

**THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES**

ABN 86 248 830 078

SUMMARISED FINANCIAL REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2017

**THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES**

ABN 86 248 830 078

**REPORT BY THE MEMBERS OF THE COMMITTEE
FOR THE PERIOD ENDED 31 DECEMBER 2017**

Your committee members submit the financial report of The Hospital Research Foundation Incorporated for the financial period ended 31 December 2017.

Committee Members

The names of the committee members throughout the financial period and at the date of this report are:

John MacPhail	Luciana Larkin
Ken Milne	Prof Peter Hewett
Prof John Beltrame	John Woodward
Melinda O'Leary (resigned 29 November 2017)	Valerie Timms
Dr Stephen Rodda (appointed as Chairperson 29 November 2017)	Mary Lou Bishop
Brigadier Alison Creagh CSC	Air Vice Marshal Brent Espeland AM (ret'd) (ceased 28 September 2017)

Committee members have been in office since the start of the financial period to the date of this report unless otherwise stated.

Principal Activities

The principal activity of The Hospital Research Foundation Incorporated during the financial period was to support the continued research across South Australia through vital health and medical research, and improved patient care.

Significant Changes

No significant changes in the nature of activities occurred during the financial period.

Operating Result

The net surplus from 6 months of continuing operations after income tax and payments for research, hospital support and patient care activities of \$5,409,363 (12 months to June 2017: \$9,601,398) was a profit of \$1,371,489 (12 months to June 2017: \$2,438,038).

This profit of \$1,371,489 has been allocated directly to the Association's Research Reserve which has been established to ensure sufficient funds are available for forward grant commitments. This represents a Funds to Research Ratio of 85.9% of Gross Profit.

Research Reserve

The Association has established a Research Reserve to ensure that sufficient funds are available for future grant commitments.

Events After the Reporting Period

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

Future Developments

The Association expects to maintain the present status and level of operations and hence there are no likely developments in the Association's operations.

Environmental Issues

The Association's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a state territory.

Indemnifying Officers or Auditors

A premium has been paid in respect of a contract insuring directors, secretaries and executive officers of the Association against a liability incurred as director, secretary or executive officer.

No indemnities have been given during or since the end of the financial period, for any person who is or has been an officer or auditor of the Association.

Proceedings on Behalf of the Association

No person has applied for leave of Court to bring proceedings on behalf of the Association or intervene in any proceedings to which the Association is a party for the purpose of taking responsibility on behalf of the Association for all or any of those proceedings.

The Association was not a party to any such proceedings during the period.

THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
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REPORT BY THE MEMBERS OF THE COMMITTEE (CONT)
FOR THE PERIOD ENDED 31 DECEMBER 2017

In the opinion of the Committee of The Hospital Research Foundation Incorporated:

a) During the period ended 31 December 2017 no:

- i) officer of the Association;
- ii) firm of which the officer is a member; or
- iii) body corporate in which the officer has a substantial financial interest,

has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate and the Association; and

b) During the period ended 31 December 2017 no officer of the Association received directly or indirectly from the Association any payment or other benefit of a pecuniary value, other than as disclosed in note 9 to the attached financial statements.

Signed in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:



Dr Stephen Rodda
Chairperson



John MacPhail
Deputy Chairperson

Dated this th day of May 2018

THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
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STATEMENT BY THE MEMBERS OF THE COMMITTEE

In the opinion of the Committee:

- (a) the summarised financial statements comprising the Summarised Statement of Profit or Loss and Other Comprehensive Income, Summarised Statement of Financial Position, Summarised Statement of Cash Flows and Summarised Statement of Changes in Equity and accompanying notes as set out on pages 4 to 10:
- (i) company with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Associations Incorporation Act (SA) 1985;
 - (ii) presents fairly the financial position of The Hospital Research Foundation Incorporated as at 31 December 2017 and its performance for the period ended on that date;
 - (iii) are consistent with the full consolidated financial statements of the Association for the period ended 31 December 2017.
- (b) at the date of this statement there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of that Committee by:



Dr Stephen Rodda
Chairperson



John MacPhail
Deputy Chairperson

Dated this th day of May 2018

THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES

ABN 86 248 830 078

SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2017

	Consolidated	
	6 Months December 2017 \$	12 Months June 2017 \$
Revenue	14,964,723	32,139,043
Lottery expense	(6,687,098)	(17,286,103)
Fundraising expenses	(383,362)	(691,871)
Gross Profit	<u>7,894,263</u>	<u>14,161,069</u>
Employee benefits expense	(734,533)	(1,599,091)
Depreciation and amortisation expense - administration	(121,297)	(106,362)
Business Administration	(257,581)	(416,180)
Net profit before funding payments	<u>6,780,852</u>	<u>12,039,436</u>
Funds paid for research, hospital support and patient care activities	(5,409,363)	(9,601,398)
Profit/(loss) for the period	<u><u>1,371,489</u></u>	<u><u>2,438,038</u></u>
Income tax benefit/(expense)	-	-
Profit/(loss) after tax	<u><u>1,371,489</u></u>	<u><u>2,438,038</u></u>
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net gain/(loss) on revaluation of financial assets	209,543	239,671
Other comprehensive income for the period	<u><u>209,543</u></u>	<u><u>239,671</u></u>
Total comprehensive income/(loss) for the period	<u><u>1,581,032</u></u>	<u><u>2,677,709</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES

ABN 86 248 830 078

SUMMARISED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Consolidated	
	December 2017	June 2017
	\$	\$
ASSETS		
Current Assets		
Cash and Cash Equivalents	8,686,425	15,751,336
Trade and Other Receivables	416,044	212,097
Other Current Assets	8,703,764	3,077,613
Total Current Assets	17,806,233	19,041,046
Non-Current Assets		
Financial Assets	5,105,652	4,797,316
Property, Plant and Equipment	3,398,570	3,025,025
Intangibles	62,704	78,613
Total Non-Current Assets	8,566,926	7,900,954
Total Assets	26,373,159	26,942,000
LIABILITIES		
Current Liabilities		
Trade and Other Payables	8,858,433	11,024,252
Provisions	221,250	223,352
Total Current Liabilities	9,079,683	11,247,604
Non-Current Liabilities		
Provisions	41,063	23,015
Total Non-Current Liabilities	41,063	23,015
Total Liabilities	9,120,746	11,270,619
Net Assets	17,252,413	15,671,381
EQUITY		
Retained Earnings	1,535,576	1,535,576
Financial Asset Reserve	1,113,815	904,272
Research Reserve	14,603,022	13,231,533
Total Equity	17,252,413	15,671,381

The above statement of financial position should be read in conjunction with the accompanying notes.

THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES

ABN 86 248 830 078

SUMMARISED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2017

	Consolidated	
	6 Months December 2017 \$	12 Months June 2017 \$
Cash flows from operating activities		
Cash receipts from customers and clients	3,276,948	5,184,768
Cash receipts from lotteries	11,326,967	27,096,734
Payments in relation to lotteries	(14,600,225)	(17,286,103)
Payments to suppliers and employees	(1,393,123)	(1,682,465)
Grants paid	(5,252,169)	(4,459,979)
Investment income	98,640	263,986
Interest received	91,814	158,365
Net cash inflow/(outflow) from operating activities	(6,451,148)	9,275,306
Cash flows from investing activities		
Net Sale/(Purchase) of investments	(98,795)	(280,917)
Purchase of property, plant and equipment	(493,073)	(909,647)
Purchase of intangibles	(21,895)	(30,143)
Proceeds from sale of property, plant and equipment	-	15,712
Net cash inflow/(outflow) from investing activities	(613,763)	(1,204,995)
Net increase in cash and cash equivalents	(7,064,911)	8,070,311
Cash and cash equivalents at beginning of period	15,751,336	7,681,025
Cash and cash equivalents at end of period	8,686,425	15,751,336

The above statement of cash flows should be read in conjunction with the accompanying notes.

**THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
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**SUMMARISED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Financial Asset Reserve \$	Research Reserve \$	Retained earnings \$	Total equity \$
At 1 July 2016	664,601	10,793,495	1,535,576	12,993,672
Total comprehensive income for the period				
Surplus for the period	-	-	2,438,038	2,438,038
Other comprehensive income				
Revaluation adjustment of investments	239,671	-	-	239,671
<i>Total other comprehensive income</i>	239,671	-	-	239,671
Transfer (to)/from reserves	-	2,438,038	(2,438,038)	-
At 30 June 2017	904,272	13,231,533	1,535,576	15,671,381
Total comprehensive income for the period				
Surplus for the period	-	-	1,371,489	1,371,489
Other comprehensive income				
Revaluation adjustment of investments	209,543	-	-	209,543
<i>Total other comprehensive income</i>	209,543	-	-	209,543
Transfer (to)/from reserves	-	1,371,489	(1,371,489)	-
At 31 December 2018	1,113,815	14,603,022	1,535,576	17,252,413

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
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**DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

Consolidated Statement of Profit or Loss and other Comprehensive Income

The Association recorded revenue from operating activities of \$14,964,723 for the 6 month period (12 months to June 2017: \$32,139,043), which included Association fundraising revenue of \$3,444,423 (June 2017: \$4,218,063), lottery receipts of \$11,326,967 (June 2017: \$27,096,734), interest income \$91,814 (June 2017: \$158,365), profit on asset disposal \$nil (June 2017: \$9,194), investment income \$98,640 (June 2017: 263,986) and sundry income \$2,879 (June 2017: \$392,701).

Total expenditure for the 6 month period was \$13,593,234 (12 months to June 2017: \$29,701,005), which included lottery expenses of \$6,687,098 (June 2017: \$17,286,103), fundraising expenses of \$383,362 (June 2017: \$691,871), employee expenses of \$734,533 (June 2017: \$1,599,091), administrative depreciation and amortisation expenses of \$121,297 (June 2017: \$106,362), business administration expenses of \$257,581 (June 2017: \$416,180) and payment for research, hospital support and patient care activities of \$5,409,363 (June 2017: \$9,601,398).

The profit attributable to members for the 6 months ended 31 December 2017 was \$1,371,489 (12 months to June 2017: \$2,438,038).

Consolidated Statement of Financial Position

The Association's net assets increased by 10% during the period to \$17,252,413 (June 2017: \$15,671,381). This increase of \$1,581,032 reflects the Association's operating surplus for 2017 of \$1,371,489 and an unrealised gain on revaluation of financial assets of \$209,543.

Total assets decreased during the period by \$568,841 or 2% to \$26,373,159 (June 2017: \$26,942,000). Cash holdings decreased during the period by \$7,064,911, trade and other receivables increased by \$203,947, other current assets increased by \$5,626,151, financial assets increased by \$308,336 and property plant and equipment increased by \$373,545.

Total liabilities decreased during the period by \$2,149,873 or 19% to \$9,120,746 (June 2017: \$11,270,619). Trade and other payables decreased by \$2,165,819 and provisions increased by \$15,946.

Establishment of Research Reserve

The Association maintains an established research reserve to ensure that sufficient funds are available in the future to fund forward grant commitments. During the period an amount of \$1,371,489 was transferred from retained earnings to this reserve. When the direct funding amount of \$5,409,363 provided to research, hospital support and patient care activities is added to the \$1,371,489 appropriated to the research reserve during the 6 month period, the total of \$6,780,852 represents 85.9% of the Association's gross profit that has been spent on research, hospital support and patient care activities and or allocated to the research reserve during the 6 month period ended 31 December 2017.

Consolidated Statement of Cash Flows

Net cash outflows from operating activities for the 6 months ended 31 December 2017 were \$6,451,148 (12 months to June 2017: \$9,275,306 in flow).

During the 6 months to 31 December 2017 receipts from customers and clients were \$3,276,948 (12 months to 30 June 2017: \$5,184,768) lottery receipts were \$11,326,967 (June 2017: \$27,096,734), payments in relation to lotteries were \$14,600,225 (June 17: \$17,286,103), payments to suppliers and employees were \$1,393,123 (1 June 17: \$1,682,465) and grants paid were \$5,252,169 (June 17: \$4,459,979).

The net cash outflows from investing activities for the 6 months ended 31 December 2017 were \$613,763 (12 months to June 2017: \$1,204,995). Payments for the purchase of investments decreased by \$182,122, payments for property plant and equipment decreased by \$416,574, receipts from sale of property, plant and equipment decreased by \$15,712 and payments for the purchase of intangibles decreased by \$8,248.

The Association's cash decreased by \$7,064,911 during the period to \$8,686,425 (12 months to June 2017: increase of \$8,070,311).

**THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

1 Basis of Preparation

The summarised financial statements cover the consolidated financial statements of The Hospital Research Foundation Incorporated and its controlled entities. The Hospital Research Foundation Incorporated is an Association under the Associations Incorporation Act (SA) 1985, incorporated and domiciled in South Australia.

The Hospital Research Foundation Incorporated is considered to control the operations of Australian Prostate Cancer and Research Society Ltd and Repat Foundation Inc, as the Hospital Research Foundation Incorporated is the sole member of this entity.

The Hospital Research Foundation Incorporated is a not for profit organisation.

The Association's registered office and principal place of business is:
The Hospital Research Foundation Inc.
60 Woodville Road
WOODVILLE SA 5011

The summarised financial statements are special purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Associations Incorporation Act (SA) 1985.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply.

The summarised financial statements and specific disclosures have been derived from the Association's full financial report for the financial period. The summarised financial report does not and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Association, and should be read in conjunction with the full financial statements which includes all disclosures required by the relevant financial reporting framework.

The financial report has been prepared on an accruals basis and is based on historic costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies used in the preparation of the Association's full financial report have been consistently applied, unless otherwise stated and are, in the opinion of the Committee members, appropriate to meet the needs of the Association.

The Hospital Research Foundation Inc has changed financial year end from 30 June to 31 December year end to allow future scheduled major lotteries to complete and subsequent research funding expenditure to occur in the same financial year. The amounts presented in the financial statements for the current period are for a period of six month period whereas the comparative information is for a period of 12 months. As a result, the amounts presented are not entirely comparable.

2 Segment Reporting

The Association predominately operates in one business and geographical segment raising funds to support research principally in South Australian hospitals.

3 Key management personnel compensation

	Short-Term Benefit	Post- Employment	Total
	\$	\$	\$
December 2017			
Total Compensation	174,065	16,536	190,601
June 2017			
Total Compensation	276,840	26,300	303,140

4 Capital and Operating Leasing Commitments

No capital or operating lease commitments existed at 31 December 2017 (June 2017:nil).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017

5 Contingent Liabilities

No contingent liabilities existed at 31 December 2017 (June 2017:nil).

6 Research Commitment

The Association has agreed to funding commitments for research of \$4,553,182 (June 2017: \$3,202,932) payable to various organisations between now and the period ending 31 December 2022.

7 Funding and Solvency

The ability of the Committee to provide services at the current level of operations is dependent upon the Association maintaining and increasing the existing donor levels, sponsorship, grant funding and other additional sources of funding, as well as achieving positive operating cash flows and operational surpluses.

8 Events after the Reporting Period

There have been no significant events which have occurred subsequent to 31 December 2017.

9 Remuneration of Committee Members

During the period the Association and Controlled Entities utilised the services of organisations related to two Committee members. The transactions were conducted under normal trading terms and conditions. There were no benefits arising out of these transactions directly attributable to the Committee members.

Details of the transactions were as follows:

	December 2017	June 2017
Lynch Meyer - Legal Advice	3,735	19,840
	<hr/> 3,735	<hr/> 19,840

Professor John Beltrame, a member of the committee, is also one of the Chief Investigators in the Value Based Healthcare in Elective Coronary Stenting research. The Association is funding this trial \$200,000 per annum over a 4 year period ended on 31 December 2021. Professor John Beltrame is also a Chief Investigator researching the Potential Mechanisms and Treatment of Post-infarct Angina in Patients with Myocardial Infarction with Non-Obstructed Coronary Arteries. The Association is funding \$750,000 for one year ended 31 May 2018. A total of \$375,000 has been utilised for research during the 31 December 2017 financial period.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF THE HOSPITAL RESEARCH FOUNDATION INCORPORATED

Opinion

The summary financial statements, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, are derived from the audited financial report of The Hospital Research Foundation Incorporated for the period ended 31 December 2017.

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the audited financial report, on the basis described in the summary.

Summary Financial Statements

The summarised financial statements do not contain all the disclosures required by Australian Accounting Standards and the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. Reading the summarised financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report and the auditor's report thereon.

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial report in our report dated 8 May 2018.

Committee Members' Responsibility for the Summarised Financial Statements

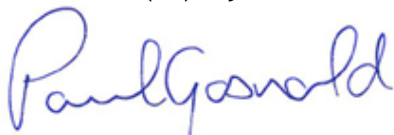
The Committee Members are responsible for the preparation of the summarised financial statements on the basis described in the summary.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summarised financial statements are consistent, in all material respects, with the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.



BDO Audit (SA) Pty Ltd



Paul Gosnold
Director

Adelaide, 8 May 2018