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To the Chair of the Board Health Services Charitable Gifts Board

Opinion

I have audited the financial report of the Health Services Charitable Gifts Board for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report of the Health Services Charitable Gifts Board is in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act*, Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards including:

- a) giving a true and fair view of the Health Services Charitable Gifts Board as at 30 June 2022, 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 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Chair and Executive Officer.

Basis for opinion

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

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

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

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

In preparing the financial report, the Executive Officer is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The Commissioners of the Health Services Charitable Gifts Board 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* section 29(2) of the *Health Services Charitable Gifts Act 2011*, I have audited the financial report of the Health Services Charitable Gifts Board for the financial year ended 30 June 2022.

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

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

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health Services Charitable Gifts Board's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Officer
- conclude on the appropriateness of the Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If 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 the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with the Executive Officer and the Commissioners of the Health Services Charitable Gifts 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.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

28 October 2022

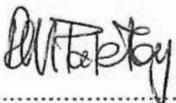
HEALTH SERVICES CHARITABLE GIFTS BOARD
ABN 49 517 603 275

CERTIFICATION OF THE FINANCIAL STATEMENTS

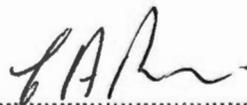
We certify that the:

- 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.
- that there are reasonable grounds to believe that the Board will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Board members.



.....
R Pak-Poy - Chair
26 / 10 / 22



.....
C Peirce - Executive Officer
26 / 10 / 22

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Revenue from gifts to public health entities vesting in the Board	4.1	5,949	6,925
Revenue from charitable foundations and other trusts	4.2	537	330
Investment revenue	4.3	2,088	13,467
Rental revenue	4.4, 8.2	3,119	2,467
Other income		27	24
Total income		<u>11,720</u>	<u>23,213</u>
Expenses			
Employee and Commissioners benefits expense	5.3	333	317
Supplies and services	6.1	102	105
Depreciation	6.2	4	10
Funds distributed to public health entities and prescribed research bodies	6.3	6,216	6,418
Investment property expenses	8.2	29	32
Total expenses		<u>6,684</u>	<u>6,882</u>
Net result		<u>5,036</u>	<u>16,331</u>
Other Comprehensive Income			
Share of income allocated to Beinke Trusts		-	(7)
Total comprehensive result		<u>5,036</u>	<u>16,324</u>

The accompanying notes form part of these financial statements.

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF FINANCIAL POSITION as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Current assets			
Cash and cash equivalents	7.1	3,107	2,364
Receivables	7.2	1,333	3,746
Other financial assets	7.3	2,000	5,260
Total current assets		<u>6,440</u>	<u>11,370</u>
Non-current assets			
Other financial assets	7.3	120,324	119,054
Property, plant & equipment	8.1	33	36
Investment properties	8.2	38,142	29,263
Total non-current assets		<u>158,499</u>	<u>148,353</u>
Total assets		<u>164,939</u>	<u>159,723</u>
Current liabilities			
Payables	9.1	2,210	1,841
Employee benefits	5.4	22	15
Other liabilities	9.2	2	204
Total current liabilities		<u>2,234</u>	<u>2,060</u>
Non-current liabilities			
Employee benefits	5.4	49	43
Total non-current liabilities		<u>49</u>	<u>43</u>
Total liabilities		<u>2,283</u>	<u>2,103</u>
Net assets		<u>162,656</u>	<u>157,620</u>
Equity			
Funds held		162,656	157,620
Retained earnings		-	-
Total equity	10.1	<u>162,656</u>	<u>157,620</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 2022

	Note	Funds held \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2020		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		16,324	(16,324)	-
Total change for the period		16,324	(16,324)	-
Balance at 30 June 2021	10.1	157,620	-	157,620
Net result for 2021-22		-	5,036	5,036
Total comprehensive result for 2021-22		-	5,036	5,036
Allocation to funds held		5,036	(5,036)	-
Total change for the period		5,036	(5,036)	-
Balance at 30 June 2022	10.1	162,656	-	162,656

The accompanying notes form part of these financial statements.

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF CASH FLOWS for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Cash inflows			
Rent received		3,202	2,850
Imputation credits received		159	177
Interest received		93	118
Other receipts		35	23
Receipts from charitable foundations and other trusts		537	341
Receipts from gifts to public health entities vesting in the Board		4,361	5,058
Proceeds from disposal of investments from gifts to public health entities		4,343	157
		<u>12,730</u>	<u>8,724</u>
Cash generated from operations			
Cash outflows			
Payments for supplies and services and investment property expenses		(145)	(161)
Employee benefits payments		(283)	(312)
Payments to public health entities and prescribed research bodies		(5,952)	(5,533)
Other payments		-	(7)
GST paid to the ATO		(228)	(226)
		<u>(6,608)</u>	<u>(6,239)</u>
Cash (used in) operations		<u>(6,608)</u>	<u>(6,239)</u>
Net cash provided by/(used in) operating activities	10.2	<u>6,122</u>	<u>2,485</u>
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of financial assets		2,000	1,493
Proceeds from SAHMRI loan repayments		1,500	1,500
		<u>3,500</u>	<u>2,993</u>
Cash generated from investing activities			
Cash Outflows			
Purchase of improvements to investment properties		-	-
Purchase of property, plant & equipment		-	(36)

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF CASH FLOWS
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from investing activities (continued)			
Cash Outflows (continued)			
Purchase of financial assets		(8,876)	(4,211)
Other payments		(3)	-
		<u>(8,879)</u>	<u>(4,247)</u>
Cash (used in) investing activities		<u>(8,879)</u>	<u>(4,247)</u>
Net cash provided by/(used in) investing activities		<u>(5,379)</u>	<u>(1,254)</u>
Net increase in cash and cash equivalents		743	1,231
Cash and cash equivalents at the beginning of the period		<u>2,364</u>	<u>1,133</u>
Cash and cash equivalents at the end of the period	7.1	<u><u>3,107</u></u>	<u><u>2,364</u></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 2022

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 issued 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 2022

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

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 has been appointed as trustee of the following trusts (refer to notes 2.3 to 2.5):-

- Ray & Shirl Norman Cancer Research Trust (Norman Trust).
- Dorothy E Brown Charitable Trust (Brown Trust).
- 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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2022

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 for Health and Wellbeing.

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. 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.

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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

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)

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 impact in 2021-22 relates to 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).

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 2022

	Note	2022 \$'000	2021 \$'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):			
(Loss)/gain on financial assets		(7,365)	14,446
Total income/(expense) from Funds SA		<u>(7,365)</u>	<u>14,446</u>
Current assets:			
Investments in unlisted unit trusts at fair value		<u>500</u>	<u>3,760</u>
Non-current assets:			
Investments in unlisted unit trusts at fair value		<u>111,470</u>	<u>108,700</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>97</u>	<u>109</u>
Expenses:			
Funds distributed to public health entities and prescribed research bodies		<u>6,216</u>	<u>6,418</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>8,409</u>	<u>9,909</u>
Current liabilities:			
Payables		<u>1,995</u>	<u>1,757</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'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>5,949</u>	<u>6,925</u>
<p>Gifts of cash vesting in the Board are recognised on receipt. Bequests and legacies are also recognised on their receipt from the administrator 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>537</u>	<u>330</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 on its receipt. 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			
(Loss)/gain on financial assets		<u>(7,365)</u>	<u>14,446</u>
Gain/(loss) from disposal of other financial assets		5	(11)
Imputation credits		469	159
Interest & dividend revenue		100	110
Net gain/(loss) from fair value adjustment of investment properties	8.2	8,879	(1,237)
		<u>9,453</u>	<u>(979)</u>
Total investment revenue		<u>2,088</u>	<u>13,467</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
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4.3 Investment (expense) revenue (continued)

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

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

The gain/(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>3,119</u>	<u>2,467</u>
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Rental income arising on investment properties is accounted for on a straight line basis over the term of the lease.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
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5 Board and employees

5.1 Key management personnel

Key management personnel of the Board include the Minister, the three Commissioners, the Executive Officer and the Business Services Supervisor. 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	247	242
Post-employment benefits	25	22
Total	<u>272</u>	<u>264</u>

Transactions with key management personnel and other related parties

The Board is a statutory authority established pursuant to the *Health Services Charitable Gifts Act 2011*

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

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

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
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5.2 Commissioners

The following held the position of Commissioner during the year:

Ms Robyn Pak-Poy (Chair)

Prof Villis Marshall

Mr Carmelo Di Lernia

Remuneration of Commissioners	No. of people	No. of people
The number of Commissioners whose remuneration received or receivable falls within the following bands :		
\$0 - \$19,999	1	2
\$20,000 - \$39,999	2	1
Total number of Commissioners	<u>3</u>	<u>3</u>

The total remuneration received or receivable by those Commissioners was \$70,000 (2021: \$51,000) 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.

5.3 Employee and Commissioners benefits expense	\$'000	\$'000
Salary and wages	227	239
Superannuation paid	23	22
Annual leave accrual	7	(1)
Long service leave accrual	6	6
Employee benefits expense	<u>263</u>	<u>266</u>
Commissioners' remuneration	64	47
Superannuation paid	6	4
	5.2 <u>70</u>	<u>51</u>
Total employee and Commissioners benefits expense	<u>333</u>	<u>317</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
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5.3 Employee and Commissioners benefits expense (continued)

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	<u>22</u>	<u>15</u>
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- Non-current

Long service leave	<u>49</u>	<u>43</u>
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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.

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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
6 Expenses			
Employee and Commissioner benefits expenses are disclosed in note 5.3.			
6.1 Supplies and services			
Accounting fees		38	36
Auditor's remuneration		30	23
Consultants		-	1
General administration expenses		34	45
		<u>102</u>	<u>105</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.

6.2 Depreciation

Depreciation on computer equipment	-	10
Depreciation on other equipment	<u>4</u>	<u>-</u>
	<u>4</u>	<u>10</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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
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6.2 Depreciation (continued)

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

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>6,216</u>	<u>6,418</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 \$16,015,000 (2021: \$11,321,000).

7 Financial assets

7.1 Cash and cash equivalents

- Current

Cash at bank	<u>3,107</u>	<u>2,364</u>
	<u>3,107</u>	<u>2,364</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 2022

	Note	2022 \$'000	2021 \$'000
7.2 Receivables			
- Current			
<u>Statutory receivables</u>			
Imputation credits receivable		469	159
Prepayments - Legal fees		2	8
Total statutory receivables		471	167
<u>Other receivables</u>			
Gifts to public health entities vesting in the Board accrued		624	295
Interest income accrued		28	24
Other income receivable		3	3
Prepayments - Other		7	3
Proceeds from sale of shares		-	3,079
Rental income accrued		200	175
Total other receivables		862	3,579
		1,333	3,746

Statutory receivables do not arise from contracts with customers. They are recognised and measured similarly to contractual receivables (except impairment).

Gifts to public health entities vesting in the Board accrued includes gifts received by the PHEs prior to 30 June 2022 and not paid until July 2022.

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 \$200,000 (2021: \$175,000) 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 2022

	Note	2022 \$'000	2021 \$'000
7.3 Other financial assets			
- Current			
Investments in Funds SA unlisted unit trusts at fair value		500	3,760
Secured loan at cost		1,500	1,500
		<u>2,000</u>	<u>5,260</u>
- Non-current			
Investments in Funds SA unlisted unit trusts at fair value		111,470	108,700
Secured investment at cost		445	445
Secured loan at cost		8,409	9,909
		<u>120,324</u>	<u>119,054</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 Board's 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 2022

	2022	2021
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 this represents an asset of the Service and as a result no income is allocated to the Service on this component of their funds. 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 2022. 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 2022

	Note	2022 \$'000	2021 \$'000
8 Non-financial assets			
8.1 Property, plant & equipment			
- Non-current			
Computer equipment at cost		-	40
Less: Accumulated depreciation		-	(40)
		<u>-</u>	<u>-</u>
Other equipment at cost		36	36
Less: Accumulated depreciation		(3)	-
		<u>33</u>	<u>36</u>
Total property plant and equipment		<u>33</u>	<u>36</u>
<p>The Board holds its property, plant and equipment for their service potential (value in use).</p> <p>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.</p> <p>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.</p>			
8.2 Investment properties			
- At fair value			
Opening balance at the beginning of the period		29,263	30,500
Net gain/(loss) from fair value adjustment		8,879	(1,237)
Balance at the end of the financial year		<u>38,142</u>	<u>29,263</u>
- Non-current			
Investment properties - held for long term rental		38,142	29,263
		<u>38,142</u>	<u>29,263</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
8.2 Investment properties (continued)			
Amounts recognised in profit for investment properties			
Rent and recoveries income		3,119	2,467
Direct operating expenses		(29)	(18)
Rent Abatement (Town Acre 86)		-	(14)
		<u>(29)</u>	<u>(32)</u>
Total amount recognised in profit for the year		<u>3,090</u>	<u>2,435</u>

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.

In accordance with the terms of the lease an independent valuation of the Board's interest in Town Acre 86 (Citi Centre) was valued with application from 20 August 2021. Simon Hickin from M3 Property undertook the valuation and as a result there has been an increase in carrying value of \$8,475,000 during the year (2021: decrease \$1,075,000).

Following the renewal of the lease several years ago to August 2052 an extensive upgrade was undertaken 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.

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

236-240 Waymouth Street Adelaide was valued at 30 June 2022 by the Valuer General. This resulted in an increase in the carrying value for the year of \$404,000 (2021: decrease \$162,000).

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
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8.2 Investment properties (continued)

Fair value measurements for investment properties recognised as at 30 June 2022 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.

9 Liabilities

9.1 Payables

- Current

Statutory payables

GST payable	117	50
Accrued expenses - Auditor General	30	30

	<u>147</u>	<u>80</u>
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Other payable

Accrued expenses - other	<u>2,063</u>	<u>1,761</u>
	<u>2,210</u>	<u>1,841</u>

Accrued expenses includes claims and other reimbursements due to public health entities of \$1,995,000 (2021: \$1,757,000).

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.

Statutory payables do not arise from contracts but are sourced in legislation.

The net amount of GST payable to the ATO is included as part of payables.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
9.2 Other liabilities			
- Current			
Rent received in advance		<u>2</u>	<u>204</u>
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		132,919	127,650
Royal Adelaide Hospital - Private Practice Funds		1,627	1,888
Royal Adelaide Hospital - Glenside Campus		506	543
Hillcrest Hospital		139	146
Port Augusta Hospital & Regional Health Service		30	32
Port Lincoln Health & Hospital Services		627	660
Port Pirie Regional Health Services		682	600
Modbury Hospital		210	247
The Queen Elizabeth Hospital		1,671	1,719
Whyalla Hospital and Health Service		425	431
Mount Gambier and Districts Health Service		513	592
Northern Yorke Peninsula Health Service		39	41
SA Pathology		12,651	13,339
Women's & Children's Hospital		8,060	6,523
Lyell McEwin Hospital		619	649
Flinders Medical Centre		1,161	1,737
Noarlunga Hospital		575	610
BreastScreen SA		3	3
MedSTAR Emergency Medical Retrieval		59	62
Royal Adelaide Hospital, The Queen Elizabeth Hospital & Hampstead Joint Funds		140	148
		<u>162,656</u>	<u>157,620</u>

Allocation of Net Profit to Funds:

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

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

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'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		3,107	2,364
Balance per Statement of cash flows		3,107	2,364
Reconciliation of net result to net cash provided by operating activities:			
Net result for the year		5,036	16,331
Non-cash items:			
Loss/(gain) on disposal of financial assets		(5)	11
(Gain)/loss on financial assets		7,365	(14,446)
Net/(gain) loss from fair value adjustment of investment properties		(8,879)	1,237
Depreciation		4	10
		(1,515)	(13,188)
Movement in assets and liabilities:			
Decrease/(increase) in operating receivables		2,731	(1,753)
(Increase)/decrease in imputation credits receivable		(310)	18
Increase in payables		302	870
Increase in employee entitlements		13	5
(Decrease)/increase in unearned revenue		(202)	202
Increase in GST payable		67	-
		2,601	(658)
Net cash generated from operating activities		6,122	2,485

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2022

11 Outlook

11.1 Unrecognised contractual commitments

Investment property operating lease arrangements

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)

	2022 \$'000	2021 \$'000
Due within one year	2,958	2,214
Due between one and two years	2,944	2,210
Due between two and three years	2,940	2,210
Due between three and four years	2,937	2,210
Due between four and five years	2,904	2,207
Due after five years	72,993	56,871
Total commitments	87,676	67,922

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 is reviewed every 5 years in accordance with the lease. The most recent determination was undertaken in 2021 and completed in 2022. It is effective from August 2021.

The lease has been renewed for a period of 33 years to August 2052. An extensive upgrade of both the retail and office areas of the building constructed on the land being leased was undertaken in recent years. Pursuant to the lease the lessee is entitled to an abatement of the rent during the period of the upgrades. The period of abatement finished in July 2021.

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 2022

11.3 COVID-19 Pandemic

The COVID-19 Pandemic is expected to impact the operations of the Board in 2022-23. 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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

12.1 Fair value (continued)

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.

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 2022

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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2022

12.2 Financial instruments (continued)

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

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

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

Refer to note 7.2 and 7.3 for further information.

Market risk:

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

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

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

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

Sensitivity Analysis:

A general fall in the fair value of long term investments in unlisted unit trusts of 5% and 10%, if equally spread over all assets in the portfolio, would lead to a reduction in value of \$5,573,000 (2021: \$5,435,000) and \$11,147,000 (2021: \$10,870,000) respectively.

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

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2022

12.2 Financial instruments (continued)

Categorisation of financial instruments

Details of material accounting policy information and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset and financial liability disclosed in the respective financial asset/liability note.

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

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

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

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

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

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		
		2022 \$'000	< 1 year \$'000	1-5 years \$'000	>5 years \$'000
Financial Assets					
Cash and cash equivalents					
Cash and cash equivalents	7.1	3,107	3,107	-	-
Financial assets at amortised cost					
Receivables *	7.2	855	855	-	-
Other financial assets	7.3	122,324	2,000	6,000	114,324
Total Financial Assets		126,286	5,962	6,000	114,324
Financial Liabilities					
Financial liabilities at amortised cost					
Payables *	9.1	2,063	2,063	-	-
Total Financial Liabilities		2,063	2,063	-	-

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2022

12.2 Financial instruments (continued)

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	3,576	3,576	-	-
Other financial assets	7.3	124,314	5,260	6,000	113,054
Total Financial Assets		130,254	11,200	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	-	-

* 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 2022

	2022	2021
	\$	\$
13 Ray & Shirl Norman Cancer Research Trust		
<p>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".</p> <p>Under the terms of the will the Royal Adelaide Hospital (RAH) was appointed as trustee of the Fund and was required to administer the Fund for the designated purpose. Following legal advice that the RAH was not able to act as trustee application was made to the Supreme Court and the HSCGB assumed the role as sole Trustee from 21 September 2011.</p> <p>The following summary of the financial results for the year of the Ray & Shirl Norman Cancer Research Trust are included for information purposes only. All amounts are rounded to the nearest dollar.</p>		
Schedule of income and expenses		
Total investment income (expense)	(354,481)	1,459,005
Total expenses	<u>555,811</u>	<u>444,702</u>
Total comprehensive result	<u>(910,292)</u>	<u>1,014,303</u>
Schedule of financial position		
Total assets	7,423,196	8,334,896
Total liabilities	<u>1,155</u>	<u>2,563</u>
Net assets	<u>7,422,041</u>	<u>8,332,333</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.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2022

	2022	2021
	\$	\$

14 Dorothy E Brown Charitable Trust (continued)

The judgement of the Court from those proceedings was that the deceased's will established a charitable trust and that, having consented to its appointment, HSCGB should be appointed as trustee of this charitable trust. The Deed Poll dated 17 December 2014 appoints the HSCGB as trustee and provided further guidance of the administration of the charitable trust.

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

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

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

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

Schedule of income and expenses

Total income	(16,593)	28,841
Total expenses	20,770	25,770
Total comprehensive result	<u>(37,363)</u>	<u>3,071</u>

Schedule of financial position

Total assets	232,047	294,410
Total liabilities	-	25,000
Net assets	<u>232,047</u>	<u>269,410</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2022

	2022	2021
	\$	\$

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)

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	(16,850)	23,842
Total expenses	3,792	2,780
Total comprehensive result	<u>(20,642)</u>	<u>21,062</u>

Schedule of financial position

Total assets	253,440	273,840
Total liabilities	3,022	2,780
Net assets	<u>250,418</u>	<u>271,060</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2022

	2022	2021
	\$	\$
15 P F Beinke Charitable Trusts (continued)		
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	(16,957)	23,821
Total expenses	770	1,399
Total comprehensive result	<u>(17,727)</u>	<u>22,422</u>
Schedule of financial position		
Total assets	254,693	272,825
Total liabilities	-	405
Net assets	<u>254,693</u>	<u>272,420</u>
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.		
Schedule of income and expenses		
Total income	(16,957)	23,821
Total expenses	770	1,399
Total comprehensive result	<u>(17,727)</u>	<u>22,422</u>
Schedule of financial position		
Total assets	254,693	272,825
Total liabilities	-	405
Net assets	<u>254,693</u>	<u>272,420</u>