

Health Services Charitable Gifts Board

Financial report
for the year ended
30 June 2021



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To the Chair of Board Health Services Charitable Gifts Board

Opinion

I have audited the financial report of the Health Service Charitable Gifts Board for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report of the Health Service Charitable Gifts Board is in accordance with 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 2021, 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 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Commissioner and Executive Officer.

Basis for opinion

I conducted the audit in accordance with 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 Health Service 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 members of the board 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 Australian Accounting Standards and for such internal control as management determine 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.

In preparing the financial report, the Executive Officer is responsible for assessing the Health Service Charitable Gifts Board'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 the assessment indicates that it is not appropriate.

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 Service Charitable Gifts Board for the financial year ended 30 June 2021.

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

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

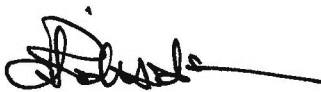
- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the Health Service 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
- conclude on the appropriateness of the Health Service Charitable Gifts Board'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 Health Service Charitable Gifts Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Health Service Charitable Gifts Board 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.

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 Offices and members of the board 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

28 October 2021


HEALTH SERVICES CHARITABLE GIFTS BOARD
ABN 49 517 603 275

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the:

- financial statements of the Health Services Charitable Gifts Board ("HSCGB" or "the Board"):
 - are in accordance with the accounts and records of the Board;
 - comply with relevant Treasurer's instructions;
 - present a true and fair view of the financial position of the Health Services Charitable Gifts Board at the end of the financial year and the result of its operations and cash flows for the financial year; and
 - comply with the relevant accounting standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013;
- internal controls employed by the Health Services Charitable Gifts Board for the financial year over its financial reporting and its preparation of financial statements have been effective.

Signed in accordance with a resolution of the Board members.


.....
V Marshall - Commissioner
27/10/2021


.....
C Peirce - Executive Officer
27/10/21

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Revenue from gifts to public health entities vesting in the Board	4.1	6,925	3,982
Revenue from charitable foundations and other trusts	4.2	330	586
Investment (expense) revenue	4.3	13,467	(145)
Rental revenue	4.4, 8.2	2,467	2,377
Other income		24	22
Total income		<u>23,213</u>	<u>6,822</u>
Expenses			
Employee and Commissioners benefits expense	5.3	317	264
Supplies and services	6.1	105	96
Depreciation	6.2	10	3
Funds distributed to public health entities and prescribed research bodies	6.3	6,418	6,646
Investment property expenses	8.2	32	190
Total expenses		<u>6,882</u>	<u>7,199</u>
Net result		<u>16,331</u>	<u>(377)</u>
Other Comprehensive Income			
Share of income allocated to Beinke Trusts		(7)	-
Total comprehensive result		<u>16,324</u>	<u>(377)</u>

The accompanying notes form part of these financial statements.

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	7.1	2,364	1,133
Receivables	7.2	3,746	2,011
Other financial assets	7.3	5,260	5,254
Total current assets		<u>11,370</u>	<u>8,398</u>
Non-current assets			
Other financial assets	7.3	119,054	103,414
Property, plant & equipment	8.1	36	10
Investment properties	8.2	29,263	30,500
Total non-current assets		<u>148,353</u>	<u>133,924</u>
Total assets		<u>159,723</u>	<u>142,322</u>
Current liabilities			
Payables	9.1	1,841	971
Employee benefits	5.4	15	15
Other liabilities	9.2	204	2
Total current liabilities		<u>2,060</u>	<u>988</u>
Non-current liabilities			
Employee benefits	5.4	43	38
Total non-current liabilities		<u>43</u>	<u>38</u>
Total liabilities		<u>2,103</u>	<u>1,026</u>
Net assets		<u>157,620</u>	<u>141,296</u>
Equity			
Funds held		157,620	141,296
Retained earnings		-	-
Total equity	10.1	<u>157,620</u>	<u>141,296</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 2021

	Note	Funds held \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019	10.1	141,673	-	141,673
Net result for 2019-20		-	(377)	(377)
Total comprehensive result for 2019-20		-	(377)	(377)
Allocation to funds held	10.1	(377)	377	-
Total change for the period		(377)	377	-
Balance at 30 June 2020	10.1	141,296	-	141,296
Net result for 2020-21		-	16,331	16,331
Share of income allocated to Beinke Trusts		-	(7)	(7)
Total comprehensive result for 2020-21		-	16,324	16,324
Allocation to funds held	10.1	16,324	(16,324)	-
Total change for the period		16,324	(16,324)	-
Balance at 30 June 2021	10.1	157,620	-	157,620

The accompanying notes form part of these financial statements.

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF CASH FLOWS

for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Cash inflows			
Rent received		2,850	2,568
Imputation credits received		177	317
Interest received		118	243
Other income received		23	43
Receipts from charitable foundations and other trusts		341	576
Receipts from gifts to public health entities vesting in the Board		5,058	2,473
Proceeds from disposal of investments from gifts to public health entities		157	136
		<u>8,724</u>	<u>6,356</u>
Cash generated from operations			
Cash outflows			
Payments for supplies and services and investment property expenses		(161)	(870)
Employee benefits payments		(312)	(255)
Payments to public health entities and prescribed research bodies		(5,533)	(6,956)
Other payments		(7)	-
GST paid to the ATO		(226)	(160)
		<u>(6,239)</u>	<u>(8,241)</u>
Cash (used in) operations		<u>(6,239)</u>	<u>(8,241)</u>
Net cash provided by/(used in) operating activities	10.2	<u>2,485</u>	<u>(1,885)</u>
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of financial assets		1,493	2,979
Proceeds from SAHMRI loan repayments		1,500	1,500
		<u>2,993</u>	<u>4,479</u>
Cash generated from investing activities			
Cash Outflows			
Purchase of property, plant & equipment		(36)	-
Purchase of financial assets		(4,211)	(2,000)
		<u>(4,247)</u>	<u>(2,000)</u>
Cash (used in) investing activities		<u>(4,247)</u>	<u>(2,000)</u>
Net cash provided by/(used in) investing activities		<u>(1,254)</u>	<u>2,479</u>
Net increase in cash and cash equivalents		1,231	594
Cash and cash equivalents at the beginning of the period		<u>1,133</u>	<u>539</u>
Cash and cash equivalents at the end of the period	7.1	<u>2,364</u>	<u>1,133</u>

The accompanying notes form part of these financial statements.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

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).

The Board does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all the controlled activities of the Board.

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.

For the purposes of preparing the financial statements the Board is a not-for-profit entity. 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.

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 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.

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.

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

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

The Health Services Charitable Gifts Board is exempt from income tax and has been issued with Deductible Gift Recipient status by the 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 GST, emergency services levy and local government rates.

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.

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 was previously 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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2021

2.1 Vesting of Gifts (continued)

Since 1 July 2020 the Board was also appointed as trustee for the following separate but related Trusts (Note 2.5):-

- P F Beinke Charitable Trust - Royal Adelaide Hospital (The Chapel Fund)
- P F Beinke Charitable Trust - Flinders Medical Centre (Pastoral Care Account)
- P F Beinke Charitable Trust - Daw Park Repatriation Hospital (Pastoral Care Chapel Account)

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 which have since been recovered and in many cases now exceed pre-pandemic levels. There has been significant volatility in markets during the period and whilst Funds SA has very clear policies in mitigating risk, the Board's investment returns for the year reflect these global trends.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2021

2.3 Ray & Shirl Norman Cancer Research Trust (Norman 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 13 includes a summary of the financial results of the Norman Trust for the year.

2.4 Dorothy E Brown Charitable Trust (Brown 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 14 includes a summary of the financial results of the Brown Trust for the year.

2.5 P F Beinke Charitable Trusts (Beinke Trusts)

Pursuant to the Will of Mr Peter Francis Beinke the residual balance of his estate was to be held in three separate Charitable Trusts. One for each of the Royal Adelaide Hospital, Flinders Medical Centre and Daw Park Repatriation Hospital.

Each Trust was entitled to one third of the balance of his estate for the specific purpose of "providing education and training and associated expenses for Chaplains in their role at each institution".

In accordance with a Deed of Trustee Retirement Appointment & Indemnity dated 1 July 2020 the Board was appointed as trustee to each of these trusts which have been identified as:

- P F Beinke Charitable Trust - Royal Adelaide Hospital (The Chapel Fund)
- P F Beinke Charitable Trust - Flinders Medical Centre (Pastoral Care Account)
- P F Beinke Charitable Trust - Daw Park Repatriation Hospital (Pastoral Care Chapel Account)

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2021

2.5 P F Beinke Charitable Trusts (Beinke Trusts) (continued)

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

Notes 15 includes a summary of the financial results of each of the Beinke Trusts for the year.

2.6 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 2020-21 were:

- Increased volatility in the valuation 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 THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
3 Significant transactions with government related entities			
The Board invests the majority of its funds through Funds SA. Information about transactions and balances between the Board and Funds SA are set out below.			
Income (expense):			
Gain (loss) on financial assets		14,446	(519)
Total income (expense) from Funds SA		<u>14,446</u>	<u>(519)</u>
Current assets:			
Investments in unlisted unit trusts at fair value		<u>3,760</u>	<u>3,754</u>
Non-current assets:			
Investments in unlisted unit trusts at fair value		<u>108,700</u>	<u>91,560</u>
Collectively but not individually significant transactions with government related entities			
Quantitative information about transactions and balances between the Board and other SA Government entities are set out below.			
Income:			
Interest revenue		<u>109</u>	<u>193</u>
Expenses:			
Funds distributed to public health entities and prescribed research bodies		<u>6,418</u>	<u>6,646</u>
Current assets:			
Secured loan at cost		<u>1,500</u>	<u>1,500</u>
Non-current assets:			
Secured investment at cost		445	445
Secured loan at cost		<u>9,909</u>	<u>11,409</u>
Current liabilities:			
Payables		<u>1,757</u>	<u>878</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 THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
4 Income			
4.1 Revenue from gifts to public health entities vesting in the Board			
Revenue from gifts to public health entities vesting in the Board		<u>6,925</u>	<u>3,982</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>			
4.2 Revenue from charitable foundations and other trusts			
Revenue from charitable foundations and other trusts		<u>330</u>	<u>586</u>
<p>Where the Board is an income beneficiary of a charitable foundation or trust the income has been recorded separately in the Statement of Comprehensive Income. The Board has no ownership interest or control of the assets or management of the respective charitable foundation or trust.</p>			
4.3 Investment (expense) revenue			
Funds SA			
Gain/(loss) on financial assets		<u>14,446</u>	<u>(519)</u>
(Loss)/gain from disposal of financial assets		(11)	1
Imputation credits		159	177
Interest & dividend revenue		110	196
Net (loss) from fair value adjustment of investment properties	8.2	(1,237)	-
		<u>(979)</u>	<u>374</u>
Total investment (expense) revenue		<u>13,467</u>	<u>(145)</u>

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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
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4.3 Investment revenue (continued)

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/(loss) on disposal of financial assets arose as a consequence of the disposal of shares in ASX listed companies vesting in the Board from bequests from deceased estates. As the current investment policies of the Board recommend these type of investments are to be held in Funds SA products the shares were sold as soon as possible following vesting. The change in the value of these investments from the initial date of vesting and realisation resulted in a net loss on disposal inclusive of transaction costs.

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>2,467</u>	<u>2,377</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.

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. Total compensation for key management personnel is set out below.

The compensation disclosed in this note excludes salaries and other benefits the Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account under section 6 of the *Parliamentary Remuneration Act 1990*.

Compensation:

Salaries and other short-term employee benefits	242	197
Post-employment benefits	22	19
Total	<u>264</u>	<u>216</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
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5.1 Key management personnel (continued)

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 Commissioners

The following held the position of Commissioner during the year:

Ms Robyn Pak-Poy (Chairman)

Prof Villis Marshall

Mr Carmelo Di Lernia

Remuneration of Commissioners

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

\$0 - \$19,999	No.	2	3
\$20,000 - \$39,999	No.	1	-
Total number of Commissioners		<u>3</u>	<u>3</u>

The total remuneration received or receivable by those Commissioners was \$51,000 (2020: \$44,000) which includes sitting fees, superannuation contributions and any other salary sacrifice arrangements and are also included in notes 5.1 and 5.3.

On 24 June 2021 his Excellency the Governor approved an increase in remuneration to the members of the Board with application from that date. The overall impact will not be significant and the number of Commissioners within each of the bands shown above should not alter as a result of this change.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
5.3 Employee and Commissioners benefits expense			
Salary and wages		239	194
Superannuation paid		22	18
Annual leave accrual		(1)	2
Long service leave accrual		6	6
Employee benefits expense		266	220
Commissioners' remuneration		47	40
Superannuation paid		4	4
	5.2	51	44
Total employee and Commissioners benefits expense		317	264

The payroll processing and payment for the Board is undertaken by Central Adelaide Local Health Network and reimbursements claimed in arrears. During the current financial year an additional claim was made to reimburse amounts of \$21,000 in salary and superannuation costs for all employees (including Board members) for two fortnightly periods in the previous financial year.

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.

5.4 Employee benefits - liability

- Current

Annual leave	15	15
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- Non-current

Long service leave	43	38
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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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
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5.4 Employee benefits - liability (continued)

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	36	28
Auditor's remuneration	23	28
Consultants	1	2
General administration expenses	45	38
	<u>105</u>	<u>96</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.

Consultants

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

	No.	\$'000	No.	\$'000
Below \$10,000	1	1	1	2
Total paid/payable to the consultants engaged		<u>1</u>		<u>2</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
6.2 Depreciation			
Depreciation on computer equipment		10	3
Depreciation on other equipment		-	-
		<u>10</u>	<u>3</u>

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.

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
Other equipment	10 to 15

During the year the Board reassessed the usefulness of existing computer equipment and determined that any remaining residual value should be written off in the current year.

Review of accounting estimates

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

6.3 Funds distributed to public health entities and prescribed research bodies

Funds distributed to public health entities and prescribed research bodies	<u>6,418</u>	<u>6,646</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 \$11,321,000 (2020:\$10,672,000).

7 Financial assets

7.1 Cash and cash equivalents

- Current

Cash at bank	<u>2,364</u>	<u>1,133</u>
	<u>2,364</u>	<u>1,133</u>

Interest rate risk

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

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
7.2 Receivables			
- Current			
<u>Statutory receivables</u>			
Imputation credits receivable		159	177
Prepayments - Legal fees		8	8
Total statutory receivables		167	185
<u>Other receivables</u>			
Gifts to public health entities vesting in the Board accrued		295	1,664
Interest income accrued		24	32
Other income receivable		3	2
Prepayments - Other		3	3
Proceeds from sale of shares		3,079	-
Rental income accrued		175	125
Total other receivables		3,579	1,826
		3,746	2,011

Statutory receivables do not arise from contracts with customers. They are recognised and measured similarly to contractual receivables (except impairment) but are not classified as financial instruments for disclosure purposes.

Gifts to public health entities vesting in the Board accrued includes gifts received by the PHEs prior to 30 June 2021 and not paid until July 2021. Last year this figure included 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.

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 \$175,000 (2020: \$125,000) due from the head lessee of Town Acre 86. Apart from this amount there is no significant concentration of credit risk.

Refer to note 12.2 for further information on risk management.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
7.3 Other financial assets			
- Current			
Investments in Funds SA unlisted unit trusts at fair value		3,760	3,754
Secured loan at cost		1,500	1,500
		<u>5,260</u>	<u>5,254</u>
- Non-current			
Investments in Funds SA unlisted unit trusts at fair value		108,700	91,560
Secured investment at cost		445	445
Secured loan at cost		9,909	11,409
		<u>119,054</u>	<u>103,414</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 THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

	2021	2020
Note	\$'000	\$'000

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%.

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 2021. 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 12.2
- (b) Risk exposure information - refer note 12.2

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
8 Non-financial assets			
8.1 Property, plant & equipment			
- Non-current			
Office equipment at cost		40	40
Less: Accumulated depreciation		<u>(40)</u>	<u>(30)</u>
		<u>-</u>	<u>10</u>
Other equipment at cost		36	-
Less: Accumulated depreciation		<u>-</u>	<u>-</u>
		<u>36</u>	<u>-</u>
Total property plant and equipment		<u><u>36</u></u>	<u><u>10</u></u>
The Board holds its property, plant and equipment for their service potential (value in use). The Board purchased \$36,000 of computer equipment during the year.			
Property, plant and equipment with a value equal to or in excess of \$5,000 is capitalised, otherwise it is immediately expensed. Property, plant and equipment owned by the Board is recorded at fair value. Detail about the Board's approach to fair value is set out in note 12.1.			
Impairment:			
Property, plant and equipment has 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	30,500
Net (loss) from fair value adjustment		(1,237)	-
Balance at the end of the financial year		<u>29,263</u>	<u>30,500</u>
- Non-current			
Investment properties - held for long term rental		29,263	30,500
		<u>29,263</u>	<u>30,500</u>
Amounts recognised in profit for investment properties			
Rent and recoveries income		2,467	2,377
Direct operating expenses		(18)	(20)
Rent Abatement (Town Acre 86)		(14)	(170)
		<u>(32)</u>	<u>(190)</u>
Total amount recognised in profit for the year		<u><u>2,435</u></u>	<u><u>2,187</u></u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'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 2021 by the Valuer General. This resulted in a decrease in carrying value for the year of \$1,075,000 (2020 \$Nil).

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 valued at 30 June 2021 by Colliers International. As a result the carrying value has decreased by \$162,000.

Fair value measurements for investment properties recognised as at 30 June 2021 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 provided. Unrelated to Covid, one of the tenants has given notice and will be moving out at the end of September 2021. Some costs will be incurred in painting and recarpetting the premises prior to re-leasing with some recovery from the outgoing tenant. The annual rental for the area in question is of the order of \$17,000 per annum.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
9 Liabilities			
9.1 Payables			
- Current			
<u>Statutory payables</u>			
GST payable		50	50
Accrued expenses - Auditor General		30	36
		80	86
<u>Other payable</u>			
Accrued expenses - other		1,761	885
		1,841	971
<p>The June 2021 expense claim and other reimbursements due to public health entities of \$1,757,000 (2020: \$878,000) 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> <p>Statutory payables do not arise from contracts but are sourced in legislation.</p> <p>The net amount of GST payable to the ATO is included as part of payables.</p>			
9.2 Other liabilities			
- Current			
Rent received in advance		204	2

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
10 Other disclosures			
10.1 Total equity			
Funds held on behalf of the following public health entities or their successor bodies:			
Royal Adelaide Hospital - General		127,650	113,522
Royal Adelaide Hospital - Private Practice Funds		1,888	1,969
Royal Adelaide Hospital - Glenside Campus		543	481
Hillcrest Hospital		146	130
Port Augusta Hospital & Regional Health Service		32	28
Port Lincoln Health & Hospital Services		660	586
Port Pirie Regional Health Services		600	582
Modbury Hospital		247	195
The Queen Elizabeth Hospital		1,719	1,566
Whyalla Hospital and Health Service		431	380
Mount Gambier and Districts Health Service		592	542
Northern Yorke Peninsula Health Service		41	36
SA Pathology		13,339	12,129
Women's & Children's Hospital		6,523	6,332
Lyell McEwin Hospital		649	582
Flinders Medical Centre		1,737	1,539
Noarlunga Hospital		610	542
BreastScreen SA		3	2
MedSTAR Emergency Medical Retrieval		62	55
Royal Adelaide Hospital, The Queen Elizabeth Hospital & Hampstead Joint Funds		148	98
		<u>157,620</u>	<u>141,296</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.

During the year funds received in relation to the P F Beinke Charitable Trusts were temporarily invested in the pooled asset of the Board. During this period a proportional share of the income was allocated to each Beinke Trust. In due course the balance of each Beinke Trust was transferred and invested with Funds SA in separate accounts for each Beinke Trust.

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 THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
10.2 Cash flows			
Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing activities, which is payable to the ATO, is classified as part of operating cash flows.			
Cash flow reconciliation			
Reconciliation of cash and cash equivalents at the end of the reporting period:			
Cash and cash equivalents disclosed in the Statement of financial position		<u>2,364</u>	<u>1,133</u>
Balance per Statement of cash flows		<u>2,364</u>	<u>1,133</u>
Reconciliation of net result to net cash provided by operating activities:			
Net result for the year		16,331	(377)
Non-cash items:			
Loss (Profit) on disposal of financial assets		11	-
Net (Gain) Loss on financial assets		(14,446)	519
Net loss from fair value adjustment of investment properties		1,237	-
Depreciation		10	3
		<u>(13,188)</u>	<u>522</u>
Movement in assets and liabilities:			
(Increase) in operating receivables		(1,753)	(1,301)
Decrease in imputation credits receivable		18	140
Increase (decrease) in payables		870	(875)
Increase in employee entitlements		5	8
Increase in unearned revenue		202	-
(Decrease) in GST payable		-	(2)
		<u>(658)</u>	<u>(2,030)</u>
Net cash (used in) operating activities		<u>2,485</u>	<u>(1,885)</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

11 Outlook

11.1 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 2021.

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)

	2021 \$'000	2020 \$'000
Due within one year	2,214	2,197
Due between one and two years	2,210	2,176
Due between two and three years	2,210	2,176
Due between three and four years	2,210	2,176
Due between four and five years	2,207	2,176
Due after five years	56,871	59,047
Total commitments	67,922	69,948

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.

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.

11.2 Contingent assets and liabilities

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

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2021

11.3 COVID-19 Pandemic

The COVID-19 Pandemic will continue to impact the operations of the Board in 2021-22. 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.

11.4 Events after the reporting period

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

12 Measurement and risk

12.1 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 is 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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2021

12.1 Fair value (continued)

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

Fair value hierarchy:

The Board classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- 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 THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

12.2 Financial instruments

Financial risk management:

The Board manages risk and its policies are in accordance with the SA Government *Risk Management Guide* and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Board's exposure to financial risk (liquidity risk, credit risk and market risk) 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.

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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2021

12.2 Financial instruments (continued)

Credit risk: (continued)

Note 7.3 refers to the Board holding a first mortgage charge over advances made to the Port Pirie Regional Health Service Inc. as well as to the long term secured loan made to SAHMRI to establish a cyclotron facility.

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

Refer to note 7.2 and 7.3 for further information.

Market risk:

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

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

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

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

Sensitivity Analysis:

A general fall in the fair value of long term investments in unlisted unit trusts of 5% and 10%, if equally spread over all assets in the portfolio, would lead to a reduction in value of \$5,435,000 (2020: \$4,578,000) and \$10,870,000 (2020: \$9,156,000) 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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2021

12.2 Financial instruments (continued)

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.

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		
		2021 \$'000	< 1 year \$'000	1-5 years \$'000	>5 years \$'000
Financial Assets					
Cash and cash equivalents					
Cash and cash equivalents	7.1	2,364	2,364	-	-
Financial assets at amortised cost					
Receivables *	7.2	3,579	3,579	-	-
Other financial assets	7.3	124,314	5,260	6,000	113,054
Total Financial Assets		130,257	11,203	6,000	113,054
Financial Liabilities					
Financial liabilities at amortised cost					
Payables *	9.1	1,761	1,761	-	-
Total Financial Liabilities		1,761	1,761	-	-

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

12.2 Financial instruments (continued)

Carrying value of financial assets and financial liabilities	Note	Carrying amount/ fair value	Contractual maturities		
		2020 \$'000	< 1 year \$'000	1-5 years \$'000	>5 years \$'000
Financial Assets					
Cash and cash equivalents					
Cash and cash equivalents	7.1	1,133	1,133	-	-
Financial assets at amortised cost					
Receivables *	7.2	1,823	1,823	-	-
Other financial assets	7.3	108,668	5,254	6,000	97,414
Total Financial Assets		111,624	8,210	6,000	97,414
Financial Liabilities					
Financial liabilities at amortised cost					
Payables *	9.1	885	885	-	-
Total Financial Liabilities		885	885	-	-

* Total amounts disclosed here exclude statutory amounts. Receivables do not include prepayments as these are not financial instruments. Prepayments are presented in note 7.2.

All amounts recorded are carried at cost.

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and equivalents, fees and charges; Auditor General's Department audit fees.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

2021
\$

2020
\$

13 Ray & Shirl Norman Cancer Research Trust

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

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

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

Schedule of income and expenses

Total investment income (expense)	1,459,005	(42,721)
Total expenses	<u>444,702</u>	<u>382,145</u>
Total comprehensive result	<u>1,014,303</u>	<u>(424,866)</u>

Schedule of financial position

Total assets	8,334,896	7,345,786
Total liabilities	<u>2,563</u>	<u>27,756</u>
Net assets	<u>8,332,333</u>	<u>7,318,030</u>

14 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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

	2021	2020
	\$	\$

14 Dorothy E Brown Charitable Trust (continued)

Under the terms of the Deed Poll the HSCGB was appointed as trustee and an initial sum of \$286,621 was provided by SA Health to be administered by the HSCGB. These funds are invested through Funds SA in an account in the name of the Trust.

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

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

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

Schedule of income and expenses

Total income	28,841	844
Total expenses	<u>25,770</u>	<u>21,750</u>
Total comprehensive result	<u><u>3,071</u></u>	<u><u>(20,906)</u></u>

Schedule of financial position

Total assets	294,410	266,339
Total liabilities	<u>25,000</u>	<u>-</u>
Net assets	<u><u>269,410</u></u>	<u><u>266,339</u></u>

15 P F Beinke Charitable Trusts

In accordance with the Will of Mr Peter Francis Beinke dated 19 February 2014, the residue of his estate was to be used to establish three Charitable Trusts "...for the express purpose of providing education and training and associated expenses for Chaplains in their role at (one of three institutions)".

The residue of his estate was therefore split into three equal parts to create the following Trusts:

- Royal Adelaide Hospital (The Chapel Fund)
- Flinders Medical Centre (Pastoral Care Account)
- Daw Park Repatriation Hospital (Pastoral Care Chapel Account)

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2021

2021 2020
\$ \$

15 P F Beinke Charitable Trusts (continued)

The amount of this residue was held by Australian Executor Trustees Limited (AET) since his death in March 2014. Pursuant to a Deed of Trustee Retirement, Appointment & Indemnity dated 1 July 2020 AET retired as trustee and the Health Services Charitable Gifts Board (HSCGB) was appointed in its place.

On finalisation of the Estate of Mr P F Beinke, AET transferred three amounts of \$249,998 each to the HSCGB in its capacity as Trustee of each of the Charitable Trusts. These funds were initially invested through HSCGB pooled assets and interest paid to the Charitable Trust. In due course all funds were transferred to, and are now invested through Funds SA in an account in the name of the Trust.

The following summary of the financial results for the year of the P F Beinke Charitable Trust - Royal Adelaide Hospital (The Chapel Fund) are included for information purposes only. All amounts are rounded to the nearest dollar.

Schedule of income and expenses

Total income	23,842	-
Total expenses	2,780	-
Total comprehensive result	21,062	-

Schedule of financial position

Total assets	273,840	-
Total liabilities	2,780	-
Net assets	271,060	-

The following summary of the financial results for the year of the P F Beinke Charitable Trust - Flinders Medical Centre (Pastoral Care Account) are included for information purposes only. All amounts are rounded to the nearest dollar.

Schedule of income and expenses

Total income	23,821	-
Total expenses	1,399	-
Total comprehensive result	22,422	-

Schedule of financial position

Total assets	272,825	-
Total liabilities	405	-
Net assets	272,420	-

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2021

	2021	2020
	\$	\$
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15 P F Beinke Charitable Trusts (continued)		
<p>The following summary of the financial results for the year of the P F Beinke Charitable Trust - Daw Park Repatriation Hospital (Pastoral Care Chapel Account) are included for information purposes only. All amounts are rounded to the nearest dollar.</p>		
Schedule of income and expenses		
Total income	23,821	-
Total expenses	1,399	-
Total comprehensive result	<u>22,422</u>	<u>-</u>
Schedule of financial position		
Total assets	272,825	-
Total liabilities	405	-
Net assets	<u>272,420</u>	<u>-</u>