



# Health Services Charitable Gifts Board

## 2019-20 Annual Report

Health Services Charitable Gifts Board

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To:

**The Hon. Stephen Wade MLC**  
**Minister for Health and Wellbeing**

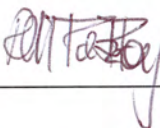
This annual report will be presented to Parliament to meet the statutory reporting requirements of (*Health Services Charitable Gifts Act, 2011*) and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

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 28.10.20

Signature 

## From the Chief Executive

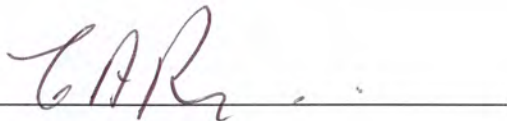
The Board's tenth Annual Report is hereby presented.

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.

The Covid-19 pandemic had a significant effect on investment markets during the year, with decreased investment values and in turn adversely lowered investment returns for the year.

The Board invests for a longer time-frame than 12 months and as a result of the continued application of the Board's policies and the accessing of skilled investment expertise provided by Funds SA, the Board remains in a strong position to continue providing ongoing funds at similar levels in 2020-21.

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 and that funds are applied in accordance with their charitable nature, legislation and wishes of donors.



Christopher Peirce  
**Executive Officer**  
**Health Services Charitable Gifts Board**

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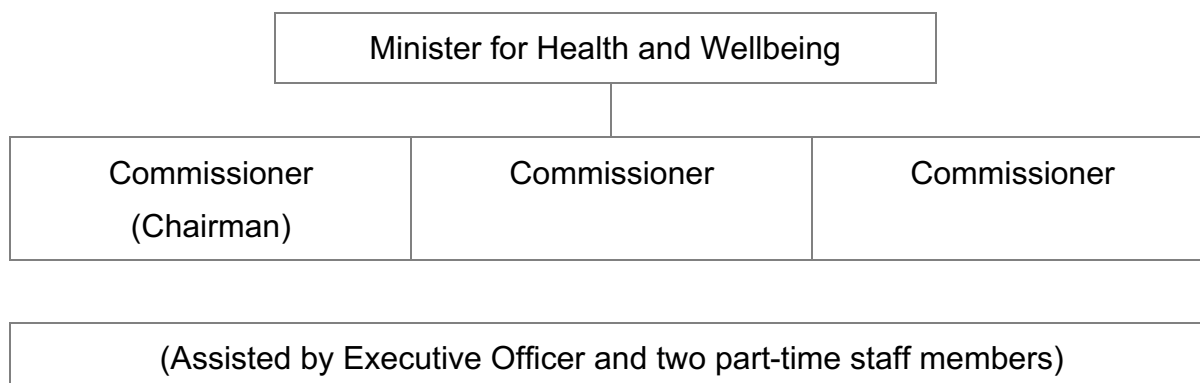
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## Overview: about the agency

### Our strategic focus

<b>Our Purpose</b>	The purpose of the Health Services Charitable Gifts Board ( <b>Board</b> ) 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.
<b>Our Vision</b>	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> .
<b>Our Values</b>	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.
<b>Our functions, objectives and deliverables</b>	<ol style="list-style-type: none"> <li>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.</li> <li>2. To target best practice throughout the Board's operations.</li> <li>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.</li> </ol>

### Our organisational structure

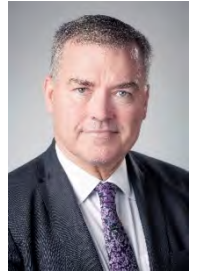


## **Changes to the agency**

During 2019-20 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 Lernia**

As Commissioner, Mr Di Lernia'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  
Yorke and Northern Local Health Network  
Eyre and Far North Local Health Network  
Flinders and Upper North Local Health Network  
Limestone Coast Local Health Network

## The agency's performance

### Performance at a glance

Total Assets held at 30 June 2020 were \$142.3m, a slight decrease from \$143.5m at 30 June 2019. Factors influencing the slight decrease in assets included:

- the March correction in investment markets leading to reduced investment earnings for the year, despite the partial recovery of markets since March;
- increased volatility in investment markets; and
- the maintenance of approved budgets for payment.

Funds SA presents the Board with high calibre investment advice, which will continue to assist HSCGB in being able to generate sufficient income, to enable the Board to maintain a significant sustainable flow of funds to PHEs for the foreseeable future.

As a result of the Covid-19 pandemic, there was a significant correction in investment markets in March 2020. Despite the partial recovery that occurred after March, the correction has resulted in a reduction in investment values which have adversely affected investment earnings for the year. Similarly, returns from the real estate known as Town Acre 86 were adversely affected by the rental abatement provided, in accordance with the lease to assist with building upgrade work being undertaken. Investment performance has been discussed in more details on pages 17 to 22.

The Agency continues to invest for the longer term and investment returns over this period compare favourably with the targets over these periods.

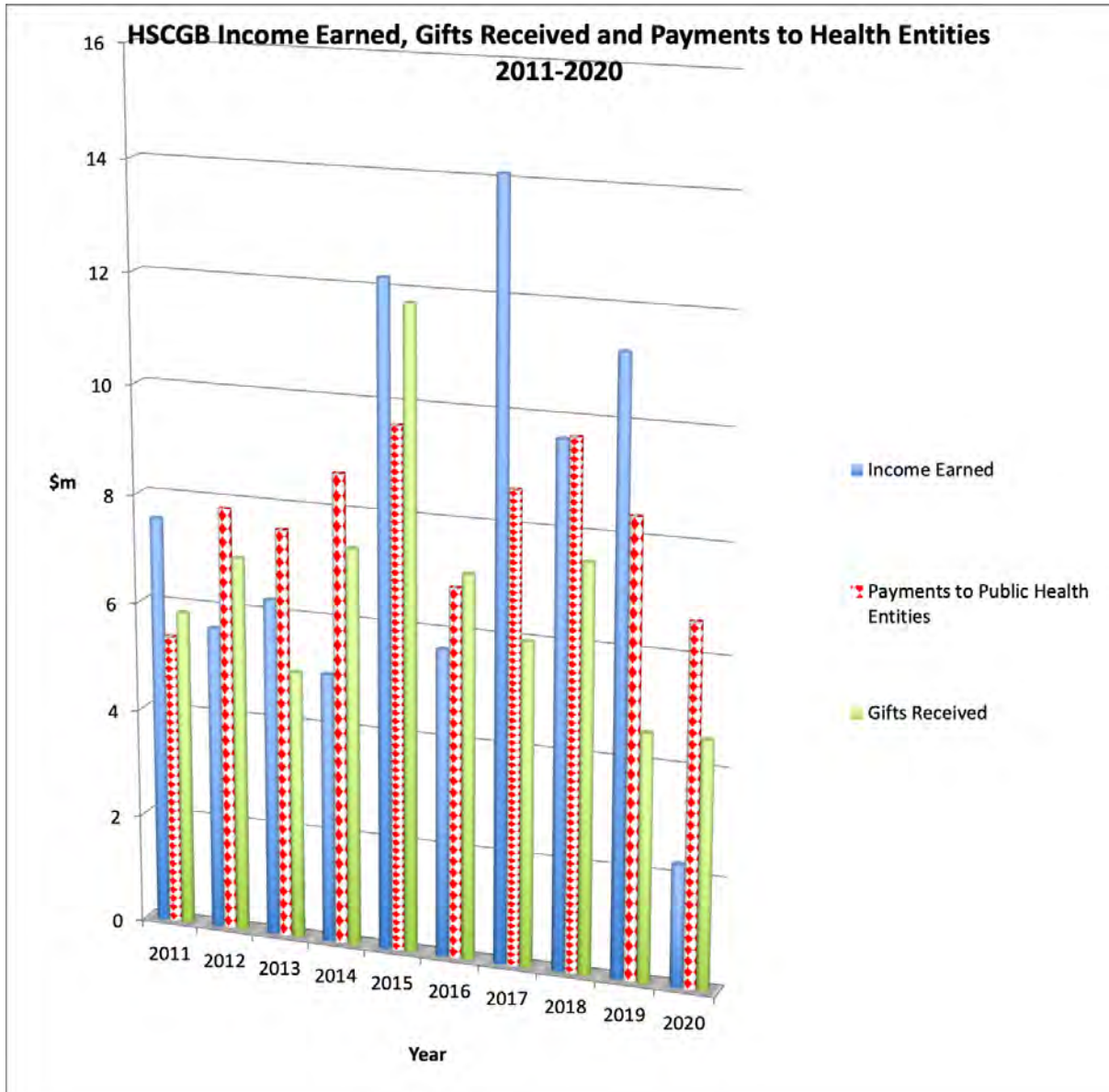
The major determinants of Agency performance over the last 10 years are shown on the next page. These are: HSCGB income earned; gifts received; and payments to PHEs by HSCGB.

Gifts from bequests tend to fluctuate from year to year and there has been a trend over time for other donations to decline. Total gifts and donations were of a similar level to 2019.

The amount available to be spent from accounts such as Doctors Right of Private Practice continues to decline, due to incoming funds to these accounts being less than expenditure from them.

Budgets for expenditure are reviewed, considered and approved by the Board. During the year, \$6.6m in funds was provided to PHEs for claims spent (against an approved budget of \$10.8m) (By comparison, \$8.4m in funds was provided during 2018-19 against an approved budget of \$12m).





**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**

<b>Agency objectives</b>	<b>Indicators</b>	<b>Performance</b>
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 comparison 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.

Agency objectives	Indicators	Performance
Pandemic Preparedness and Covid-19 Return to Work Plan	Since February 2020, the Board has prepared and put into place a preparedness plan of action should another Covid-19 outbreak (or a new pandemic) occur. The Board has implemented (and continues to review and update) a return to work plan outlining procedures for staff to follow before, during and after restrictions.	The Board was able to transition to working from home quickly and with no disruption to services due to its robust O365 practices, the portability of necessary office equipment and the ability to maintain not only staff communication but communication with key stakeholders throughout the restriction period.

**Corporate performance summary**

Total Assets held at 30 June 2020 were \$142.3m, (\$143.5m in 2018-19). This variation was driven by the following key factors:

- Reduced returns from funds invested with Funds SA and in TA 86;
- Funds expended by PHEs at \$6.6m were less than the budget sought by PHEs and approved by HSCGB; and
- Continued inflows of gifts and donations of \$4.6m (\$4.6m in 2019).

**Employment opportunity programs**

Program name	Result of the program
No specific Board employment opportunity programs were in place during 2019-20	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**

<b>Program name</b>	<b>Performance</b>
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 2019-20 and there was no demonstrated need.
No other programs were in place	

<b>Workplace injury claims</b>	<b>Current year 2019-20</b>	<b>Past year 2018-19</b>	<b>% Change (+ / -)</b>
Total new workplace injury claims	0	0	0%
Fatalities	0	0	0%
Seriously injured workers*	0	0	0%
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)

<b>Work health and safety regulations</b>	<b>Current year 2019-20</b>	<b>Past year 2018-19</b>	<b>% Change (+ / -)</b>
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%



<b>Return to work costs**</b>	<b>Current year 2019-20</b>	<b>Past year 2019-20</b>	<b>% Change (+ / -)</b>
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**

<b>Executive classification</b>	<b>Number of executives</b>
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 2019-20 are attached to this report.

<b>Statement of Comprehensive Income</b>	<b>2019-20 Budget \$'000</b>	<b>2019-20 Actual \$'000</b>	<b>2019-20 Variation \$'000</b>	<b>2018-19 Actual \$'000</b>
Total Income	13,347	6,822	(6,525)	15,792
Total Expenses	11,371	7,199	(4,172)	9,359
<b>Net result</b>	<b>1,976</b>	<b>(377)</b>	<b>(2,373)</b>	<b>6,433</b>
<b>Total Comprehensive Result</b>	<b>1,976</b>	<b>(377)</b>	<b>(2,373)</b>	<b>6,433</b>

<b>Statement of Financial Position</b>	<b>2019-20 Actual \$'000</b>	<b>2018-19 Actual \$'000</b>
Current assets	8,398	7,803
Non-current assets	133,924	135,764
<b>Total assets</b>	<b>142,322</b>	<b>143,567</b>
Current liabilities	988	1,862
Non-current liabilities	38	32
<b>Total liabilities</b>	<b>1,026</b>	<b>1,894</b>
<b>Net assets</b>	<b>141,296</b>	<b>141,673</b>
<b>Equity</b>	<b>141,296</b>	<b>141,673</b>

Funds received for the 2019-20 financial year are shown below and comprise contributions from estates and gifts to different units of the Royal Adelaide Hospital (RAH) and other public health entities.

<b>Total Funds Received</b>	<b>2019-20 (\$'000)</b>	<b>2018-19 (\$'000)</b>
Bequests	2,616	1,905
Gifts and Donations Other Than Bequests	1,952	2,669
<b>Total Funds Received</b>	<b>4,568</b>	<b>4,574</b>

<b>Total Investment Earnings</b>	<b>2019-20 (\$'000)</b>	<b>2018-19 (\$'000)</b>
Investment revenue	(145)	8,746
Rental and other revenue	2,399	2,471
<b>Total Investment Earnings</b>	<b>2,254</b>	<b>11,218</b>
<b>Total Income</b>	<b>6,822</b>	<b>15,792</b>

For the 2019-20 financial year funds (bequests, gifts and donations) were received in respect of the following public health entities:

<b>2019-20 Funds Received PHE</b>	<b>2019-20 Total (\$'000)</b>	<b>2019-20 Bequests (\$'000)</b>	<b>2019-20 Other (\$'000)</b>
RAH	3,491	2,355	1,136
RAH, TQEH*, Hampstead Joint Funds	50	0	50
TQEH	162	2	160
Women's & Children's Hospital	407	16	391
Lyell McEwin Hospital	18	0	18
Modbury	11	0	11
Flinders Medical Centre (FMC)	10	0	10
Noarlunga Hospital	5	0	5
Mount Gambier	3	0	3
SA Pathology & Hanson Centre	408	243	165
MedSTAR	1	0	1
Breastscreen SA	1	0	1
Whyalla	1	0	1
<b>Total</b>	<b>4,568</b>	<b>2,616</b>	<b>1,952</b>

\*The Queen Elizabeth Hospital

### 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**

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
Colliers International	Valuation of 234-240 Waymouth Street	1,250

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

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment \$000s</b>
Not applicable		0

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**

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
All contractors – below \$10,000 each - combined	Building maintenance and fire safety services	\$9,435
All contractors – below \$10,000 each - combined	Information technology, trust audit, records management and security services	\$14,453
	Total	\$23,888

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

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment \$000s</b>
*Crown Solicitors' Office	Services related to disputes and other issues associated with various Board interests	\$ 16,101



<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment \$000s</b>
**Thompson & Cooper Partners	Accounting services	\$ 28,260
**Auditor-General	Audit of financial statements	\$ 28,400
	Total	\$ 72,761

*\*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 2020) 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 Advisor to the Board.

The Board met with Mr Cantley during the financial year until his effective retirement in December 2019. His replacement, Mr Donald Munro from SAFA, was appointed on 9 August 2020. The Board has met once with Mr Munro since his appointment. The meetings with Mr Cantley were of a general nature and were in relation to the investment activities of the Board. During the period of his appointment Mr Cantley remained supportive of the Board's approach.

The investment policies were reviewed through the Board's general policy review period, which occurred after Mr Cantley's retirement. As a matter of course, the policies have been referred to Mr Munro since his appointment for comment.

No specific advice was given, or formal recommendations made to the Board 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	5.33+ years
Target Investment Return	2.3% pa over CPI
Potential Negative Return	1.16 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	8+ 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 2020 being in excess of \$56m. However, operationally the Martin portfolio is run as part of the HSCGB Pool. The Board has made a decision to align the reporting of funds in line with how the investments are managed, accordingly, this portfolio has been combined with the HSCGB Pool from 1 July 2020.

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

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	8.1+ years
Target Investment Return	3.4% pa over CPI
Potential Negative Return	1.83 years in 10

**Portfolio Investment Components:**

Funds SA administered assets:

- Funds SA Growth product;
- Funds SA Cash product; and
- Funds SA Moderate 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	2.1 years in 20

**Portfolio Investment Components:**

Funds SA administered asset:

- Funds SA Conservative product

***Investment performance***

The 2019-20 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 Investment Return	Achieved – Yes (✓), No (x)	Actual	Target Investment Return	Achieved – Yes (✓), No (x)
HSCGB Pool portfolio	(0.3)%	CPI +2.3%	x	4.3%	CPI +2.3%	✓
Martin Estate portfolio	3.5%	CPI +4.3%	x	7.1%	CPI +4.3%	✓

Investment Performance by Portfolio	One Year % per annum			Three Years % per annum		
	Actual	Target Investment Return	Achieved – Yes (✓), No (x)	Actual	Target Investment Return	Achieved – Yes (✓), No (x)
Norman portfolio	(1.1)%	CPI +3.4%	x	5.1%	CPI +3.4%	✓
D E Brown portfolio	0.2%*	CPI +2.0%	x	4.1%*	CPI +2.0%	✓

\*Funds SA reported earnings rate

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 2019-20 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 early 1900s. Based on external information the Board revalued the lease on this land at 30 June 2020 in line with its real estate policy for a further term of one year.

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, an abatement amount of \$751,000 was agreed and apportioned as follows:

- Year ended 2018-19 \$566,000;
- Year ended 2019-20 \$171,000, and
- Year ended 2020-21 \$14,000.

As at 30 June 2020, 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.

In accordance with the loan documentation, principal repayments to HSCGB under the finance facility commenced during 2018-19 and have continued since.

### **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 \$10.8m of funding and against that, a total of \$6.6m was applied on account of expenditure claimed during the 2019-20 year by PHEs. Details of funding application are shown in the following table.

#### **FUNDS APPLIED 2019-20 FINANCIAL YEAR**

<b><i>RAH</i></b>	<b>\$m</b>
Grants – fellowship, scholarship and research	0.7
Salary and Consumables - research (refer table on next page for more details)	2.0
Salary and Consumables – non-research	1.4
Equipment – research, non-research and clinical	0.2
Volunteer Support	0.4
Conferences and Training (including travel), Professional Fees	0.1

**RAH/TQEH/Hampstead Joint Funds, Modbury, Lyell McEwin, Breastscreen SA**

Salary and Consumables – research, non-research; Conferences and Training (including Travel) and Volunteer Support 0.1

**SA Pathology and Hanson Centre (includes Centre for Cancer Biology)**

Salary and Consumables – research 0.1

Salary and Consumables – non-research; Conferences and Training 0.1

Equipment – research 0.2

**Women’s and Children’s Hospital**

Salary and Consumables – research; Conferences and Training and Volunteer Support 1.0

Equipment – research and non-research 0.3

**Total \$6.6m**

**Expenditure in relation to: Salary and Consumables – research at RAH, SA Pathology, Hanson Centre and CCB \$m**

Cancer 0.6

Cardiology 0.2

Endocrine 0.2

Orthopaedic 0.1

Other 0.3

Renal 0.1

Rheumatology 0.4

Surgical practice and ICU 0.1

**Total \$2.0m**

**Sources of Funds used**

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

<b>Sources of funds used</b>	<b>\$m</b>
<b>RAH</b>	
Martin Bequest	0.6
Nimmo Bequest	0.1
<b>RAH Doctors Right to Private Practice Earnings</b>	<b>0.4</b>
Rheumatology, Oncology and Various Speciality Accounts	0.7
Overton Bequest	0.2
Shadgett Bequest	0.2
Gum Bequest	0.1
Various Research Funds	2.1
Faith, Hope & Charity Fund	0.1
Allergy Clinic	0.1
Various RAH Bequest Accounts	0.1
RAH Research Fund – General Accounts	0.2
<b>TQEH/ Lyell McEwin/Modbury/ SA Pathology &amp; Hanson</b>	<b>0.1</b>
SA Pathology Research	0.2
Hanson Centre for Cancer Research	0.1
TQEH Cardiology	0.1
Dunn Bequest	0.1
<b>Women’s &amp; Children’s Hospital General Funds and other accounts</b>	
HE Robinson	0.3
Storen Bequest	0.1
Cutts Bequest	0.1
Hopscotch Foundation	0.1
Various general accounts	0.3
Various bequest accounts	0.1
Various research accounts	0.1
<b>Total</b>	<b>\$6.6m</b>



**Bequests Received 2019-20**

***RAH and TQEH / SA Pathology & Hanson***

S & S Ball	RD Barrett	JS Colville	KL Crouch
J Endean	PL Florence	M Gallery	MG & SM Helpman
A Hompoth	B Lomman	C Montesi	L Pearce
J Penna	J Radtke	JR Remilton	AC Roman
J Rover	AH Schlank	J Shackleford	R Sickerdick
S Smith	FA Tilly	G Williams	

***Women's' & Children's Hospital***

JE Allen	GA Carter	AD Churcher	FM Colmer
DM Haines	EM McDonald	J Melrose	MK Milne
C Montesi	HE Robinson	AH Schlank	RJ Schmidt
AJ Turner	JH 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 has been completed by ATA 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](#)

### Public interest disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Public Interest Disclosure Act 2018*:

0

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

Note: Disclosure of public interest information was previously reported under the *Whistleblowers Protection Act 1993* and repealed by the *Public Interest Disclosure Act 2018* on 1/7/2019.

## Reporting required under any other act or regulation

Act or Regulation	Requirement
<p><b><i>Health Services Charitable Gifts Act 2011</i></b></p> <p><b>30—Reports</b></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> <p style="padding-left: 20px;">(a) the Board; and</p> <p style="padding-left: 20px;">(b) subject to the regulations, any trust established under section 20, during the financial year ending on the preceding 30 June.</p> <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> <p style="padding-left: 20px;">(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;</p> <p style="padding-left: 20px;">(b) a summary of any advice given, or recommendations made, by the public sector employee under section 23 in the relevant financial year;</p> <p style="padding-left: 20px;">(c) any other information prescribed by regulation.</p> <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><b><i>Health Services Charitable Gifts Act 2011 - Regulations</i></b></p> <p><b>7—Reports</b></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> <p>(a) a summary of the Board's investment portfolio, investment objectives and strategies;</p> <p>(b) the names of the public health entities to which a portion of the charitable assets has been applied;</p> <p>(c) the purposes for which portions of the charitable assets have been applied and the total amount applied for each purpose;</p> <p>(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;</p> <p>(e) a summary of the activities of, and advice given to the Board by, a committee established under section 24 of the Act.</p>	

## 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 2019-20 financial year.

## Proclaimed Institutions

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

<b>Proclaimed Institutions</b>	
<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 the Southern Adelaide Local Health Network Inc. (SALHN) known as:</p> <p>Flinders Medical Centre; Repatriation General; and Noarlunga Hospital.</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 part of the South Australian Ambulance Service Incorporated known as MedSTAR.</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>Proclaimed institutions previously under Country Health South Australia Local Health Network</p> <p>The parts of Yorke and Northern Local Health Network known as Port Pirie Hospital and Wallaroo Hospital.</p> <p>The parts of Flinders and Upper North Local Health Network known as Port Augusta Hospital and Whyalla Hospital.</p> <p>The parts of Eyre and Far North Local Health Network known as Port Lincoln Hospital.</p> <p>The parts of Limestone Coast Local Health Network known as Mt Gambier Hospital</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 2019-20 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.

### **Projects funded during 2019-20**

The list of projects funded during the 2019-20 financial year is extensive. Set out below are some of the projects where more than \$100,000 has been advanced during the year:

#### ***Research and Research Equipment:***

- Treatment of Borderline Personality Disorder in Women and Infants;
- Monitoring changes in function capacity and lifestyle after total hip replacement;
- Scleroderma and other inflammatory diseases;
- Cardiovascular outcomes of transcatheter aortic valve replacement (TAVR);
- Recent onset rheumatoid arthritis: pharmaceuticals and fish oil as therapeutic options;
- Bitter taster as a mediator of food intake and postprandial glycaemia in health and type 2 diabetes; and
- Beat Cancer Project: Advancing T-cell Therapy for leukaemia and glioblastoma.
- Targeting defective xenographic removal of invasive airways bacteria in COPD/Emphysema patients; and
- Research Equipment including QuantStudio 3 flex (96 well plate) and QuantStudio 6 flex (384 well plate); Sputter coater and critical point dryer, Leica CM 1950 Cryostat, Opentrons robot and Countess IIFL Cell Counter.

***Clinical Equipment and other significant programs:***

- PINI Program - Preventing Neurological Injury Initiative in preterm infants;
- Choosing Wisely Initiative;
- SA Paediatric Chronic Pain Service;
- Part contribution to the capital cost of Cath Lab and PCS Imaging Unit;
- Fibroscan Compact Transient Elastography processor to assess liver stiffness (fibrosis) and steatosis (fat accumulation) via transient elastography;
- SA Cancer Research Biobank – contribution towards ensuring maintenance of the Biobank which provides tumour tissue samples for medical research to improve patient outcomes;
- Volunteer support to the RAH/Hampstead and TQEH including volunteer reward and recognition events, service badges, volunteer uniforms, travel costs, salary support for the Volunteer’s Coordinator and admin support; and
- WCH Telemedicine Trial.

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

- Reducing unplanned chronic dialysis start – implementing pathways for integrated tertiary and primary care of advanced chronic kidney disease (CKD);
- Assessment of safety and hospital resource utilisation of ED initiated CTCA in intermediate risk ACS patient – randomised control trial;
- Induction of Labour Review project;
- Reducing Opioid Use project;
- Support for the Cardiology Department at the TQEH for various research projects and additional support staff;
- The Perioperative Administration of Dexamethasone and Infection (PADDI trial) and the Reduction Of Chronic Post-surgical Pain with Ketamine - ROCKet Trial;
- Purchase of various equipment to improve the ward environment and patient stay;
- Varied research grants over multiple disciplines;
- Christmas Cheer for patients in the RAH & TQEH over the Christmas period; and
- WCH Premmies 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 31).

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 2019-20 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 2020 at \$7.3m, is to be used for the purpose of the prevention and cure of cancer and anything incidental or conducive to those purposes. 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 \$0.38m was applied during the year for various projects and as at 30 June 2020, research funding agreed to and not yet due totalled \$0.25m.

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 *Circular RNAs as trojan horses oncogenesis* project has seen significant progress made over the last twelve months to both article publication and research results. The results and methods used in this project have garnered interest from several Australian university seminar series asking the Principal Investigator (**PI**) to speak as to the methods used (this includes an international conference speaking invitation). The PI for the project has also received a five-year, \$2.1M Australian

Government NHMRC grant to expand the initial project in conjunction with Flinders Health and Medical Research Institute and US partners.

Since the end of the financial year a new call for applications has been made seeking to fund three new 3-year projects from this Trust.

### ***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 2020 the balance of the Trust was \$0.27m.

During 2019-20 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, during a short holiday 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 in excess of \$56m as at 30 June 2020. A building upgrade commenced in the 2018-19 financial year. Pursuant to the head lease, a rental abatement charge is payable. This has been agreed with the head lessee as detailed on page 21.



### 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:

	<b>Balance 30 June 2020</b> <b>\$m</b>
<b>E Acraman Bequest - RAH</b> <i>Expenditure at the RAH</i>	1.8
<b>J Ashton Bequest - Hanson Centre for Cancer Research</b> <i>Cancer Research</i>	3.5
<b>Balchin Bequest - RAH Research Fund</b> <i>Research</i>	1.5
<b>B Gum Bequest - RAH Hospital Research Institute</b> <i>Endocrine research</i>	1.0
<b>S and C Hugo Fund - RAH Research Fund</b> <i>Endocrine research and development of medicines and treatments of diseases of an endocrine nature</i>	1.3
<b>Martin Bequest -RAH</b> <i>Expenditure at the RAH</i>	56.7
<b>L Moser Estate - RAH</b> <i>Expenditure at the RAH</i>	1.2
<b>E &amp; PA Munday Memorial Fund - RAH</b> <i>Expenditure at the RAH</i>	3.1
<b>R H Nimmo Bequest - RAH</b> <i>Expenditure such as visiting professor position at RAH</i>	4.8
<b>Overton Bequest - RAH Research Fund</b> <i>Various medical research grants and equipment</i>	4.6
<b>Trevis Roberts Rheumatology Research Fund - RAH</b> <i>Rheumatology research</i>	2.5
<b>AA Shadgett Bequest - RAH</b> <i>Research</i>	2.1
<b>George Southgate Fund - Hanson Centre for Cancer Research</b> <i>Research other than reproductive</i>	1.5
<b>Morris J Keyhoe – RAH</b> <i>General cancer research</i>	1.0

Recurrent Income is also received from the following bequests:

	<b>Balance 30 June 2020</b>
	<b>\$m</b>
<b>M G Helpman &amp; S M Helpman Estates - RAH</b> <i>General purposes of cardiovascular investigation at the RAH</i>	2.7
<b>HE Robinson Bequest - WCH</b> <i>General purposes of the Women's and Children's</i>	1.5

### **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 2019-20
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

<b>Complaint categories</b>	<b>Sub-categories</b>	<b>Example</b>	<b>Number of Complaints 2019-20</b>
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
		<b>Total</b>	<b>0</b>

<b>Additional Metrics</b>	<b>Total</b>
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**

<b>Service improvements that responded to customer complaints or feedback</b>
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Not applicable.
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## **Appendix: Audited financial statements 2019-20**



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## To the Chair of the Board Health Services Charitable Gifts Board

### Opinion

I have audited the financial report of the Health Services Charitable Gifts Board for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Health Services Charitable Gifts Board as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with relevant 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 true and fair view of the financial position of the Health Services Charitable Gifts Board as at 30 June 2020, its financial performance and its cash flows for the year then ended, and
- 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 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair and 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* (including Independence Standards) have been met.

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

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

The Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant 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**

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 2020.

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 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 the 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 2020

HEALTH SERVICES CHARITABLE GIFTS BOARD  
ABN 49 517 603 275

CERTIFICATION OF THE FINANCIAL STATEMENTS

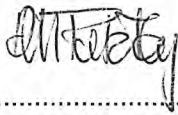
We certify that the attached general purpose financial statements for the Health Services Charitable Gifts Board (referred to in the attached as "HSCGB" or "the Board"):

- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Board;
- present a true and fair view of the financial position of the Health Services Charitable Gifts Board as at 30 June 2020 and the results of its operation and cash flows for the financial year; and
- comply with Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013;

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 / 20



.....  
C Peirce - Executive Officer  
28/10/20

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Income</b>			
Revenue from gifts to public health entities vesting in the Board	4.1	3,982	3,900
Revenue from charitable foundations and other trusts	4.2	586	674
Investment (expense) revenue	4.3	( 145)	8,746
Rental revenue	4.4, 8.2	2,377	2,451
Other income		22	21
<b>Total income</b>		<u>6,822</u>	<u>15,792</u>
<b>Expenses</b>			
Employee and Commissioners benefits expense	5.3	264	277
Supplies and services	6.1	96	102
Depreciation	6.2	3	4
Funds distributed to public health entities and prescribed research bodies	6.3	6,646	8,390
Investment property expenses	8.2	190	586
<b>Total expenses</b>		<u>7,199</u>	<u>9,359</u>
<b>Net result</b>		<u>( 377)</u>	<u>6,433</u>
<b>Total comprehensive result</b>		<u>( 377)</u>	<u>6,433</u>

The accompanying notes form part of these financial statements.

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Current assets</b>			
Cash and cash equivalents	7.1	1,133	539
Receivables	7.2	2,011	849
Other financial assets	7.3	5,254	6,415
<b>Total current assets</b>		<u>8,398</u>	<u>7,803</u>
<b>Non-current assets</b>			
Other financial assets	7.3	103,414	105,251
Property, plant & equipment	8.1	10	13
Investment properties	8.2	30,500	30,500
<b>Total non-current assets</b>		<u>133,924</u>	<u>135,764</u>
<b>Total assets</b>		<u>142,322</u>	<u>143,567</u>
<b>Current liabilities</b>			
Payables	9.1	971	1,847
Employee benefits	5.4	15	13
Other current liabilities	9.2	2	2
<b>Total current liabilities</b>		<u>988</u>	<u>1,862</u>
<b>Non-current liabilities</b>			
Employee benefits	5.4	38	32
<b>Total non-current liabilities</b>		<u>38</u>	<u>32</u>
<b>Total liabilities</b>		<u>1,026</u>	<u>1,894</u>
<b>Net assets</b>		<u>141,296</u>	<u>141,673</u>
<b>Equity</b>			
Funds held		141,296	141,673
Retained earnings		-	-
<b>Total equity</b>	10.1	<u>141,296</u>	<u>141,673</u>

The accompanying notes form part of these financial statements.

## HEALTH SERVICES CHARITABLE GIFTS BOARD

### STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

	Note	Funds held \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 July 2018</b>		<b>135,240</b>	<b>-</b>	<b>135,240</b>
<b>Net result for 2018-19</b>		<b>-</b>	<b>6,433</b>	<b>6,433</b>
<b>Total comprehensive result for 2018-19</b>		<b>-</b>	<b>6,433</b>	<b>6,433</b>
<b>Net result allocated to funds held</b>	10.1	6,433	( 6,433)	-
<b>Total change for the period</b>		<b>6,433</b>	<b>( 6,433)</b>	<b>-</b>
<b>Balance at 30 June 2019</b>	10.1	<b>141,673</b>	<b>-</b>	<b>141,673</b>
<b>Net result for 2019-20</b>		<b>-</b>	<b>( 377)</b>	<b>( 377)</b>
<b>Total comprehensive result for 2019-20</b>		<b>-</b>	<b>( 377)</b>	<b>( 377)</b>
<b>Net result allocated to funds held</b>	10.1	( 377)	377	-
<b>Total change for the period</b>		<b>( 377)</b>	<b>377</b>	<b>-</b>
<b>Balance at 30 June 2020</b>	10.1	<b>141,296</b>	<b>-</b>	<b>141,296</b>

The accompanying notes form part of these financial statements.

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## STATEMENT OF CASH FLOWS for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Rent received		2,568	2,467
Imputation credits received		317	139
Interest received		243	350
Other income received		43	21
Receipts from charitable foundations and other trusts		576	674
Receipts from gifts to public health entities vesting in the Board		2,473	3,518
Proceeds from disposal of investments from gifts to public health entities		136	-
<b>Cash generated from operations</b>		<u>6,356</u>	<u>7,169</u>
<b>Cash outflows</b>			
Payments for supplies and services and investment property expenses		( 870)	( 148)
Employee benefits payments		( 255)	( 288)
Payments to public health entities and prescribed research bodies		( 6,956)	( 8,634)
GST paid to the ATO		( 160)	( 230)
<b>Cash (used in) operations</b>		<u>( 8,241)</u>	<u>( 9,300)</u>
<b>Net cash (used in) operating activities</b>	10.2	<u>( 1,885)</u>	<u>( 2,131)</u>
<b>Cash flows from investing activities</b>			
<b>Cash inflows</b>			
Proceeds from the sale of financial assets		2,979	500
Proceeds from SAHMRI loan repayments		1,500	591
<b>Cash generated from investing activities</b>		<u>4,479</u>	<u>1,091</u>
<b>Cash Outflows</b>			
Purchase of financial assets		( 2,000)	( 1,000)
<b>Cash (used in) investing activities</b>		<u>( 2,000)</u>	<u>( 1,000)</u>
<b>Net cash provided by investing activities</b>		<u>2,479</u>	<u>91</u>
Net increase/(decrease) in cash and cash equivalents		594	( 2,040)
Cash and cash equivalents at the beginning of the period		<u>539</u>	<u>2,579</u>
<b>Cash and cash equivalents at the end of the period</b>	7.1	<u><u>1,133</u></u>	<u><u>539</u></u>

The accompanying notes form part of these financial statements.

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

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### 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 HSCG Act).

This financial report covers the Health Services Charitable Gifts Board (the HSCGB or 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*;
- Treasurer's Instructions and Accounting Policy Statements updated with effect from 1 June 2020 by the Treasurer under the *Public Finance and Audit Act 1987*;
- the *Australian Charities and Not-for-profit Commission Act 2012*; and
- relevant Australian Accounting Standards.

The Treasurer had previously granted the Board a variation to APS 101.D *Treasurer's Instructions (Accounting Policy Statements)* to permit the Board to present its Statement of comprehensive income on a profit and loss basis for a period of five years up to and including the period ended 30 June 2020. The recently revised *Treasurer's Instructions (Accounting Policy Statements)* requires all agencies to prepare the Statements of comprehensive income on a profit and loss basis. The variation previously granted is no longer necessary.

For the 2019-20 financial statements the Board adopted AASB15 - Revenue from contracts with customers, AASB 16 - Leases and AASB 1058 - Income of not-for-profit entities. Adoption of these standards has not resulted in any change as the Board's existing policies already complied with the requirements of the new standards.

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.



# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

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### 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.

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; and
- receivables and payables, which are stated with the amount of GST included.

### 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).

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 (PHE). The Board holds these gifts, donations and bequests and ensures they are applied in accordance with donors' intentions, such as supporting volunteers, medical research, equipment for wards and patient comfort.

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



# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

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### 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 of the trusts have not vested in the Board, the operations of each trust 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.

As a result of the COVID-19 pandemic world financial markets suffered a significant decline in valuations during March 2020. Since that time some of this decline has been recovered but most markets are still well below their pre-COVID-19 balance. Whilst Funds SA has very clear policies in mitigating risk, the Board's investment returns for the year reflect these global trends.

### 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.

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

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### **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.

### **2.5 Impact of COVID-19 pandemic on the HSCGB**

The COVID-19 pandemic has impacted the operations of the Board and these impacts are included under the relevant disclosure notes.

The key impacts in 2019-20 were:

- Increased volatility in the valuations outcomes of managed investment unit trust products offered by Funds SA as a result of Australian and overseas financial markets (note 7.3); and
- The current cash rate published by the Reserve Bank of Australia is at the historically low rate of 0.25% which reduces returns on funds invested by the Board.

Rental returns and property valuation assumptions related to retail and commercial rental property holdings may be impacted in the future. The Board's real estate investments are not affected at present.

The functions and general operations of the Board have been able to continue during the pandemic with only minor disruptions arising from modifications to ensure a safe working environment for the Board members, staff and others. These modifications include the use of technology to enable work from home as necessary.

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>3 Significant transactions with government related entities</b>			
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.			
<b>Income (expense):</b>			
Gain (loss) on financial assets		( 519)	6,256
Total income (expense) from Funds SA		<u>( 519)</u>	<u>6,256</u>
<b>Current assets:</b>			
Investments in unlisted unit trusts at fair value		<u>3,754</u>	<u>4,915</u>
<b>Non-current assets:</b>			
Investments in unlisted unit trusts at fair value		<u>91,560</u>	<u>91,897</u>
<b>Collectively but not individually significant transactions with government related entities</b>			
Quantitative information about transactions and balances between the Board and other SA Government entities are set out below.			
<b>Income:</b>			
Interest revenue		<u>193</u>	<u>331</u>
<b>Expenses:</b>			
Funds distributed to public health entities and prescribed research bodies		<u>6,646</u>	<u>8,390</u>
<b>Current assets:</b>			
Secured loan at cost		<u>1,500</u>	<u>1,500</u>
<b>Non-current assets:</b>			
Secured investment at cost		445	445
Secured loan at cost		<u>11,409</u>	<u>12,909</u>
<b>Current liabilities:</b>			
Payables		<u>878</u>	<u>1,181</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 2020

	Note	2020 \$'000	2019 \$'000
<b>4 Income</b>			
<b>4.1 Revenue from gifts to public health entities vesting in the Board</b>			
Revenue from gifts to public health entities vesting in the Board		<u>3,982</u>	<u>3,900</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 as income at fair value, with a corresponding asset of the Board when control of the asset passes.</p>			
<b>4.2 Revenue from charitable foundations and other trusts</b>			
Revenue from charitable foundations and other trusts		<u>586</u>	<u>674</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>			
<b>4.3 Investment (expense) revenue</b>			
- Funds SA			
Gain/(loss) on financial assets - Other		<u>( 519)</u>	<u>6,256</u>
Interest revenue		196	344
Imputation credits		177	296
Gain from disposal of financial assets		1	-
Net gain from fair value adjustment of investment properties	8.2	-	1,850
		<u>374</u>	<u>2,490</u>
Total investment (expense) revenue		<u>( 145)</u>	<u>8,746</u>

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

	2020	2019
Note	\$'000	\$'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 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, although no physical distribution is required.

Interest income includes interest received on bank accounts, 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.

The gain on disposal of financial assets arose as a consequence of the immediate disposal of shares in listed companies vesting in the Board from a bequest from a deceased estate. As the current investment policies of the Board require these investments to be held in Funds SA products these shares were immediately sold. The change in the value of these investments from the initial date of vesting and realisation resulted in a small net gain on disposal.

Due to the nature of the transaction the Board is of the view that the proceeds from the sale of these securities should be disclosed as an operating cash flow rather than an investing cash flow for the purposes of the Statement of cash flows.

### 4.4 Rental revenue

Rental revenue	<u>2,377</u>	<u>2,451</u>
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Rental income arising on investment properties is accounted for on a straight line basis over the term of the lease.

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
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### 5 Board and employees

#### 5.1 Key management personnel

Key management personnel of the Board include the Minister, the three Commissioners, the Executive Officer and the Business Services Supervisor.

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	197	168
Post-employment benefits	19	17
Total	<u>216</u>	<u>185</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.

#### 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.	3	4
Total number of Commissioners		<u>3</u>	<u>4</u>

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>5.2 Remuneration of Commissioners (continued)</b>			
<p>The total remuneration received or receivable by those Commissioners was \$44,000 (2019: \$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.</p>			
<b>5.3 Employee and Commissioners benefits expense</b>			
Salary and wages		194	203
Superannuation paid		18	19
Annual leave accrual		2	1
Long service leave accrual		6	7
Employee benefits expense		220	230
Commissioners' remuneration		40	43
Superannuation paid		4	4
	5.2	44	47
Total employee and Commissioners benefits expense		264	277

Employee benefits expense includes 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 2020

	Note	2020 \$'000	2019 \$'000
<b>5.4 Employee benefits - liability</b>			
<b>- Current</b>			
Annual leave accrued		<u>15</u>	<u>13</u>
<b>- Non-current</b>			
Long service leave accrued		<u>38</u>	<u>32</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:

The estimated long service leave 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	28
Auditor's remuneration	28	28
Consultants	2	-
General administration expenses	38	46
	<u>96</u>	<u>102</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.

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.



# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
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### 6.1 Supplies and services (continued)

#### 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	2	-	-
Total paid/payable to the consultants engaged		<u>2</u>		<u>-</u>

### 6.2 Depreciation

Depreciation on computer equipment	<u>3</u>	<u>4</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

Asset 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

### 6.3 Funds distributed to public health entities and prescribed research bodies

Funds distributed to public health entities and prescribed research bodies	<u>6,646</u>	<u>8,390</u>
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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 of \$10,672,000 (2019:\$11,956,000).

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>7 Financial assets</b>			
<b>7.1 Cash and cash equivalents</b>			
<b>- Current</b>			
Cash at bank		1,133	539
		<u>1,133</u>	<u>539</u>
Interest rate risk			
Cash at bank earns a floating interest rate. The carrying amount of cash and cash equivalents represent fair value.			
<b>7.2 Receivables</b>			
<b>- Current</b>			
Interest income accrued		32	78
Rental income accrued		125	150
Gifts to public health entities vesting in the Board accrued		1,664	279
Other income receivable		2	2
Prepayments - Legal fees		8	5
Prepayments - Other		3	18
Imputation credits receivable		177	317
		<u>2,011</u>	<u>849</u>

Gifts to public health entities vesting in the Board accrued includes gifts received by the PHEs prior to 30 June 2020 and not paid until July 2020. This year the figure includes a bequest of \$1,300,000 due from one Estate to the Royal Adelaide hospital.

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 (2019) comprises professional 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 has been 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 an estimated amount for improved rent of \$125,000 (2019: \$150,000) due 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.

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>7.3 Other financial assets</b>			
<b>- Current</b>			
Secured loan at cost		1,500	1,500
Investments in Funds SA unlisted unit trusts at fair value		3,754	4,915
		<u>5,254</u>	<u>6,415</u>
<b>- Non-current</b>			
Secured investment at cost		445	445
Secured loan at cost		11,409	12,909
Investments in Funds SA unlisted unit trusts at fair value		91,560	91,897
		<u>103,414</u>	<u>105,251</u>

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

The Board classifies its other investments into the following categories:

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

The worldwide COVID-19 pandemic has resulted in increased volatility of financial markets. The Commissioners' financial assets are primarily invested in investment products offered by Funds SA. For these products the determination of fair value and actions to manage portfolio risk are undertaken by Funds SA and monitored by the Board.

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.

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

	2020	2019
Note	\$'000	\$'000

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### 7.3 Other financial assets (continued)

#### Secured investment at cost

The secured investment is an advance to the Port Pirie Regional Health Service Inc. (Service) 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.

#### Secured loan at cost

The Board provided a loan of \$15 million 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 was payable on the loan for the first 5 years. Principal and interest payments applied from the quarter ended December 2018.

The loan is secured against other funds held and invested by SAHMRI Investments Pty Ltd and guaranteed by SAHMRI. The interest rate is based on the Reserve Bank of Australia Cash Rate plus a margin of 0.75%.

As reported in the previous year the Board and SAHMRI entered into a Forbearance Deed on 26 June 2019 to allow SAHMRI additional time to rectify a breach of the covenants of the original loan agreement. SAHMRI has since rectified all breaches and the Forbearance Deed expired on 30 September 2019. The loan security has been in accordance with the terms of the original loan for the current financial year.

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 2020. 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.

#### Investments in Funds SA unlisted unit trusts at fair value

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 and 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 2020

	Note	2020 \$'000	2019 \$'000
<b>8 Non-financial assets</b>			
<b>8.1 Property, plant &amp; equipment</b>			
<b>- Non-current</b>			
Office equipment at cost		40	40
Less: Accumulated depreciation		( 30)	( 27)
		<u>10</u>	<u>13</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 immediately expensed in the Statement of comprehensive income.

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.

### 8.2 Investment properties - At fair value

Opening balance at the beginning of the period		30,500	28,650
Net gain from fair value adjustment		-	1,850
Balance at the end of the financial year		<u>30,500</u>	<u>30,500</u>
<b>- Non-current</b>			
Investment properties - held for long term rental		30,500	30,500
		<u>30,500</u>	<u>30,500</u>
<b>Amounts recognised in profit for investment properties</b>			
Rent and recoveries income		2,377	2,451
Direct operating expenses		( 20)	( 20)
Rent Abatement (Town Acre 86)		( 170)	( 566)
		<u>( 190)</u>	<u>( 586)</u>
Total amount recognised in profit for the year		<u>2,187</u>	<u>1,865</u>

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'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.

The Board's interest in Town Acre 86 (Citi Centre) was valued at 30 June 2020 by the Valuer General. No change in the carrying value was recorded as at 30 June 2020.

The lease has been renewed for a period of 33 years to August 2052. The lessor commenced an extensive upgrade of both the retail and office areas of the building constructed on the land that is 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 was apportioned 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 last valued at 18 June 2019 by Colliers International. The Board has this year considered anecdotal evidence and the outcome of the Valuer General's unchanged valuation as at 30 June 2020 and concluded that it is appropriate to maintain an unchanged carrying value as at 30 June 2020.

Fair value measurements for investment properties recognised as at 30 June 2020 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.

The worldwide COVID-19 pandemic has resulted in concerns over rental returns and valuation assumptions, particularly for commercial property holdings. At present all properties are fully tenanted and no rental concessions have been considered warranted.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>9 Liabilities</b>			
<b>9.1 Payables</b>			
<b>- Current</b>			
Accrued expenses		921	1,795
GST payable		50	52
		<u>971</u>	<u>1,847</u>
<p>The June 2020 expense claim and other reimbursements due to public health entities of \$878,000 (2019: \$1,181,000) had been processed but not paid at balance date and has been included in accrued expenses.</p>			
<p>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.</p>			
<b>9.2 Other liabilities</b>			
<b>- Current</b>			
Rent received in advance		<u>2</u>	<u>2</u>



# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>10 Other disclosures</b>			
<b>10.1 Total equity</b>			
Funds held on behalf of the following public health entities or their successor bodies:			
Royal Adelaide Hospital - General		113,522	112,358
Royal Adelaide Hospital - Private Practice Funds		1,969	2,717
Royal Adelaide Hospital - Glenside Campus		481	490
Hillcrest Hospital		130	130
Port Augusta Hospital & Regional Health Service		28	29
Port Lincoln Health & Hospital Services		586	588
Port Pirie Regional Health Services		582	583
Modbury Hospital		195	188
The Queen Elizabeth Hospital		1,566	1,557
Whyalla Hospital and Health Service		380	379
Mount Gambier and Districts Health Service		542	541
Northern Yorke Peninsula Health Service		36	36
SA Pathology		12,129	12,215
Women's & Children's Hospital		6,332	7,112
Lyell McEwin Hospital		582	565
Flinders Medical Centre		1,539	1,533
Noarlunga Hospital		542	538
BreastScreen SA		2	10
MedSTAR Emergency Medical Retrieval		55	54
Royal Adelaide Hospital, The Queen Elizabeth Hospital & Hampstead Joint Funds		98	50
		<u>141,296</u>	<u>141,673</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 2020

	Note	2020 \$'000	2019 \$'000
<b>10.2 Cash flows</b>			
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.			
<b>Cash flow reconciliation</b>			
<b>Reconciliation of cash and cash equivalents at the end of the reporting period:</b>			
Cash and cash equivalents disclosed in the Statement of financial position		1,133	539
Balance per Statement of cash flows		1,133	539
<b>Reconciliation of net result to net cash provided by operating activities:</b>			
Net result for the year		( 377)	6,433
<b>Add/less non-cash items:</b>			
Net Loss (Gain) on financial assets		519	( 6,256)
Net (gain) from fair value adjustment of investment properties		-	( 1,850)
Depreciation		3	4
		522	( 8,102)
<b>Movement in assets and liabilities:</b>			
(Increase) in operating receivables		( 1,301)	( 304)
Decrease (increase) in imputation credits receivable		140	( 156)
(Decrease) increase in payables		( 875)	187
Increase in employee entitlements		8	8
(Decrease) in unearned revenue		-	( 197)
(Decrease) in GST payable		( 2)	-
		( 2,030)	( 462)
Net cash (used in) operating activities		( 1,885)	( 2,131)

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

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### **11 Changes in accounting policy**

#### **11.1 Treasurer's Instructions (Accounting Policy Statements)**

The Treasurer's instructions (accounting policy statements) initially released in the previous year were amended in April 2020 with effect from 1 June 2020.

The main change affecting HSCGB from these amendments was that all Statements of comprehensive income were now to be prepared on a profit and loss basis as opposed to a net cost of services basis as previously required.

The Board were previously granted a variation to allow it to report on a profit and loss basis until 30 June 2020. The amended Treasurer's instructions have now removed the need for this variation.

#### **11.2 Accounting standards**

The following accounting standards commenced during the financial year.

- AASB 15 - Revenue from contracts with customers
- AASB 16 - Leases
- AASB 1058 - Income of not-for-profit entities

The Board assessed the impact of each of the above and concluded that their introduction would not require major alteration or change to existing policies as they currently comply with the requirements of each of the new standards.

AASB 16 - Leases requires a minor adjustment to the disclosures contained in the maturity analysis of undiscounted future lease payments due. The amounts due are now disclosed for each of the next 5 years and then those amounts due after 5 years. The comparative amounts in note 12.1 have been adjusted to reflect this change.

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

### 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 2020.

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)

	2020 \$'000	2019 \$'000
Due within one year	2,197	2,040
Due between one and two years	2,176	2,178
Due between two and three years	2,176	2,176
Due between three and four years	2,176	2,176
Due between four and five years	2,176	2,176
Due after five years	59,047	61,223
<b>Total commitments</b>	<b>69,948</b>	<b>71,969</b>

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 value of the land must be agreed to by both parties. The most recent valuation for determining the annual rent was undertaken in August 2016.

The lease has been renewed for a period of 33 years to August 2052. The lessor commenced an extensive upgrade of both the retail and office areas of the building constructed on the land being leased. Pursuant to the lease the lessee is entitled to an abatement of the rent during the period of the upgrades. The period of abatement was finalised in July 2020.

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

During April 2020 the lease over the property was assigned to a new ownership group with no alteration to the terms of the lease.

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.

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

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### **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 and believe there will be no impact.

### **12.4 Events after the reporting period**

Pursuant to a Deed of trustee retirement appointment and indemnity dated 1 July 2020, the Board was been appointed as trustee in place of Australian Executor Trustee of three separate charitable trusts established by the will of Peter Francis Beinke.

These charitable trusts will be operated in a similar fashion to the Dorothy E Brown Charitable Trust referred to in notes 2.4 and 15. An initial transfer of \$690,000 (\$230,000 for each charitable trust) was received by the Board in July 2020. This represents a majority of the funds expected with the balance likely to be received by the end of December 2020.

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

### **12.5 COVID-19 Pandemic**

The COVID-19 Pandemic will continue to impact the operations of the Board in 2020-21. The key expected impacts are:

- volatility in financial markets will impact overall returns and valuations of financial assets;
- unknown impact on commercial real estate returns and valuations arising from a period of shut down and lock down; and
- general economic uncertainty potentially reducing the willingness of donees to make donations or bequests to the public health entities and the increasing funding requirements of the public health entities.

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

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### 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.

The Board has no property, plant and equipment assets with a value greater than \$1.5 million at acquisition. No revaluations have been performed.

Investment properties have a value greater than \$1.5 million therefore have been revalued, refer to note 8.2.

##### **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 2020

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### 13.2 Financial instruments

**Financial risk management:**

The Board manages risk and its 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 2020

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### 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.

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

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### 13.2 Financial instruments (continued)

#### **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 \$4,578,000 (2019: \$4,595,000) and \$9,156,000 (2019: \$9,190,000) respectively.

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

#### **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.

On initial recognition, 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 2020

### 13.2 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	Contractual maturities	
		2020 \$'000	< 1 year \$'000	>1 year \$'000
<b>Financial Assets</b>				
<b>Cash and cash equivalents</b>				
Cash and cash equivalents	7.1	1,133	1,133	-
<b>Financial assets at amortised cost</b>				
Receivables	7.2	1,823	1,823	-
Other financial assets	7.3	108,668	5,254	103,414
<b>Total Financial Assets</b>		<b>111,624</b>	<b>8,210</b>	<b>103,414</b>
<b>Financial Liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Payables	9.1	885	885	-
<b>Total Financial Liabilities</b>		<b>885</b>	<b>885</b>	<b>-</b>

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

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

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### **13.2 Financial instruments (continued)**

Receivables and payable amounts disclosed here exclude amounts relating to imputation credits refundable, audit fees payable to the Auditor General 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 2020

	2020	2019
	\$	\$
<b>14 Ray &amp; Shirl Norman Cancer Research Trust</b>		
<p>The Ray &amp; 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".</p>		
<p>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.</p>		
<p>The following summary of the financial results for the year of the Ray &amp; Shirl Norman Cancer Research Trust are included for information purposes only. All amounts are rounded to the nearest dollar.</p>		
<b>Schedule of income and expenses</b>		
Total investment income (expense)	( 42,721)	556,514
Total expenses	<u>382,145</u>	<u>297,557</u>
Total comprehensive result	<u>( 424,866)</u>	<u>258,957</u>
<b>Schedule of financial position</b>		
Total assets	7,345,786	7,790,947
Total liabilities	<u>27,756</u>	<u>48,051</u>
Net assets	<u>7,318,030</u>	<u>7,742,896</u>

# HEALTH SERVICES CHARITABLE GIFTS BOARD

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

2020	2019
\$	\$

### 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 expended 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	844	18,838
Total expenses	21,750	15,768
Total comprehensive result	<u>( 20,906)</u>	<u>3,070</u>

#### Schedule of financial position

Total assets	266,339	287,245
Total liabilities	-	-
Net assets	<u>266,339</u>	<u>287,245</u>



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

### **Qualified Opinion**

We have audited the financial report of the Ray and Shirl Norman Cancer Research Trust (the Entity), which comprises the statement of financial position as at 30 June 2020, 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 certification of the financial statements 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 2020 and its financial performance and its cash flows for the year then ended.

### **Basis for Qualified Opinion**

The trust holds investments in two Funds SA products valued at \$6,360,607. 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 the 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

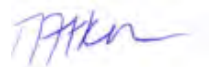
or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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**



**Tammy Atkins**  
**Director**

30 September 2020  
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

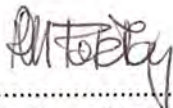
We certify that the attached special purpose financial statements for the Ray & Shirl Norman Cancer Research Trust (referred to in the attached as "the Trust"):

- are in accordance with the accounts and records of the Trust;
- present a true and fair view of the financial position of the Ray & Shirl Norman Cancer Research Trust as at 30 June 2020 and the results of its operation and cash flows for the financial year; and
- comply with Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

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

30/9/20



.....  
C Peirce - Executive Officer

30/9/20

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 2020

	Note	2020 \$	2019 \$
<b>Income</b>			
Interest revenue		327	331
(Loss) gain on financial assets	3	( 62,028)	524,975
Imputation credits	2.2	18,980	31,208
<b>Total (loss) income</b>		( 42,721)	556,514
<b>Expenses</b>			
Administration costs	4	30,008	34,556
Research funding	5	352,137	263,001
<b>Total expenses</b>		382,145	297,557
<b>Net (deficit) income</b>		( 424,866)	258,957
<b>Total comprehensive (deficiency) income</b>		( 424,866)	258,957

The accompanying notes form part of these financial statements.



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

STATEMENT OF FINANCIAL POSITION  
as at 30 June 2020

	Note	2020 \$	2019 \$
<b>Current assets</b>			
Cash and cash equivalents	6	5,409	2,623
GST receivable		6,818	2,272
Imputation credits receivable		18,981	33,595
Other financial assets at fair value	7	953,971	670,782
<b>Total current assets</b>		985,179	709,272
<b>Non-current assets</b>			
Other financial assets at fair value	7	6,360,607	7,081,675
<b>Total non-current assets</b>		6,360,607	7,081,675
<b>Total assets</b>		7,345,786	7,790,947
<b>Current liabilities</b>			
Accrued research funding costs		25,000	45,455
Accrued administration costs		2,756	2,596
<b>Total current liabilities</b>		27,756	48,051
<b>Total liabilities</b>		27,756	48,051
<b>Net assets</b>		7,318,030	7,742,896
<b>Trust funds</b>			
Trust funds		4,403,529	4,403,529
Retained earnings		2,914,501	3,339,367
<b>Total trust funds</b>		7,318,030	7,742,896

The accompanying notes form part of these financial statements.

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 2020

	Trust Funds	Retained Earnings	Total Trust Funds
Note	\$	\$	\$
Balance at 30 June 2018	4,403,529	3,080,410	7,483,939
Net income 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
Net (deficit) for 2019-20	-	( 424,866)	( 424,866)
Total comprehensive (deficiency) for 2019-20	-	( 424,866)	( 424,866)
Balance at 30 June 2020	4,403,529	2,914,501	7,318,030

The accompanying notes form part of these financial statements.

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 2020

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Interest received		328	331
Imputation credits received		33,595	15,366
GST refunds received		4,544	8,168
<b>Cash generated from operations</b>		<u>38,467</u>	<u>23,865</u>
<b>Cash outflows</b>			
Payment for administration costs		( 29,849)	( 34,627)
Payment for research funding		( 381,682)	( 297,105)
<b>Cash used in operations</b>		<u>( 411,531)</u>	<u>( 331,732)</u>
<b>Net cash (used in) operating activities</b>	8	<u>( 373,064)</u>	<u>( 307,867)</u>
<b>Cash flows from investing activities</b>			
<b>Cash inflows</b>			
Proceeds from the sale of financial assets		375,850	255,000
<b>Cash generated from investing activities</b>		<u>375,850</u>	<u>255,000</u>
<b>Cash used in investing activities</b>		<u>-</u>	<u>-</u>
<b>Net cash provided by investing activities</b>		<u>375,850</u>	<u>255,000</u>
Net increase/(decrease) in cash and cash equivalents		2,786	( 52,867)
Cash and cash equivalents at the beginning of the period		2,623	55,490
<b>Cash and cash equivalents at the end of the period</b>	6	<u>5,409</u>	<u>2,623</u>

The accompanying notes form part of 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 2020

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**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 2020

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**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 2020

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**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.

*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 2020.

As a result of the COVID-19 pandemic world financial markets suffered a significant decline in valuations during March 2020. Since that time some of this decline has been recovered but most markets are still well below their pre-COVID-19 balance. Funds SA have very clear policies in mitigating the risk of these declines, however the Trust's investment returns for the year reflect these global trends.

**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 2020

	2020	2019
	\$	\$
<hr/>		
<b>3 Investment income - Funds SA</b>		
Gain (loss) on financial assets	<u>( 62,028)</u>	<u>524,975</u>

The 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 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.

**4 Administration costs**

Accounting services	4,158	4,026
Audit fees	1,100	1,100
Legal fees	-	6,329
General administration expenses	24,750	23,101
	<u>30,008</u>	<u>34,556</u>

Audit fees are paid to ATA Audits (previously known as ASF Audits) for audit services. No other services were provided by the audit firm.

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 2020

	2020	2019
	\$	\$
<b>5 Research funding</b>		
Research funding (net of GST)	<u>352,137</u>	<u>263,001</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 2020 research funding amounts agreed to, but not yet due totalled \$302,600 (2019: \$659,282) (inclusive of any GST).

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

**6 Cash and cash equivalents**  
**- Current**

NAB Business Account	<u>5,409</u>	<u>2,623</u>
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Interest rate risk

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



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 2020

	2020	2019
	\$	\$
<hr/>		
<b>7 Other financial assets at fair value</b>		
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.		
<b>- Current</b>		
Investments in unlisted unit trusts at fair value	<u>953,971</u>	<u>670,782</u>
<b>- Non-current</b>		
Investments in unlisted unit trusts at fair value	<u>6,360,607</u>	<u>7,081,675</u>
<b>8 Cash flow reconciliation</b>		
Reconciliation of net profit to net cash (used in) operating activities:		
Net (deficit) income	( 424,866)	258,957
<b>Add/less non cash items:</b>		
Loss (Gain) on financial assets	62,028	( 524,975)
<b>Total non cash items</b>	<u>62,028</u>	<u>( 524,975)</u>
<b>Movement in assets and liabilities:</b>		
(Increase) decrease in imputation credits receivable	14,615	( 15,842)
(Decrease) in payables	( 24,841)	( 26,007)
<b>Total movement in assets and liabilities</b>	<u>( 10,226)</u>	<u>( 41,849)</u>
Net cash (used in) operating activities	<u>( 373,064)</u>	<u>( 307,867)</u>



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Adelaide SA 5001

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

### **Qualified Opinion**

We have audited the financial report of the Dorothy E Brown Charitable Trust (the Entity), which comprises the statement of financial position as at 30 June 2020, 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 certification of the financial statements 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 2020 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 \$265,985. 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 the 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.

#### **ATA Audits**



**Tammy Atkins**  
**Director**

30 September 2020  
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

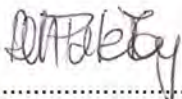
We certify that the attached special purpose financial statements for the Dorothy E Brown Charitable Trust (referred to in the attached as "the Trust"):

- are in accordance with the accounts and records of the Trust;
- present a true and fair view of the financial position of the Dorothy E Brown Charitable Trust as at 30 June 2020 and the results of its operation and cash flows for the financial year; and
- comply with Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

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

30 / 9 / 20



.....  
C Peirce - Executive Officer

30 / 9 / 20

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

STATEMENT OF COMPREHENSIVE INCOME  
for the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Income</b>			
Gain on financial assets	3	490	18,161
Imputation credits	2.2	354	677
<b>Total income</b>		844	18,838
<b>Expenses</b>			
Administration costs	4	770	770
Charitable purposes funding	5	20,980	14,998
<b>Total expenses</b>		21,750	15,768
<b>Net (deficit) income</b>		( 20,906)	3,070
<b>Total comprehensive (deficiency) income</b>		( 20,906)	3,070

The accompanying notes form part of these financial statements.



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

STATEMENT OF FINANCIAL POSITION  
as at 30 June 2020

	Note	2020 \$	2019 \$
<b>Current assets</b>			
Imputation credits receivable	2.2	354	726
<b>Total current assets</b>		354	726
<b>Non-current assets</b>			
Other financial assets	6	265,985	286,519
<b>Total non-current assets</b>		265,985	286,519
<b>Total assets</b>		266,339	287,245
<b>Total liabilities</b>		-	-
<b>Net assets</b>		266,339	287,245
<b>Trust funds</b>			
Trust funds		284,175	284,175
(Accumulated losses) retained earnings		( 17,836)	3,070
<b>Total trust funds</b>		266,339	287,245

The accompanying notes form part of these financial statements.

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 2020

	Note	Trust Funds \$	Retained earnings (accumulated losses) \$	Total Trust Funds \$
<b>Balance at 30 June 2018</b>		<b>284,175</b>	-	<b>284,175</b>
Total comprehensive income for 2018-19		-	3,070	3,070
Total Change for the period		-	3,070	3,070
<b>Balance at 30 June 2019</b>		<b>284,175</b>	<b>3,070</b>	<b>287,245</b>
Total comprehensive (deficiency) for 2019-20		-	( 20,906)	( 20,906)
Total Change for the period		-	( 20,906)	( 20,906)
<b>Balance at 30 June 2020</b>		<b>284,175</b>	<b>( 17,836)</b>	<b>266,339</b>

The accompanying notes form part of these financial statements.

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

STATEMENT OF CASH FLOWS  
for the year ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Imputation credits received		726	316
		<u>726</u>	<u>316</u>
<b>Cash generated from operations</b>			
<b>Cash outflows</b>			
Payment for administration costs		( 770)	( 770)
Payment for charitable purposes		( 20,981)	( 14,998)
		<u>( 21,751)</u>	<u>( 15,768)</u>
<b>Cash used in operations</b>			
<b>Net cash (used in) operating activities</b>	7	<u>( 21,025)</u>	<u>( 15,452)</u>
<b>Cash flows from investing activities</b>			
<b>Cash inflows</b>			
Proceeds from sale of financial assets		21,751	15,768
		<u>21,751</u>	<u>15,768</u>
<b>Cash generated from investing activities</b>			
<b>Cash Outflows</b>			
Purchase of financial assets		( 726)	( 316)
		<u>( 726)</u>	<u>( 316)</u>
<b>Cash used in investing activities</b>			
<b>Net cash provided by investing activities</b>		<u>21,025</u>	<u>15,452</u>
Net increase/(decrease) in cash and cash equivalents			
		-	-
Cash and cash equivalents at the beginning of the period			
		-	-
<b>Cash and cash equivalents at the end of the period</b>			
		<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 accompanying notes form part of these financial statements.



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 2020

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**1 Objectives of the Trust**

The Dorothy E Brown Charitable Trust ('Trust' or 'Fund') was established by a 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 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 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 2020

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**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.

**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.

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 2020

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**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.

*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 2020.

As a result of the COVID-19 pandemic world financial markets suffered a significant decline in valuations during March 2020. Since that time some of this decline has been recovered but most markets are still well below their pre-COVID-19 balance. Funds SA have very clear policies in mitigating the risk of these declines, however the Trust's investment returns for the year reflect these global trends.

**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 2020

	Note	2020 \$	2019 \$
<hr/>			
<b>3 Investment income - Funds SA</b>			
Gain on financial assets		<u>490</u>	<u>18,161</u>

The 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 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.

**4 Administration costs**

Audit fees		<u>770</u>	<u>770</u>
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Audit fees are paid to ATA Audits (previously known as ASF Audits) for audit services. No other services were provided by the audit firm.

**5 Charitable purpose funding**

Salaries		16,412	14,393
Travel and accommodation		4,568	-
Other - furnishing Transplant House		-	605
		<u>20,980</u>	<u>14,998</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.

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 2020

	Note	2020 \$	2019 \$
<hr/>			
<b>6 Other Financial assets</b>			
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.			
<b>Financial assets though profit and loss</b>			
<b>- Non-Current</b>			
Investments in unlisted unit trusts at fair value		<u>265,985</u>	<u>286,519</u>
<b>7 Cash flow reconciliation</b>			
Reconciliation of net profit (loss) to net cash (used in) operating activities:			
Net (deficit) income		( 20,906)	3,070
<b>Add/less non cash items:</b>			
(Gain) on financial assets		( 490)	( 18,161)
<b>Total non cash items</b>		<u>( 490)</u>	<u>( 18,161)</u>
<b>Movement in assets and liabilities:</b>			
Decrease (increase) in imputation credits receivable		371	( 361)
<b>Total movement in assets and liabilities</b>		<u>371</u>	<u>( 361)</u>
Net cash (used in) operating activities		<u>( 21,025)</u>	<u>( 15,452)</u>