

# Sydney Children's Hospital Foundation

## Financial Statements

For the Year Ended 30 June 2014

# Sydney Children's Hospital Foundation

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For the Year Ended 30 June 2014

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# Sydney Children's Hospital Foundation

## Management Discussion and Analysis

### For the Year Ended 30 June 2014

During financial year 2013/14, the Foundation made contributions totalling \$11.9 million to Sydney Children's Hospital, Randwick. Included in this total was a milestone final payment of \$1.1 million pertaining to the Ainsworth Building which represented the culmination of a magnificent fundraising effort. This fundraising over a number of years provided \$15 million in total towards the project (2012/13 - \$13.1 million). The Ainsworth Building, which officially opened in July 2013, is a five storey clinical services wing of the Hospital which delivers a world class standard of healthcare for sick and injured children.

The Ainsworth Building was a special project, with an unprecedented value of donations raised and this explains why restricted contributions (i.e. funds and reserves that must be spent on the purpose for which they were received) decreased in 2014 to \$10.8 million from \$19.5 million the prior year. If we were to exclude payments made towards the Ainsworth Building, restricted contributions actually increased by \$3.1 million in 2014 (2013/14 - \$9.5 million; 2012/13 - \$6.4 million).

Other contributions increased by \$1.2 million in 2013/14, primarily in response to a request to fund the E-Health Memory Project. This project will create an integrated single electronic medical record for the Sydney Children's Hospital Network, which will greatly improve the current system, providing efficiency, improved workflow, and record accessibility. Looking forward, the Foundation is aiming to raise at least \$10 million per year for the Hospital with \$7 million to fund services, fellowships, equipment, education and research, whilst \$3 million will be provided for new priorities such as the E-Health Memory Project (\$2.8 million over two years) and Network Cardiac Services Project (\$3 million over three years).

In 2013/14 net assets grew by 10% to \$40.8 million and included \$21.4 million in restricted funds. The rate at which funds are distributed is determined by consultation with the Hospital which will draw down on these funds as their priorities and approvals direct them to. Other assets such as property, equipment and systems which assist in the running of the Foundation, and require regular investment totalled \$3 million, leaving \$16.4 million. To ensure the Foundation's financial stability, in order to be a reliable supporter of the Hospital, our Board has determined as adequate a corpus equivalent to two years of operational expenditure plus two years of expected contributions. Our corpus as at 2013/14 was equivalent to 1.2 years.

The surplus for 2013/14 was \$15.6 million, down \$1.2m on last year. This result was mainly impacted by lower returns provided by equity markets (particularly growth assets such as shares) and falling interest rates in 2013/14, with our investments returning 7.7% for the year compared to 12.4% for the year prior. Our investment portfolio is marked to market meaning we record the value of each asset within our portfolio based on their current market value. So, the performance of our portfolio is closely linked to movements in the market. To mitigate the risk of market volatility, and maximise returns, our portfolio is reviewed regularly by our Board and Fund Managers and is comprised of both growth assets such as shares and defensive assets such as bonds and cash. Even though our surplus was down, our core activities and key indicators of success showed growth, with donations and fundraising revenue increasing by \$347k to \$12.3 million and revenue from bequests increasing by \$190k to \$1.95 million.

In 2013/14 our fundraising strategy required us to continue to grow our capacity while still honouring the fundraising commitments to the Ainsworth Building.

- We sought to grow our Community and Events revenue while maintaining low overheads.
- We also invested in our Direct Marketing and Individual Giving plans in order to return real growth in the next financial year.
- Our Tax Appeal proved to be the most successful we have held in the history of the Foundation.
- The contribution from our Partnerships team continues to be an incredibly positive story for the Foundation. We anticipate that following the Capital Appeal (Ainsworth Building), which reshaped interest from some of these donors; we will be able to identify meaningful projects for these donors to fund into the future.
- A restructure of the Fundraising team in financial year 2014/15 will provide a platform for growth for the department, particularly Community Fundraising and Individual Giving, as we adopt a data-driven approach to all fundraising activities to maximise return on investment.

We would like to thank you, our donor community, who contributed to a fantastic year through your immense generosity and commitment to changing the lives of sick and injured children.

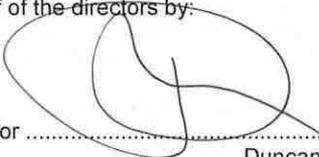
# Sydney Children's Hospital Foundation

## Directors' Declaration

The directors of the trustee company of Sydney Children's Hospital Foundation declare that:

1. The financial statements and notes, as set out on pages 4 to 20 present fairly the Foundation's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012; and
2. In the directors' opinion, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of the trustee company and is signed for and on behalf of the directors by:

Director .....  
  
Duncan Makeig

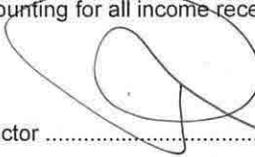
Dated this 9<sup>th</sup> day of October 2014 Sydney

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## Declaration by Chairman of The Board of Directors in Respect of Fundraising Appeals

I, Duncan Makeig, Chairperson of the Board of Directors of the Sydney Children's Hospital Foundation declare that in my opinion:

- (a) the financial statements give a true and fair view of all income and expenditure of the Sydney Children's Hospital Foundation with respect to fundraising appeals;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals;
- (c) the provisions of the Charitable Fundraising Act 1991 and the regulations under that Act and the conditions attached to the authority have been complied with; and
- (d) the internal controls exercised by the Sydney Children's Hospital Foundation are appropriate and effective in accounting for all income received.

Director .....  
  
Duncan Makeig

Dated this 9<sup>th</sup> day of October 2014 Sydney

## Sydney Children's Hospital Foundation

### Auditors Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

HILL ROGERS SPENCER STEER

ASSURANCE PARTNERS



JOHN R WILCOX

Partner

Dated this

9<sup>th</sup>

day of

October 2014

Sydney

# Sydney Children's Hospital Foundation

## Statement of Surplus and Deficit and Other Comprehensive Income For the Year Ended 30 June 2014

	2014	2013
Note	\$	\$
<b>Revenue</b>		
Bequests	1,948,048	1,759,208
Donations and fundraising	12,263,967	11,917,245
Capital appeals	2,027,000	2,300,150
Net investment revenue	2,497,139	3,516,725
Café and gift shop operations	1,787,279	1,810,684
Miscellaneous income	-	2,286
Rental income	45,114	60,250
Administration fee	846,090	856,044
<b>Total revenue</b>	<u>21,414,637</u>	<u>22,222,592</u>
<b>Expenses</b>		
Fundraising expenses	2,345,371	2,045,361
Café and gift shop operations	1,405,822	1,433,107
Operational expenses	2,055,713	1,893,918
<b>Total expenses</b>	<u>5,806,906</u>	<u>5,372,386</u>
<b>Surplus for the year</b>	<u>15,607,731</u>	<u>16,850,206</u>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Revaluation changes for property, plant and equipment	-	53,316
<b>Other comprehensive income for the year</b>	<u>-</u>	<u>53,316</u>
<b>Total comprehensive income for the year</b>	<u>15,607,731</u>	<u>16,903,522</u>
Add: Capital and reserves brought forward	37,063,849	39,764,096
<b>Less: Contributions distributed or distributable</b>	<u>(11,902,916)</u>	<u>(19,603,769)</u>
<b>Total Equity / Foundation Funds</b>	<u>40,768,664</u>	<u>37,063,849</u>

The accompanying notes form part of these financial statements.

# Sydney Children's Hospital Foundation

## Statement of Financial Position

As At 30 June 2014

	Note	2014 \$	2013 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	5,328,121	4,074,907
Trade and other receivables	5	597,191	492,521
Inventories	6	65,668	58,880
Financial assets	7	7,200,000	8,000,000
<b>TOTAL CURRENT ASSETS</b>		<b>13,190,980</b>	<b>12,626,308</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	7	24,162,800	22,239,833
Property, plant and equipment	8	2,948,194	2,902,928
Investment property	9	1,189,271	1,205,004
<b>TOTAL NON-CURRENT ASSETS</b>		<b>28,300,265</b>	<b>26,347,765</b>
<b>TOTAL ASSETS</b>	10	<b>41,491,245</b>	<b>38,974,073</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	505,091	1,670,731
Employee benefits	12	163,519	158,977
Other liabilities	13	3,860	3,635
<b>TOTAL CURRENT LIABILITIES</b>		<b>672,470</b>	<b>1,833,343</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	12	50,111	76,881
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>50,111</b>	<b>76,881</b>
<b>TOTAL LIABILITIES</b>		<b>722,581</b>	<b>1,910,224</b>
<b>NET ASSETS</b>		<b>40,768,664</b>	<b>37,063,849</b>
<b>EQUITY</b>			
Settlement capital		100	100
Reserves		819,640	819,640
Retained earnings		39,948,924	36,244,109
<b>TOTAL EQUITY</b>		<b>40,768,664</b>	<b>37,063,849</b>

The accompanying notes form part of these financial statements.

# Sydney Children's Hospital Foundation

## Statement of Changes in Equity

For the Year Ended 30 June 2014

2014

	Settlement Capital \$	Capital Funds - General \$	Asset Realisation Reserve \$	Total \$
<b>Balance at 1 July 2013</b>	100	36,244,109	819,640	37,063,849
Surplus attributable to the entity	-	15,607,731	-	15,607,731
Contributions - restricted	-	(10,732,011)	-	(10,732,011)
Contributions - unrestricted	-	(1,170,905)	-	(1,170,905)
Other comprehensive income for the year	-	-	-	-
<b>Balance at 30 June 2014</b>	<b>100</b>	<b>39,948,924</b>	<b>819,640</b>	<b>40,768,664</b>

2013

	Settlement Capital \$	Capital Funds - General \$	Asset Realisation Reserve \$	Total \$
<b>Balance at 1 July 2012</b>	100	38,997,672	766,324	39,764,096
Surplus attributable to the entity	-	16,850,206	-	16,850,206
Contributions - restricted	-	(19,547,948)	-	(19,547,948)
Contributions - unrestricted	-	(55,821)	-	(55,821)
Other comprehensive income for the year	-	-	53,316	53,316
<b>Balance at 30 June 2013</b>	<b>100</b>	<b>36,244,109</b>	<b>819,640</b>	<b>37,063,849</b>

The accompanying notes form part of these financial statements.

# Sydney Children's Hospital Foundation

## Statement of Cash Flows

For the Year Ended 30 June 2014

	2014	2013
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Bequests, donations, appeals and other receipts	16,239,310	16,426,256
Receipts from cafe and gift shop customers	1,791,121	1,808,407
Payments to suppliers and employees	(5,087,366)	(4,387,657)
Interest received	368,805	581,965
Contributions given	(13,029,191)	(18,477,494)
Net cash provided by (used in) operating activities	18(b) <u>282,679</u>	<u>(4,048,523)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	-	2,637
Purchase of property, plant and equipment	(52,091)	(28,120)
Net movement in investments	<u>1,022,626</u>	<u>3,728,018</u>
Net cash used by investing activities	<u>970,535</u>	<u>3,702,535</u>
Net increase (decrease) in cash and cash equivalents held	1,253,214	(345,988)
Cash and cash equivalents at beginning of year	<u>4,074,907</u>	<u>4,420,895</u>
Cash and cash equivalents at end of financial year	18(a) <u><u>5,328,121</u></u>	<u><u>4,074,907</u></u>

The accompanying notes form part of these financial statements.

# Sydney Children's Hospital Foundation

## Notes to the Financial Statements

For the Year Ended 30 June 2014

### 1 Summary of Significant Accounting Policies

#### (a) Basis of Preparation

Sydney Children's Hospital Foundation applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB). The Foundation is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

#### Accounting Policies

#### (b) Income Tax

The Foundation is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax. This exemption has been confirmed by the Australian Taxation Office. The Foundation holds deductible gift recipient status.

#### (c) Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition, which is the deemed cost.

#### (d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and any impairment losses.

##### Land and buildings

Land and buildings are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

# Sydney Children's Hospital Foundation

## Notes to the Financial Statements

For the Year Ended 30 June 2014

### 1 Summary of Significant Accounting Policies continued

#### (d) Property, Plant and Equipment continued

##### Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

Artworks are measured at their fair value based on valuations by an independent valuer. Increases in the carrying amount arising on revaluation of plant and equipment are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets are recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

##### Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land and artworks is depreciated on a straight-line method from the date that management determine that the asset is available for use.

The depreciation rates used for each class of depreciable asset are shown below:

Buildings	2%
Motor Vehicles	20%
Office Equipment	20%
Computer Equipment	33%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

#### (e) Investment property

Investment property is held at cost which includes expenditure that is directly attributable to the acquisition of the investment property. The investment property is depreciated on a straight line basis over 50 years.

#### (f) Financial Instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Foundation commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

# Sydney Children's Hospital Foundation

## Notes to the Financial Statements

For the Year Ended 30 June 2014

### 1 Summary of Significant Accounting Policies continued

#### (f) Financial Instruments continued

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

#### Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The classification of financial instruments depends on the purpose for which the investments were acquired.

#### (i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

#### (ii) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

#### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Foundation's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

#### (iv) Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost.

#### (g) Impairment of non-financial assets

At the end of each reporting period, the Foundation reviews the carrying amounts of assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

# Sydney Children's Hospital Foundation

## Notes to the Financial Statements

For the Year Ended 30 June 2014

### 1 Summary of Significant Accounting Policies continued

#### (g) Impairment of non-financial assets continued

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

#### (h) Trade and other payables

Trade payables and other payables represent liabilities for goods and services provided to the Foundation before the end of the financial year that are unpaid. These amounts are usually settled in 30 days. The carrying amount of the creditors and payables is deemed to reflect fair value.

#### (i) Employee Benefits

Provision is made for the Foundation's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Foundation does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

#### (j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

#### (k) Revenue

Donations, pledges and bequests are only recognised upon receipt and no provision is made to record income, as income, from funds that have been pledged or promised.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

# Sydney Children's Hospital Foundation

## Notes to the Financial Statements

For the Year Ended 30 June 2014

### 1 Summary of Significant Accounting Policies continued

#### (k) Revenue continued

The gain or loss on disposal of all non-current assets is determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

No amounts are included in the financial statements for services donated by volunteers.

All revenue is stated net of the amount of goods and services tax (GST).

#### (l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

#### (m) Comparative Figures

In the 2013 Financial Statements, the income, expenditure and cash balances of Children's Hospital Foundation Australia was recognised in full. In these financial statements only the share relating to the Foundation has been recognised. When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### 2 Surplus from ordinary activities has been determined after:

#### (a) Expenses

	2014	2013
	\$	\$
Depreciation		
- property, plant and equipment	54,593	61,181
- investment property	15,733	15,733
Total depreciation	<u>70,326</u>	<u>76,914</u>

#### (b) Net investment revenue

Interest income	404,104	558,484
Investment income	2,294,357	3,120,663
Management and brokerage fees	<u>(201,322)</u>	<u>(162,422)</u>
Net investment revenue	<u>2,497,139</u>	<u>3,516,725</u>

# Sydney Children's Hospital Foundation

## Notes to the Financial Statements

For the Year Ended 30 June 2014

	2014	2013
	\$	\$
<b>3 Auditors' Remuneration</b>		
Remuneration of the auditor of the Foundation:		
- Auditing or reviewing the financial statements	<u>20,000</u>	<u>20,000</u>
<b>4 Cash and Cash Equivalents</b>		
Cash on hand	5,000	5,000
Cash at bank	<u>5,323,121</u>	<u>4,069,907</u>
	<u>5,328,121</u>	<u>4,074,907</u>
<b>5 Trade and Other Receivables</b>		
CURRENT		
Prepayments	14,042	24,013
Other receivables	272,218	227,847
Accrued income receivable	215,005	240,661
Receivables - CHFA	<u>95,926</u>	<u>-</u>
	<u>597,191</u>	<u>492,521</u>
<b>6 Inventories</b>		
CURRENT		
At cost:		
Merchandise and food	<u>65,668</u>	<u>58,880</u>
	<u>65,668</u>	<u>58,880</u>
<b>7 Financial Assets</b>		
CURRENT		
Held-to-maturity financial assets:		
-term deposits	<u>7,200,000</u>	<u>8,000,000</u>
	<u>7,200,000</u>	<u>8,000,000</u>
NON-CURRENT		
Financial assets at fair value through profit or loss:		
- funds in managed investments	<u>24,162,800</u>	<u>22,239,833</u>
	<u>24,162,800</u>	<u>22,239,833</u>

# Sydney Children's Hospital Foundation

## Notes to the Financial Statements

For the Year Ended 30 June 2014

	2014	2013
	\$	\$
<b>8 Property Plant and Equipment</b>		
<b>LAND AND BUILDINGS</b>		
Freehold land		
At cost	866,000	866,000
Total freehold land	<u>866,000</u>	<u>866,000</u>
Buildings		
At cost	1,308,909	1,308,909
Less accumulated depreciation	(281,452)	(255,274)
Total buildings	<u>1,027,457</u>	<u>1,053,635</u>
<b>Total land and buildings</b>	<u>1,893,457</u>	<u>1,919,635</u>
<b>PLANT AND EQUIPMENT</b>		
Furniture, fixture and fittings		
At cost	124,845	81,805
Less accumulated depreciation	(80,295)	(76,160)
Total furniture, fixture and fittings	<u>44,550</u>	<u>5,645</u>
Motor vehicles		
At cost	77,053	77,053
Less accumulated depreciation	(59,874)	(52,583)
Total motor vehicles	<u>17,179</u>	<u>24,470</u>
Office equipment		
At cost	329,007	319,956
Less accumulated depreciation	(306,727)	(289,738)
Total office equipment	<u>22,280</u>	<u>30,218</u>
Artworks		
At independent valuation	970,728	922,960
Total artworks	<u>970,728</u>	<u>922,960</u>
<b>Total plant and equipment</b>	<u>1,054,737</u>	<u>983,293</u>
<b>Total property, plant and equipment</b>	<u>2,948,194</u>	<u>2,902,928</u>

## Sydney Children's Hospital Foundation

### Notes to the Financial Statements

For the Year Ended 30 June 2014

#### 8 Property Plant and Equipment continued

Artwork has been independently valued by Adrienne Carlson in May 2014 at \$970,728. Valuation was made on the basis of ascertaining current market value through examination of the artist's recent sales records.

##### (a) Movements in Carrying Amounts

	Land \$	Buildings \$	Furniture, Fixtures and Fittings \$	Motor Vehicles \$	Office Equipment \$	Artworks \$	Total \$
<b>Current Year</b>							
Balance at the beginning of year	866,000	1,053,635	5,645	24,470	30,218	922,960	2,902,928
Additions	-	-	43,040	-	9,051	47,768	99,859
Depreciation expense	-	(26,178)	(4,135)	(7,291)	(16,989)	-	(54,593)
Carrying amount at the end of year	866,000	1,027,457	44,550	17,179	22,280	970,728	2,948,194
<b>Prior Year</b>							
Balance at the beginning of year	866,000	1,079,813	4,677	31,761	34,094	766,324	2,782,669
Additions	-	-	6,546	-	21,574	103,320	131,440
Disposals - written down value	-	-	(3,316)	-	-	-	(3,316)
Depreciation expense	-	(26,178)	(2,262)	(7,291)	(25,450)	-	(61,181)
Revaluation increase recognised in equity	-	-	-	-	-	53,316	53,316
Carrying amount at the end of year	866,000	1,053,635	5,645	24,470	30,218	922,960	2,902,928

# Sydney Children's Hospital Foundation

## Notes to the Financial Statements

For the Year Ended 30 June 2014

	2014	2013
	\$	\$
<b>9 Investment Property</b>		
Balance at beginning of the year	1,205,004	1,220,737
Depreciation	<u>(15,733)</u>	<u>(15,733)</u>
<b>Balance at end of the year</b>	<u><u>1,189,271</u></u>	<u><u>1,205,004</u></u>
<p>The investment property at 15 Eurimbla Avenue, Randwick was acquired on 1 December 2010. The investment property yielded rental income of \$45,114 (2013: \$60,250) which is shown under Note 2 in the financial statements.</p>		
<b>10 Restricted / Unrestricted Funds</b>		
<p>Restricted funds are funds received or reserves held that must be spent on the purpose for which they were received or are held. They comprise of donations and bequests where the donor indicates a preference for the use to which the funds are to be used and donations received in response to specific purpose appeals. The carrying amount of the restricted funds at 30 June 2014 is \$21,412,373.</p> <p>All other funds are unrestricted in that Directors have discretion to spend them on purposes for which the Foundation is established.</p>		
<b>11 Trade and Other Payables</b>		
CURRENT		
Unsecured liabilities		
Sundry payables and accrued expenses	<u>505,091</u>	<u>1,670,731</u>
	<u><u>505,091</u></u>	<u><u>1,670,731</u></u>
<b>12 Employee Benefits</b>		
CURRENT		
Provision for employee benefits	<u>163,519</u>	<u>158,977</u>
	<u><u>163,519</u></u>	<u><u>158,977</u></u>
NON-CURRENT		
Provision for employee benefits	<u>50,111</u>	<u>76,881</u>
	<u><u>50,111</u></u>	<u><u>76,881</u></u>
<b>13 Other Liabilities</b>		
Income in advance	<u>3,860</u>	<u>3,635</u>
	<u><u>3,860</u></u>	<u><u>3,635</u></u>

# Sydney Children's Hospital Foundation

## Notes to the Financial Statements

For the Year Ended 30 June 2014

	2014	2013
	\$	\$
<b>14 Capital Commitments</b>		
Capital expenditure commitments	-	1,845,422
	<u>-</u>	<u>1,845,422</u>
Payable:		
- no later than 1 year	-	1,845,422
	<u>-</u>	<u>1,845,422</u>

A Capital Funding Agreement was executed on 22 February 2010 between the Health Administration Corporation, South Eastern and Illawarra Area Health Service and the Sydney Children's Hospital Foundation, for the development of the Clinical Services and Child and Adolescent Mental Health Inpatient Services project at the Sydney Children's Hospital. The estimated total cost of the development was \$27.727 million (exclusive of GST). Sydney Children's Hospital Foundation agreed to provide Health Administration Corporation with a maximum of \$15 million (exclusive of GST) over 2011/2012 and 2012/2013 years. Health Administration Corporation has agreed to provide the balance of the total funding (including all extras and contingencies) and to procure that the Motor Accident Authority also provides \$0.5 million (exclusive of GST) towards the cost of the project. Sydney Children's Hospital Foundation's maximum aggregate contribution is \$15 million (exclusive of GST) and it is not liable for any sum in excess of that amount under any circumstances whatsoever. Sydney Children's Hospital Foundation's contribution of \$15 million was not due until Health Administration Corporation's contribution of \$12.227 million was expended.

Sydney Children's Hospital Foundation has contributed \$1,349,528 in the current financial year and has contributed \$13,154,578 in the financial year ended 30 June 2013. The total contributed made by Sydney Children's Hospital Foundation is \$14,504,106 and no further contribution is required.

## 15 Financial Risk Management

Sydney Children's Hospital Foundation's financial instruments consist mainly of deposits with banks, investments, receivables and payables.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

### Financial Assets

Cash and cash equivalents	4	5,328,121	4,074,907
Financial assets at fair value through profit or loss			
- funds in managed investments	7	24,162,800	22,239,833
Held-to-maturity investments			
- term deposits		7,200,000	8,000,000
Receivables		597,191	492,521
<b>Total financial assets</b>		<u>37,288,112</u>	<u>34,807,261</u>

### Financial Liabilities

Financial liabilities at amortised cost			
- Trade and other payables	11	505,091	1,670,731
<b>Total financial liabilities</b>		<u>505,091</u>	<u>1,670,731</u>

# Sydney Children's Hospital Foundation

## Notes to the Financial Statements

For the Year Ended 30 June 2014

### 16 Additional Information Required Under The Charitable Fundraising Act, 1991

(a) **Statement of Income and Expenditure for Fundraising Appeal:**

	2014	2013
	\$	\$
Gross income received from donations and fundraising appeals	16,239,015	15,978,889
Expenditure associated with fundraising appeals	<u>2,345,371</u>	<u>2,045,361</u>
Net Operating Surplus	<u><u>13,893,644</u></u>	<u><u>13,933,528</u></u>

(b) **Comparison of Certain Monetary Figures and Percentages:**

Fundraising Expenditure	<u>1,260,031</u>		
Gross Fundraising Income	16,239,015	8%	7%
Fundraising Expenditure including Employee Benefits	<u>2,345,371</u>		
Gross Fundraising Income	16,239,015	14%	13%
Net Operating Surplus	<u>14,978,984</u>		
Gross Fundraising Income	16,239,015	92%	93%
Net Operating Surplus after Employee Benefits	<u>13,893,644</u>		
Gross Fundraising Income	16,239,015	86%	87%
Contributions Distributed or Distributable	<u>11,902,916</u>		
Total Expenditure	17,709,822	67%	78%
Contributions Distributed or Distributable	<u>11,902,916</u>		
Gross Income	21,414,637	56%	88%

Note:

1. FY 2014 and FY 2013 amounts are presented on a consistent basis. FY 2013 amounts have been restated to treat CHFA as an external entity. Expenditures include gross amounts before any cost recoveries. Gross Fundraising Income includes Bequests and Capital Appeal.

2. The Contributions Distributed or Distributable to Total Expenditure and to Gross Income ratios have reduced from FY 2013 to FY 2014 because of the significant \$13.1 million contribution made in FY 2013 towards the Clinical Services Building which comprised amounts collected in prior years and amounts pledged and yet to be received.

(c) **Application of Funds for Charitable Purposes:**

Surplus from fundraising appeals	<u>13,893,644</u>	13,933,528
Contributions distributed or distributable	<u>11,902,916</u>	19,603,769
Operational expenses	<u>2,055,713</u>	1,893,918
<b>Total operating expenditure</b>	<u><b>13,958,629</b></u>	<u>21,497,687</u>
<b>Surplus/(deficiency) for the year</b>	<u><b>(64,985)</b></u>	<u>(7,564,159)</u>

(d) **Fundraising conducted jointly with traders:**

Included in Donations and Fundraising Appeal Revenue of \$16,239,015 is revenue from fundraising conducted jointly with traders disclosed as follows:

Total Revenue	260,618	159,613
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No expenditure was incurred in connection with the above during the year.

# Sydney Children's Hospital Foundation

## Notes to the Financial Statements

For the Year Ended 30 June 2014

### 17 Key Management Personnel Compensation

The board's policy for determining the nature and amount of compensation of key management is as follows:

The compensation structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Foundation.

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel. The totals of remuneration paid to the key management personnel of Sydney Children's Hospital Foundation during the year are as follows:

	2014	2013
	\$	\$
- key management personnel compensation	<u>822,205</u>	<u>668,488</u>
	<u>822,205</u>	<u>668,488</u>

### 18 Cash Flow Information

#### (a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<u>5,328,121</u>	<u>4,074,907</u>
	<u>5,328,121</u>	<u>4,074,907</u>

#### (b) Reconciliation of result for the year to cashflows from operating activities

Surplus for the year before contributions

Less:

- contributions given (11,902,916) (19,603,768)

Non-cash flows in profit:

- depreciation 70,326 76,914

- artworks donated (47,768) (103,320)

- net loss on disposal of property, plant and equipment - 679

- (increase)/decrease in value of managed investments (2,145,593) (2,967,898)

Changes in assets and liabilities:

- (increase)/decrease in trade and other receivables (104,446) 543,750

- (increase)/decrease in inventories (6,788) (6,114)

- increase/(decrease) in trade and other payables (1,165,640) 1,107,045

- increase/(decrease) in employee benefits (22,227) 53,983

Cashflow from operations 282,679 (4,048,523)

### 19 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation in future financial years.

# Sydney Children's Hospital Foundation

## Notes to the Financial Statements For the Year Ended 30 June 2014

### 20 Contingent Liabilities

The Foundation did not have any contingent liabilities at 30 June 2014 (30 June 2013: None).

### 21 Number of Employees

At 30 June 2014 there were 37 (2013: 45) employees of the Foundation.

### 22 Foundation's Details

#### Registered office

The registered office of the Foundation is:  
Sydney Children's Hospital Foundation  
19 Eurimbla Avenue  
Randwick NSW 2031

## Sydney Children's Hospital Foundation

### Independent Auditor's Report to the Members of Sydney Children's Hospital Foundation

#### Report on the Financial Statements

We have audited the accompanying financial statements of Sydney Children's Hospital Foundation ("the Foundation"), which comprises the statement of financial position as at 30 June 2014, and the statement of surplus and deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors of the trustee company's (the trustees') declaration.

#### Trustees' Responsibility for the Financial Statements

The trustees of the Foundation are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012 and the trust deed and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements 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 Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

#### Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements. We confirm that the independence declaration, provided to the trustees of Sydney Children's Hospital Foundation, is correct as at the date of this auditor's report.

#### Assurance Partners

## Sydney Children's Hospital Foundation

### Independent Auditor's Report to the Members of Sydney Children's Hospital Foundation

#### Audit Opinion

In our opinion;

- (a) the financial statements gives a true and fair view of the financial position of Sydney Children's Hospital Foundation as at 30 June 2014 and of its performance and cash flows for the year then ended in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012 and the trust deed;
- (b) the financial statements and associated records have been properly kept during the financial year in accordance with the provisions of the Charitable Fundraising Act 1991 and the regulations thereto;
- (c) money received as a result of fundraising appeals conducted during the financial year has been properly accounted for and applied in accordance with those provisions; and
- (d) at the date of this audit report, nothing has come to our attention that causes us to believe that the Foundation will not be able to pay its debts as and when they become due and payable.

HILL ROGERS SPENCER STEER

ASSURANCE PARTNERS



JOHN R WILCOX

Partner

Dated this

9<sup>th</sup>

day of

October 2014

Sydney