

# **Sydney Children's Hospitals Foundation**

**Combined Financial Statements**

**For the 12 months ended 30 June 2021**

**Combined Financial Statements  
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## **Director's Report**

The Directors of Sydney Children's Hospitals Foundation Limited present its report for the combined financial statements of Sydney Children's Hospitals Foundation Limited (Trustee) and Sydney Children's Hospitals Foundation (Trust), collectively referred to as 'the Foundation' for the 12 months ended 30 June 2021.

A copy of the auditor's independence declaration as required under subdivision 60-C section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is on page 10.

### **Review of results and operations**

In the 2021 Financial Year, the Sydney Children's Hospitals Foundation raised \$55.8 million and made contributions of \$39.8 million towards improving children's health, including focused contributions of \$36.4 million for the two major children's hospitals, specialised care services and cutting-edge paediatric research operating within the Sydney Children's Hospitals Network.

The Foundation is a conduit, enabler and mechanism for powerful change by investing the funds we raise directly in the front line and the future of children's healthcare. From hospital wards and treatment rooms to virtual or outreach programs and research labs, we're all in for kids' health to ensure the best care today and better child health tomorrow.

Following the global disruption due to the COVID-19 pandemic since 2020, FY21 saw some positive movement towards normality, only to be again hit with the Delta variant outbreak in June 2021. Despite the impact on fundraising activity due to ongoing lockdowns and restrictions in New South Wales (NSW), as well as a volatile economic environment, we are proud to report that in FY21 we raised \$55.8 million in total revenue and made contributions of \$36.4 million to the Network for the benefit of sick children and their families.

In May 2021, we marked three years since the official expansion of the previously two large, successful fundraising entities together as one team and are in the final stages of integration. This has required a collaborative effort to rework our finance systems, databases, internal processes, and models of working to create a better experience for our supporters and ensuring funds are invested to deliver the biggest impact.

### **Fundraising**

The Fiscal Year started slowly with NSW in periods of lockdown or restrictions due to COVID-19. Although we were able to successfully continue some fundraising activities and events virtually, we were only able to raise a fraction of the revenue we would have raised in person. We were also unable to visit our donors or invite them to thank you events or the hospitals to see the impact of their support in person.

However, 2021 began positively with COVID-19 restrictions easing and fundraising activities ramping up with a busy calendar for the rest of FY21. In line with community confidence, there was a significant increase in fundraising revenue during April to June compared to the previous year with a number of events and a new appeal launched just before the second lockdown in NSW in June 2021.

We continued to benefit from our diverse fundraising portfolio with some revenue streams performing well. This includes the continued partnership we have through Curing Homesickness with Coles for the sale of Mum's Sause, which delivers 50c per jar to benefit the Foundation and our national Curing Homesickness alliance partners.

### **Grant contributions**

During the 12-month period ending 30 June 2021, the Foundation contributed \$39.8 million towards improving child health including \$36.4 million in support of the Sydney Children's Hospitals Network, including Sydney Children's Hospital, Randwick; The Children's Hospital at Westmead; Bear Cottage; NETS; and Kids Research. This compares to contributions of \$26.2 million for the 12-month period prior. These vital funds continued to be invested in line with the Foundation's 2017-2022 Strategic Direction and guided by priority needs identified by the Network in three core areas: research, clinical care and patient experiences. A further \$2.6 million was invested in supporting research projects with key partners such as the University of Sydney and University of New South Wales. With the remaining \$0.8 million was distributed to Curing Homesickness alliance partners from funds raised from this initiative in their state or territory to support research, positions or equipment to get kids home from hospital sooner.

As part of the \$36.4 million donated to the Network, 94 clinical, nursing, allied health, education or support positions were funded at a cost of \$7.5 million, along with 21 Fellowships of \$2.6 million. These Fellows will go on to become the specialists of the future, training hundreds of new doctors and treating thousands of children here and overseas.

\$6.2 million was provided towards equipment, with \$2.5 million for a state-of-the-art Interventional Radiology System, \$2.0 million for infusion and syringe pumps to help administer medication or fluids, and \$0.2 million for a new smart theatre fitted out with the most advanced surgical equipment.

## Sydney Children's Hospitals Foundation

\$8.3 million contributed to 77 Research positions including 12 clinically-based positions. \$2.6 million was contributed for key research partnerships such as \$1.5 million for the Zero Childhood Cancer (ZERO) Program to find novel treatments to help children with aggressive forms of cancer.

The Foundation also donated \$5.2 million for the first stage of the major redevelopment planned at The Children's Hospital Westmead.

The remaining funds contributed to other areas of research, clinical care and patient experience, including \$2 million for bedside patient entertainment.

## Financial Results

### **Surplus and retained equity**

Retained surpluses are funds held in readiness for granting to the beneficiary. This may be due to multi-year funding, equipment orders pending, or the recruitment of key staff. The overall surplus retained for the Fiscal Year 2021 after grant contributions of \$39.8 million was \$0.6 million. Retained funds are invested until the Network requests a transfer as per Network's funding request process.

### **Income**

Gross income for the 12 months to 30 June 2021 was \$55.8 million compared to \$54.7 million for the 12 months prior. Investment income was up by \$7.0 million, a significant improvement on the 2020 results. This offset a shortfall in Bequest income of \$4.9 million and donations, fundraising and capital appeals of \$1.4 million. Fortunately, Gold Dinner in June 2021 was extremely successful after being postponed in 2020. Further, our two annual appeals at Christmas and tax time were held outside of COVID 19-restriction periods and the generous support from the community helped us raise \$11 million.

### **Investment update**

Investment income delivered higher than expected returns when measured against established internal benchmarks with the value of investment portfolio. The total value of the investment portfolio was \$57.4 million as of 30 June 2021. Ongoing portfolio management was in line with policy and regular reporting showed results exceeded market benchmarks over this period.

### **Expenditure**

Total expenditure for the reporting period was \$15.4 million. Due to a change in accounting guidance relating to capitalisation of cloud computing related software, \$0.5 million was expensed where previously this would have been capitalised and amortised over 3 years. The ratio of fundraising expense to fundraising income was 20.7%, with the increase largely attributable to a decrease in anticipated revenue compounded by the continuation of the COVID pandemic.

### **Balance Sheet**

Overall, the Foundation is in a strong and sustainable financial position with total net assets of \$79.4 million. This includes the restricted and unrestricted reserves of \$50.2 million and \$28.4 million respectively, and an asset revaluation reserve of \$0.8 million.

We have a policy of holding unrestricted reserves to allow the Foundation to fund major multi-year capital programs, sustain program grant levels regardless of market conditions, invest in new systems and respond to major strategic opportunities as they arise. All proposed grants were submitted and approved through the relevant Sub-committees and Board according to policy. Restricted reserves are tagged for use as directed by donors and aim to be acquitted within a reasonable timeframe for the specified purposes.

### **Insurance and indemnification of officers and auditor**

No insurance premiums are paid out of the assets of the Foundation to the auditor of the Foundation.

The Foundation, including the Trustee, has included the Trustee as an additional insured party under its insurance policies and pays for the cost of the insurance.

Provided the directors and officers of the Trustee act in accordance with the Trust Deed and applicable laws, they will be fully indemnified through insurance or out of the assets of The Foundation against any losses incurred whilst acting on behalf of the Foundation.

## Director's Profiles

### **Duncan Makeig**

Chair (appointed October 2007)

Duncan Makeig has enjoyed an international career spanning 30 years, including roles such as General Counsel for PepsiCo Australasia/Africa, Managing Director of Lion - Asia Dairy, and General Counsel and Sustainability Director for Lion Nathan. Most recently, the New Zealand native founded China Road, a consultancy helping Australian and New Zealand businesses to establish a presence in China. Duncan currently holds Chair and Director roles on various local and international Boards of both private and listed companies.

As a former rugby captain, globetrotting businessman and some-time cattle farmer, it's safe to say that Duncan brings a wide range of skills and experiences to his role as Chair. Driven by a desire to give something back, Duncan stepped forward to join the Board in 2007 and was appointed as Chair in 2012. Always someone with an eye on the horizon, he has ambitious goals for the Foundation's future and the opportunities that lie ahead.

### **Simon Hickey**

Deputy Chair (appointed October 2009)

Having grown up on the Northern Beaches, Simon studied commerce at the University of New South Wales, before embarking on a career that took him to London, Melbourne and New York.

In his time overseas, Simon worked for global accountancy firm Arthur Andersen, followed by Lendlease. There he was tasked with globalising the construction arm of the business, eventually working as the CFO for Bovis Lendlease Americas in New York.

After moving back to Australia, he joined Qantas as Group GM Strategy and Fleet before being appointed CEO of Qantas Frequent Flyer and later CEO for Qantas International and Freight. He became Group CEO and Managing Director of Campus Living Villages, CEO and MD of ASX listed Greencross and Director of IAG Loyalty, before moving into his current role as CEO of Western Sydney Airport.

Simon was elected Deputy Chair in 2012 and has always seen his involvement as a chance to make a difference.

### **Dr Matthew O'Meara**

(appointed October 2010)

It was through a part-time job working as a swimming teacher whilst studying at university that Matthew first found that he had a talent for working with kids. From then, his path into paediatrics was set.

Matthew is the NSW Chief Paediatrician, providing state-wide clinical leadership in the development, implementation and evaluation of strategy, policy and programs across paediatric healthcare in the NSW public health system. In this capacity he also gives expert advice to the Paediatric Healthcare team within NSW Health.

A paediatric emergency physician who began his training at Sydney Children's Hospital Randwick in 1989, he is the former Head of the Hospital's Emergency Department and Director of Critical Care, and still spends one or two days a week seeing patients. He is passionate about improving the care and health of children, something he has advocated for throughout his career, in part through roles in Child Health Networks, State health advisory groups and the Royal Australasian College of Physicians. An experienced fundraiser, Matthew knows what can be achieved when the right support is there.

### **Gina Cass-Gottlieb**

(appointed August 2012)

Despite growing up in a family of surgeons, Gina opted not to keep traditions going when she chose to study a degree in Economics Law.

Now a senior partner in Gilbert + Tobin's Competition and Regulation practice, she specialises in competition law and economic regulation advice, working with corporate clients, industry associations and government agencies. She is also a Board member of the Payment Systems Board of the Reserve Bank of Australia, a member of the Financial Regulator Assessment Authority and a member of the Advisory Board Graduate Program in Competition Law at Melbourne Law School.

A former captain of the Australian Schools Debating team and a self-confessed lover of a good argument, Gina is well known for her negotiation skills, which have been put to good use in her role working with the Foundation. A Board member since 2012, Gina has a personal connection to the Sydney Children's Hospitals

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Network having visited with both her son and daughter for various bumps and scrapes over the years.

### **James Brindley** (appointed April 2016)

With a degree in economics, an MBA and a 20-year, cross-continent career, James has built up extensive experience in people and business leadership. He joined Lion in 1994 and spent eight years with the company in China before returning to Australia in 2005.

As Managing Director of Lion Australia, he is responsible for strategy development, implementation and execution, as well as financial, market and stakeholder engagement outcomes. A strong believer in the power of culture and leadership, James takes a people-first approach to business strategy and has helped embed this into the cultural fabric of Lion.

### **Tom Butcher** (appointed June 2018)

Having spent a lot of time as a young boy in doctors' rooms and hospitals, Tom Butcher holds a personal connection to the work done by the Sydney Children's Hospitals Network. Thankfully, his health eventually improved and he went on to study commerce at university before landing a job with accounting firm Arthur Andersen in London that took him around the world on various work assignments.

On returning to Australia, Tom continued his career in investment banking. Today, he is a Managing Director with Credit Suisse Investment Bank, responsible for clients in the transport, infrastructure, power and utilities sectors. His international experience and the variety of his work gives a diverse and global perspective to Tom's approach to his role on the Board. A former trumpet player and dedicated squash fan, Tom has some exciting goals for the Foundation in the future.

### **Wayne Mo** (appointed February 2019)

Born and raised in Shanghai to actor parents, Wayne's initial plan for his professional life was to pursue a career as a TV news anchor. However, he swapped the news desk for a study desk when he enrolled at Shanghai University of Finance and Economics (SUFU).

On graduating, he joined a Japanese bank and this first experience of working at the intersection of Chinese and international business would go on to play a significant role throughout his career.

In 2005 he became General Manager for ANZ Beijing, where he met his Australian wife, Katherine. After a number of years working for ANZ Melbourne as head of the China desk, Wayne and his family moved to Hong Kong when he became CIO of Hong Kong listed Everchina International Holding.

Eventually moving to Sydney in 2018, Wayne joined AL Capital as CEO where he oversees the growth of its diversified investment portfolio. He is also a Board director of McGrath (ASX MEA) and Ausbiz TV. Wayne is keen to harness his past experiences in international business to help achieve some significant goals for the Foundation.

### **Dr David Court** (appointed November 2018)

Following a trip to his local Canberra cinema in 1981, David Court instantly knew that he'd follow the bright lights of the silver screen throughout his professional career.

After cutting his teeth at the Australian Film Commission, he eventually become a key player in Australia's film and television industry. Formerly Head of Screen Business at the Australian Film Television & Radio School, David has been involved in the financing of more than a dozen film and television productions. He shares his specialist knowledge as an author and policy maker, including as the architect of the Film Finance Corporation, which invested more than \$1 billion in Australian film and television productions over a 20 year period.

David is the founder of Compton School, Australia's first business school for creative people and the chairman of Screen Canberra. He welcomes the challenge of raising the most money possible and has a deep connection with the mission of paediatric healthcare.

**David Nott**

(appointed May 2019, retired March 2020, reappointed November 2020)

David is Deputy Chairman of the Sydney Children's Hospitals Network and a member of the SCHN Audit and Risk Committee. He is also currently a Director of Luminesce Alliance Limited and Chair of its Audit and Risk Committee. He was formerly the Chair of the Audit Committee of Southern NSW Local Health District.

He served for almost 30 years as a partner with KPMG, a global professional services firm providing leadership in Australia and internationally. At KPMG, David had a number of senior client and management roles. In the ten years prior to his retirement from the firm, he was the National Managing Partner of Transaction Services in Australia and served as that group's ASPAC Regional Leader and as a member of the Global Steering Committee.

He is a member of the coaching panel of Foresight Global Coaching Partnership and in that role he coaches senior executives in all aspects of leadership.

He holds an Economics Degree from Sydney University, is a Fellow of the Institute of Chartered Accountants and a member of the Governance Institute.

**Elizabeth Crouch**

(appointed March 2020)

Elizabeth Crouch is Chair of the Sydney Children's Hospitals Network and the Customer Owned Banking Association. She is a non-Executive Director of Bingo Industries, SGS Economics and Planning and ASX listed ReadyTech Holdings and has recently been appointed to the Board of Ochre Health. She is also on the Boards of Hearing Australia, NSW Institute of Sport, Health Infrastructure and Angus Knight.

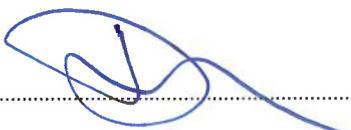
Elizabeth is Emeritus Deputy Chancellor of Macquarie University and has held previous NED roles on the Boards of Chandler Macleod Group, McGrath Estate Agents, RailCorp and the Macquarie University Hospital. She was previously on the Board of Western Sydney Local Health District and from 2016-2018 was a Trustee of the Museum of Applied Arts and Sciences, retiring in December 2018.

She spent 16 years with the Federal Government including with Federal Health, and more than a decade in the private sector including as Chief Executive of the Housing Industry Association. Elizabeth holds a Bachelor of Economics and a Master of Cyber Security and was awarded an Order of Australia for her services to higher education and the rail transport sector. She is also a Fellow of the Australian Institute of Company Directors.

**Directors’ Meetings**

	<b>Board</b>		<b>Audit &amp; Risk</b>		<b>Nominations &amp; Remuneration</b>		<b>Fundraising Innovation &amp; Development</b>	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
<b>Duncan Makeig</b>	5	5	6	6	4	4	4	4
<b>Simon Hickey</b>	5	5	6	6				
<b>James Brindley</b>	5	4			4	4		
<b>Tom Butcher</b>	5	5	6	6			3	3
<b>Gina Cass-Gottlieb</b>	5	5						
<b>David Court</b>	5	5					4	4
<b>Elizabeth Crouch</b>	5	5						
<b>Wayne Mo</b>	5	5					4	3
<b>Matthew O'Meara</b>	5	5						
<b>David Nott</b>	3	3						
<b>Cheryl McCullagh</b>	1	1						
<b>Cathryn Cox</b>	1	1						

Signed in accordance with a resolution of the directors:

Director ..... 

Dated this ..... 18 ..... day of November 2021 ..... Sydney

**Director's Declaration**

In the opinion of the directors of Sydney Children's Hospitals Foundation Limited:

- a. The combined Financial Statements and notes, as set out on pages 11 to 28 are in accordance with the Australian Charities and Not-for profits Commission Act 2012, including:
  - i. Giving a true and fair view of the financial position of the Foundation as at 30 June 2021 and of its performance, as represented by the results of its operations for the 12 Months ended on the date in accordance with the basis of preparation described in Note 1; and
  - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in, and the Australian Charities and Not-for-profits Commission Regulation 2013, and
- b. There are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable

Signed in accordance with a resolution of directors



Director .....

Dated this ..... 18 ..... day of ..... November 2021 ..... Sydney

**Declaration by Chairperson of Sydney Children's Hospitals Foundation Limited in Respect of Fundraising Appeals**

I, Duncan Makeig, Chairperson of Sydney Children's Hospitals Foundation Limited, declare that in my opinion:

- a. The combined financial statements give a true and fair view of all income and expenditure of the Sydney Children's Hospitals Foundation Limited with respect to fundraising appeals for the 12 month period ended 30 June 2021;
- b. The combined statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals;
- c. The provision of the Charitable Fundraising (NSW) 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 Hospitals Foundation Limited are appropriate and effective in accounting for all income received and applied from fundraising appeals.



Director .....

Dated this ..... 18 ..... day of ..... November 2021 ..... Sydney



# Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the Trustee of Sydney Children's Hospitals Foundation

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Shane O'Connor  
Partner  
Sydney  
18 November 2021

**Combined Statement of Surplus or Deficit  
and other Comprehensive Income  
for the 12 months ended 30 June 2021**

	1 July 2020– 30-Jun-21 \$	1 July 2019– 30-Jun-20 \$
	Note	
<b>Revenue</b>		
Bequests	12,793,587	17,703,177
Donations and fundraising	32,739,887	34,710,345
Capital appeals	600,000	20,031
Net investment revenue	2(b) 7,136,016	103,213
Cafe and gift shop operations	1,143,168	1,274,962
Other income	3 1,414,441	846,100
<b>Total revenue</b>	<b>55,827,099</b>	<b>54,657,828</b>
<b>Expenses</b>		
Fundraising expenses	9,536,632	8,435,985
Cafe and gift shop operations	1,064,059	1,087,465
Operational expenses	4,847,057	4,843,049
<b>Total expenses</b>	<b>15,447,748</b>	<b>14,366,499</b>
<b>Surplus for the period</b>	<b>40,379,351</b>	<b>40,241,329</b>
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>40,379,351</b>	<b>40,241,329</b>
Less: Contributions distributed	(39,784,146)	(26,241,288)
Transferred to specified and unspecified funds reserves	595,205	14,050,041
Add: Total equity brought forward	78,793,537	64,711,228
<b>Total Equity Carried Forward</b>	<b>79,388,742</b>	<b>78,793,537</b>

**Combined Statement of Financial Position  
as at 30 June 2021**

	Notes	30-Jun-21 \$	30-Jun-20 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	19,348,980	24,434,889
Trade and other receivables	6	807,958	1,341,500
Prepayments		2,853,799	2,933,336
Inventories		73,052	65,012
<b>TOTAL CURRENT ASSETS</b>		<b>23,083,789</b>	<b>28,774,737</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	7	57,432,812	50,517,717
Property, plant and equipment	8	1,724,993	1,680,972
Computer software	9	43,148	284,462
<b>TOTAL NON-CURRENT ASSETS</b>		<b>59,200,953</b>	<b>52,483,151</b>
<b>TOTAL ASSETS</b>		<b>82,284,742</b>	<b>81,257,888</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	2,116,838	1,514,158
Employee benefits		452,672	531,602
Lease liability	10	140,338	126,963
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,709,848</b>	<b>2,172,723</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits		173,782	137,164
Lease liability	10	12,370	154,464
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>186,152</b>	<b>291,628</b>
<b>TOTAL LIABILITIES</b>		<b>2,896,000</b>	<b>2,464,351</b>
<b>NET ASSETS</b>		<b>79,388,742</b>	<b>78,793,537</b>
Settlement capital		100	100
Asset realisation reserves		824,469	824,469
Specified funds reserves		50,195,130	50,363,141
Unspecified funds reserves		28,369,043	27,605,827
<b>TOTAL EQUITY</b>		<b>79,388,742</b>	<b>78,793,537</b>

**Combined Statement of Changes in Equity  
for the 12 months ended 30 June 2021**

	Specified Funds Reserves	Unspecified Funds Reserves	Asset Realisation Reserves	Settlement Capital	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>50,363,141</b>	<b>27,605,827</b>	<b>824,469</b>	<b>100</b>	<b>78,793,537</b>
Surplus attributable to the entity	20,765,459	19,613,892	-	-	40,379,351
Contributions	(20,933,470)	(18,850,676)	-	-	(39,784,146)
<b>Balance at 30 June 2021</b>	<b>50,195,130</b>	<b>28,369,043</b>	<b>824,469</b>	<b>100</b>	<b>79,388,742</b>

	Specified Funds Reserves	Unspecified Funds Reserves	Asset Realisation Reserves	Settlement Capital	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>37,354,025</b>	<b>26,682,634</b>	<b>824,469</b>	<b>100</b>	<b>64,861,228</b>
Impact of change in accounting policy	(150,000)	-	-	-	(150,000)
<b>Restated balance at 1 July 2019</b>	<b>37,204,025</b>	<b>26,682,634</b>	<b>824,469</b>	<b>100</b>	<b>64,711,228</b>
Surplus attributable to the entity	37,216,184	3,075,145	-	-	40,241,329
Contributions	(23,583,054)	(2,658,234)	-	-	(26,241,288)
Re-allocation of fundraising cost recovery	(474,014)	474,014	-	-	-
Other	-	32,268	-	-	32,268
<b>Balance at 30 June 2020</b>	<b>50,363,141</b>	<b>27,605,827</b>	<b>824,469</b>	<b>100</b>	<b>78,793,537</b>

**Combined Statement of Cash Flows  
For the 12 months ended 30 June 2021**

		1 July 2020 – 30 June 2021 (12 months)	1 July 2019 – 30 June 2020 (12 months)
	Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Bequests, donations, appeals and other receipts		45,856,400	50,964,222
Receipts from Jobkeeper, ATO cash flow boost & Other		1,735,340	525,500
Receipts from cafe and gift shop customers		1,143,168	1,274,962
Payments to suppliers and employees		(14,346,413)	(14,427,241)
Interest received		-	535
Contributions made		(39,784,146)	(26,241,288)
Net cash provided by/(used in) operating activities	15(b)	<u>(5,395,651)</u>	<u>12,096,690</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment		(273,043)	(80,683)
Payment for Investments		702,903	-
Net cash provided by/(used in) investing activities		<u>429,860</u>	<u>(80,683)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayment of lease liability		(120,118)	(139,950)
Net cash provided by/(used in) financing activities		<u>(120,118)</u>	<u>(139,950)</u>
Net increase/(decrease) in cash and cash equivalents held		(5,085,909)	11,876,057
Cash and cash equivalents at beginning of financial period		24,434,889	12,558,832
Cash and cash equivalents at end of financial period	15(a)	<u><u>19,348,980</u></u>	<u><u>24,434,889</u></u>

**Notes to the Combined Financial Statements For the 12 months ended 30 June 2021**

**1. Summary of Significant Accounting Policies**

**(a) Reporting entity**

Sydney Children's Hospitals Foundation reporting group is a combination of the following two entities:

- Sydney Children's Hospitals Foundation Limited, a company limited by guarantee; and
- Sydney Children's Hospitals Foundation ('Trust'), a trust

Hereinafter the above are collectively referred to as 'the Foundation'

The Combined Financial Statements have been prepared as special purpose financial statements. The Foundation is a not-for-profit entity and its primary purpose is to raise funds for the Sydney Children's Hospital Randwick.

**(b) Basis of accounting**

The special purpose Combined Financial Statements have been prepared for the purpose of reporting in accordance with the requirements of the Australian Charities and Not-for-Profits Commission (ACNC) Act 2012 and comprise the Foundation.

The Combined Financial Statements comply with Australian Accounting Standards-Reduced Disclosure Requirements and would meet the definition of Tier 2 general purpose financial statements with the exception of compliance with AASB 10 Consolidated Financial Statements as the aggregation of the Combined Financial Statements does not meet the definition of a group under AASB 10 Consolidated Financial Statements. In all other respects the Combined Financial Statements have been prepared in accordance with the recognition, measurement, classification and disclosure requirements of Australian Accounting Standards-Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-Profit Commission Act 2012.

The Combined Financial Statements were authorised for issue by the Directors of Sydney Children's Hospitals Foundation Limited in 18 November 2021. They have been prepared by the Directors who have determined that the accounting policies are appropriate for the users of the Combined Financial Statements. Details of the Foundation's accounting policies are described in Note 1.

*Basis of combination*

The Combined Financial Statements are an aggregation of the financial position of Sydney Children's Hospitals Foundation Limited and the Trust as at 30 June 2021 and the financial performance and the cash flows for the financial period ended on that date.

Any intragroup (between the combining entities) balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the Combined Financial Statements. No goodwill results from this aggregation.

**(c) Basis of measurement**

The Combined Financial Statements, except for cash flow information, have been prepared on an accruals basis and are based on a historical cost basis except for non-current financial assets measured at fair value through profit and loss.

**(d) Functional and presentation currency**

These Combined Financial Statements are presented in Australian dollars, which is also the functional currency of the Foundation.

**Notes to the Combined Financial Statements For the 12 months ended 30 June 2021**

**1. Summary of Significant Accounting Policies (continued)**

**(e) Use of judgements and estimates**

In preparing the Combined Financial Statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognised prospectively.

**(f) 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.

**(g) 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.

**(h) 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.

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 artworks 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 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 throughout the period for each class of depreciable asset are shown below:

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

**Notes to the Combined Financial Statements For the 12 months ended 30 June 2021**

**1. Summary of Significant Accounting Policies (continued)**

**(h) Property, Plant and Equipment (continued)**

revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

**(i) Computer Software**

Computer software development is stated at cost less accumulated amortisation and is amortised on a straight-line basis over its anticipated useful life. The useful life of software is 3 years. The Foundation has taken into consideration the new guidance issued by the IFRS Interpretations Committee (IFRIC) detailed in the new accounting standards adopted (r) below.

**(j) Financial Instruments**

**Initial recognition and measurement**

The Foundation classifies non-derivative financial assets into the loans and receivables category.

Trade receivables and loans are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

The Foundation classifies non-derivative financial liabilities into the other financial liabilities category.

*Non derivative financial assets and financial liabilities – recognition and derecognition*

The Foundation initially recognises loans and receivables issued on the date that they are originated. All other financial assets and financial liabilities are recognised initially on the trade date.

The Foundation derecognises a financial asset when the contractual rights to the cash flows from the asset expire. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Foundation derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Foundation has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

*Non derivative financial assets – measurement*

*Loans and receivables*

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

*Cash and cash equivalents*

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Foundation's cash management.

*Non-derivative financial liabilities – measurement*

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

**Notes to the Combined Financial Statements For the 12 months ended 30 June 2021**

**1. Summary of Significant Accounting Policies (continued)**

**(k) Impairment of non-financial assets**

*Non-derivative financial assets*

The Foundation considers evidence of impairment for these assets measured at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Foundation uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

At each reporting date, the Foundation reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amount of assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(l) 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.

**(m) 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.

**Notes to the Combined Financial Statements For the 12 months ended 30 June 2021**

**1. Summary of Significant Accounting Policies (continued)**

**(m) Employee Benefits (continued)**

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. Cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

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

**(n) 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.

**(o) Fundraising expenses**

Fundraising expenses consist of direct expenditure incurred in relation to fundraising appeals.

**(p) 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.

**(q) Equity**

The equity of the Foundation includes funds available for contribution under the Foundation's Trust Deed. The Foundation allocates all funds as Specified or Unspecified Funds. Specified Funds represent funds whose use is restricted to a particular purpose or project within the Hospital as designated by the donor or Foundation. Unspecified Funds represent funds received which can be used for any charitable purpose of the Foundation. Administration fees included in specified donations collected have been recorded as a transfer from Specified Funds to Unspecified Funds within equity to reflect the recovery of costs associated with specified donations.

**(r) New accounting standards adopted**

**Change in significant accounting policies - Cloud Computing**

The IFRS Interpretations Committee (IFRIC) issued its decision on cloud computing arrangements in April 2021 and provided guidance on how a customer accounts for configuration and customisation costs. Configuration and integration costs of a cloud based system can only be capitalised where they meet the standalone definition as a software intangible asset, or where it is an enhancement (eg interface) to an existing on-premise IT asset. A standalone intangible asset requires that the expenditure creates a new and separately identifiable asset; that asset is legally owned by the Company; and is capable of being licenced or sold to third parties.

**Notes to the Combined Financial Statements For the 12 months ended 30 June 2021**

**1. Summary of Significant Accounting Policies (continued)**

**(r) New accounting standards adopted (continued)**

**Change in significant accounting policies -Cloud Computing (continued)**

This may include specific enhancements or functionalities created for the Company that are separable from the underlying software. Base implementation/deployment costs are not capitalised.

Taking into consideration the appropriateness to capitalise costs relating to the in-progress Microsoft D365 ERP program for the Foundation, there was \$0.5 million expensed for the year ending 30 June 2021 in relation to this program whereas previously this would have been capitalised.

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

**(a) Expenses**

	1 July 2020 – 30 June 2021	1 July 2019 – 30 June 2020
	\$	\$
Depreciation and amortisation		
- property, plant and equipment	80,908	134,759
- right-of-use asset	123,335	132,180
- computer software	32,454	43,099
Total depreciation and amortisation	<u>236,697</u>	<u>310,038</u>

**(b) Net investment revenue**

Interest	-	535
Investment income	7,348,761	303,713
Management and brokerage fees	(212,745)	(201,035)
Net investment revenue	<u>7,136,016</u>	<u>103,213</u>

**3 Other Income**

Jobkeeper	1,185,700	783,600
Other	228,741	62,500
	<u>1,414,441</u>	<u>846,100</u>

In response to the Coronavirus (COVID-19) pandemic, Federal and State Governments introduced a number of subsidies to assist economic activity and employment. The most significant of these was the Federal Government's JobKeeper program which was made available to employers based on employee eligibility criteria. The consolidated entity was eligible for this program because measured turnover fell in excess of 30% over a number of periods as follows:

Jobkeeper 1.0. 30/03/2020 to 27/09/2020 claimed all 13 available fortnights.

**Notes to the Combined Financial Statements For the 12 months ended 30 June 2021**

**3 Other Income (continued)**

Jobkeeper 2.0. 28/09/2020 to 03/01/2021 unable to claim any of the 7 available fortnights.

Jobkeeper 3.0. 04/01/2021 to 28/03/2021 claimed all 6 available fortnights.

In total the Foundation was able to claim 20 of the available 26 fortnights over the FY20 and FY21 reporting periods. This greatly assisted with the Foundation being able to maintain employment during the pandemic and continue with its primary fundraising and operational activities.

**4 Auditor's remuneration**

KPMG

- Financial Statements Audit	62,169	62,800
- Non audit services	-	14,762
	62,169	77,562
	62,169	77,562

**5 Cash and Cash Equivalents**

	\$	\$
Cash on hand	5,500	5,500
Cash at bank	19,343,480	24,429,389
	19,348,980	24,434,889
	19,348,980	24,434,889

**6 Trade and Other Receivables**

CURRENT

Trade receivables	20,639	32,914
Other receivables	425,354	197,747
Accrued income receivable	361,965	1,110,839
	807,958	1,341,500
	807,958	1,341,500

**7 Financial Assets**

NON-CURRENT

Financial assets at fair value through profit or loss:

Funds in managed investments	57,432,812	50,517,717
	57,432,812	50,517,717
	57,432,812	50,517,717

**Notes to the Combined Financial Statements  
For the 12 months ended 30 June 2021**

	30 June 2021	30 June 2020
	\$	\$
<b>8 Property Plant and Equipment</b>		
Furniture, fixture and fittings		
At cost	268,577	124,550
Less accumulated depreciation	(66,293)	(39,522)
<b>Total furniture, fixture and fittings</b>	<u>202,284</u>	<u>85,028</u>
Motor vehicles		
At cost	23,937	23,937
Less accumulated depreciation	(9,226)	(6,234)
<b>Total motor vehicles</b>	<u>14,711</u>	<u>17,703</u>
Office equipment		
At cost	241,993	137,362
Less accumulated depreciation	(144,919)	(101,662)
<b>Total office equipment</b>	<u>97,074</u>	<u>35,700</u>
Right-of-use asset		
At cost	388,257	396,539
Less accumulated depreciation	(255,515)	(132,180)
<b>Total right-of-use asset</b>	<u>132,742</u>	<u>264,359</u>
Artworks		
At independent valuation	1,278,182	1,278,182
Total artworks	<u>1,278,182</u>	<u>1,278,182</u>
<b>Total property, plant and equipment</b>	<u><u>1,724,993</u></u>	<u><u>1,680,972</u></u>

**Notes to the Combined Financial Statements  
For the 12 months ended 30 June 2021**

	30 June 2021	30 June 2020
	\$	\$
<b>9 Computer Software</b>		
At cost	183,422	159,498
Less accumulated amortisation	(162,517)	(122,176)
Work in progress	22,243	247,140
<b>Total Computer Software</b>	<b>43,148</b>	<b>284,462</b>

**10 Leases**

**Transition to AASB 16 Leases**

The Foundation recognises a right-of-use asset and a lease liability at the commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for prepaid or accrued lease payments at the date of transition. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Foundation by the end of the lease term or the cost of the right-of-use asset reflects that the Foundation will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset. The right-of-use asset is also adjusted for impairment losses recognised.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Foundation's incremental borrowing rate. The Foundation assesses whether it is reasonably certain to exercise the extension options, and if so, includes the option period into the calculation of the lease liability. The lease liability is remeasured when there is a change in future payments arising from a change in an index or rate, or if there is a changed assessment as to whether it will exercise an extension option. The Foundation has elected not to recognise right of use assets and lease liabilities for leases of low value and/or those that are short term. The principal component of leased payments forms part of financing cash flows, and the interest component forms part of operating cash flows in the statement of cash flows.

	1 July 2020 - 30 June 2021	1 July 2019 - 30 June 2020
	\$	\$
<b>Amounts recognised in the profit or loss statement</b>		
Interest on lease liabilities	21,681	24,838
Depreciation of right-of-use asset	123,335	132,180
Payments made to low value leases	23,202	27,167
	<b>168,218</b>	<b>184,185</b>

**Notes to the Combined Financial Statements  
For the 12 months ended 30 June 2021**
**10 Leases (continued)**

	1 July 2020 - 30 June 2021	1 July 2019 - 30 June 2020
	\$	\$
<b>Amounts recognised in the statement of cash flows</b>		
Payments of lease liability principal	120,437	115,112
Payments of lease liability interest	21,681	24,838
	<u>142,118</u>	<u>139,950</u>
	2021	2020
	\$	\$
<b>Right-of-use assets</b>		
Balance as at 1 July 2020	264,359	396,539
Additions to right-of-use assets	(8,282)	-
Depreciation for the period	(123,335)	(132,180)
Balance as at 30 June	<u>132,742</u>	<u>264,359</u>
	2021	2020
	\$	\$
<b>Lease liabilities</b>		
Balance as at 1 July 2020	(281,427)	(396,539)
Additions to lease liabilities	8,282	-
Accretion of interest	(21,681)	(24,838)
Payments made	142,118	139,950
Balance as at 30 June	<u>(152,708)</u>	<u>(281,427)</u>
Current lease liabilities	(140,338)	(126,963)
Non-current lease liabilities	(12,370)	(154,464)

The following table sets out maturity analysis of lease payments, showing the undiscovered lease payments to be made after the reporting date (and therefore differs from the carrying amount of lease liabilities) 30 June.

	2021	2020
	\$	\$
Less than one year	140,338	144,905
One to Two Years	12,370	161,783
	<u>152,708</u>	<u>306,688</u>

**11 Specified / Unspecified Funds**

Specified 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 specified funds at 30 June 2021 is \$50,195,130.

All other funds are unspecified in that Directors have discretion to spend them on purposes for which the Foundation is established.

**Notes to the Combined Financial Statements  
For the 12 months ended 30 June 2021**

	30 June 2021	30 June 2020
	\$	\$
<b>12 Trade and Other Payables</b>		
Current		
Trade creditors	792,601	768,205
Sundry payables and accrued expenses	1,061,280	426,097
Income in advance	262,957	319,856
	<u>2,116,838</u>	<u>1,514,158</u>

**13 Additional Information Required Under The Charitable Fundraising Act, 1991**

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

	1 July 2020 – 30 June 2021	1 July 2019 – 30 June 2020
	\$	\$
Gross income received from donations and fundraising appeals	46,133,474	52,433,553
Expenditure associated with fundraising appeals	(9,536,632)	(8,435,985)
Net Operating Surplus from fundraising appeals	<u>36,596,842</u>	<u>43,997,568</u>
Contributions distributed	39,784,146	26,241,288
Operational expenses	4,847,057	4,843,049
Net operating surplus applied	<u>44,631,203</u>	<u>31,084,337</u>
Surplus available for future distribution	<u>(8,034,361)</u>	<u>12,913,231</u>

**Notes to the Combined Financial Statements  
For the 12 months ended 30 June 2021**

**13 Additional Information Required Under The Charitable Fundraising Act, 1991 (continued)**

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

		1 July 2020 – 30 June 2021	1 July 2019 – 30 June 2020
		%	%
Direct expenditure from fundraising appeals	9,536,632		
Gross income received from donations and fundraising appeals	46,133,474	21%	16%
Net Operating Surplus from fundraising appeals	36,596,842		
Gross income received from donations and fundraising appeals	46,133,474	79%	84%
Contributions Distributed	39,784,146		
Total Expenditure and contributions distributed	55,231,894	72%	65%
Contributions Distributed	39,784,146		
Gross Income	55,231,894	71%	48%

Note:

- a. In certain situations, Foundation funds are not disbursed immediately to the Hospital. Fellowship must be raised in full by the Foundation before the Hospital can begin recruitment. It can take up to six months before an appointment is made, after which the funds are disbursed monthly as a salary for the term of the Fellowship, which can range from 12 to 24 months. Where funds are raised for the purchase of Hospital equipment, the money is only released when the equipment is ordered. This may not occur immediately if the equipment has to be sourced by the Hospital via a formal tender process or is over the set threshold (\$250,000) that requires Ministerial approval as a Locally Funded Initiative prior to purchase. Some funds are retained for corpus, and some for future projects for which we are required to raise funds in full in advance of their implementation.

**14 Key Management Personnel Compensation**

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 Hospitals Foundation during the period are as follows:

	1 July 2020 – 30 June 2021	1 July 2019 – 30 June 2020
	\$	\$
Key management personnel compensation	1,531,813	1,686,601
	<u>1,531,813</u>	<u>1,686,601</u>

**Notes to the Combined Financial Statements  
For the 12 months ended 30 June 2021**

	30 June 2020 – 30 June 2021	30 June 2019 – 30 June 2020
	\$	\$
<b>15 Cash Flow Information</b>		
(a) Reconciliation of cash		
Cash at the end of the financial period as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	19,348,980	24,434,889
	<u>19,348,980</u>	<u>24,434,889</u>
(b) Reconciliation of result for the period to cash flows from operating activities		
Surplus for the period before contributions	40,379,351	40,291,329
Less:		
- contributions made	(39,784,146)	(26,241,288)
Non-cash flows in profit:		
- depreciation and amortisation	236,697	310,038
- artworks donated	-	(13,749)
- other	(339,722)	54,766
- (increase) in value of managed investments	(7,136,016)	(102,678)
Changes in assets and liabilities:		
- (increase)/decrease in trade & other receivables	613,078	(477,450)
- (increase) in financial assets – non current	-	(1,500,000)
- (increase)/decrease in inventories	(8,040)	9,421
- increase in other assets	(142,118)	(167,012)
- increase in trade and other payables	602,680	123,233
- increase/(decrease) in employee benefits	(42,312)	57,220
- (increase)/decrease in fixed assets – WIP	224,897	(247,140)
Cash flow from operations	<u>(5,395,651)</u>	<u>12,096,690</u>

**16 Events Occurring After the Reporting Date**

No matters or circumstances have arisen since the end of financial period 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.

**17 Contingent Liabilities**

The Foundation did not have any contingent liabilities at 30 June 2021 (30 June 2020: Nil).

**18 Related Party Transactions**

The Foundation booked \$47,375 in expenditure net of GST in the 12 month period ended 30 June 2021, of which \$37,885 was paid in the period. This expenditure related to payments made to a 3<sup>rd</sup> party in which one of the Foundation's Directors serves as an Executive Director. The payments were made within the normal course of the Foundation's business and conducted on an arm's length basis. The services received were in furtherance of the Foundation's business development activities.

**19 Foundation's Details**

Registered Office

The registered office and principal place of business place of business of the Foundation is:

Sydney Children's Hospitals Foundation  
Mezzanine Level  
65 York Street  
Sydney NSW 2000



# Independent Auditor's Report

To the Members of Sydney Children's Hospitals Foundation

## Report on the audit of the Combined Financial Report

### Opinion

We have audited the **Combined Financial Report** of *Sydney Children's Hospitals Foundation Limited (Trustee)* and *Sydney Children's Hospitals Foundation (Trust)* collectively referred to as the Foundation

In our opinion, the accompanying **Combined Financial Report** of the Foundation is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. Giving a true and fair view of the Foundation's financial position as at 30 June 2021, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Combined Financial Report** comprises:

- i. Combined Statement of Financial Position as at 30 June 2021.
- ii. Combined Statement of Surplus or Deficit and Other Comprehensive Income, Combined Statement of Changes in Equity, and Combined Statement of Cash Flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Director's Declaration.
- v. Declaration by the Chairperson of Sydney Children's Hospitals Foundation Limited in respect of fundraising appeals.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Combined Financial Report* section of our report.

We are independent of the Foundation in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.



## Emphasis of matter

We draw attention to Note 1 of the Combined Financial Report, which describes the basis of preparation, including the approach to and the purpose for preparing them, and that the preparation involves aggregation of the following two entities:

- Sydney Children's Hospitals Foundation Limited, a company limited by guarantee; and
- Sydney Children's Hospitals Foundation (Trust), a trust.

The Combined Financial Report does not meet the definition of Tier 2 general purpose financial statements as it does not comply with AASB 10 Consolidated Financial Statements as the aggregation of the two entities does not meet the definition of a group under AASB 10 Consolidated Financial Statements.

The Combined Financial Report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the ACNC Act 2012. As a result, the Combined Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## Other Information

Other Information is financial and non-financial information in the Foundation's annual reporting which is provided in addition to the Combined Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report, Director's Declaration and Declaration by the Chairperson of the Foundation in respect of fundraising appeals.

Our opinion on the Combined Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Combined Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Combined Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Combined Financial Report

The Directors are responsible for:

- the preparation of the Combined Financial Report that gives a true and fair view in accordance of with the Australian Accounting Standards – Reduced Disclosures Requirements and the ACNC, and determining that the basis of preparation described in Note 1 to the Combined Financial Report is appropriate to meet the requirements of the ACNC, the Acts and Regulations and is appropriate to meet the needs of the Directors.



- the preparation of the Combined Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations.
- implementing necessary internal control to enable the preparation of a Combined Financial Report that is free from material misstatement, whether due to fraud or error
- assessing the Foundation's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Foundation or to cease operations or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Combined Financial Report**

Our objective is:

- to obtain reasonable assurance about whether the Combined Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Combined Financial Report.

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

We also:

- i. Identify and assess the risks of material misstatement of the Combined Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. 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 registered Foundation's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Foundation.
- iv. Conclude on the appropriateness of the Directors' 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Combined Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report.



However, future events or conditions may cause the Foundation to cease to continue as a going concern.

- v. Evaluate the overall presentation, structure and content of the Combined Financial Report, including the disclosures, and whether the Combined Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Foundation regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In addition, we have:

- i. Obtained an understanding of the internal control structure for fundraising appeal activities.
- ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulations.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Combined Financial Report such as accruals, prepayments, provisioning and valuations.

## Opinion

- i. the Combined Financial Report gives a true and fair view of Sydney Children's Hospitals Foundation Limited's financial result of fundraising appeal activities for the financial year ended 30 June 2021;
- ii. the Combined Financial Report has been properly drawn up, and the associated records of Sydney Children's Hospitals Foundation Limited have been properly kept for the period from 1 July 2020 to 30 June 2021, in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations;
- iii. money received by Sydney Children's Hospitals Foundation Limited as a result of fundraising appeal activities conducted during the period from 1 July 2020 to 30 June 2021 has been properly accounted for and applied in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations; and
- iv. there are reasonable grounds to believe that Sydney Children's Hospitals Foundation Limited will be able to pay its debts as and when they fall due.

KPMG

KPMG

Shane O'Connor  
Partner

Sydney

18 November 2021