Mater Hospitals' Appeal Limited

As trustee for the
Mater Foundation

ABN 96 723 184 640

Annual Report
For the year ended 30 June 2019

Registered office of the trustee:
Raymond Terrace
South Brisbane
QLD 4101
Incorporated 6th March, 1989

Mater Hospitals' Appeal Limited as trustee for Mater Foundation
Annual report
For the financial year ended 30 June 2019

Mater Hospitals' Appeal Limited as trustee for Mater Foundation
Annual report
For the financial year ended 30 June 2019

Corporate information

ABN 96 723 184 640

Directors

The following persons were directors of Mater Hospitals' Appeal Limited as trustee for the Mater Foundation (MF) during the whole of the financial year and up to the date of this report:

Mr Philip Hennessy (Chairman)
Mr Simon R Porter (Deputy Chairman)
Mr Xavier Kelly
Mr Allan Pidgeon
Mr John McCoy
Mr Bill Noye
Professor John Prins (resigned 08/11/2018)
Mr Joseph O'Brien
Ms. Susan Rix (resigned 06/09/2019)
Mr Jason Titman
Ms Janet Wilson (resigned 04/09/2018)
Ms Carmel Macmillan (appointed 04/10/2018)
Dr Peter Steer (appointed 15/01/2019)

Company secretary

Mr Laurence Rogencamp

Registered office and principal place of business
620 Stanley Street,
Woolloongabba, Queensland, Australia

Solicitors
Rogencamp and Co Lawyers,
Brisbane, Queensland, Australia

Bankers
National Australia Bank Ltd
Brisbane, Queensland, Australia

Bankers
Australia and New Zealand Bank Ltd
Brisbane, Queensland, Australia

Auditors
Grant Thornton Audit Pty Ltd
Brisbane, Queensland, Australia

Grant Thornton Audit Pty Ltd
King George Central
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145 Ann Street
Brisbane QLD 4000
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Auditor's Independence Declaration

To the Directors of Mater Hospitals' Appeal Limited as Trustee for the Mater Foundation

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Mater Hospitals' Appeal Limited as Trustee for the Mater Foundation for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M S Bell
Partner - Audit & Assurance

Brisbane, 15 October 2019

ACN-130 913 594

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Statement of financial position

	Notes	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	2	5,442,832	5,548,642
Trade and other receivables	3	814,082	430,758
Inventories	4	45,875	55,442
Work in progress	5	9,406,747	9,743,991
Financial assets	6	21,605,136	15,372,820
Other assets	7	152,023	82,974
Total current assets		**37,466,695**	**31,234,627**
Non-current assets			
Property, plant and equipment	8	25,251	35,281
Intangible assets	9	750,380	1,117,652
Total non-current assets		**775,631**	**1,152,933**
Total assets		**38,242,326**	**32,387,560**
Liabilities			
Current liabilities			
Trade and other payables	10	1,789,645	1,642,579
Committed trust distributions	11	1,119,192	1,302,386
Unearned income	12	779,832	740,669
Provisions	13	1,187,693	1,193,064
Total current liabilities		**4,876,362**	**4,878,698**
Non-current liabilities			
Provisions	13	317,333	360,888
Total non-current liabilities		**317,333**	**360,888**
Total liabilities		**5,193,695**	**5,239,586**
Net assets		**33,048,631**	**27,147,974**
Trust funds			
Capital	14	20	20
Total equity		33,048,611	27,147,954
Total trust funds		**33,048,631**	**27,147,974**

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

Statement of profit or loss and other comprehensive income

	Notes	2019 $	2018 $
Revenue			
Revenue from operating activities	15, 16	69,938,151	67,107,852
Interest income		90,224	11,499
Investment income	17	1,540,547	651,161
Other revenue		4,993	56,766
Total revenue		**71,573,915**	**67,827,278**
Other Income			
Net gain/(loss) on sale of assets		-	(816,266)
		-	**(816,266)**
Expenses			
Employee expenses		9,044,777	12,370,690
Program expenses	18	33,497,247	33,392,929
Administration expenses		5,921,281	3,294,864
Depreciation and amortisation expense	8, 9	377,302	396,581
Impairment expenses	9	-	1,427,951
Total expenses		48,840,607	50,883,015
Total expenses		**48,840,607**	**50,883,015**
Operating surplus/(deficit)		**22,733,308**	**16,127,997**
Net surplus/(deficit) for the financial year		**22,733,308**	**16,127,997**
Other comprehensive income			
Realised and unrealised gains/(losses) on investment		429,785	854,645
Total other comprehensive income		**429,785**	**854,645**
Total comprehensive income for the period		**23,163,093**	**16,982,642**
Cash distribution to mission		**17,445,630**	**16,833,654**

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

Statement of changes in trust funds

	Notes	Total equity $	Endowment $	Funds $	Financial asset reserve $
Balance at 1 July 2017		26,419,572	19,190,586	6,520,403	708,583
Net surplus/(deficit) for the financial year		16,127,997	-	16,127,997	-
Trust distributions and adjustments		(16,254,260)	(50,000)	(16,204,260)	-
Other comprehensive income		854,645	-	-	854,645
Interest earned on endowment funds		-	370,340	(370,340)	-
Balance at 30 June 2018		**27,147,954**	**19,510,926**	**6,073,800**	**1,563,228**

	Notes	Total equity $	Endowment $	Funds $	Financial asset reserve $
Balance as at 1 July 2018		27,147,954	19,510,926	6,073,800	1,563,228
Net surplus/(deficit) for the financial year		22,733,308	-	22,733,308	-
Trust distributions and adjustments		(17,262,436)	1,214,503	(18,476,939)	-
Other comprehensive income		429,785	-	-	429,785
Interest earned on endowment funds		-	307,922	(307,922)	-
Balance at 30 June 2019		**33,048,611**	**21,033,351**	**10,022,247**	**1,993,013**

The above statement of changes in trust funds should be read in conjunction with the notes to the financial statements.

Statement of cash flows

	Notes	2019 $	2018 $
Cash flows from operating activities			
Receipts in the course of operations		69,771,244	70,272,197
Payments in the course of operations		(48,155,970)	(50,302,111)
Interest received		75,166	11,499
Dividends received		349,380	-
Net cash flows from/(used in) operating activities	21	**22,039,820**	**19,981,585**
Cash flows from investing activities			
Net proceeds/(payments) for investments		(4,700,000)	(2,016,791)
Payments for intangible assets		-	(490,948)
Net proceeds/(payments) for assets held for sale		-	2,711,786
Net cash flows from/(used in) investing activities		**(4,700,000)**	**204,047**
Cash flows from financing activities			
Distribution to beneficiaries		(17,445,630)	(16,833,654)
Net cash flows from/(used in) financing activities		**(17,445,630)**	**(16,833,654)**
Net (decrease)/increase in cash and cash equivalents		(105,810)	3,351,978
Cash and cash equivalents at the beginning of the financial year		5,548,642	2,196,664
Cash and cash equivalents at end of the financial year	2	**5,442,832**	**5,548,642**

The above statement of cash flows should be read in conjunction with the notes to the financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

General information

(a) Financial reporting framework

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 Commission (ACNC) Act 2012* which includes applicable Australian Accounting Standards. The directors have determined that the entity is not a reporting entity.

The corporate trustee is a company limited by guarantee, incorporated, domiciled and operating in Australia.

(b) Statement of compliance

The report has been prepared in accordance with the requirements of the *ACNC Act 2012*, and the following applicable Australian Accounting Standards and Australian Accounting Interpretations:

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 of Standards; and
AASB 1054: Australian Additional Disclosures.

No other accounting standards, interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

(c) Basis of preparation

The financial report has been prepared on an accrual basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(d) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

Lottery revenue
Lottery revenue includes revenue from various lottery draws. This revenue is recognised when the lottery is drawn.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(d) Revenue recognition (continued)

Fundraising revenue

Fundraising revenue includes revenue from fundraising events and projects, and is recognised when the fundraising project is completed or the event has taken place.

Special purpose fundraising revenue

Revenue from special purpose fundraising that runs for more than one year is recognised when received.

Donation revenue

Donations are recognised as income when the performance obligations have been satisfied.

Interest income

Interest income is recognised on a proportional basis taking into account applicable interest rates.

Unearned income

- Fundraising - represents income received for events and activities that have not taken place by 30 June 2019.
- Lottery - represents net proceeds of lotteries in progress, but not drawn at 30 June 2019.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

(f) Depreciation

All assets have limited useful lives and are depreciated/amortised using the straight-line method over their estimated useful lives. Assets are depreciated or amortised from the time an asset is completed and held ready for use. Depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in the current and future periods only. Depreciation and amortisation are expensed in the Statement of profit or loss and other comprehensive income as incurred.

The depreciation rates used for each class of assets are as follows:

Plant and equipment	***20-33%***
Furniture and fittings	***20%***

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(g) Intangible assets

CRM/CMS Software

Recognition

Expenditure on the research phase of the CRM/CMS project to develop new customised software was recognised as an expense as incurred.
Costs that are directly attributable to the project's development phase are recognised as an intangible asset, provided they meet the following recognition requirements:

• the development costs can be measured reliably;
• the project is technically and commercially feasible;
• Mater Foundation intends to and has sufficient resources to complete the project;
• Mater Foundation has the ability to use or sell the software; and
• the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred. Costs that are directly attributable include employees' costs incurred on software development, along with an appropriate portion of relevant overheads.

Subsequent measurement

All intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 1 (h).
The following useful lives are applied:

• software: 3 years
• CRM/CMS project: 3 years

Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing as described in Note 1 (h).

Subsequent expenditures on the maintenance of computer software are expensed as incurred. When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(g) Intangible assets (continued)

Other intangible assets

Intangible assets are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes being recognised as a change in accounting estimate.

(h) Impairment of assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of profit or loss and other comprehensive income.

(i) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their normal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the established future cash outflows to be made by the entity in respect of services provided by the employee for those benefits.

(j) Cash and cash equivalents

Cash comprises of cash on hand, cash at bank and term deposits readily convertible to cash.

(k) 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 taxation authority. 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.

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

(l) Income tax

The trust is exempt from income tax under *section 50-5 of the Income Tax Assessment Act 1997* and accordingly Accounting Standard AASB 112 “Income Tax” has not been applied to this financial report.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(m) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Comparative figures

The financial report is for the period 1 July 2018 to 30 June 2019. The comparatives are for the same period from 1 July 2017 to 30 June 2018.

(o) Committed trust distributions

Distributions, from the net income of the Trust, that have been approved by the Trustee but have not been distributed to the beneficiaries are shown in the accounts as a liability.

(p) Work in progress

Lotteries: The cost of houses and land under construction plus completed house packages which are yet to be allocated to a specific lottery. These properties are expensed as Prize Costs when the relevant Prize Home Lottery game is drawn.

(q) Assets held for sale

As noted in Note 1(q) above, work in progress as it relates to lotteries, consists of the cost of houses and land under construction plus completed home packages which are yet to be allocated to a specific lottery. When the entity intends to sell these assets in an open market instead of allocating them to a specific lottery, the asset is classified as "held for sale" and presented separately in the statement of financial position.

Assets classified as "held for sale" are measured at the lower of their carrying amount immediately prior to their classification as held for sale and their fair value less costs to sell. Assets classified as held for sale are not subject to depreciation or amortisation.

(r) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when Mater Foundation becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(r) Financial instruments (continued)

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

• amortised cost
• fair value through profit or loss (FVPL)
• equity instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within administration income, or other revenue.

Classifications are determined by both:
• the entities business model for managing the financial asset
• the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within administration expenses, or other revenue.

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL): they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Mater Foundation’s cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(r) Financial instruments (continued)

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. The Mater Foundation has made this election in relation to its Macquarie investment classified as a financial assets in the statement of financial position, previously under AASB 139 it was classified as available for sale.

Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Mater Foundation considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(r) Financial instruments (continued)

Trade and other receivables

Mater Foundation makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Mater Foundation uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Mater Foundation assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, Mater Foundation's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

Mater Foundation's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Mater Foundation designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost.

All interest-related charges are reported in profit or loss are included within administration expenses or other revenue.

First time adoption of AASB 9

The Mater Foundation determined that on adoption of AASB 9 the Macquarie portfolio investment would be classified as fair value through other comprehensive income (equity FVOCI). This has been retrospectively applied in the financial statements as required by AASB 9. The retrospective restatement changed realised gains of $61,965 recorded as investment income in the 2018 financial year in the statement of profit and loss to other comprehensive income. This had the effect of changing the surplus for the 2018 financial year to $16,127,997 from $16,189,962.

The opening balance of the financial asset reserve on 1 July 2017 was also restated to include the total life to date realised gains of $202,383 on the Macquarie investment. Previously the realised gains had been recognised in funds held in trust after flowing through from the statement of profit and loss. This had the effect of changing the opening balance of the financial asset reserve to $708,583 from $506,200 and the opening balance of funds held in trust to $6,520,403 from $6,722,786.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(s) Critical accounting estimates and judgments

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided with the relevant note.

Notes to the financial statements (continued)

2. Cash and cash equivalents

	2019 $	2018 $
Cash on hand	3,131	3,670
Cash at bank	5,439,701	5,544,972
Total cash and cash equivalents	**5,442,832**	**5,548,642**

3. Trade and other receivables

Trade receivables	814,082	430,758
Total trade and other receivables	**814,082**	**430,758**

4. Inventories

Chicks in Pink store merchandise and gift shop stock	45,875	55,442
Total inventories	**45,875**	**55,442**

5. Work in progress

Lottery prize homes in progress	9,406,747	9,743,991
Total work in progress	**9,406,747**	**9,743,991**

Notes to the financial statements (continued)

6. Financial assets

	2019 $	2018 $
Available for sale financial assets	21,605,136	15,372,820
Total financial assets	**21,605,136**	**15,372,820**

The above asset manager has funds invested in the following asset classes: Australian Equities; Fixed Interest; Property Trusts; and International Equities.

7. Other assets

Prepayments	152,023	82,974
Total other assets	**152,023**	**82,974**

8. Property, plant and equipment

Plant and equipment		
At cost	100,931	101,153
Accumulated depreciation	(100,931)	(101,153)
Total plant and equipment	**-**	**-**
Furniture, fittings and equipment		
At cost	152,973	152,751
Accumulated depreciation	(127,722)	(117,470)
Total furniture, fittings and equipment	**25,251**	**35,281**
Total property, plant and equipment at written down value	**25,251**	**35,281**

Reconciliation of the carrying amounts of each class of property, plant and equipment are set out below:

Notes to the financial statements (continued)

8. Property, plant and equipment (continued)

	Plant and equipment $	Furniture and fittings $	Total $
Year ended 30 June 2018			
Opening net book amount	656	52,136	52,792
Depreciation charge	(656)	(12,188)	(12,844)
Disposals	-	(4,667)	(4,667)
Total property, plant and equipment at written down value	**-**	**35,281**	**35,281**
Year ended 30 June 2019			
Opening net book amount	-	35,281	35,281
Depreciation charge	-	(10,030)	(10,030)
Total property, plant and equipment at written down value	**-**	**25,251**	**25,251**

9. Intangible assets

	2019 $	2018 $
Software		
At cost	420,590	420,590
Accumulated amortisation	(419,489)	(352,332)
Total software	**1,101**	**68,258**
CRM & CMS project		
CRM Project	462,862	462,863
CMS Project	883,490	883,489
Accum Amort CRM & CMS Project	(597,073)	(296,958)
Total CRM & CMS project	**749,279**	**1,049,394**
Total intangible assets at written down value	**750,380**	**1,117,652**

Notes to the financial statements (continued)

9. Intangible assets (continued)

	Software $	CRM & CMS Project $	Total $
Year ended 30 June 2018			
Opening net book amount	155,037	2,283,354	2,438,391
Additions	-	490,949	490,949
Amortisation charge	(86,779)	(296,958)	(383,737)
Impairment charge	-	(1,427,951)	(1,427,951)
Total intangible assets at written down value	**68,258**	**1,049,394**	**1,117,652**

	Software $	CRM & CMS Project $	Total $
Year ended 30 June 2019			
Opening net book amount	68,258	1,049,394	1,117,652
Amortisation charge	(67,157)	(300,115)	(367,272)
Total intangible assets at written down value	**1,101**	**749,279**	**750,380**

Prior Year Impairment

The CMS project was completed at the start of the 2018 financial year and has been amortised since that date, with an estimated life of 3 years.

In March 2018, the CRM Project Governance Committee in consultation with Mater IT and Mater Foundation Directors, reviewed alternatives to the CRM project's scope. This was the result of issues in achieving key milestones and benchmark standards. A Board approved decision was taken to change the project scope and to cease development of an element of the CRM asset. This decision resulted in an impairment of the existing asset totalling $1,427,951 as shown above.

A review was undertaken in relation to the carrying value of the remaining CRM asset and management have assessed that the replacement cost would exceed the carrying value of this asset as at 30 June 2018.

The project in relation to the operationalisation of of the Master Data Services Layers (capitalised data project costs) was completed in June 2019. As a result, the amortisation for the amounts held commenced in July 2019 over its estimated useful life of 36 months.

Notes to the financial statements (continued)

10. Trade and other payables

	2019 $	2018 $
Trade payables	241,248	621,066
Other payables and accruals	810,423	418,301
Related party payables	737,974	603,212
Total trade and other payables	**1,789,645**	**1,642,579**

Related party payables to be read in conjunction with note 22.

11. Committed trust distributions

Committed trust distributions	1,119,192	1,302,386
Total committed trust distributions	**1,119,192**	**1,302,386**

12. Unearned income

Current		
Fundraising activities	402,136	424,301
Lottery activities	377,696	316,368
Total unearned income	**779,832**	**740,669**

Notes to the financial statements (continued)

13. Provisions

	2019 $	2018 $
Current		
Employee benefits	1,187,693	1,193,064
Total current provisions	**1,187,693**	**1,193,064**
Non-current		
Employee benefits	317,333	360,888
Total non-current provisions	**317,333**	**360,888**
Total provisions	**1,505,026**	**1,553,952**

14. Capital

Settlement sum	20	20
Total capital	**20**	**20**

15. Revenue from operating activities

Lottery and other revenue	53,963,879	52,321,083
Philanthropic revenue	15,974,272	14,786,769
	69,938,151	**67,107,852**

Lottery and other revenue includes revenue generated from the Foundation’s Lottery (Major and Minor Art Union) program. Philanthropic revenue includes revenue from community events, third party fundraisers, appeals, regular donor programs, bequests from estates, corporate sponsorships, grants from other trusts and foundations and major gifts from supporters.

Notes to the financial statements (continued)

16. Source of transfers to funds held in trust

	Total	**Philanthropic**	**Lottery and Other**	**Investment & Other**
2018				
Revenue	67,827,278	14,786,769	52,321,083	719,426
Expenses applied	51,699,281	5,207,890	46,382,523	108,868
Total Equity	**16,127,997**	**9,578,879**	**5,938,560**	**610,558**
	24%	65%	11%	85%
2019				
Revenue	71,573,915	15,974,272	53,698,872	1,630,771
Expenses applied	48,840,607	6,694,037	42,032,388	114,182
Total Equity	**22,733,308**	**9,280,235**	**11,936,484**	**1,516,589**
	32%	58%	22%	93%

Donations to Mater Foundation (Philanthropic revenues) are kept separate from other revenues and usually have a Board approved overhead level applied to them to ensure that the majority of the donation is applied to the Mater cause in accordance with the intention of the Donor.

The Mater Foundation's Lottery and other programs underwrite the balance of the operating costs of the business as well as providing funds to support the Mater cause in a sustainable manner in both the current year and by investing in programs that will provide revenues in future years.

Notes to the financial statements (continued)

17. Investment income

	2019 $	2018 $
Dividend income	1,540,547	651,161
Total investment income	**1,540,547**	**651,161**

18. Program expenses

Program expenses include the direct expenses incurred in generating the Lottery and other and Philanthropic revenues.

19. Commitments

Mater Foundation enters into contracts with developers and builders for both the purchase of land and the purchase and construction of homes that are used as prize homes in the Mater Prize Home lottery. Under these contracts Mater Foundation is contracted to pay on agreed dates and if a payment is related to a construction contract the payment is subject to the satisfactory staged completion of the construction.

As at the Balance Sheet date Mater Foundation had the following contractual commitments relating to the purchase and construction of prize homes used in the Mater Prize Home lottery:

	2019 $	2018 $
Less than 12 months	7,542,913	9,656,145
Greater than 12 months	1,515,000	1,128,123
Total capital commitments	**9,057,913**	**10,784,268**

Notes to the financial statements (continued)

20 Auditor’s Remuneration

	2019	2018
	$	$
Total Remuneration of Grant Thornton Audit Pty Ltd	47,573	51,747

21. Notes to the statement of cashflows

Reconciliation of net surplus/(deficit) to net cashflows from operating activities		
Net surplus/(deficit) for the financial year	22,733,308	16,189,962
Add/(less) non-cash items:		
Depreciation and amortisation	377,302	396,581
Write off of intangible assets	-	1,427,951
Write off of property plant and equipment	-	4,667
Net investment income	(1,102,531)	(713,126)
Net (gain) loss on sale of non-current assets	-	811,599
Net cashflows from/(used in) operating activities before changes in assets and liabilities	**22,008,079**	**18,117,634**
(Increase)/ decrease in inventories	9,567	(888)
(Increase)/decrease in trade and other receivables	(383,324)	170,399
(Increase)/ decrease in other assets	(69,049)	213,159
(Increase)/ decrease in work in progress	337,244	1,818,313
(Decrease)/increase in trade and other payables	147,066	(213,656)
(Decrease)/ increase in unearned income	39,163	161,136
(Decrease)/ increase in provisions	(48,926)	(284,512)
Net cashflows from/(used in) operating activities	**22,039,820**	**19,981,585**

Notes to the financial statements (continued)

22. Related party transactions

The following transactions occurred with related parties:

	2019	2018
	$	$
Income from related party transactions		
Mater Research Ltd	63,445	70,175
Mater Education Limited	11,353	7,200
Mater Misericordiae Ltd	2,870	66,545
Holy Cross Services Ltd	24,996	24,996
Total income from related parties	**102,664**	**168,916**
Expenses from related party transactions		
Mater Misericordiae Ltd	6,719,550	4,079,642
Mater Education Limited	982	291,496
Mater Research Limited	414,045	474,088
Holy Cross Services Ltd	81,870	19,871
Total expenses from related parties	**7,216,447**	**4,865,097**

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2019	2018
Payables to related party transactions		
Mater Misericordiae Ltd	726,846	584,656
Holy Cross Services Ltd	4,739	4,541
Mater Education Limited	6,389	14,015
Total loan payable to related parties	**737,974**	**603,212**

Notes to the financial statements (continued)

23. Standards issued not yet effective

An assessment has been made on the applicable of Australian Accounting Standards:

AASB 1058 - Income for Not For Profit clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The Foundation is assessing the impact of this standard and will then plan for implementation.

AASB 16 - Leases replaces AASB 107 leases and redefines the principles for the recognition, measurement, presentation and disclosure of leases. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The Foundation is assessing the impact of this standard and will then plan for implementation.

24. Events after the balance sheet date

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

Directors' declaration

The directors of the trustee company declare that:

(a) the financial statements and notes of the Trust are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

  (i) giving a true and fair view of its financial position as at 30 June 2019 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the *Australian Accounting Interpretations and the Australian Charities and Not-for-profits Commission Act 2012*) as disclosed in Note 1, and

(b) in the directors' opinion there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made and signed in accordance with a resolution of the Board of Directors of Mater Hospitals' Appeal Limited.

Mr Philip Hennessy
Chairman
Date: 15-10-19

Mr Simon R Porter
Deputy Chairman
Date: 15-10-19

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Independent Auditor's Report

To the Members of Mater Hospitals' Appeal Limited as Trustee for the Mater Foundation

Report on the audit of the financial report

Qualified Opinion

We have audited the accompanying financial report of Mater Hospitals' Appeal Limited as Trustee for the Mater Foundation (the "Foundation"), which comprises the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in trust funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration.

In our opinion, the financial report of Mater Hospitals' Appeal Limited as Trustee for the Mater Foundation has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a giving a true and fair view of the Foundation's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

b complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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Basis for qualified opinion

Philanthropic revenue includes fundraising income which is collected by independent supporters of the Foundation. The Foundation has determined that it is impracticable to establish control over the collection of this fundraising income prior to entry into its financial records. Accordingly, as the evidence available to us regarding this fundraising revenue was limited, our audit procedures had to be restricted to amounts recorded in the financial records. We are therefore unable to express an opinion on whether the recorded fundraising income of the Foundation is complete.

We conducted our audit in accordance with Australian Auditing Standards. 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 Registered Entity in accordance with 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter – basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purposes of fulfilling the Registered Entity's financial reporting responsibilities under the ACNC Act. As a result the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors of the Trustee Company for the financial report

The Directors of the Trustee Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors 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 financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

We communicate with those charged with governance 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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M S Bell
Partner – Audit & Assurance
Brisbane, 15 October 2019