

ANNUAL FINANCIAL REPORT

OF

SAN FOUNDATION INC.

AS TRUSTEE FOR

SYDNEY ADVENTIST HOSPITAL FOUNDATION TRUST

ABN 73 479 353 649

FOR THE PERIOD ENDED

30 JUNE 2018

SAN FOUNDATION INC.
As Trustee For
SYDNEY ADVENTIST HOSPITAL FOUNDATION TRUST
ABN 73 479 353 649

FINANCIAL STATEMENT & REPORTS

PERIOD ENDED 30 JUNE 2018

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SAN FOUNDATION INC.
As Trustee For
SYDNEY ADVENTIST HOSPITAL FOUNDATION TRUST
ABN 73 479 353 649

STATEMENT BY TRUSTEE

In the opinion of San Foundation Inc. (Trustee), in its capacity as trustee of the Sydney Adventist Hospital Foundation Trust (Trust):

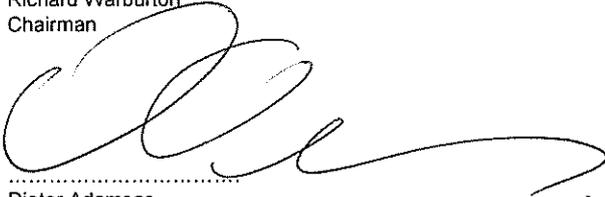
- a) the Statement of Comprehensive Income and supporting notes present fairly all income and expenditure of the Trust for the period ended 30 June 2018; and
- b) the Statement of Financial Position and supporting notes present fairly the state of affairs of the Trust during the period ended 30 June 2018; and
- c) the financial statements and notes to the Trust comply with the Australian Charities and Not-for-Profits Commission Regulation 2013; and
- d) the provision of the Charitable Fundraising Act 1991 (NSW) Act, the regulations under that Act and the conditions attached to the authority granted under the Act have been complied with by the Trust; and
- e) the internal controls exercised are appropriate and effective in accounting for all income received and applied by the Trust from any of its fundraising appeals.
- f) there are reasonable grounds to believe that the Trust is able to pay all of its debts as and when they become due and payable.

Date at Sydney this 9th day of November 2018.

Signed in accordance with a resolution of the Trustee.



.....
Richard Warburton
Chairman



.....
Dieter Adamsas
Treasurer



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 Adventist Hospital Foundation Trust

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial period ended 30 June 2018 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

Sydney

9 November 2018

SAN FOUNDATION INC.
As Trustee For
SYDNEY ADVENTIST HOSPITAL FOUNDATION TRUST
ABN 73 479 353 649

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2018

| | Note | 2018 | 2017 |
|---|-------------|--------------------|--------------------|
| | | \$ | \$ |
| Appropriations | 3.1 | - | 309,617 |
| Fundraising income | 3.2, 15(a) | 3,994,773 | 6,054,731 |
| Finance income | 3.3 | 63,675 | 71,983 |
| Other Income | | - | 5,934 |
| Total revenue | | <u>4,058,448</u> | <u>6,442,265</u> |
| Operating expenses | | | |
| Other operating expenses | 3.4 | (104,107) | (119,071) |
| Fundraising and program expenses | 3.5 | (891,889) | (580,035) |
| Impairment of shareholdings | 8 | (12,001) | (30,000) |
| Applied for charitable purposes | 15(b) | (4,274,876) | (6,688,170) |
| Total expenses | | <u>(5,282,873)</u> | <u>(7,417,276)</u> |
| Profit/ (Loss) from ordinary activities | | (1,224,425) | (975,011) |
| Other comprehensive income | | - | - |
| Total comprehensive income | | <u>(1,224,425)</u> | <u>(975,011)</u> |

The Statement of Comprehensive Income should be read in conjunction with
the accompanying notes to the financial statements

SAN FOUNDATION INC.
As Trustee For
SYDNEY ADVENTIST HOSPITAL FOUNDATION TRUST
ABN 73 479 353 649

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|---------------------------------|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 6,233,626 | 7,138,996 |
| Trade and other receivables | 6 | 66,864 | 29,055 |
| Other assets/prepayments | 7 | - | 10,622 |
| TOTAL CURRENT ASSETS | | 6,300,490 | 7,178,673 |
| NON-CURRENT ASSETS | | | |
| Shareholdings | 8 | 10,000 | 280,001 |
| TOTAL NON-CURRENT ASSETS | | 10,000 | 280,001 |
| TOTAL ASSETS | | 6,310,490 | 7,458,674 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 109,232 | 32,991 |
| TOTAL LIABILITIES | | 109,232 | 32,991 |
| NET ASSETS | | 6,201,258 | 7,425,683 |
| EQUITY | | | |
| Accumulated Funds | | 6,201,257 | 7,425,682 |
| Settled Sum | 1 | 1 | 1 |
| TOTAL EQUITY | | 6,201,258 | 7,425,683 |

The Statement of Financial Position should be read in conjunction with
the accompanying notes to the financial statements

SAN FOUNDATION INC.
As Trustee For
SYDNEY ADVENTIST HOSPITAL FOUNDATION TRUST
ABN 73 479 353 649

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2018

| | Settled Funds | Accumulated Funds | Total |
|------------------------------------|------------------|----------------------|------------------|
| | \$ | \$ | \$ |
| Balance as at 27 June 2016 | <u>1</u> | <u>8,400,693</u> | <u>8,400,694</u> |
| Net surplus/(deficit) for the year | - | (975,011) | (975,011) |
| Balance as at 26 June 2017 | <u>1</u> | <u>7,425,682</u> | <u>7,425,683</u> |
| Net surplus/(deficit) for the year | - | (1,224,425) | (1,224,425) |
| Balance as at 30 June 2018 | <u>1</u> | <u>6,201,257</u> | <u>6,201,258</u> |

The Statement of Changes in Equity should be read in conjunction with
the accompanying notes to the financial statements

SAN FOUNDATION INC.
As Trustee For
SYDNEY ADVENTIST HOSPITAL FOUNDATION TRUST
ABN 73 479 353 649

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2018

| | Note | 2018 | 2017 |
|---|-------------|-------------------------|-------------------------|
| | | \$ | \$ |
| Cash from operating activities: | | | |
| Receipts | | 4,058,448 | 6,442,265 |
| Payments | | <u>(5,221,818)</u> | <u>(7,494,792)</u> |
| Net cash (used by) operating activities | 11(b) | <u>(1,163,370)</u> | <u>(1,052,527)</u> |
| Cash from investing activities: | | | |
| Proceeds from SAHF Enterprises Pty Ltd | | <u>258,000</u> | - |
| Net cash provided by investing activities | | <u>258,000</u> | - |
| Net (decrease) in cash and cash equivalents | | (905,370) | (1,052,527) |
| Cash and cash equivalents at the beginning of the period | | <u>7,138,996</u> | <u>8,191,523</u> |
| Cash and cash equivalents at the end of the period | 11(a) | <u><u>6,233,626</u></u> | <u><u>7,138,996</u></u> |

The Statement of Cash Flows should be read in conjunction with
the accompanying notes to the financial statements

SAN FOUNDATION INC.
As Trustee For
SYDNEY ADVENTIST HOSPITAL FOUNDATION TRUST
ABN 73 479 353 649

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

1. REPORTING ENTITY

Sydney Adventist Hospital Foundation Trust (the "Trust") is a Not-for-Profit organisation domiciled in Australia. The address of the Trust's registered office is 185 Fox Valley Road, Wahroonga, NSW, 2076. The principal object of the Trust is to provide for a public charitable fund having deductible gift recipient status to which donations may be made for distribution to the beneficiary. The sole beneficiary as listed in clause 1.1 of the trust deed is Adventist Healthcare Limited ABN 76 096 452 925 (formerly known as Sydney Adventist Hospital Ltd). In the opinion of the directors, the Trust is not a reporting entity on the basis that the financial report is prepared for the benefit of the Directors.

Date of Settlement

The Trust is constituted by The Sydney Adventist Hospital Foundation Trust Deed between Australasian Conference Association Limited as Founder and San Foundation Inc. as Trustee.

Settled Sum

The sum of \$1 was remitted to San Foundation Inc. (the "Trustee") by the settlor on the date of settlement for the purposes of the Trust.

2. BASIS OF PREPARATION

Statement of Compliance

The financial report is a special purpose financial report which has been prepared in accordance with the requirements of the Australian Charities and Not-for-Profits Commissions Regulations, the provisions of the trust deed and with the requirements of the Charitable Fundraising Act 1991 (NSW) and its regulations. For the purpose of preparing the financial statements the Trust is a not-for-profit entity.

The special purpose financial statements include only the disclosure requirements of the following AASBs and those disclosures considered necessary by the directors to meet the needs of the members:

AASB 101 Presentation of Financial Statements

AASB 107 Statement of Cash Flows

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

AASB 1048 Interpretation and Application of Accounting Standards

AASB 1054 Australian Additional Disclosures.

Comparative Information

The prior year comparatives are for the period 28 June 2016 to 26 June 2017.

The reason for a longer period in 2018 is due to a resolution by the San Foundation Board to use a financial year end of 30 June for the 2018 financial year end and each financial year end thereafter. This means comparative amounts for the income statement, statement of changes in equity, cash flow statement and related notes may not be entirely comparable.

SAN FOUNDATION INC.
As Trustee For
SYDNEY ADVENTIST HOSPITAL FOUNDATION TRUST
ABN 73 479 353 649

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

2. BASIS OF PREPARATION (continued)

Financial Reporting Framework

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a. Income Tax

The Trust is exempt from income tax as a charitable entity under subdivision 50-B of the *Income Tax Assessment Act 1997*.

b. Revenue Recognition

Revenue is recognised to the extent that it is probable the economic benefits will flow to the Trust and the revenue can be reliably measured, regardless of when payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Unearned income at reporting dates is reported as income received in advance.

Rendering of services

Revenues from delivery of services are recognised on an accrual basis.

Fundraising income

Revenue arising from fundraising appeals and other donations, including bequests, is recognised when the Trust receives the monies and records them in the books and records or where the Trust has an unconditional commitment from the contributor, on an accruals basis.

Pledges received for donations that are to be made over a number of years are recognised as revenue in the relevant year that the donation is received.

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

c. Operating expenses

Operating expenses are recognised in profit and loss upon utilisation of the service or at the date of their origin.

d. Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

SAN FOUNDATION INC.
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ABN 73 479 353 649

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

2. BASIS OF PREPARATION (continued)

e. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a net basis. The GST component of the cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

f. Financial Assets

Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'trade and other receivables'. Trade and other receivables are measured at amortised cost using the effective interest method less impairment.

Investments

The Trusts investments are categorised as held to maturity. These 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.

The Trust has no power or control over its investments and therefore the investments would not be consolidated in the Trust financial statements.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

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 there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of the 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 and loss.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018**

2. BASIS OF PREPARATION (continued)

g. Financial instruments issued by the Trust

Trade and other payables

Trade payables are recognised initially at their fair value, which is the amount expected to be paid, and subsequently at amortised cost. These amounts represent liabilities for services provided prior to the end of the period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Other payables are accruals for services provided in relation to the period.

h. New standards and interpretations

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. AASB 1058 supersedes all the income recognition requirements relating to private sector Not-for-Profit entities, and the majority of income recognition requirements relating to public sector Not-for-Profit entities previously in AASB 1004 Contributions. The requirements of AASB 1058 more closely reflect the economic reality of Not-For-Profit entity transactions that are not contracts with customers.

AASB 1058 is effective for annual reporting periods beginning on or after 1 January 2019. The Trust is assessing the potential impact on its financial statements resulting from the application of AASB 1058.

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ABN 73 479 353 649

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

| | 2018 | 2017 |
|---|------------------|------------------|
| | \$ | \$ |
| 3. OTHER INCOME AND EXPENSES | | |
| Profit/(Loss) from ordinary activities includes the following items of revenue and expense: | | |
| 3.1 Appropriations | | |
| Adventist HealthCare Ltd - Operating purpose | - | 261,781 |
| Brokerage | - | 47,836 |
| | <u>-</u> | <u>309,617</u> |
| 3.2 Fundraising income | | |
| Fundraising appeals and other donations allocated for a specific purpose | 2,544,327 | 6,037,639 |
| Bequests | 1,450,446 | 17,092 |
| | <u>3,994,773</u> | <u>6,054,731</u> |
| Included in fundraising and events revenue, for each respective year, are the gross proceeds from the 2018 and 2017 Run For Life events. The expenses associated with delivering the events are included in Note 3.5 as Event Fundraising Expenses. | | |
| 3.3 Finance income and expenses | | |
| Interest received | <u>63,675</u> | <u>71,983</u> |
| | 63,675 | 71,983 |
| 3.4 Other operating expense | | |
| Occupancy expenses | 18,859 | 18,161 |
| Auditors remuneration | 15,500 | 15,000 |
| Administration expenses | 69,748 | 85,910 |
| | <u>104,107</u> | <u>119,071</u> |
| 3.5 Fundraising and program expenses | | |
| Accountability and administration | 673,672 | 398,854 |
| Bank charges | 4,663 | 10,040 |
| Promotion and publicity | 97,892 | 89,606 |
| Events | 115,662 | 81,535 |
| | <u>891,889</u> | <u>580,035</u> |
| 4. REMUNERATION OF AUDITORS | | |
| Audit of the financial report | <u>15,500</u> | <u>15,000</u> |
| The auditor of San Foundation Inc. is KPMG (2017: KPMG). | | |

SAN FOUNDATION INC.
As Trustee For
SYDNEY ADVENTIST HOSPITAL FOUNDATION TRUST
ABN 73 479 353 649

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

| | 2018 | 2017 |
|--|------------------|------------------|
| | \$ | \$ |
| 5. CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 173 | 24 |
| Westpac operating account | 17,309 | 27,076 |
| Westpac trust account | 4,099,289 | 5,542,202 |
| CMF investment | 2,015,568 | 1,471,247 |
| CMF trust account | 101,287 | 98,447 |
| | 6,233,626 | 7,138,996 |
| 6. TRADE AND OTHER RECEIVABLES | | |
| Adventist Healthcare Ltd | - | 653 |
| Trade debtors | 1,650 | - |
| Donor commitments but cash not yet received | 28,835 | 10,718 |
| Event proceeds receivable | 3,146 | 115 |
| GST | 33,233 | 17,569 |
| | 66,864 | 29,055 |
| 7. OTHER ASSETS/PREPAYMENTS | | |
| Interest Receivable | - | 10,622 |
| 8. SHAREHOLDINGS | | |
| Shares in SAHF Enterprises Pty Ltd | - | 270,001 |
| Shares in San College of Education Pty Ltd | 10,000 | 10,000 |
| | 10,000 | 280,001 |
| <p>The voluntary deregistration of SAHF Enterprises Pty Ltd is in progress. \$258,000 has been received from SAHF Enterprises Pty Ltd and applied to paid up capital. Impairment losses of \$12,001 were included in expenses. The impairment losses have been applied to reduce the carrying amount of the investment in SAHF Enterprises Pty Ltd to nil.</p> | | |
| 9. TRADE AND OTHER PAYABLES | | |
| Trade payables | 349 | 16,783 |
| Adventist Healthcare Ltd | 58,119 | - |
| Accrued expenses and other payables | 50,764 | 16,208 |
| | 109,232 | 32,991 |
| 10. EMPLOYEE PROVISIONS | | |
| <p>All employees are employed by Adventist Healthcare Limited. The San Foundation Inc. is not liable for employee provisions.</p> | | |

SAN FOUNDATION INC.
As Trustee For
SYDNEY ADVENTIST HOSPITAL FOUNDATION TRUST
ABN 73 479 353 649

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

11. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the period as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

| | 2018 | 2017 |
|------------------------------------|----------------------|----------------------|
| | \$ | \$ |
| <u>Cash on hand</u> | 173 | 24 |
| <u>Cash at bank</u> | | |
| Operating account | 17,309 | 27,076 |
| Trust account | 4,099,289 | 5,542,202 |
| Cash Management facilities | <u>2,116,855</u> | <u>1,569,694</u> |
| | <u>6,233,453</u> | <u>7,138,972</u> |
| Total cash and cash equivalent | <u>6,233,626</u> | <u>7,138,996</u> |

(b) Reconciliation of profit/(loss) for the period to net cash flows from operating activities

| | | |
|--|--------------------|--------------------|
| Profit/ (Loss) for period | (1,224,425) | (975,011) |
| Add back: non cash depreciation | | |
| <u>Changes in net assets and liabilities:</u> | | |
| Decrease/(increase) in trade and other receivables | (37,809) | (29,055) |
| Decrease/(increase) in other assets/prepayments | 10,622 | (890) |
| Increase/(decrease) in trade and other payables | 76,241 | (77,571) |
| Impairment of shareholdings | 12,001 | 30,000 |
| Net cash flows from operating activities | <u>(1,163,370)</u> | <u>(1,052,527)</u> |

12. SEGMENT INFORMATION

San Foundation Inc. operated wholly in Australia, and operates in one business segment being the raising of funds for Sydney Adventist Hospital.

13. SUBSEQUENT EVENTS

No matters or circumstances have arisen since 30 June 2018 which significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity in future periods.

14. CONTINGENT LIABILITIES

On 8 September 2017, the San Foundation Board agreed to support and fundraise towards the purchase of the da Vinci Xi Robot by Adventist Health Care Limited ("AHCL") for use at Sydney Adventist Hospital. The San Foundation Board will support the purchase by fundraising \$2.5m. As at 30 June 2018, funds of \$1.15m have been raised and paid to AHCL. The San Foundation Board continues to support this project and aims to fundraise the \$1.35m balance.

SAN FOUNDATION INC.
As Trustee For
SYDNEY ADVENTIST HOSPITAL FOUNDATION TRUST
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

| 14. ADDITIONAL INFORMATION FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT 1991 (NSW) | 2018 | 2017 |
|---|--------------------|--------------------|
| | \$ | \$ |
| a) Details of aggregate gross income and total expenses for fundraising appeals | | |
| <u>Proceeds from fundraising appeals (Note 3.2)</u> | | |
| Donations | 2,544,327 | 6,037,639 |
| Bequests | 1,450,446 | 17,092 |
| Gross proceeds from fundraising appeals | <u>3,994,773</u> | <u>6,054,731</u> |
| <u>Expenses from fundraising appeals (Note 3.5)</u> | | |
| Donations | 891,889 | 580,035 |
| Bequests | - | - |
| Total expenses for fundraising appeals | <u>891,889</u> | <u>580,035</u> |
| Net surplus from fundraising appeals | <u>3,102,884</u> | <u>5,474,696</u> |
| b) Statement showing how funds received are applied for charitable purposes | | |
| Net surplus from fundraising appeals | <u>3,102,884</u> | <u>5,474,696</u> |
| Applied for charitable purposes as follows: | | |
| Sydney Adventist Hospital (Adventist Healthcare Ltd) | 4,274,876 | 6,688,170 |
| Other operating expenses | 104,107 | 119,071 |
| Impairment of investment | 12,001 | 30,000 |
| Total expenses | <u>4,390,984</u> | <u>6,837,241</u> |
| (Shortfall)/surplus | <u>(1,288,100)</u> | <u>(1,362,545)</u> |
| Surplus/(shortfall) was met/increased by the following sources | | |
| Adventist Healthcare Ltd appropriation | - | 261,781 |
| Brokerage | - | 47,836 |
| Finance income | 63,675 | 71,983 |
| Other income | - | 5,934 |
| | <u>63,675</u> | <u>387,534</u> |
| Net (shortfall)/surplus transferred to accumulated funds for future use | <u>(1,224,425)</u> | <u>(975,011)</u> |
| For the purposes of the <i>NSW Charitable Fundraising Act 1991</i> all fundraising activities were related to public appeals. | | |
| c) Comparison by percentage | | |
| Total Cost of Public Fundraising/Revenue from the Australian Public | 22% | 10% |
| Net Surplus from Fundraising/Revenue from the Australian Public | 78% | 90% |



Independent Auditor's Report

To the Trustee Sydney Adventist Hospital Foundation Trust

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report**, of Sydney Adventist Hospital Foundation Trust (the Trust).

In our opinion, the accompanying **Financial Report** of the Trust is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, Section 24(2) of the *Charitable Fundraising (NSW) Act 1991* and Regulations including:

- i. giving a fair view of the Trust's financial position as at 30 June 2018, and of its financial performance and its cash flows for the period ended on that date; and
- ii. complying with *Australian Accounting Standards* to the extent described in Note 2 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Statement of Financial Position as at 30 June 2018.
- ii. Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the period then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Statement by Trustee.

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.

We are independent of the Trust 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 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 2 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *ACNC Act 2012* and *Charitable Fundraising (NSW) Act 1991*. As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose.

Our report is intended solely for the Trustee of the Trust and ACNC and should not be used by any other party. We disclaim any assumption of responsibility for any reliance on this Auditor's Report, or on the Financial Report to which it relates to any person other than the Trustee of the Trust and ACNC. Our opinion is not modified in respect of this matter.

Other information

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that presents fairly in accordance with Australian Accounting Standards and the ACNC.
- ii. Preparing the Financial Report in accordance with Section 24(2) of the *Charitable Fundraising (NSW) Act 1991* and Regulations.
- iii. Determining that the basis of preparation described in Notes 2 to the Financial Report is appropriate to meet the requirements of the ACNC, and the *Charitable Fundraising (NSW) Act 1991*. The basis of preparation is also appropriate to meet the needs of the members.
- iv. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- v. Assessing the Trust's ability to continue as a going concern. 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 Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the 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 Financial Report.

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

We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 Trust's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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 registered Trust'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 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 registered Trust to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Trust 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 Acts 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 Financial Report such as accruals, prepayments, provisioning and valuations.

Report on Other Legal and Regulatory Requirements

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- i. the Financial Report presents fairly the Sydney Adventist Hospital Foundation Trust's financial result of fundraising appeal activities for the financial period ended 30 June 2018;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 27 June 2017 to 30 June 2018, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- iii. money received as a result of fundraising appeal activities conducted during the period from 27 June 2017 to 30 June 2018 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 the Trust will be able to pay its debts as and when they fall due.

KPMG

KPMG

Sydney

9 November 2018