assets:			
Investments in unlisted unit trusts at fair value		<u>4,915</u>	<u>3,531</u>
Non-current assets:			
Investments in unlisted unit trusts at fair value		<u>91,897</u>	<u>86,524</u>
Collectively but not individually significant transactions with government related entities			
Quantitative information about transactions and balances between the Board and other SA Government entities are set out below.			
Income:			
Rental revenue		-	23
Interest revenue		<u>331</u>	<u>337</u>
Expenses:			
Funds distributed to public health entities & prescribed research bodies		<u>8,390</u>	<u>9,678</u>
Current assets:			
Secured loan at cost		<u>1,500</u>	<u>965</u>
Non-current assets:			
Secured investment at cost		445	445
Secured loan at cost		<u>12,909</u>	<u>14,035</u>
Current liabilities:			
Payables		<u>1,181</u>	<u>1,539</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 2019

	Note No.	2019 \$'000	2018 \$'000
4 Income			
4.1 Revenue from gifts to public health entities vesting in the Board			
Revenue from gifts to public health entities vesting in the Board		<u>3,900</u>	<u>7,059</u>
<p>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 recognised on their receipt from the administrators or executors of an estate.</p> <p>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.</p>			
4.2 Revenue from charitable foundations and other trusts			
Revenue from charitable foundations and other trusts		<u>674</u>	<u>449</u>
<p>Where the Board is an income beneficiary of a charitable foundation or trust the income has been recorded separately in the Statement of Comprehensive Income. The Board has no ownership interest or control of the assets or management of the respective charitable foundation or trust.</p>			
4.3 Investment revenue			
- Funds SA			
Gain on financial assets		6,256	2,594
Distributions from unlisted unit trusts		<u>-</u>	<u>3,689</u>
		<u>6,256</u>	<u>6,283</u>
- Other			
Interest revenue		344	393
Imputation credits	1.1	296	139
Net gain from fair value adjustment of investment properties	8.2	<u>1,850</u>	<u>400</u>
		<u>2,490</u>	<u>932</u>
Total investment revenue		<u>8,746</u>	<u>7,215</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
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4.3 Investment revenue (continued)

The Board invests in a number of Funds SA investment funds which are unit trust structures. As at 1 July 2018 Funds SA's unit trusts made an irrevocable election to become Attribution Management Investment Trusts (AMIT) under Division 276 of the ITAA1997. Under the tax law, AMITs are not required to make distributions, however unit holders still have clearly defined rights and entitlement. AMITs use the principles of attribution of income rather than the previous 'present entitlement' under the old trust rules. As a result the Board still has an 'attributable amount' to the taxable income of the units it holds within Funds SA's investment options, however no physical distribution is required.

The total overall gain for the current year has been characterised as Gain on financial assets, whereas in the previous year this comprised both a Gain on the financial assets together with a distribution of income.

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.

4.4 Rental revenue

Rental revenue	<u>2,451</u>	<u>2,398</u>
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Rental income arising on investment properties is accounted for on a straight line basis over the lease term.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
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5 Board and employees

5.1 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 received. 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 section 6 of the *Parliamentary Remuneration Act 1990*.

Compensation:

Salaries and other short-term employee benefits	168	161
Post-employment benefits	17	15
Total	<u>185</u>	<u>176</u>

Transactions with key management personnel and other related parties

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.

Information about significant transactions and balances between HSCGB and Other SA Government controlled entities are disclosed at note 3.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
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5.2 Remuneration of Commissioners:

The following persons held position of Commissioner during the year:

Ms Robyn Pak-Poy (Chairman)

Prof Villis Marshall

Mr Carmelo Di Lernia

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

\$0 - \$19,999	No.	4	3
Total number of Commissioners		<u>4</u>	<u>3</u>

Mr G Loveday, a former Commissioner whose term expired on 30 June 2018, received a minor amount of remuneration in the 2018/19 year in relation to the period ended 30 June 2018. The amount paid was \$260.

The total remuneration received or receivable by those Commissioners was \$47,000 (2018: \$47,000) which includes sitting fees, superannuation contributions and any other salary sacrifice arrangements and are also included in notes 5.1 and 5.3.

5.3 Employee and Commissioner benefits expenses

Salary and wages		203	188
Superannuation paid		19	18
Annual leave accrual		1	-
Long service leave accrual		7	5
Employee benefits expense		<u>230</u>	<u>211</u>
Commissioners' remuneration	5.2	47	47
Total employee & Commissioners' benefits expenses		<u>277</u>	<u>258</u>

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.

No employee received remuneration equal to or greater than the base executive remuneration level.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
5.4 Employee benefits - liability			
- Current			
Annual leave accrued		<u>13</u>	<u>12</u>
- Non-current			
Long service leave accrued		<u>32</u>	<u>25</u>

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

Annual leave and sick leave:

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:

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.

6 Expenses

Employee and Commissioner benefits expenses are disclosed in note 5.3.

6.1 Supplies and services

Accounting fees	28	27
Auditor's remuneration	28	33
Consultants	-	1
General administration expenses	46	46
	<u>102</u>	<u>107</u>

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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
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6.1 Supplies and services (continued)

Auditor's remuneration comprises audit fees paid/payable to the Auditor-General's Department for work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

Consultants

The number of consultancies and dollar amount paid/payable (included in supplies and services expenses) to consultants that fell within the following bands:

	No.	\$'000	No.	\$'000
Below \$10,000	-	-	1	1
Total paid/payable to the consultants engaged		<u>-</u>		<u>1</u>

6.2 Depreciation

Depreciation	<u>4</u>	<u>6</u>
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All non-current assets, having a limited useful life, are systematically depreciated 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.

Review of accounting estimates

Assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate on an annual basis. Changes in expected life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for prospectively by changing the time period or method, as appropriate.

Useful life

Depreciation is calculated on a diminishing value basis over the estimated useful life of the following classes of asset as follows:

Class of asset	Useful life (years)
Computer equipment	2 to 5

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
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6.3 Funds distributed to public health entities and prescribed research bodies

Funds distributed to public health entities and prescribed research bodies

8,390	9,678
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Funds distributed to public health entities and prescribed research bodies are recognised as an expense once the expenditure claim has been determined to be correct and in accordance with the budgets previously approved by the Board.

7 Financial assets

7.1 Cash and cash equivalents

- Current

Cash at bank

539	2,579
539	2,579

Interest rate risk

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

7.2 Receivables

- Current

Interest income accrued	78	84
Rental income accrued	150	120
Gifts to public health entities vesting in the Board accrued	279	-
Other income receivable	2	1
Prepayments - Legal fees	5	23
Prepayments - Other	18	1
Imputation credits receivable	317	161
	849	390

Where the Board has identified gifts paid to a public health entities by a donor prior to the end of the year the income has been recognised by the Board. The public health entity is obliged to forward this amount to the Board.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
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7.2 Receivables (continued)

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 deceased estate.

Prepayments - Other comprises profession fees due to Ferrier Hodgson in relation to advice and other services provided concerning the creation of a Forbearance Deed for the secured loan from the Board to SAHMRI (Note 7.3). Pursuant to the Deed the Board is entitled to be reimbursed these costs by SAHMRI.

Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost. Rental income accrued includes \$150,000 (2018: \$120,000) outstanding from the head lessee of Town Acre 86. Apart from this amount there is no significant concentration of credit risk.

Refer to note 13.2 for further information on risk management.

7.3 Other financial assets

- Current

Investments in Funds SA unlisted unit trusts at fair value	4,915	3,531
Secured loan at cost	1,500	965
	<u>6,415</u>	<u>4,496</u>

- Non-current

Secured investment at cost	445	445
Secured loan at cost	12,909	14,035
Investments in Funds SA unlisted unit trusts at fair value	91,897	86,524
	<u>105,251</u>	<u>101,004</u>

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

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

Note No.	2019 \$'000	2018 \$'000
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7.3 Other financial assets (continued)

The Board classifies its other investments into the following categories:

- financial assets at fair value through profit and loss, or
- amortised cost.

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

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.

Amortised cost:

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 amortised cost.

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. These principal repayments commenced during the year and have been made in accordance with the loan agreement and, after the first quarter's pro-rata payment of \$216,000, will continue at \$375,000 per quarter for the remainder of the loan term.

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%.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

Note No.	2019 \$'000	2018 \$'000
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7.3 Other financial assets (continued)

During the year there was a sustained shortfall in the funds held in SAHMRI Investment Pty Ltd thereby breaching the covenants of the loan agreement. To address this issue the Board and SAHMRI entered into a Forbearance Deed on 26 June 2019. This Deed provided SAHMRI with additional time to rectify the security issued provided interest and principal payments were made in accordance with the original loan agreement. In exchange the Board agreed to defer any action to immediately declare the loan as due and payable immediately.

Interest and principal payments have been made in accordance with the principal loan terms and the Board considers that the loan was not impaired as at 30 June 2019. Therefore, it is appropriate to show the principal payments due in the ensuing 12 months as a current asset with the remainder disclosed as a non-current asset.

The Board is a Prescribed Public Authority and 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.

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 13.2
- (b) Risk exposure information - refer note 13.2

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
8 Non-financial assets			
8.1 Property, plant & equipment			
- Non-current			
Office equipment at cost		40	40
Less: Accumulated depreciation		(27)	(23)
		<u>13</u>	<u>17</u>

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

Property, plant and equipment with a value equal to or in excess of \$5,000 is capitalised, otherwise it is expensed.

Property, plant and equipment is recorded at fair value. Detail about the Board's approach to fair value is set out in note 13.1.

Impairment:

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are held for continued use of their service capacity and are subject to regular revaluation.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
8.2 Investment properties			
- At fair value			
Opening balance at the beginning of the period		28,650	33,988
Disposals at carrying value		-	(5,738)
Net gain from fair value adjustment		1,850	400
Balance at the end of the financial year		<u>30,500</u>	<u>28,650</u>
- Non-current			
Investment properties - held for long term rental		30,500	28,650
		<u>30,500</u>	<u>28,650</u>
Amounts recognised in profit for investment properties			
Rent and recoveries income		2,451	2,398
Direct operating expenses		(20)	(61)
- Rent Abatement (Town Acre 86)		(566)	-
		<u>(586)</u>	<u>(61)</u>
Total amount recognised in profit for the year		<u>1,865</u>	<u>2,337</u>
- Disposal of investment properties			
Proceeds from disposal		-	5,822
Less: Costs of disposal		-	(84)
		<u>-</u>	<u>5,738</u>
Less Net carrying value at time of disposal		-	(5,738)
Profit from disposal of investment properties		<u>-</u>	<u>-</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
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8.2 Investment properties (continued)

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.

Board's interest in Town Acre 86 (Citi Centre) was valued at 30 June 2019 by the Valuer General. As a result the carrying value has increased as at 30 June 2019.

As reported in the prior year the lease that was due to expire in August 2019 was negotiated for a further period of 33 years to August 2052. The lessor commenced an extension upgrade of both the retail and office areas of the building constructed on the land the subject of the lease. Pursuant to the lease the lessee is entitled to an abatement of the rent during the period of the upgrades.

John Galluccio FRAIA of Studio Nine Architects Pty Ltd was engaged to determine the abatement amount. For the purposes of the calculation the upgrade works were divided between retail and office projects. Both commenced in August 2018 with the retail works completed before 30 June 2019 and the office works continuing until August 2020.

The total rent abatement expense was confirmed at \$751,000 for the life of the projects. This amount is due as follows:

- Year ended 30 June 2019	\$ 566,000
- Year ended 30 June 2020	\$ 171,000
- Year ended 30 June 2021	\$ 14,000

The Waymouth Street property was valued at 18 June 2019 by Colliers International. As a result the carrying value has increased as at 30 June 2019.

Fair value measurements for investment properties recognised as at 30 June 2019 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 values 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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
9 Liabilities			
9.1 Payables			
- Current			
Accrued expenses		1,795	1,608
GST payable		52	52
		<u>1,847</u>	<u>1,660</u>

The June 2019 expense claim and other reimbursements due to public health entities of \$1,181,000 (2018: \$1,538,000) had been processed but not paid at balance date and has been included in accrued expenses.

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value to their short-term nature.

9.2 Other liabilities

- Current

Rent received in advance		<u>2</u>	<u>199</u>
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HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
10 Other disclosures			
10.1 Funds held			
Funds held on behalf of the following public health entities or their successor bodies:			
Royal Adelaide Hospital - General		112,358	106,415
Royal Adelaide Hospital - Private Practice Funds		2,717	3,046
Royal Adelaide Hospital - Glenside Campus		490	633
Hillcrest Hospital		130	123
Port Augusta Hospital & Regional Health Service		29	27
Port Lincoln Health & Hospital Services		588	616
Port Pirie Regional Health Services		583	574
Modbury Hospital		188	186
The Queen Elizabeth Hospital		1,557	1,474
Whyalla Hospital and Health Service		379	357
Mount Gambier and Districts Health Service		541	583
Northern Yorke Peninsula Health Service		36	34
SA Pathology		12,215	12,099
Women's & Children's Hospital		7,112	6,493
Lyell McEwin Hospital		565	528
Flinders Medical Centre		1,533	1,442
Noarlunga Hospital		538	506
BreastScreen SA		10	7
MedSTAR Emergency Medical Retrieval		54	43
Royal Adelaide Hospital, The Queen Elizabeth Hospital & Hampstead Joint Funds		50	54
		<u>141,673</u>	<u>135,240</u>

Allocation of Net Profit to Funds:

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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
10.2 Cash flows			
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.			
Cash flow reconciliation			
Reconciliation of cash and cash equivalents at the end of the reporting period:			
Cash and cash equivalents disclosed in the Statement of financial position		539	2,579
Balance per Statement of cash flows		539	2,579
Reconciliation of profit to net cash provided by operating activities:			
Profit for the year		6,433	7,027
Add/less adjustments for:			
(Gain) on financial assets		(6,256)	(2,594)
Distributions from unlisted units trusts		-	(3,689)
Net (gain) from fair value adjustment of investment properties		(1,850)	(400)
Depreciation expense		4	6
GST expense from investing activities		-	8
Total adjusting items		(8,102)	(6,669)
Movement in assets and liabilities:			
(Increase) decrease in operating receivables		(304)	77
(Increase) decrease in imputation credits receivable		(156)	57
Increase in payables		187	1,514
Increase in employee entitlements		8	6
(Decrease) increase in unearned revenue		(197)	199
(Decrease) increase in GST payable		-	(6)
Total movement in assets and liabilities		(462)	1,847
Net cash provided by operating activities		(2,131)	2,205

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

11 Changes in accounting policy

11.1 Treasurer's Instructions (Accounting Policy Statement)

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The new Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- increasing the bands from \$10,000 to \$20,000 for employee and board member reporting

These changes, however, do not impact on amounts reported in the financial statements. The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective.

This is further discussed in note 12.3

11.2 AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements where applicable.

As part of the adoption of AASB 9, the Board adopted consequential amendments to other accounting standards and the *Treasurer's Instructions (Accounting Policy Statements)* arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. In prior years, this information was presented as other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

11.2 AASB 9 Financial Instruments (continued)

In accordance with the transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements)*, AASB 9 *Financial Instruments* was adopted without restating comparative information for classification and measurement requirements. All adjustments relating to classification and measurement are recognised in retained earnings at 1 July 2018, where applicable.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

On 1 July 2018, the Board assessed and reclassified its financial assets into the appropriate AASB 9 categories depending on the business model and contractual cash flow characteristics applying to the asset. AASB 9 eliminates the AASB 139 categories of held to maturity, loans and receivables and available for sale.

Reclassification of financial instruments on adoption of AASB 9

On the date of initial application, the Board's financial instruments were as follows.

	Measurement Category		Carrying amount	
	AASB 139	AASB 9	AASB 139 30/06/2018 \$'000	AASB 9 1/07/2018 \$'000
Current financial assets				
Receivables	Loans and receivables	Amortised cost	205	205
Other financial assets	Held to maturity	Amortised cost	965	965
Other financial assets	Fair value through profit or loss	Fair value through profit or loss	3,531	3,531

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

11.2 AASB 9 Financial Instruments (continued)

Reclassification of financial instruments on adoption of AASB 9 (continued)

	Measurement Category		Carrying amount	
	AASB 139	AASB 9	AASB 139 30/06/2018 \$'000	AASB 9 1/07/2018 \$'000
Non-current financial assets				
Other financial assets	Held to maturity	Amortised cost	14,480	14,480
Other financial assets	Fair value through profit or loss	Fair value through profit or loss	86,524	86,524
Current liabilities				
Payables	Amortised cost	Amortised cost	1,572	1,572

Impairment of financial assets

AASB 9 replaces the "incurred loss" model in AASB 139 with an "expected credit loss" model. The following financial assets of the Board are subject to AASB 9's new expected credit loss model:

- debt investments carried at amortised cost

This model generally results in earlier recognition of credit losses than the previous one.

Receivables

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The Board has adopted the simplified approach under AASB 9 Financial Instruments and measured lifetime expected credit losses on all receivables using a provision matrix approach as a practical expedient to measure the impairment provision. This has not resulted in an increase of the loss allowance on 1 July 2018 for receivables external to Government.

There are no additional impairment provisions for State, Territory or Commonwealth Government receivables due to the Government's high quality credit risk.

Receivables that were classified as loans and receivables under AASB 139 are now at amortised cost as they meet the appropriate criteria under AASB 9.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

11.2 AASB 9 Financial Instruments (continued)

Secured investments and loans

Secured investment at cost and secured loan at cost that would previously have been classified as held to maturity are now classified at amortised cost.

The Board holds secured investments and secured loan assets to maturity. These assets are held to collect contractual cash flows arising solely from the payment of principal and interest on the principal amount outstanding. There were no variances between the previous carrying amounts (as at 30 June 2018) and the revised carrying amount (at 1 July 2018) to be recognised in the retained earnings opening balance.

12 Outlook

12.1 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 2019.

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)

	2019 \$'000	2018 \$'000
Due within one year	2,050	2,200
Due between one and five years	8,743	8,749
Due after five years	59,047	61,223
Total commitments	69,840	72,172

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.

As reported in the prior year the lease that was due to expire in August 2019 was negotiated for a further period of 33 years to August 2052. The lessor commenced an extension upgrade of both the retail and office areas of the building constructed on the land the subject of the lease. Pursuant to the lease the lessee is entitled to an abatement of the rent during the period of the upgrades.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

12.1 Unrecognised contractual commitments (continued)

The rent due above has been adjusted to reflect the amount of this abatement (refer Note 8.2).

This base rent is supplemented each year by the payment of 4% of the Lessee's net income. This at risk component has not been included in the above calculation.

12.2 Contingent assets and liabilities

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

12.3 Impact of standards and statements not yet effective

The Board has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective.

Treasurer's Instructions (Accounting Policy Statements) 2019 issued by the Treasurer on 22 March 2019 are effective for 2018-19 reporting period and are addressed below in relation to Standards not yet effective and in note 11. There are no Accounting Policy Statements that are not yet effective.

AASB 15 Revenue from contracts with customers and AASB 1058 Income of Not for Profit Entities.

Both Standards have application to financial years commencing after 1 January 2019.

The Board has reviewed the impact of the introduction of these new standards and believes no change will be required on their introduction as existing policies currently comply to the new Standards.

AASB 16 *Leases* will apply to financial years commencing after 1 January 2019. The Board has reviewed the impact of the introduction of this new standard and believes no change will be required on its introduction as it is consistent with its existing policies for reporting in relation to its role as lessor. It has no arrangements where it acts as lessee.

12.4 Events after the reporting period

As indicated in note 7.3, a Forbearance Deed was entered into with SAHMRI to address a sustained shortfall in the funds held in SAHMRI Investment Pty Ltd. Since the end of the financial year SAHMRI has rectified the security position in accordance with the terms of the Deed and the loan covenants are now being met.

No other events requiring disclosure occurred between 30 June and the date the financial statements were authorised.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

13 Measurement and risk

13.1 Fair value

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.

Initial recognition:

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Where assets are acquired at no value, or minimum value, they are recorded at fair value in the Statement of Financial Position.

Revaluation:

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by the Executive Officer and the Board each year. Non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

Revaluation is undertaken on a regular basis and if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last revaluation took place.

Fair value measurement:

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

- Level 1 - traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 - not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 - not traded in an active market and are derived from unobservable inputs.

Fair value of financial assets at fair value through profit and loss and of investment properties have been categorised as level 2. For more information and disclosures regarding fair value measurement techniques used, refer to note 7.3 for financial assets and note 8.2 for investment properties.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

13.1 Fair value (continued)

Plant and equipment:

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life of less than 3 years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

13.2 Financial instruments

Financial risk management:

Risk management is managed by the Board. The Board's risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standards *Risk Management Principles and Guidelines*.

The Board's exposure to financial risk (liquidity, credit and market) is low due to the nature of financial instruments held.

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.

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 the respective note.

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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

13.2 Financial instruments (continued)

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

Refer to note 7.2 and 7.3 for further information.

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.

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 \$4,595,000 (2018: \$4,326,000) and \$9,190,000 (2018: \$8,652,000) 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 2019

13.2 Financial instruments (continued)

Categorisation of financial instruments

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 disclosed in the respective financial asset/liability note.

Classification applicable until 30 June 2018 under AASB 139 *Financial Instruments: Recognition and Measurement*.

The carrying amounts are detailed below of each of the following categories of financial assets and liabilities:

- Held to maturity investments
- Loans and receivables
- Fair value through profit and loss
- Financial liabilities at cost

Classification applicable from 1 July 2019 under AASB 9 *Financial Instruments*

On initial adoption, a financial asset is classified as measured at amortised cost or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss unless it has been measured at amortised cost or fair value through other comprehensive income.

The Board measures financial instruments at either amortised cost or fair value through profit or loss as applicable.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

13.2 Financial instruments (continued)

Classification applicable from 1 July 2019 under AASB 9 *Financial Instruments* (continued)

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

Carrying value of financial assets and financial liabilities	Note	Carrying amount/ fair value 2019 \$'000	Contractual maturities < 1 year \$'000	>5 years \$'000
<u>Financial Assets</u>				
Cash and cash equivalents				
Cash and cash equivalents	7.1	539	539	-
Financial assets at amortised cost				
Receivables	7.2	509	509	-
Other financial assets	7.3	111,666	6,415	105,251
Total Financial Assets		112,714	7,463	105,251
<u>Financial Liabilities</u>				
Financial liabilities at amortised cost				
Payables	9.1	1,759	1,759	-
Total Financial Liabilities		1,759	1,759	-

Carrying value of financial assets and financial liabilities	Note	Carrying amount/ fair value 2018 \$'000	Contractual maturities < 1 year \$'000	>5 years \$'000
<u>Financial Assets</u>				
Cash and cash equivalents				
Cash and cash equivalents	7.1	2,579	2,579	-
Loans and receivables				
Receivables	7.2	205	205	-
Held to maturity investments				
Other financial assets	7.3	105,500	4,496	101,004
Total Financial Assets		108,284	7,280	101,004
<u>Financial Liabilities</u>				
Financial liabilities at amortised cost				
Payables	9.1	1,572	1,572	-
Total Financial Liabilities		1,572	1,572	-

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2019

13.2 Financial instruments (continued)

Receivables and payable amounts disclosed here exclude amounts relating to imputation credits refundable and GST payable, as these obligations are sourced in legislation. All amounts recorded are carried at cost (not materially different from amortised cost).

The receivable amounts disclosed here exclude prepayments as they are not financial assets. Prepayments presented in note 7.2.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

2019

\$

2018

\$

14 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 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	556,514	680,070
Total expenses	<u>297,557</u>	<u>243,345</u>
Total comprehensive result	<u><u>258,957</u></u>	<u><u>436,725</u></u>

Schedule of financial position

Total assets	7,790,947	7,559,134
Total liabilities	<u>48,051</u>	<u>75,195</u>
Net assets	<u><u>7,742,896</u></u>	<u><u>7,483,939</u></u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

2019

\$

2018

\$

15 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 was held by SA Health from 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, 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 are invested through 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 (income and/or capital) 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 (income and/or capital) 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

Total Income	18,838	17,874
Total expenses	15,768	49,286
Total comprehensive result	<u>3,070</u>	<u>(31,412)</u>

Schedule of financial position

Total assets	287,245	284,175
Total liabilities	-	-
Net assets	<u>287,245</u>	<u>284,175</u>

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF RAY AND SHIRL NORMAN CANCER RESEARCH
TRUST****Qualified 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 2019, 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 2019 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 \$7,752,457. 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.
- 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.

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

11 September 2019
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 2019 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

12 / 8 / 19



C Peirce - Executive Officer

12 / 8 / 19

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 2019

	Note No.	2019 \$	2018 \$
Income			
Interest revenue		331	1,878
Gain on financial assets	3	524,975	313,563
Distributions - Funds SA	3	-	349,557
Imputation credits	2.2	31,208	15,072
Total income		<u>556,514</u>	<u>680,070</u>
Expenses			
Administration costs	4	34,556	22,528
Research funding	5	263,001	220,817
Total expenses		<u>297,557</u>	<u>243,345</u>
Net profit		<u>258,957</u>	<u>436,725</u>
Total comprehensive income		<u><u>258,957</u></u>	<u><u>436,725</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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note No.	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	6	2,623	55,490
GST receivable		2,272	3,409
Imputation credits receivable		33,595	17,753
Other financial assets at fair value	7	670,782	394,977
Total current assets		<u>709,272</u>	<u>471,629</u>
Non-current assets			
Other financial assets at fair value	7	7,081,675	7,087,505
Total non-current assets		<u>7,081,675</u>	<u>7,087,505</u>
Total assets		<u>7,790,947</u>	<u>7,559,134</u>
Current liabilities			
Accrued expenses		48,051	75,195
Total current liabilities		<u>48,051</u>	<u>75,195</u>
Total liabilities		<u>48,051</u>	<u>75,195</u>
Net assets		<u>7,742,896</u>	<u>7,483,939</u>
Trust funds			
Trust funds		4,403,529	4,403,529
Retained earnings		3,339,367	3,080,410
Total trust funds		<u>7,742,896</u>	<u>7,483,939</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 2019

	Note No.	Trust Funds \$	Retained Earnings \$	Total Trust Funds \$
Balance at 30 June 2017		4,403,529	2,643,685	7,047,214
Net profit for 2017-18		-	436,725	436,725
Total comprehensive income for 2017-18		-	436,725	436,725
Balance at 30 June 2018		4,403,529	3,080,410	7,483,939
Net profit for 2018-19		-	258,957	258,957
Total comprehensive income for 2018-19		-	258,957	258,957
Balance at 30 June 2019		4,403,529	3,339,367	7,742,896

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 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Cash inflows			
Interest received		331	1,878
Imputation credits received		15,366	24,989
GST refunds received		8,168	14,772
		<u>23,865</u>	<u>41,639</u>
Cash outflows			
Payment for administration costs		(34,627)	(22,505)
Payment for research funding		(297,105)	(162,500)
		<u>(331,732)</u>	<u>(185,005)</u>
Net cash (used in) operating activities	8	<u>(307,867)</u>	<u>(143,366)</u>
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of financial assets		255,000	-
		<u>255,000</u>	<u>-</u>
Cash generated from investing activities			
		<u>-</u>	<u>-</u>
Cash used in investing activities			
		<u>-</u>	<u>-</u>
Net cash provided by investing activities		<u>255,000</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		(52,867)	(143,366)
Cash and cash equivalents at 1 July		55,490	198,856
Cash and cash equivalents at 30 June	5	<u>2,623</u>	<u>55,490</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 2019

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 using the accrual basis of accounting and are in accordance with the historical cost convention, except for financial assets which are reported at Fair Value in accordance with the applicable valuation policy adopted.

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 2019

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 2019

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 2019.

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 2019

	2019 \$	2018 \$
<hr/>		
3 Investment income - Funds SA		
Gain on financial assets	524,975	313,563
Distribution - Funds SA	-	349,557
	<u>524,975</u>	<u>663,120</u>

The Norman Trust invests in two Funds SA investment funds which are unit trusts. As at 1 July 2018 Funds SA's unit trusts made an irrevocable election to become Attribution Management Investment Trusts (AMIT) under Division 276 of the ITAA1997. Under the tax law, AMITs are not required to make distributions, however unit holders still have clearly defined rights and entitlement. AMITs use the principles of attribution of income rather than the previous 'present entitlement' under the old trust rules. As a result the Norman Trust still has an 'attributable amount' to the taxable income of the units it holds within Funds SA's investment options, however no physical distribution is required.

The total overall gain for the current year has been characterised as Gain on financial assets, whereas in the previous year this comprised a both a Gain on the financial assets together with a distribution of income.

4 Administration costs

Accounting services	4,026	3,828
Audit fees	1,100	1,100
Legal fees	6,329	-
General administration expenses	23,101	17,600
	<u>34,556</u>	<u>22,528</u>

Audit fees are paid to ASF Audits for audit services. No other services were provided by ASF Audits.

Legal fees were for services rendered by Crown Solicitor in relation to research grant matters.

General administration expenses are amounts paid to Health Services Charitable Gifts Board for the provision of administration services and other costs incurred in its capacity as trustee of the Ray & Shirl Norman Cancer Research Trust.

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 2019

	2019 \$	2018 \$
<hr/>		
5 Research funding		
Research funding (net of GST)	<u>263,001</u>	<u>220,817</u>

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 2019 research funding amounts agreed to, but not yet due totalled \$659,282 (2018: \$937,135) (inclusive of any GST).

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

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 2019

	2019 \$	2018 \$
<hr/>		
6 Cash and cash equivalents		
- Current		
NAB Business Account	<u>2,623</u>	<u>55,490</u>
Interest rate risk		
Cash at bank earns a floating interest rate. The carrying amount of cash and cash equivalents represents fair value.		
7 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>670,782</u>	<u>394,977</u>
- Non-current		
Investments in unlisted unit trusts at fair value	<u>7,081,675</u>	<u>7,087,505</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 2019

	2019 \$	2018 \$
<hr/>		
8 Cash flow reconciliation		
Reconciliation of net profit to net cash (used in) operating activities:		
Net profit	258,957	436,725
Add/less non cash items:		
(Gain) on financial assets	(524,975)	(313,563)
Distributions from unlisted units trusts	-	(349,557)
Total non cash items	<u>(524,975)</u>	<u>(663,120)</u>
Movement in assets and liabilities:		
Decrease in imputation credits receivable	(15,842)	9,917
Increase in payables	(26,007)	73,112
Total movement in assets and liabilities	<u>(41,849)</u>	<u>83,029</u>
Net cash (used in) operating activities	<u><u>(307,867)</u></u>	<u><u>(143,366)</u></u>

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF DOROTHY E BROWN CHARITABLE TRUST****Qualified 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 2019, 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 2019 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 \$286,519. 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.
- 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.

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

11 September 2019
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 2019 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

12 / 8 / 19



C Peirce - Executive Officer

12 / 8 / 19

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

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
<hr/>			
Income			
Gain on financial assets	3	18,161	7,189
Distribution - Funds SA	3	-	10,381
Imputation credits	2.2	677	304
Total income		<u>18,838</u>	<u>17,874</u>
Expenses			
Administration costs	4	770	770
Charitable purposes funding	5	14,998	48,516
Total expenses		<u>15,768</u>	<u>49,286</u>
Net (loss) profit		<u>3,070</u>	<u>(31,412)</u>
Total comprehensive (deficiency) income		<u><u>3,070</u></u>	<u><u>(31,412)</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 2019

	Note	2019 \$	2018 \$
Current assets			
Imputation credits receivable	2.2	726	365
Other financial assets	6	-	-
Total current assets		<u>726</u>	<u>365</u>
Non-current assets			
Other financial assets	6	286,519	283,810
Total non-current assets		<u>286,519</u>	<u>283,810</u>
Total assets		<u>287,245</u>	<u>284,175</u>
Total liabilities		<u>-</u>	<u>-</u>
Net assets		<u><u>287,245</u></u>	<u><u>284,175</u></u>
Trust funds			
Trust funds		284,175	284,175
Retained earnings		3,070	-
Total trust funds		<u><u>287,245</u></u>	<u><u>284,175</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 CHANGES IN EQUITY
For the Year Ended 30 June 2019

	Note	Trust Funds	Retained Earnings	Total Trust Funds
		\$	\$	\$
Balance at 30 June 2017		286,621	28,966	315,587
Total comprehensive (deficiency) for 2017-18		-	(31,412)	(31,412)
Transfer of Trust Funds		(2,446)	2,446	-
Total Change for the period		(2,446)	(28,966)	(31,412)
Balance at 30 June 2018		284,175	-	284,175
Total comprehensive (deficiency) for 2018-19		-	3,070	3,070
Transfer of Trust Funds		-	-	-
Total Change for the period		-	3,070	3,070
Balance at 30 June 2019		284,175	3,070	287,245

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 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Cash inflows			
Imputation credits received		316	531
Cash generated from operations		<u>316</u>	<u>531</u>
Cash outflows			
Payment for administration costs		(770)	(770)
Payment for charitable purposes		(14,998)	(48,516)
Cash used in operations		<u>(15,768)</u>	<u>(49,286)</u>
Net cash (used in) operating activities	7	<u>(15,452)</u>	<u>(48,755)</u>
Cash flows from investing activities			
Cash inflows			
Proceeds from sale of financial assets		15,768	48,755
Cash generated from investing activities		<u>15,768</u>	<u>48,755</u>
Cash Outflows			
Purchase of financial assets		(316)	-
Cash used in investing activities		<u>(316)</u>	<u>-</u>
Net cash provided by investing activities		<u>15,452</u>	<u>48,755</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 2019

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 are invested through 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 (income and/or capital) 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 (income and/or capital) shall be expensed 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 2019

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, except for financial assets which are reported at Fair Value in accordance with the applicable valuation policy adopted.

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 2019

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 2019

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 2019

	Note	2019 \$	2018 \$
<hr/>			
3 Investment income - Funds SA			
Gain on financial assets		18,161	7,189
Distribution - Funds SA		-	10,381
		<u>18,161</u>	<u>17,570</u>

The Brown Trust invests in the Funds SA Conservative B - Taxed Fund which is a unit trust structure. As at 1 July 2018 Funds SA's unit trusts made an irrevocable election to become Attribution Management Investment Trusts (AMIT) under Division 276 of the ITAA1997. Under the tax law, AMITs are not required to make distributions, however unit holders still have clearly defined rights and entitlement. AMITs use the principles of attribution of income rather than the previous 'present entitlement' under the old trust rules. As a result the Brown Trust still has an 'attributable amount' to the taxable income of the units it holds within Funds SA's investment options, however no physical distribution is required.

The total overall gain for the current year has been characterised as Gain on financial assets, whereas in the previous year this comprised a both a Gain on the financial assets together with a distribution of income.

4 Administration costs

Audit fees	<u>770</u>	<u>770</u>
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Audit fees are paid to ASF Audits for audit services. No other services were provided by ASF Audits. Prior years audits were carried out by the Auditor General and included in the Health Services Charitable Gifts Boards costs.

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 2019

	Note	2019 \$	2018 \$
<hr/>			
5 Charitable purpose funding			
Salaries		14,393	18,608
Travel and accommodation		-	15,513
Other - furnishing Transplant House		605	14,395
		<u>14,998</u>	<u>48,516</u>

The terms of the Dorothy E Brown Charitable Trust require the fund be used for the "benefit of sufferers from kidney diseases or complaints". The expenditure for the year relates to salary, on-costs and accommodation for travel to regional areas of the State for dialysis support for sufferers of kidney diseases. Financial support was also provided to enable the furnishing of Transplant House for the benefit of kidney disease patients.

6 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

<u>-</u>	<u>-</u>
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- Non-Current

Investments in unlisted unit trusts at fair value

<u>286,519</u>	<u>283,810</u>
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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 2019

	Note	2019 \$	2018 \$
<hr/>			
7 Cash flow reconciliation			
Reconciliation of net profit (loss) to net cash (used in) operating activities:			
Net (loss) profit		3,070	(31,412)
Add/less non cash items:			
(Gain) on financial assets		(18,161)	(7,189)
Distributions from unlisted units trusts		-	(10,381)
Total non cash items		<u>(18,161)</u>	<u>(17,570)</u>
Movement in assets and liabilities:			
Decrease (increase) in imputation credits receivable		(361)	227
(Increase) in other receivables		-	-
(Decrease) in payables		-	-
Total movement in assets and liabilities		<u>(361)</u>	<u>227</u>
Net cash (used in) operating activities		<u>(15,452)</u>	<u>(48,755)</u>