Sydney Children's Hospitals Foundation

Combined Financial Statements

For the 18 months ended 30 June 2019

Contents

For the 18 months ended 30 June 2019

Director's Report	3
Directors' Meetings	9
Director's Declaration	10
Declaration by Chairperson of Sydney Children's Hospitals Foundation Limited in Respect of Fundraising Appeals	10
Auditor's Independence Declaration	11
Combined Statement of Surplus and Deficit and other Comprehensive Income	12
Combined Statement of Financial Position	13
Combined Statement of Changes in Equity	14
Combined Statement of Cash Flows	15
Independent Auditor's Report	31

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 18 months ended 30 June 2019.

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 11.

Review of results and operations

May 20, 2018 saw the bringing together of two successful but independent fundraising teams. While Sydney Children's Hospitals Foundation had been successfully raising funds to support Sydney Children's Hospital at Randwick and the fundraising department at the Children's Hospital at Westmead had both been successful in their own right, it had become clear that if we are to be in the best position possible to support the Sydney Children's Hospitals Network and paediatric health across NSW we would have much more impact if we worked together.

The alignment of the two teams also resulted in a change of our financial year with the Foundation returning to a July to June financial year. For this reason, this report is for the 18 months from 1 January 2018 to 30 June 2019. This impacts some commentary especially where direct year on year comparisons are not possible in this format.

We are now into our second year, have a team of over 80 people, we have transitioned from two CRM systems to one, two finance systems onto one and have aligned operating models across our two major stakeholders. At the same time we exceeded budgeted income, contained the total expense ratio to 29.21% of total revenue (compared to 28.27% for 2017 year) and maintained the vital relationships within the network and with donors.

Excluding integration and one off items the ratio of fundraising expenditure to fundraising income (excluding bequests) has reduced from 21% in 2017 to 20%.

While there is still some work to do, the progress that has been made compared to our expected 2 year transition strategy has been significant and is the result of the dedication and persistence of the Foundation team.

Our signature fundraising event, Gold Dinner, under the direction of our new Gold Committee Chair Monica Saunders-Weinberg has embraced the new Foundation remit and this year chose to distribute funds across both hospitals in the areas of critical care, and with this wider remit came a larger target, raising an incredible $3.6m.

Our major appeals have continued to grow with Radiothon, Gold Telethon and Bandaged Bear Appeal reaching record levels of income. We have seen the launch of "Mums Sause" across Australia through an innovative collaboration with Coles and children's hospitals or their foundations across Australia. And the Foundation has undergone a refresh of our strategy that has set a clear and ambitious direction as we move forward.

The expansion of the Foundation has also seen some movement within the Board as several long serving and dedicated board member departures allow us to bring in new skills and experience to further guide our growth in the coming years.

The Foundation fulfilled its commitment to Bright Alliance ahead of schedule, with a final contribution of $14m bringing the total contribution from the Foundation to $20m. Bringing to life a paediatric research centre, an expanded clinical genetics service and the first purpose-built outpatients service for adolescents and young adults in Australia.

Grant contributions

During the 18 month period ending 30 June 2019, the Foundation contributed $41.7m 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 $13.5m for the 12 month period ending 31 December 2017 which was made to Sydney Children's Hospital - Randwick. These vital funds have been invested in line with the Foundation's 2017-2022 Strategic Direction and guided by priority needs identified by the Hospitals and facilities across the network.

As part of the $41.7m the Foundation part funded more than 54 Clinical, Education and Support positions at a cost of $4.40m and 19 Fellowships of $2.79m. 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.

$3.95m was provided to IT projects to promote Clinical excellence and facilities upgrade of $0.79m with minor funding of other areas amounting to $1m.

As well as investing in the future of paediatric medicine, we also nurture the health and wellbeing of children and families who need the Hospital now. Our aim is to ensure every child has access to the highest quality clinical care, the latest equipment and technology and the best Hospital experience possible.

A total of $6.65m was used to purchase new state of the art medical equipment, ranging from new medical imaging and diagnostic technology to the latest generation of vital signs monitors. In addition, we provided $14m funding for the Bright Alliance facility, $1.05m for the Australasian Centre for Cystic Fibrosis Personalised Medicine (miCF), $1.89m for the Zero Childhood Cancer (ZCC) Program and $5.18m for other Research.

Financial Results

Surplus and retained equity

Overall surplus retained for the 18 months ended 2019 after grant contributions of $41.7m was $10.4m. This compares to retained surplus of $6.3m for the 12 month period ending 31 December 2017, after grant contributions of $13.5m.

Income

Gross income for the 18 months to 30 June 2019 was $73.7m compared to $27.7m for 2017 with the increase attributable to a variety of factors including merged operations and the extended reporting period. This contributed to increases in revenue across bequests of $17.3m, and Donations and Fundraising of $34.8m whereas income from Capital Appeals decreased by $1.9m due to no Capital campaigns being actively run during the reporting period

Investment update

Investment income over the period was negatively impacted my market forces with a small recovery towards the end of the period resulting in a portfolio value of $49.1m. Ongoing portfolio management was in line with policy and regular reporting showed results were in line with market benchmarks over this period.

Expenditure

Total expenditure for the reporting period was $21.5m compared to $7.8m for the 12 months ending 31 December 2017. Fundraising expenses and retail (cafe and gift shop) expenses were $6.6m and $0.4m above 2017 respectively. Other operational expenses were $6.7 higher than in 2017 due to the expanded operations. The ratio of fundraising expense to fundraising income (excluding bequests and integration costs) reduced from 21% to 20%. Current levels of investment will see income increase over the coming years to meet our growth ambitions.

Integration Update

Net integration costs for the period were $0.7m which included a contribution from SCHN. This was favourable to our original estimate of $0.85m.

Balance Sheet

Overall the Foundation is in a strong and sustainable financial position with total net assets of $64.9m up from $54.4m at the end of 2017. This includes the specified and unspecified reserves of $37.4m and $26.7m respectively, and an asset revaluation reserve of $0.8m.

The Foundation has a policy of holding unspecified 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 subcommittee's and board according to policy.

Specified reserves at 30 June 2019 of $37.4m 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 23 October 2007)
Duncan Makeig is Chief Executive Officer of China Road Pty Limited and Chairman of Good Spirits Hospitality Limited, Chairman of Athletic Greens, Inc's Advisory Board and a Director of Always Chinaroad (Shangain). He was previously Chairman of Heineken Lion Australia, Managing Director of Lion Pty Limited's Asia Dairy business, General Counsel of Kirin's International Advisory Board, Lion's Group General Counsel and Sustainability Director, General Counsel for Pepsi Co Australasia/Africa and Senior Vice President and General Counsel for Tricon Restaurants International based in Dallas, Texas with responsibility for all of Tricon's legal and governance obligations across its operations in 160 countries.
Duncan joined the Board in 2007 and was appointed as the Foundation's Chair in 2012.

Simon Hickey
Deputy Chair (appointed 27 October 2009)
Simon Hickey was the CEO and MD of Greencross, an ASX company. Prior to his appointment as CEO of Greencross, Simon was Group CEO and Managing Director of Campus Living Villages (CLV). Before joining CLV he was CEO of Qantas International & Freight, responsible for turning around the international business. Simon joined Qantas in September 2004 as Group General Manager Strategy and Fleet, and between 2007 and 2012 he was appointed CEO of Qantas Frequent Flyer, responsible for establishing the Loyalty business.
Simon began his career with Arthur Anderson as a business consultant working in Sydney, Melbourne and London. Between 2001 and 2004, he was CFO for Bovis Lend Lease Americas. Prior to this, he held various roles with Lend Lease including Bovis Lend Lease CFO Asia Pacific.

Dr Matthew O'Meara
(appointed 26 October 2010)
Dr Matthew O'Meara 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 provides expert advice and guidance to the Paediatric Healthcare team within NSW Health.
Matt is a paediatric emergency physician and was formerly Head of the Emergency Department and Director of Clinical care at Sydney Children's Hospital, Randwick. He is a passionate advocate for improving the acute care of children.

Gina Cass-Gottlieb
(appointed 14 August 2012)
Gina Cass-Gottlieb is 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.
Gina is a Board member of the Payment Systems Board of the Reserve Bank of Australia and a member of the Advisory Board Graduate Program in Competition Law, Melbourne Law School.

James Brindley
(appointed 19 April 2016)
James Brindley joined Lion in 1994, spending eight years with Lion in China from 1997 and returning to Australia in 2005. James was appointed Managing Director of Lion Beer Australia in 2009 and is responsible for business strategy development, implementation and execution and financial, market share and stakeholder engagement outcomes.
With a degree in economics and an MBA, James has gained extensive experience in people and business leadership, working across Lion businesses in both China and Australia. He is Chair of Brewers Association of Australia and New Zealand, a Director of DrinkWise Australia and a member of Alcohol Beverages Australia.

Tom Butcher
(appointed 1 June 2018)
Tom has worked in the financial services industry since 2001 and is currently a Managing Director with Credit Suisse Investment Bank and has responsibility for clients in the transport, infrastructure, power and utilities sectors in Australia.
Tom leads multi-disciplinary transaction teams advising clients on the funding and execution of complex transactions involving capital intensive assets that touch and impact the ordinary lives of most Australians. He has been involved in transactions with a total value in excess of A$125bn since 2001 across the rail, road, airport, seaport, utility, renewable, power and the telecom asset classes.
Having worked and lived in Australia, Indonesia and England during the last 20 years and worked in many major cities and markets during that same period, Tom brings a diverse and global perspective to all aspects of his private and professional life.

Wayne Mo
(appointed 21 February 2019)
Wayne is CEO of AL Capital, overseeing the growth of its diversified investment portfolio. He has more than 24 years global experience in international banking, structure finance and M&A.
Prior to joining AL Capital, Wayne held senior executive roles with ANZ for 15 years and was Chief Investment Officer of Hong Kong listed Everchina International Holding.
Wayne is a graduate member of the Australian Institute of Company Directors, holds an MBA from Webster University (USA) and Bachelor of Economics from Shanghai University of Finance and Economics (SUFE). He is currently a non-executive director of McGrath Estate Agent (ASX: MEA). Wayne was previously a Board Director of Australia China Chamber of Commerce (Beijing) from 2006 to 2008and was a non-executive director of Fiagril Ltd and Becagricola, two leading Brazilian Agriculture Companies.

Dr David Court
(appointed 8 November 2018)
David Court is the founder of Compton School, Australia's first business school for creative people. He is also chairman of Screen Canberra and The Cinematic Company.
David was formerly Head of Screen Business at the Australian Film Television & Radio School where he developed Australia's first screen business qualification. He has been involved in the financing of more than a dozen film and television productions including John Weiley's Antarctica, Baz Luhrmann's Strictly Ballroom, Dean Cavell's The Wiggles Movie, Jerzy Domaradski's Lilian's Story, Robert Connolly's The Bank and Andrew Horne's The Animated Leunig.
David was founding editor of the authoritative industry newsletter Entertainment Business Review. As author of Film Assistance: Future Options (Allen & Unwin, 1986), he was the policy architect of the Film Finance Corporation, an agency established by the Australian Government in 1988 which invested more than $1 billion in Australian film and television productions over the following 20 years. In 2010, with Sir Peter Jackson, David undertook a review of the New Zealand Film Commission for the NZ Government.
David holds a PhD from the Crawford School of Public Policy at the Australian National University.

David Nott
(appointed 6 May 2019)
David is Acting Chair of the Sydney Children's Hospitals Network Board. He is also a member of the SCHN Audit and Risk Committee and this year retired from the position of Chair of the Audit Committee of Southern NSW Local Health District, after being in that role for five years.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.

Adjunct Associate Professor Cheryl McCullagh
(appointed May 2019)
Cheryl McCullagh is Acting Chief Executive of the Sydney Children's Hospitals Network.
She joined the Network in 2011 in the role of Director of Clinical Integration and has worked in Health for 25 years. Her previous roles include nursing, research, education and executive management in specialist referral hospitals in Sydney and Adelaide.
She has a Diploma in Applied Science, a Bachelor of Nursing, a Masters of Health Service Management and is a Student of Lean (Green Belt).
Cheryl is an Adjunct Associate Professor in the Sydney Medical School and Faculty of health sciences. She is committed to developing people and their processes to evolve models supporting safe service delivery, while enabling innovation in healthcare.

Jane Freudenstein
(director 2012-2016, appointed 3 August 2017, retired 19 February 2018)
After a career of 15 years in advertising, marketing, strategy and management, Jane undertook directorships for not-for-profit organisations. She is a graduate of the Australian Institute of Company Directors and has more than 10 years' experience in board governance roles that have allowed her to champion cultural arts and paediatric health in Australia. Jane is currently Co-Chair of The Australian Ballet Foundation NSW Board.
She first joined the Board of the Sydney Children's Hospitals Foundation in 2012, leaving in 2016 as Deputy Chair and returning in 2017 to continue supporting the Foundation's strategic objectives and the work of Sydney Children's Hospital, Randwick. She has previously held directorships on the boards of Sydney Children's Choir, Gondwana Voices and Sydney Dance.

Barbara Ward AM
(appointed 28 November 2012, retired 19 February 2018)
Barbara is a non-executive director of Qantas Airways Limited, Caltex Australia Limited and various Brookfield Multiplex Group Companies. She is an experienced company director, having served on the boards of a number of public companies including the Commonwealth Bank of Australia, Lion Nathan Limited, Multiplex Limited and Data Advantage Limited. She has also been a director of a range of public sector entities including as Chairman of Country Energy.

Peter Wiggs
(appointed 19 April 2016, retired 6 May 2019)
Peter was a founding Partner of Archer at its establishment in 1997. He is Chairman of their Investment Committee and oversees the fundraising program. He is also Chairman of Aerocare, V8 Supercars and Brownes Dairy and Director of Allity Aged Care.
Prior to Archer, Peter was a member of the private equity team at Rothschild Australia. Peter's achievements in private equity were recognised at the Asian Private Equity and Venture Capital Awards when he was selected as Private Equity professional of the Year. Before Rothschild he spent five years at Booz Allen specialising in strategic and operational assignments for Australian and New Zealand companies in the healthcare, banking, insurance and FMCG industries.
Peter holds a Master of Business Administration from Harvard Business School and a Bachelor of Economics (Hons) from the University of Sydney.

Professor Christine Bennett AO
(appointed 8 November 2018, retired 30 April 2019)
Professor Bennett was appointed to the role of Professor and Dean, School of Medicine, Sydney, The University of Notre Dame Australia in May 2011.
Professor Bennett is a specialist paediatrician and has over 30 years of health industry experience in clinical care, strategic planning, business operations and senior management in the public, private and not-for-profit sectors.
Professor Bennett is currently the Chair of Sydney Children's Hospitals Network and HETI Academic Board. She sits on the boards of Regis Healthcare Limited; Digital Health CRC and Lorica Health.
In February 2008, Professor Bennett was appointed as Chair of the National Health and Hospitals Reform Commission providing advice on a long term blue print for the future of the Australian health system and aged care. The Commission's final report was presented to the Government in June 2009.
Professor Christine Bennett was awarded an Officer of the Order of Australia (AO) in the Australia Day 2014 Honours List.

Glenn Barnes
(appointed April 2016, retired 6 May 2019)
Glenn has over twenty years of governance experience in banking and financial services, business information, healthcare and wellbeing, body protection and consumer goods.
Glenn has been involved in the packaged goods, banking and financial services sectors for over 30 years, as an executive, business leader and director in Australia, New Zealand, the United Kingdom, United States of America, Republic of Ireland, Japan and China. Glenn also has broad experience in other governance roles including as non-executive director, chairman, committee member and committee chairman. He has been involved in and led successful takeover defences, sales and purchases of businesses, and served on and chaired audit, finance, risk, leadership, nomination, remuneration, strategy, governance and investment committees.
He is also the Chairman of Ansell Ltd.

Dr. Michael Brydon OAM
(appointed 5 June 2015, retired 30 June 2019)
Michael is Chief Executive of the Sydney Children's Hospitals Network and has worked at Sydney Children's Hospital, Randwick, for 32 years after completing his undergraduate Medical Degree at UNSW and his Fellowship of Paediatrics in the Randwick Program. His other postgraduate qualifications include a Masters of Paediatrics and a Masters of Health Administration from UNSW. Over the past two decades, Michael has advocated for children, highlighting the differences in their needs and the importance of quality care in all that is delivered to these families.

Directors' Meetings

Director	Board		Audit and Risk		Nominations & Remunerations	
	Number held	Number attended	Number held	Number attended	Number Held	Number attended
Makeig, Duncan	6	6	6	3	5	5
Hickey, Simon	6	6	6	5	5	5
Brindley, James	6	4	6	6	-	-
Ward, Barbara	1	-	1	-	-	-
Freudenstein, Jane	4	4	1	1	-	-
Wiggs, Peter	5	-			-	-
O'Meara, Matthew	6	6			-	-
Court, David	3	3			-	-
Barnes, Glenn	6	5			-	-
Cass-Gottlieb, Gina	6	6			-	-
Brydon, Michael	6	6*			-	-
Bennett, Christine	2	1**			-	-
Nott, David	1	1			-	-
Butcher, Tom	3	3	1	1	-	-
Mo, Wayne	2	2	-	-	-	-

*While Michael Brydon was on a leave of absence, Cheryl McCullagh, in her capacity as Acting Chief Executive attended 1 board meeting in Michael's place
**Alternate Director, Renata Kaldor, attended 1 Board meeting in Christine's place

Signed in accordance with a resolution of the directors:

Director .....

Dated this 31 day of October Sydney 2019

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 12 to 30 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 2019 and of its performance, as represented by the results of its operations for the 18 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 31 day of October Sydney 2019

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 18 Months period ended 30 June 2019;

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 31 day of October Sydney 2019

KPMG

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 18 months ended 30 June 2019 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
31 October 2019

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Combined Statement of Surplus and Deficit and other Comprehensive Income for the 18 months ended 30 June 2019

	Note	1 January 2018 – 30 June 2019 (18 months) $	1 January 2017 – 31 December 2017 (12 months) $
Revenue			
Bequests		18,528,681	1,272,277
Donations and fundraising		48,869,297	14,069,554
Capital appeals		322,222	2,222,222
Net investment revenue	2(b)	3,492,823	2,597,102
Cafe and gift shop operations		2,198,626	1,862,727
Gain on disposal		-	5,571,992
Rental income		-	26,898
Other income		295,915	42,000
Total revenue		73,707,564	27,664,772
Expenses			
Fundraising expenses		9,558,006	2,958,269
Cafe and gift shop operations		1,806,221	1,409,748
Operational expenses		10,169,153	3,453,852
Total expenses		21,533,380	7,821,869
Surplus for the period		52,174,184	19,842,903
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Other comprehensive income for the period		-	-
Total comprehensive income for the period		52,174,184	19,842,903
Less: Contributions distributed		(41,749,146)	(13,524,157)
Transferred to specified and unspecified funds reserves		10,425,038	6,318,746
Add: Total equity brought forward		54,436,190	48,117,444
Total Equity Carried Forward		64,861,228	54,436,190

Combined Statement of Financial Position
as at 30 June 2019

	Notes	30 June 2019	31 December 2017
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	12,558,832	6,689,658
Trade and other receivables	5	864,050	499,445
Prepayments		2,766,324	71,802
Inventories		74,433	76,788
TOTAL CURRENT ASSETS		16,263,639	7,337,693
NON-CURRENT ASSETS			
Financial assets	6	49,097,152	46,356,219
Property, plant and equipment	7	1,422,487	1,270,213
Computer software	8	80,421	163,530
TOTAL NON-CURRENT ASSETS		50,600,060	47,789,962
TOTAL ASSETS		66,863,699	55,127,655
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	1,390,925	444,905
Employee benefits		532,764	207,661
TOTAL CURRENT LIABILITIES		1,923,689	652,566
NON-CURRENT LIABILITIES			
Employee benefits		78,782	38,899
TOTAL NON-CURRENT LIABILITIES		78,782	38,899
TOTAL LIABILITIES		2,002,471	691,465
NET ASSETS		64,861,228	54,436,190
EQUITY			
Settlement capital		100	100
Asset realisation reserves		824,469	824,469
Specified funds reserves		37,354,025	19,815,108
Unspecified funds reserves		26,682,634	33,796,513
TOTAL EQUITY		64,861,228	54,436,190

Combined Statement of Changes in Equity
for the 18 months ended 30 June 2019

	Specified Funds Reserves	Unspecified Funds Reserves	Asset Realisation Reserves	Settlement Capital	Total
	$	$	$	$	$
Balance at 1 January 2018	19,815,108	33,796,513	824,469	100	54,436,190
Surplus attributable to the entity	46,407,281	5,766,903	-	-	52,174,184
Contributions	(27,570,266)	(14,178,880)	-	-	(41,749,146)
Re-allocation of fundraising cost recovery	(1,298,098)	1,298,098	-	-	-
Balance at 30 June 2019	37,354,025	26,682,634	824,469	100	64,861,228

	Specified Funds Reserves	Unspecified Funds Reserves	Asset Realisation Reserves	Settlement Capital	Total
	$	$	$	$	$
Balance at 1 January 2017	19,302,566	27,990,309	824,469	100	48,117,444
Surplus attributable to the entity	14,921,676	4,921,227	-	-	19,842,903
Contributions	(13,522,822)	(1,335)	-	-	(13,524,157)
Re-allocation of administration fee on specified donations	(886,312)	886,312	-	-	-
Balance at 31 December 2017	19,815,108	33,796,513	824,469	100	54,436,190

Sydney Children's Hospitals Foundation

Combined Statement of Cash Flows
For the 18 months ended 30 June 2019

	Note	1 January 2018 – 30 June 2019 (18 months)	1 January 2017 – 31 December 2017 (12 months)
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Bequests, donations, appeals and other receipts		67,495,356	17,555,668
Receipts from cafe and gift shop customers		2,200,981	1,862,727
Payments to suppliers and employees		(22,797,899)	(7,601,103)
Interest received		275,983	131,013
Contributions made		(41,749,146)	(13,524,157)
Net cash provided by/(used in) operating activities	14(b)	5,425,275	(1,575,852)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		-	8,505,613
Purchase of property, plant and equipment		(182,379)	(332,418)
Payments for investments		626,278	(11,813,354)
Net cash provided by/(used in) investing activities		443,899	(3,640,159)
Net increase/(decrease) in cash and cash equivalents held		5,869,174	(5,216,011)
Cash and cash equivalents at beginning of financial period		6,689,658	11,905,669
Cash and cash equivalents at end of financial period	14(a)	12,558,832	6,689,658

Notes to the Combined Financial Statements
For the 18 months ended 30 June 2019

1. Summary of Significant Accounting Policies (continued)

(a) Change of year end

The Foundation has obtained an order from the Australian Charities and Not-For-Profits Commission (ACNC) under paragraph 9 of Commissioner Policy Statement 2012/08 to effect that the Foundation does not have to comply with section 60-10 of the Australian Charities and Not-For-Profits Commission Act in respect of the financial period commencing 1 January 2018. This means that the financial period for the Foundation is an 18 month period running from 1 January 2018 to 30 June 2019. Each following year is expected to run from 1 July to 30 June.

(b) Name change

On 19 February 2018, Sydney Children's Hospitals Foundation changed its legal name from Sydney Children's Hospital Foundation. The address of the company's registered office is Level M, 65 York Street, Sydney.

(c) 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.

(d) 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 on 31 October 2019. 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 2019 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.

Notes to the Combined Financial Statements
For the 18 months ended 30 June 2019

1. Summary of Significant Accounting Policies (continued)

(e) 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.

(f) Functional and presentation currency

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

(g) 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.

(h) 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.

(i) 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.

(j) Property, Plant and Equipment

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

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

Notes to the Combined Financial Statements
For the 18 months ended 30 June 2019

1. Summary of Significant Accounting Policies (continued)

(j) Property, Plant and Equipment (continued)

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

(k) 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.

(l) 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.

Notes to the Combined Financial Statements
For the 18 months ended 30 June 2019

1. Summary of Significant Accounting Policies (continued)

(l) Financial Instruments (continued)

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.

(m) 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.

Non-derivative financial assets

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 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.

Notes to the Combined Financial Statements
For the 18 months ended 30 June 2019

1. Summary of Significant Accounting Policies (continued)

(m) Impairment of non-financial assets (continued)

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.

(n) 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.

(o) Employee Benefits

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

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using

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

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

(p) 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.

(q) Revenue

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

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

(r) Fundraising expenses

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

Notes to the Combined Financial Statements
For the 18 months ended 30 June 2019

1. Summary of Significant Accounting Policies (continued)

(s) 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.

(t) 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. In previous periods these funds have been presented as a single caption within equity. In the current period, to provide further transparency, the Specified Funds and Unspecified Funds have been represented separately. To provide comparable information the comparative period funds balances have also been reclassified into Specified Funds and Unspecified Funds. 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.

(u) New accounting standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual reports beginning on or after 1 July 2019 and earlier application is permitted; however, the Foundation has not early adopted the following new or amended standards in preparing these consolidated financial statements.

AASB 15 Revenue from contracts with customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2019.

The Foundation is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of AASB 15.

(v) New accounting standards and interpretations not yet adopted

AASB 1058 Income of not-for-profit entities

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit entities, in conjunction with AASB 15. The requirements of AASB 1058 more closely reflect the economic reality of not-for-profit entity transactions that are not contracts with customers. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation. AASB 1058 will be effective for annual reporting periods beginning on or after 1 January 2019.

The Foundation is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of AASB 1058.

AASB 16 Leases

AASB 16 Leases removes the lease classification test and requires all leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019.

Notes to the Combined Financial Statements
For the 18 months ended 30 June 2019

1. Summary of Significant Accounting Policies (continued)

(v) New accounting standards and interpretations not yet adopted (continued)

With respect to leases where the Group is a lessee, all leases will be required to be recognised on balance sheet with the exception of short term or low value leases. An asset (the right to use the leased item) and a financial liability to pay rentals will be recognised with an associated depreciation expense and finance costs to be recognised in the consolidated statement of profit or loss and other comprehensive income. This differs to the current operating lease treatment where lease payments are recognised on a straight-line basis over the lease term.

The Foundation is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of AASB 16.

(w) New accounting standards adopted

The Foundation has initially applied AASB 9 from 1 January 2018.

AASB 9 Financial Instruments

AASB 9 includes requirements for recognition, measurement, impairment and derecognition and general hedge accounting and replaces AASB 139. The impairment model in AASB 9 is based on the premise of providing for expected credit losses.

The new standard primarily causes changes in the accounting principles of financial items and the evaluation of their impairment according to the new expected credit loss model.

The standard change has minimal impacts on the bad debt provisions of trade receivables because of the expected credit loss model introduced by the standard.

The Foundation adopted AASB 9 using the full retrospective method of adoption. There are no changes impacting the comparative information and therefore, no restatements have been made in the Foundation's financial statements.

(x) Acquisition of assets

On 21 May 2018, the Sydney Children's Hospitals Foundation acquired the fundraising operations of the Sydney Children's Hospitals Network. The operations acquired are responsible for raising funds for the Children's Hospital Westmead and constitute an acquisition of assets. At the time of the acquisition, the Foundation obtained the services of 20 employees.

Assets acquired and liabilities assumed

	$
Assets	
Cash and Cash Equivalents	288,262
Total Assets	288,262
Liabilities	
Annual leave liability	146,582
Long service leave liability	141,680
Total Liabilities	288,262
Total identifiable net assets acquired	-

Notes of the Combined Financial Statements
For the 18 months ended 30 June 2019

2 Surplus form ordinary activities has been determined after:

(a) Expenses

	1 January 2018 – 30 June 2019	1 January 2017 – 31 December 2017
	$	$
Depreciation and amortisation		
- property, plant and equipment	173,418	82,966
- investment property	-	8,871
- computer software	114,595	69,161
Total depreciation and amortisation	288,013	160,998

(b) Net investment revenue

Interest	17,934	160,257
Investment income	3,760,585	2,622,042
Management and brokerage fees	(285,696)	(185,197)
Net investment revenue	3,492,823	2,597,102

3 Auditor's remuneration

KPMG		
- Financial Statements Audit	80,000	-
- Tax Services	-	600
- Due diligence services	41,201	47,000
	121,201	47,600

The 2017 Financial Statements Audit was provided by KPMG on a pro-bono basis.

	30 June 2019	31 December 2017
	$	$

4 Cash and Cash Equivalents

Cash on hand	5,400	5,400
Cash at bank	12,553,432	6,684,258
	12,558,832	6,689,658

Notes of the Combined Financial Statements
For the 18 months ended 30 June 2019

		30 June 2019	31 December 2017
		$	$
5	**Trade and Other Receivables**		
	CURRENT		
	Trade receivables	104,784	57,510
	Other receivables	271,602	93,668
	Accrued income receivable	487,664	348,267
		864,050	499,445
6	**Financial Assets**		
	NON-CURRENT		
	Financial assets at fair value through profit or loss:		
	Funds in managed investments	49,097,152	46,356,219
		49,097,152	46,356,219

Notes of the Combined Financial Statements
For the 18 months ended 30 June 2019

		30 June 2019	31 December 2017
		$	$
7	**Property Plant and Equipment**		
	Furniture, fixture and fittings		
	At cost	201,651	168,641
	Less accumulated depreciation	(159,365)	(142,523)
	Total furniture, fixture and fittings	42,286	26,118
	Motor vehicles		
	At cost	23,937	-
	Less accumulated depreciation	(3,242)	-
	Total motor vehicles	20,695	-
	Office equipment		
	At cost	684,431	590,485
	Less accumulated depreciation	(554,906)	(401,571)
	Work in progress – Tap N Go machine	6,145	-
	Total office equipment	135,670	188,914
	Artworks		
	At independent valuation	1,223,836	1,055,181
	Total artworks	1,223,836	1,055,181
	Total property, plant and equipment	1,422,487	1,270,213

Notes of the Combined Financial Statements
For the 18 months ended 30 June 2019

	30 June 2019	31 December 2017
	$	$
8 Computer Software		
At cost	332,352	301,046
Less accumulated amortisation	(252,111)	(137,516)
Total Computer Software	80,421	163,530

9 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 2019 is $37,354,025.

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

10 Trade and Other Payables

CURRENT		
Trade creditors	495,701	145,471
Sundry payables and accrued expenses	895,224	299,434
	1,390,925	444,905

11 Commitments

Future minimum lease payments		
Less than one year	139,950	
Between one and five years	306,687	-
More than five years	-	-
	446,637	-

Notes of the Combined Financial Statements
For the 18 months ended 30 June 2019

12 Additional Information Required Under The Charitable Fundraising Act, 1991

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

	1 January 2018 – 30 June 2019	1 January 2017 – 31 December 2017
	$	$
Gross income received from donations and fundraising appeals	67,720,200	17,564,053
Expenditure associated with fundraising appeals	(9,558,006)	(2,958,269)
Net Operating Surplus from fundraising appeals	58,162,194	14,605,784
Contributions distributed	41,749,146	13,524,157
Operational expenses	10,169,153	3,453,852
Net operating surplus applied	51,918,299	16,978,009
Surplus/(Deficit) available for future distribution	6,243,895	(2,372,225)

(b) Comparison of Certain Monetary Figures and Percentages:

Direct expenditure from fundraising appeals	9,558,006		
Gross income received from donations and fundraising appeals	67,720,200	14%	17%
Net Operating Surplus from fundraising appeals	58,162,194		
Gross income received from donations and fundraising appeals	67,720,200	86%	83%
Contributions Distributed	41,749,146		
Total Expenditure and contributions distributed	63,282,526	66%	63%
Contributions Distributed	41,749,146		
Gross Income	73,707,564	57%	49%

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 require to raise funds in full in advance of their distribution.

13 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 January 2018 – 30 June 2019	1 January 2017 – 31 December 2017
	$	$
Key management personnel compensation	2,129,218	1,041,047
	2,129,218	1,041,047

Notes of the Combined Financial Statements
For the 18 months ended 30 June 2019

	1 January 2018 – 30 June 2019	1 January 2017 - 31 December 2017
	$	$
14 Cash Flow Information		
(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	12,558,832	6,689,658
	12,558,832	6,689,658
(b) Reconciliation of result for the period to cash flows from operating activities		
Surplus for the period before contributions	52,174,184	19,842,903
Less:		
- contributions made	(41,749,146)	(13,524,157)
- profit from sale of fixed assets	-	(5,571,992)
Non-cash flows in profit:		
- depreciation and amortisation	288,013	160,998
- artworks donated	(168,654)	(11,636)
- (increase) in value of managed investments	(3,512,755)	(2,466,089)
Changes in assets and liabilities:		
- (increase) in trade and other receivables	(2,919,729)	(71,486)
- decrease in inventories	2,355	13,235
- increase in trade and other payables	952,166	34,292
- increase in employee benefits	364,987	18,080
- (increase) in fixed assets – work in progress	(6,146)	-
Cash flow from operations	5,425,275	(1,575,852)

Notes of the Combined Financial Statements
For the 18 months ended 30 June 2019

15 Events Occurring After the Reporting Date

Forming part of the Property, plant and equipment balance are Artworks valued at $1,223,836. A valuation of the Artworks was performed in October 2019, with no formal valuation received from the valuer at reporting date. It is expected that the formal valuation will not deviate materially from the value recorded in the accounts.

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.

16 Contingent Liabilities

The Foundation did not have any contingent liabilities at 30 June 2019 (31 December 2017: Nil).

17 Foundation's Details

Registered office

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

Sydney Children's Hospitals Foundation

Level M

65 York Street

Sydney NSW 2000

KPMG

Independent Auditor's Report

To the Members of Sydney Children's Hospitals Foundation

Report on the audit of the 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 2019, and of its financial performance and its cash flows for the 18 months ended on that date; and

ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* to the extend described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The ***Combined Financial Report*** comprises the:

i. Combined Statement of Financial Position as at 30 June 2019.

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 18 months 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 Financial Report* section of our report.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

KPMG

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* (the Code) that are relevant to our audit of the Combined Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter – basis of preparation and restriction on use

We draw attention to Note 1 to 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 Directors' Report, Directors' 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 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.

KPMG

Responsibilities of the Directors for the Combined Financial Report

The Directors are responsible for:

i. Preparing the Combined Financial Report that gives a true and fair view in accordance with 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.

ii. Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations.

iii. Implementing necessary internal control to enable the preparation of a Combined Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

iv. 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:

i. 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

ii. 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 this Combined Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgment and maintain professional skepticism 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 period-end financial adjustments required for the preparation of Combined Financial Report such as accruals, prepayments, provisioning and valuations.

KPMG

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our 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 18 months ended 30 June 2019;

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 January 2018 to 30 June 2019, 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 January 2018 to 30 June 2019 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

Shane O'Connor
Partner

Sydney
31 October 2019