



Lifehouse Australia Trust
ABN 70 388 962 804

Financial Report
For the Financial Year Ended 30 June 2019

Lifehouse Australia Trust

Financial Report for the

Financial Year Ended 30 June 2019

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Trustee's Report

The Trustee submits the Financial Report and the Trustee's Report for the year ended 30 June 2019.

Chris O'Brien Lifehouse

Chris O'Brien Lifehouse is a world-class integrated cancer treatment and research hospital working to make things easier for people with cancer by providing cutting edge clinical treatments, complementary therapies, education, research and emotional support all in one location.

Lifehouse represents a unique model of care and funding in Australia, as a not-for-profit hospital treating public and private patients. We have no shareholders and income is reinvested for the benefit of our patients. Our team is united in our commitment to delivering on the late Professor Chris O'Brien's vision for uncompromising care.

Lifehouse has a strong focus on educating the next generation of cancer clinicians and on medical research, including trials of new drugs, both by conducting our own research and by partnering with other institutions.

Trust Vision

Transforming cancer treatment for cancer patients through an environment thriving on discovery, research and uncompromising care.

Trust Mission

To improve the quality of life for cancer patients, carers and their families by advancing the understanding, diagnosis, treatment, care, cure and prevention of cancer.

Our Model of Care

Lifehouse combines treatment, research, complementary therapies and emotional support in one facility. Our integrated model of care allows specialist cancer services to be delivered by a multi-disciplinary team, as much as possible under one roof, eliminating the need for patients to navigate a complex series of appointments at different locations.

Lifehouse provides integrated cancer treatment in a manner that supports, nurtures and empowers patients, their families and carers through mutually beneficial partnerships. Lifehouse strives to ensure that treatment and care decisions include a patient's wants, needs and preferences enabling participation in their own care.

Some benefits of an integrated cancer centre include:

- Increased ability to treat cancers at the very highest standard, particularly rare and complex cases
- Accelerated discovery and development of new innovative treatments
- Increased research opportunities and patient involvement
- Reduced time from diagnosis to the commencement of treatment
- Enhanced training for cancer specialists, researchers and medical staff
- Increased access to clinical trials.

In addition to top-class medical facilities, Lifehouse also offers complementary therapies and allied health services through the Lifehouse Living Room - a purpose-built integrative medicine centre providing supportive services, education and complementary therapies used in partnership with clinical treatments to help relieve stress, reduce pain and anxiety and manage side effects.

Review of Operations

Lifehouse had a number of significant achievements in the year:

- Celebrated 5-year anniversary of the opening of the Hospital with a week-long event incorporating clinical events and formal functions;
- Bed day activity increased 5,593 (20%) with the fourth ward regularly opened;
- Second True-Beam Linear Accelerator commissioned in May 2019;
- Received government grant of \$6m towards Sarcoma research;
- Government approval granted for an MRI at Lifehouse;
- 17/18 ROBCO Report (Better Cancer Outcomes NSW Cancer Institute) shows Lifehouse patient outcomes continue to improve and are equal to or above average in the state;
- Medibank Private Promoter score 94% that is currently Number 1 in the state of NSW;
- Implementation of the interface between Pharmacy and the finance system;
- Fundraising had an outstanding year with a significant increase in regular donations and Bequests;
- Lifehouse achieved a \$9.4m increase in EBITDA to \$17.5m from excellent fundraising revenue and growth in Hospital Operations EBITDA;
- A new loan facility has been agreed with the CBA for a 5-year period;
- Agreements in place with all health funds for multiple years.

The achievements could not have been delivered without the dedication and tireless efforts of our all our doctors, nurses and staff. Our staff enable the vision of the late Professor Chris O'Brien become a reality every day.

Lifehouse continues to be reliant on the generous financial support of our donors and charitable bond holders. Fundraising enables Lifehouse provide new services to patients. The dual-console Da Vinci robot was wholly funded by donations. Every donation makes a difference to the lives and families of cancer sufferers.



Douglas N. Snedden

Chairman

8th October 2019

Auditor's Independence Declaration

Trustee's Declaration

In the opinion of Lifehouse Australia Limited (**Trustee**), in its capacity as trustee of the Lifehouse Australia Trust (**Trust**):

- 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 the Trust's 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 – Reduced Disclosure Requirements and the Australian Charities and Not-for-Profits Commission Regulation 2013; and
- b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 8th day of October, 2019.

Signed in accordance with a resolution of the Trustee.



..... : Director
Douglas N. Snedden



..... : Director
Ian Hammond

Trustee's Declaration under the NSW Charitable Fundraising Act 1991

In the opinion of Lifehouse Australia Limited (Trustee), in its capacity as trustee of the Lifehouse Australia Trust (Trust):

- (a) the Statement of Profit or Loss and Other Comprehensive Income gives a true and fair view of all income and expenditure of the Trust with respect to fundraising appeals;
- (b) the Statement of Financial Position gives a true and fair view of the state of affairs of the Trust with respect to fundraising appeals;
- (c) the provisions and regulations of the NSW Charitable Fundraising Act 1991 and the conditions attached to the authority to fundraise have been complied with by the Trust; and
- (d) the internal controls exercised by the Trust are appropriate and effective in accounting for
- (e) all income received and applied by the Trust from any of its fundraising appeals.

Dated at Sydney this 8th day of October 2019.

Signed in accordance with a resolution of the Trustee.



..... : Director
Douglas N. Snedden



..... : Director
Ian Hammond

Statement of Profit or Loss and Other Comprehensive Income
for the Financial Year Ended 30 June 2019

		Year Ended 30 June 2019	Year Ended 30 June 2018
	Note	\$	\$
Patient revenue		129,866,473	112,465,629
Fundraising income	3.1	18,273,971	10,102,004
Government grants		1,039,180	1,092,175
Other income		1,922,337	1,959,861
Total revenue		151,101,961	125,619,669
Operating expenses			
Employee related expenses	4.4	(74,570,936)	(65,762,121)
Supplies and consumables		(39,950,816)	(32,938,716)
Other operating expenses	4.3	(15,954,489)	(15,197,438)
Fundraising and program expenses	4.2	(3,050,086)	(4,027,985)
Surplus before interest, depreciation & amortisation		17,575,634	7,693,409
Depreciation and amortisation	10, 11	(13,722,430)	(14,632,556)
Surplus / (deficit) before interest		3,853,204	(6,939,147)
Finance expense	4.1	(2,499,359)	(2,725,368)
Finance income	3.2	28,460	24,866
Net finance cost		(2,470,899)	(2,700,502)

Surplus / (deficit) from ordinary activities	1,382,305	(9,639,649)
Other comprehensive income / (loss)	-	-
Total comprehensive income / (loss)	1,382,305	(9,639,649)

The accompanying notes form part of these financial statements

Statement of Financial Position
as
at 30 June 2019

		Year Ended	Year Ended
		30 June 2019	30 June 2018
	Note	\$	\$
<i>Current Assets</i>			
Cash and cash equivalents	6	25,010,971	6,097,878
Receivables	7	10,608,064	9,772,771
Inventories	8	1,981,611	2,040,565
Other assets	9	1,083,612	638,411
Total Current Assets		38,684,258	18,549,625
<i>Non-Current Assets</i>			
Plant and equipment	10	162,789,776	171,614,373
Intangible assets	11	7,803,581	8,361,191
Total Non-Current Assets		170,593,357	179,975,564
Total Assets		209,277,615	198,525,189
<i>Current Liabilities</i>			
Payables	12	16,298,299	14,950,521
Interest bearing loans and borrowings	13	3,561,117	1,603,417
Employee benefits liabilities	14	10,309,726	9,716,950
Income received in advance		6,229,419	250,600
Total Current Liabilities		36,398,561	26,521,488
<i>Non-Current Liabilities</i>			

Interest bearing loans and borrowings	13	37,522,442	38,063,589
Income received in advance		4,173,287	4,298,287
Employee benefits liabilities	14	233,311	74,116
Total Non-Current Liabilities		<u>41,929,040</u>	<u>42,435,992</u>
Total Liabilities		<u>78,327,601</u>	<u>68,957,480</u>
Net Assets		<u>130,950,014</u>	<u>129,567,709</u>
Trust Funds			
Settled sum		100	100
Accumulated surplus		130,949,914	129,567,609
Total Trust Funds		<u>130,950,014</u>	<u>129,567,709</u>

The accompanying notes form part of these financial statements

Statement of Changes in Trust Funds
for the
Financial Year Ended 30 June 2019

	Settled sum	General purpose funds	Specific purpose funds	Accumulated surplus	Total Trust Funds
	\$	\$	\$	\$	\$
Balance at 1 July 2017	100	133,270,114	5,937,144	139,207,258	139,207,358
Surplus / (deficit) for the year	-	(9,457,823)	(181,826)	(9,639,649)	(9,639,649)
Balance at 30 June 2018	100	123,812,291	5,755,318	129,567,609	129,567,709
Surplus / (deficit) for the year	-	(6,525,759)	7,908,064	1,382,305	1,382,305
Balance at 30 June 2019	100	117,286,532	13,663,382	130,949,914	130,950,014

Specific & general purpose funds - refer to Note 2 (d).

The accompanying notes form part of these financial statements

Statement of Cash Flows
for the Financial Year Ended 30 June 2019

	Note	2019	2018
		\$	\$
<i>Cash Flows from Operating Activities</i>			
Receipts for provision of services		130,717,335	113,847,508
Government grants received		7,039,180	1,092,175
Receipts from fundraising activities		18,273,971	10,102,004
Payments to employees and suppliers		(131,722,822)	(117,041,875)
Interest and investment income received		28,460	24,866
Interest paid		(2,499,359)	(2,725,368)
Net cash provided by operating activities	15	21,836,765	5,299,310
<i>Cash Flows from Investing activities</i>			
Payments for plant & equipment		(669,508)	(1,606,863)
Payments for intangible fixed assets		(630,756)	(1,257,803)
Net cash used in investing activities		(1,300,264)	(2,864,666)
<i>Cash Flows from Financing activities</i>			
Payments to borrowings		(1,623,408)	(1,580,293)
Net cash provided by financing activities		(1,623,408)	(1,580,293)
Net increase in cash and cash equivalents		18,913,093	854,351
Cash and cash equivalents at the beginning of the financial year		6,097,878	5,243,527

Cash and cash equivalents at the end of the financial year	6	25,010,971	6,097,878
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The accompanying notes form part of these financial statements

Notes to the Financial Statements for the Financial Year Ended 30 June 2019

1. TRUST INFORMATION

The principal objective of the Trust is to own and / or operate facilities for the diagnosis, treatment, care and post-treatment support to cancer patients in Australia in a manner that is consistent with the Lifehouse Vision.

Date of Settlement

The Trust was settled on 15 May 2002 and last amended on 4 April 2014.

Settled Sum

The sum of \$100 was remitted to Lifehouse Australia Limited (“the Trustee”) by the settlor on the date of settlement for the purposes of the Trust.

Registered Office

The registered office and principal place of business of the Trust is 119-143 Missenden Road, Camperdown, NSW 2050.

The financial statements were authorised for issue by the Directors of the Trustee on 8th October, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Australian Charities and Not-for-Profits Commission Act 2012, Australian Accounting Standards - Reduced Disclosure Requirements, the provisions of the Trust Deed and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis. For the purposes of preparing the financial statements the Trust is a not-for-profit entity.

Significant accounting judgements, estimates and assumptions

The following are the critical judgements, estimations and assumptions, that have been made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Judgements

(i) Revenue recognition – Government Grants

Management judgement is required in determining when control of the funding received is obtained by the Trust through compliance with the conditions attached to the funding and by meeting the envisaged obligation to spend on specific projects.

Estimates and assumptions

(i) Depreciation and Amortisation

The useful economic life and carrying amount of property, plant and equipment, and intangible assets, is reviewed on a regular basis. Any change in the useful economic life may have a significant impact on the total comprehensive income for the year.

(ii) Employee Benefits Liabilities

Provisions for employee benefits expected to be settled more than 12 months from the reporting date are measured as the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and pay increases have been taken into account.

(iii) Provision for Expected Credit Losses

The carrying amount of trade receivables is reviewed for indicators of impairment on a regular basis. Where there is an indication of impairment a provision for doubtful debts is made.

Significant accounting policies adopted

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*. The Trust holds deductible gift recipient status.

b) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured, regardless of when the 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.

Patient revenue

Revenues from the delivery of services to patients are recognised on an accrual basis, when the service has been provided to the patient. Accrued revenue is raised for services performed not yet billed based on the service performed and the revenue associated with each category of service.

Revenues from the delivery of services under contract with the Sydney Local Health District are recognised in accordance with the terms of those contracts. Refer Note 18.

Fundraising income

Revenue arising from fundraising appeals and other donations, including bequests, is recognised when the Trust gains control, economic benefits are probable and can be measured reliably.

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.

Government Grants

Non-reciprocal contributions arising from government grants are recognised when:

- The Trust obtains control of the contribution or the right to receive the contribution;
- It is probable that the economic benefits comprising the contribution will flow to the Trust; and
- The amount of the contribution can be reliably measured.

Where full control, measurement and benefit are achieved on receipt of funds, these funds are recognised as income on receipt.

Interest income

Interest from cash and cash equivalents is recognised on an accruals basis, by reference to the principal outstanding and at the effective interest rate applicable.

c) Goods and Services Tax

Expenses and assets are recognised net of the amount of goods and services tax (GST). The net amount of GST recoverable from the ATO is included as a current receivable in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flow on a gross basis.

d) Specific & General Purpose Funds

From time to time, certain contributions are restricted by donors to funding specific programs or areas of activity only. In some cases, these programs are in relation to projects, which are phased over a number of years.

These amounts have been recognised as revenues in the Statement of Comprehensive Income in the year in which they are received, but may be yet to be spent in the manner specified by the contributor.

Similarly, certain fundraising appeals and campaigns are conducted by the Trust to raise funds for specific future programs or areas of activity, but which are yet to occur.

Specific purpose funds are required to be spent on specific programs or areas nominated by the respective contributor and/or where fundraising appeals had been conducted to raise donations for specific purposes or objects.

General purpose funds have no specific restrictions attaching to their use.

e) Plant & Equipment and Depreciation

Plant and equipment is measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets.

The asset valuation and allocation between major asset categories as reported in the financial systems has been based on a quantity surveyors report, engaged as part of the Project.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of equipment over its expected useful life. The classes of assets are depreciated in line with the periods below.

Leasehold improvements	20-40 years
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Plant and equipment

2-25 years

f) Intangible assets and amortisation

The Trust recognises intangible assets only if it is probable that future economic benefits will flow to the Trust and the cost of the asset can be reliably measured. Intangible assets are measured initially at cost.

Computer software is recognised as an intangible asset and amortised over seven years using the straight line method based on the useful life of the asset.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

g) Impairment of Non-Current Assets

At each reporting date, the Trust reviews the carrying values of its tangible 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.

h) Cash and Cash Equivalents

Cash comprises cash on hand and short-term 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. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

This category of financial asset can include short-term call deposits, bank bills of exchange and corporate promissory notes.

i) Inventories

Inventories are stated as the lower of cost and net realisable value, adjusted when applicable, for any loss of service potential. Costs are assigned to individual items of inventory on the basis of weighted average cost.

j) Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Trust's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Trust has applied the practical expedient, the Trust initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)

- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Trust measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Trust's financial assets at amortised cost are receivables.

Impairment of financial assets

For trade receivables, the Trust applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Trust does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Trust has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

k) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, and charitable bonds, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, charitable bonds, and payables, net of directly attributable transaction costs.

The Trust's financial liabilities include trade and other payables, loans and borrowings, and charitable bonds.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Trust. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same

lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

l) Employee Benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Superannuation

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

m) Comparative information

Comparative information is reclassified where appropriate to enhance comparability.

n) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Trust as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Trust is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Trust will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

o) Current versus non-current classification

The Trust presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Trust classifies all other liabilities as non-current.

New and amended standards and interpretations

The Trust applied AASB 9 for the first time. The nature and effect of the changes as a result of adoption of the new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Trust. The Trust has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Trust has applied AASB 9 retrospectively. There were no material impacts of adopting the new standard.

3. OTHER INCOME

Surplus / (deficit) from ordinary activities includes the	2019	2018
following items of revenue and expense:	\$	\$

3.1 Fundraising Income

Appeals and other donations	3,340,360	4,988,402
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Bequests	4,240,337	1,463,022
Specific purpose	10,693,274	3,650,580
Gross income from fundraising (Note 16)	18,273,971	10,102,004

3.2 Finance Income	2019	2018
	\$	\$
Bank accounts, bank bills and money market accounts	28,460	24,866
Finance income	28,460	24,866

4. OTHER EXPENSES

4.1 Finance Expense	2019	2018
	\$	\$
Bonds	975,295	977,806
Loans	1,524,064	1,747,562
Total interest expense	2,499,359	2,725,368

4.2 Fundraising and program expenses	2019	2018
	\$	\$
Fundraising Expenses		
Promotions and publicity	119,703	93,761
Bank charges and merchant fees	54,554	87,235
Events	232,106	291,113
Other	45,854	63,174
Fundraising costs ¹	452,217	535,284
Specific purpose expenditure ²	2,597,869	3,492,701

Total Fundraising Expenditure	3,050,086	4,027,985

1. Fundraising costs included the costs of managing and operating the fundraising events, and the costs of the fundraising department.
2. Specific purpose expenditure relates to expenditure associated with specific purpose donations.

4.3 Other Operating Expenses	2019	2018
	\$	\$
Occupancy	3,881,790	3,892,791
Information technology and communications	2,555,605	2,871,649
Repairs and Maintenance	3,787,619	3,313,184
Insurance	1,206,636	1,076,257
Hotel Services	2,053,326	1,721,824
Printing, postage and office supplies	205,857	139,745
Consultants	383,397	515,428
Doubtful debts expense	90,000	240,000
Other	1,790,259	1,426,560
	15,954,489	15,197,438

4.4 Employee related expenses	2019	2018
	\$	\$
Wages and salaries	62,262,360	54,716,589
Workers compensation insurance	594,274	504,465
Superannuation	5,363,966	4,819,769
Employee benefits provisions	6,350,336	5,712,298

74,570,936	65,762,121
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5. REMUNERATION OF AUDITORS

	2019	2018
	\$	\$
Audit of the financial statements	73,600	71,800

The Auditors received no other remuneration.

6. CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash at bank and on hand	25,010,971	6,097,878
Total cash and cash equivalents	25,010,971	6,097,878

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 30 days and 3 months, depending on the immediate cash requirements of the Trust, and earn interest at the respective short-term deposit rates.

Cash and cash equivalents are allocated as follows:

	2019	2018
	\$	\$
Specific purpose funds*	19,663,382	5,755,318
General purpose funds	5,347,589	342,560
Total cash and cash equivalents	25,010,971	6,097,878

Specific purpose funds are required to be spent on specific programs or areas nominated by the respective contributor and/or where fundraising appeals had been conducted to raise donations for specific purposes or objects.

General purpose funds have no specific restrictions attaching to their use.

*Balance includes \$6m which is included in income received in advance at 30 June 2019 (2018: NIL).

7. RECEIVABLES

	2019	2018
	\$	\$
Current		
Trade debtors	3,791,174	4,664,427
Accrued income	5,209,058	2,836,705
Other receivables	1,607,832	2,271,639
Total Receivables	10,608,064	9,772,771

Receivables are non-interest bearing and are generally on terms of 30 days.

8. INVENTORIES

	2019	2018
	\$	\$
Medical and surgical supplies	1,043,610	996,415
Pharmacy drugs	938,001	1,044,150
Total inventories	1,981,611	2,040,565

9. OTHER ASSETS

	2019	2018
	\$	\$
Prepayments	1,083,612	638,411
Total Other Assets	1,083,612	638,411

10. PLANT AND EQUIPMENT

	Leasehold improvements \$	Capital works in progress \$	Plant and equipment \$	Total \$
Cost				
At 30 June 2017	139,164,524	4,286,968	81,851,144	224,609,636
Additions	-	1,458,702	1,405,964	2,864,666
Disposals	-	-	-	-
Transfers ⁽¹⁾	-	(4,214,464)	4,150,913	(63,551)
At 30 June 2018	139,164,524	1,531,206	86,715,021	227,410,751
Additions ⁽²⁾	-	630,756	3,709,467	4,340,223
Disposals	-	-	-	-
Transfers ⁽¹⁾	-	(1,758,548)	-	(1,758,548)
At 30 June 2019	139,164,524	403,414	90,424,488	229,992,426
Depreciation				
At 30 June 2017	13,241,978	-	30,118,965	43,360,943
Depreciation	3,689,821	-	8,745,614	12,435,435
Disposals	-	-	-	-
At 30 June 2018	16,931,799	-	38,864,579	55,796,378
Depreciation	3,689,821	-	7,716,451	11,406,272
Disposals	-	-	-	-
At 30 June 2019	20,621,620	-	46,581,030	67,202,650
Net book value				
At 30 June 2018	122,232,725	1,531,206	47,850,442	171,614,373
At 30 June 2019	118,542,904	403,414	43,843,458	162,789,776

(1) Includes transfer to software costs, reported as intangibles in note 11.

(2) Finance leases: The carrying value of plant and machinery held under finance leases at 30 June 2019 was \$7,119,337, \$3,039,959 of which was acquired during the current year.

11. INTANGIBLE ASSETS

	Software
	\$
Cost	
At 30 June 2017	17,163,350
Transfers ⁽¹⁾	63,551
At 30 June 2018	17,226,901
Transfers ⁽¹⁾	1,758,548
At 30 June 2019	18,985,449
Amortisation	
At 30 June 2017	6,668,589
Amortisation charge for the year	2,197,121
At 30 June 2018	8,865,710
Amortisation charge for the year	2,316,158
At 30 June 2019	11,181,868
Net book value	

At 30 June 2018	8,361,191
At 30 June 2019	7,803,581

(1) Includes transfers of software costs from capital works in progress, reported as plant and equipment in note 10.

12. PAYABLES

	2019	2018
<i>Current</i>	\$	\$
Trade payables	11,881,336	11,679,709
Other payables	4,416,963	3,270,812
Total Payables	16,298,299	14,950,521

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms; and
- Other payables are non-interest bearing and have an average term of 30-days.

13. INTEREST BEARING LOANS AND BORROWINGS

	2019	2018
<i>Current</i>	\$	\$
Borrowings	1,250,000	1,250,000
Finance Lease	2,191,117	353,417
Charitable Bonds	120,000	-
Total Current Liabilities	3,561,117	1,603,417

	2019	2018
Non-current	\$	\$
Borrowings	18,479,108	19,729,108
Finance Lease	2,746,334	1,897,481
Charitable Bonds	16,297,000	16,437,000
Total Non-Current Liabilities	37,522,442	38,063,589

Bank Facility

The Trust has a debt facility of \$20,000,000 (2018: \$21,250,000) and a \$2,500,000 (2018: \$5,000,000) overdraft facility. At the reporting date, the debt facility had an unutilised amount of \$270,892 (2018: \$270,892), and an unutilised overdraft of \$2,500,000 (2018: \$5,000,000).

Charitable Bonds

The maturity date on the Charitable Bonds ranges from March 2020 to June 2022. The net interest rate for the Charitable Bonds is approximately 3% per annum.

Charitable Bond interest is payable as follows:

	2019	2018
Interest Payable	\$	\$
Not later than 1 year	973,509	975,295
1 to 5 years	1,940,790	2,915,385
Over 5 years	-	-
	2,914,299	3,890,680

14. EMPLOYMENT BENEFIT LIABILITIES

	2019	2018
<i>Current</i>	\$	\$
Annual leave	4,791,027	4,487,132
Long service leave	5,518,699	5,229,818
	10,309,726	9,716,950
<i>Non-current</i>		
Long service leave	233,311	74,116
	233,311	74,116

15. NOTE TO THE STATEMENT OF CASH FLOW

For the purposes of the Statement of Cash Flow, cash includes cash on hand and in banks net of outstanding bank overdrafts, and short term investments held in the form of cash or cash equivalents. Cash at the end of the financial year as shown on the Statement of Cash Flow is comprised of the components of cash and cash equivalents as disclosed in Note 6.

Reconciliation of surplus/ (deficit) from ordinary activities

to net cash flow provided by operating and other activities

	2019	2018
	\$	\$
Surplus / (deficit) from ordinary activities	1,382,305	(9,639,649)
<i>Adjustments to reconcile surplus/(deficit) to net cash flows:</i>		
Depreciation and amortisation	13,722,430	14,632,556
<i>Changes in assets and liabilities</i>		
Increase in receivables and other debtors	(1,280,495)	(126,668)
Decrease / (increase) in inventories	58,956	(698,688)

Increase in payables	1,347,778	1,489,486
Increase / (decrease) in provisions	751,972	(292,744)
Increase / (decrease) in income in advance	5,853,819	(64,983)
Net cash flow generated by operating and other activities	21,836,765	5,299,310

16. ADDITIONAL INFORMATION FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT 1991 (NSW)

I. Details of gross income and expenditure of fundraising activities¹:	2019	2018
	\$	\$
Gross income from fundraising (Note 3.1)	18,273,971	10,102,004
Total costs of fundraising (Note 4.2)	(452,217)	(535,284)
Surplus from fundraising activities	17,821,754	9,566,720

II. Comparisons of monetary figures and percentages:	2019	2018
	\$ %	\$ %
Total costs ² of fund raising /	452,217	535,284
Gross income ¹ from fundraising	18,273,971 2.5	10,102,004 5.3
Surplus ¹ from fundraising /	17,821,754 97.5	9,566,720 94.7

Gross income ² from Fundraising	18,273,971	10,102,004
--	------------	------------

1. Refer to Note 3.1 for details of fundraising activity and revenue.

2. Fundraising costs included the costs of managing and operating the fundraising events, and the costs of the fundraising department.

17. LEASE EXPENDITURE COMMITMENTS

Lease expenditure commitments at the balance date were \$5,334,735 (2018: \$2,648,138).

Operating leases	2019	2018
	\$	\$
Not later than 1 year	-	260
1 to 5 years	-	-
Over 5 years	-	-
	<u>-</u>	<u>260</u>
Finance leases	2019	2018
	\$	\$
Not later than 1 year	2,345,743	476,243
1 to 5 years	2,988,992	1,830,939
Over 5 years	-	340,696
	<u>5,334,735</u>	<u>2,647,878</u>

18. KEY CONTRACTUAL AGREEMENTS

Lifehouse has entered into a number of agreements with the Sydney Local Health District (SLHD) related to the lease and operation of the Lifehouse Facility and Radiation Oncology. Under those documents Lifehouse constructed the Lifehouse Facility on land owned by the SLHD, with funds

sourced directly by Lifehouse together with Commonwealth Grants provided under the Commonwealth Funding Agreement dated 9 September 2009 as amended.

Summarised below are the key terms of the key agreements between Lifehouse and the SLHD:

1. Facility Lease and Radiation Oncology Lease

Lifehouse has been granted a lease for the Lifehouse facility (Facility Lease) and a lease in respect of the radiation oncology building (RO Lease) for a term of 40 years. The notional annual rents are \$1.52 million and \$1.15 million respectively however these rents are the subject of an annual grant of equal value.

2. Service Delivery Agreement (SDA)

The SDA is the main operational document between Lifehouse and SLHD and specifies the way in which Lifehouse operates the facility and provides services to the SLHD. The operating term of the SDA is 40 years and it specifies the way in which Lifehouse is required to provide public services, operate the facility and treat and classify patients together with the basis of payment under the contract and the key performance indicators used to determine the quality of performance under the contract.

The SDA also specifies additional duties and rights of Lifehouse, such as the credentialing process, obligations to have necessary licences and authorisations, and an acknowledgement that Lifehouse can treat private patients. It specifies the way in which Lifehouse must manage public services, including the process for the annual service meeting and plans (including disputes and factors affecting the service budget), a clinical review process, reporting obligations, regular agreement reviews and audit provisions.

Importantly it also specifies the dispute resolution process, termination and consequences of termination and SLHD temporary and permanent step-in rights, described in more detail below.

Default

Any defaults by Lifehouse are categorised in the SDA as either leading to a show cause process or giving SLHD a right of termination without show cause. A number of the defaults in the second category are only triggered following failure to remedy by Lifehouse.

Defaults leading to a show cause include the failure to maintain authorisations or accreditations required by law; termination of the Commonwealth Funding Agreement; loss of tax concession charity status without prior consent of SLHD; or repeated breach of designated KPIs.

Defaults leading to a termination without show cause include the cancellation, and non-reinstatement of the Hospital License; termination of a material SLHD service agreement; Lifehouse ceases to operate the facility; failure of Lifehouse to pay monies required under the SDA; breach of designated KPIs; or an insolvency event.

Termination or step in

The SDA describes the consequences of termination including automatic termination of the Leases, arrangements for clinical treatment of patients and dealing with patient data and termination of the SLHD Service Agreements.

SLHD is entitled to step-in and take either temporary or permanent control of the Lifehouse Facility upon the occurrence of certain events of default where Lifehouse has either failed to remedy the event of default or failed to show cause of such event of default to SLHD's satisfaction or in certain other limited circumstances such as in the event a public health emergency or a clinical dispute arising concerning the safety of patients.

In the event of a permanent step in SLHD may exercise its rights under the Call Option Deed and terminate all relevant agreements. In this situation Lifehouse ceases to be the operator of the Lifehouse Facility and to be responsible for provision of its services, and may deal with assets and contracts not acquired or assigned by SLHD to bring an orderly and cost effective exit.

3. Call Option Deed

The call option deed allows SLHD to purchase any or all of Lifehouse's assets (other than its trade-marks and business names) on termination or expiry of the SDA or SLHD permanently stepping-in to the Lifehouse facility. These agreements also determine the way in which those assets will be valued in the event of a purchase.

4. Commonwealth Letter

Lifehouse, the Commonwealth and SLHD have entered into a tripartite arrangement, the purpose of which is to recognise that Lifehouse will not be in breach of its obligations under the Commonwealth Funding Agreement where SLHD (or its nominee) steps in or terminates the SDA and takes over the Lifehouse facility in accordance with the SDA. In the event of termination and the SLHD (or its nominee) takes over operation of the Lifehouse facility, Lifehouse will not be required to repay any part of the Commonwealth funding.

19. EVENTS OCCURRING AFTER REPORTING DATE

There have been no significant events occurring after reporting date that have had any material impact on the results of the Trust as reported in these financial statements.

20. RELATED PARTY TRANSACTIONS

Directors' Remuneration and Retirement Benefits

Directors' remuneration comprises short-term employee benefits of \$89,474 (2018: \$89,474) and retirement benefits \$8,500 (2018: \$8,500).

The remuneration is for Gail O'Brien in her role as a non-executive director and as a Patient Advocate. All other non-executive directors provide their services on a pro-bono basis.

Key Management Personnel

The key management personnel of Lifehouse Australia Trust during the financial year were:

Ms Eileen Hannagan – Chief Executive Officer and Executive Director

Professor Michael Boyer – Chief Clinical Officer and Executive

Mr Rodney Green – Chief Financial Officer

Compensation of key management personnel (including remuneration for management & clinical roles):

	2019	2018
	\$	\$
Short-term employee benefits	1,232,547	1,244,171
Post-employment	66,929	71,255
	1,299,476	1,315,426

There were no other related party transactions during the year ended 30th June 2019.

Lifeshouse Australia Limited

ACN 100 492 644

(A Company Limited by Guarantee)

Financial Report

For the Financial Year Ended 30 June 2019

Financial Report for the Financial Year Ended 30 June 2019

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Directors' Report

The Directors of Lifehouse Australia Limited ("Lifehouse" or "the Trustee") submit the Financial Report and the Directors' Report for the year ended 30 June 2019.

The company acts as a trustee for Lifehouse Australia Trust. The Trust manages Chris O'Brien Lifehouse, a world-class integrated cancer treatment and research hospital working to make things easier for people with cancer by providing cutting edge clinical treatments, complementary therapies, education, research and emotional support all in one location.

The mission of Lifehouse Australia Trust is to improve the quality of life of cancer patients, carers and their families by advancing the understanding, diagnosis, treatment, cure and prevention of the disease. Our team is united in our commitment to delivering on the late Professor Chris O'Brien's vision for uncompromising care.

Vision

Transforming cancer treatment for Australian cancer patients through an environment thriving on discovery, research and uncompromising care.

Mission

To improve the quality of life for Australian cancer patients, carers and their families by advancing the understanding, diagnosis, treatment, care, cure and prevention of cancer.

Directors

The names of the Directors at the date of the report, together with details of their qualifications, experience and special responsibilities follow.

Doug Snedden (Chairman)

Mr Snedden was previously Country Managing Director of Accenture in Australia. Mr Snedden has had extensive experience as both board member and chairman. In addition to his chairmanship of Chris O'Brien Lifehouse, he currently sits on the boards of Broadspectrum Ltd, UXC Ltd, OzForex Ltd, Sirca Pty Ltd, Chairman Odyssey House, McGrath Foundation, Black Dog Institute, National Library Foundation. Mr Snedden has previously served as a Board member of St Vincent's Hospital NSW and the St James Ethics Centre.

Mr Snedden is a member of the Australian Institute of Company Directors and was appointed to the Lifehouse Board on 29th November 2013 and Chairman of the Board in February 2014. Mr Snedden was appointed a member of the company on 13th February, 2014, and is a member of the Foundation Committee.

Rebecca Davies AO

Ms Davies has extensive board and health sector experience with a legal background, previously having been a partner of Freehills. She is currently on the Australian and international JDRF boards and serves on its Research Committee and is a former board member at the Private Health Insurance Administration Council and chaired the Audit Committee. A board member at LCM Healthcare, Ms Davies also sits on the Audit and Risk Committee and the Performance and Remuneration Committee.

She is a member of the Australian Health Ethics, Health Innovations Advisory and Consumer and Communities committees of the NHMRC and is the President of the Heart Foundation, NSW and is on the Foundation's National Board.

Ms Davies is a Fellow of the Australian Institute of Company Directors and a regular presenter of AICD courses covering legal, risk, and governance issues.

Ms Davies was appointed to the Board of Lifehouse on 4th April 2014 and is the Chair of the Board Clinical Governance Committee.

David Brettell

David Brettell joined the Chris O'Brien Lifehouse board on 29th October 2014 following eleven years as CEO of the Australian Cancer Research Foundation (ACRF), a private charitable foundation which has awarded in excess of \$130 million in cancer research grants in Australia. David has held high level management roles in sales and marketing with AMP, fundraising with ACRF and MS Australia, and major international sports events such as Olympic Games in Sydney and Beijing and Rugby World Cup in New Zealand. He has served for many years on the board of Basketball NSW, three years as President. He is also the Chairman of the Foundation Committee at Lifehouse and has worked in various roles with a number of not-for-profit organisations.

Ian Hammond

Ian Hammond brings considerable finance expertise to his role at Lifehouse, with more than 35 years' experience in the accounting and finance profession.

Mr Hammond retired as a partner from PricewaterhouseCoopers (PwC) in March 2015. During his 26 years as a partner of PwC, Ian held a range of senior management positions including lead partner for several major financial institutions. He has previously been a member of the Australian Accounting Standards Board and represented Australia on the International Accounting Standards Board.

Mr Hammond has deep knowledge of the financial services' industry and expertise in financial reporting and risk management. Ian is a Fellow of the Institute of Chartered Accountants, a Fellow Certified Practising Accountant and a Fellow of the Institute of Company Directors.

Mr Hammond is a Non-Executive director of Perpetual Limited, Suncorp Limited, and Venues NSW. He was previously a Non-Executive director of Citigroup Pty Ltd and is also currently a Board member of a number of not-for-profit organisations including Mission Australia.

Mr Hammond joined the Lifehouse Board on 14th April 2015 and is the Chairman of the Audit & Risk Management Committee. Mr Hammond was appointed as a member of the company on 28th June 2016.

Professor Diana Horvath AO

Diana Horvath AO has had a most distinguished 44 year career in medicine since her graduation from the University of Sydney in 1968. An initial two years as a resident at Royal Prince Alfred Hospital (RPA) was followed by two years at the John Hopkins Hospital in the United States.

After establishing the Community Health Services in NSW, and obtaining a Masters Degree from UNSW, Professor Horvath returned to RPA in a medical administration role and became Medical Director and later General Superintendent in 1987. She was involved in the Australian Hospital Association (now Healthcare Association) for 20 years and became its National President. In 1989 she became Director of Health Services at Eastern Sydney Area Health Service. She spent 3 triennia in a variety of senior roles with NH&MRC, culminating in her appointment as the Chair of Council; and many years as a Commissioner with the Health Insurance Commission. Professor Horvath was the first woman appointed as CEO of a NSW Health Service (Central Sydney, and later Sydney South West) which she held for 14 years; resigning to inaugurate the Australian Commission on Safety & Quality in Health Care.

Professor Horvath was made an Officer in the Order of Australia for her contribution to health and health services management. She was awarded the prestigious Sid Sax Medal for her on-going roles in public health services; the International Hospital Federation award for Innovation in Health

Management; the Centenary of Federation medal and made an Adjunct Professor at the University of Sydney.

Professor Horvath was appointed to the Board of Lifehouse in May 2009 and is the Chair of the Market Positioning & Business Development Committee and the Quality & Safety Committee.

Assoc Professor Brian McCaughan AM

Associate Professor Brian McCaughan AM, a renowned cardiothoracic surgeon with a career-long commitment and passion for the management of thoracic malignancies, is also Chairman of the Clinical Excellence Commission and the Agency for Clinical Innovation, and a Clinical Associate Professor at the University of Sydney. His clinical career spans 40 years at Royal Prince Alfred Hospital and Concord Hospital.

Associate Professor McCaughan was appointed to the Board of Lifehouse on 23rd February 2016 and is a member of the Market Positioning and Business Development Committee.

Robert McMillan OAM

Having studied accounting, Mr McMillan has keenly analysed business trends and developments over several decades, across the broad corporate sectors of print and related industries. His substantial and diverse business expertise comes from having previously owned and operated several large companies within the consumer market.

As Managing Director of McMillan Printing Group, he grew the organisation from a small operating base to being the market leader for print management and print logistics services in Australia. In June, 2007, he sold McMillan Printing Group to Champ Equity and remains an equity holder in the larger group.

Mr McMillan was awarded the Medal of the Order of Australia for his service to the community through a range of charitable organisations.

Mr McMillan was appointed to the Board of Lifehouse in February 2005 and was appointed as a member of the company on 6th July 2012. Mr McMillan is a member of the Foundation Committee.

Max Moore-Wilton AC

Mr Max Moore-Wilton AC has held a number of positions as either Chairman or Board Member of major Commonwealth and State business enterprises and has extensive experience in the Australian Transport Sector. In December 2002 Mr Moore-Wilton was appointed Executive Chairman and Chief Executive of the privatised Sydney Airport Corporation.

Prior to this appointment, he was Secretary to the Department of Prime Minister and Cabinet from May 1996 where he oversaw fundamental reform of the Commonwealth Public Service. Mr Moore-Wilton was appointed a Companion in the General Division of the Order of Australia in the Australia Day Honours List in 2001.

Mr Moore-Wilton was appointed Chairman of Macquarie Airports in April 2006 and was previously the Chairman of Southern Cross Group and the Sydney Airport Corporation Limited.

Mr Moore-Wilton was appointed to the Board of Lifehouse in July 2007.

Janine Gail O'Brien AO

Gail O'Brien is a registered physiotherapist having graduated from physiotherapy at Sydney University in 1976. Her professional background includes hospital positions at Royal Prince Alfred Hospital, Dubbo Base Hospital, Ramsay Healthcare, as well as extensive experience in private practice,

rehabilitation and aged care both in Australia and in the UK. Ms O'Brien is a member of the Australian Physiotherapy Association.

From 1987 to 2006, Ms O'Brien was the practice manager of the large Head and Neck surgical practice of her husband Prof Chris O'Brien AO.

In 2002, Ms O'Brien alongside her husband was instrumental in launching the Sydney Head and Neck Cancer Institute at Royal Prince Alfred Hospital. She remained until 2013 on the steering committee, organizing events and raising funds for the Head and Neck fellowship programme and basic and clinical research programmes for Head and neck cancer.

Ms O'Brien was appointed to the board of Chris O'Brien Lifehouse Cancer Hospital in 2009. She is currently a member of the Foundation Committee and patron of the Chris O'Brien Bequest Society.

Ms O'Brien was awarded as an officer in the Order of Australia in 2018 for her work as an advocate for patients suffering with cancer.

Briony Scott

Dr Briony Scott is an Australian educator and columnist, and the principal at Wenona School in North Sydney. Dr Scott has a Masters and Doctorate in Education from the University of Sydney, specialising in girls' education; the utilisation of technology in the classroom; and non-government school funding policy.

Prior to commencing at Wenona, Dr Scott was Principal of Roseville College, and served as Head of Senior School and Director of Studies at Oxford Falls Grammar School. She has also worked as a systems analyst for Italian computer firm Olivetti, and spent time volunteering with the Wheaton Rescue Squad in Maryland, US.

Dr Scott has been a regular columnist on educational and parenting issues for The North Shore Times and speaks frequently at community forums and conferences.

Dr Scott was appointed to the Lifehouse Board in February 2019.

Professor Michael Boyer AM

Michael Boyer AM is the Chief Clinical Officer at Chris O'Brien Lifehouse and a senior staff specialist in the Department of Medical Oncology. His previous administrative roles have included being Director of the Sydney Cancer Centre (2007 – 2011) and Area Director of Cancer Services for the Sydney South West Area Health Service (2007 – 2009). A professor within the Central Clinical School of the University of Sydney, Professor Boyer has been a medical oncologist for more than 25 years, specialising in the treatment of thoracic and head & neck cancers. Professor Boyer is actively involved in research, focusing on the testing of new anti-cancer drugs for the treatment of lung cancer. He is on the board of Directors of the International Association of the Study of Lung Cancer, and was the Conference Co-Chair for the 15th World Conference on Lung Cancer, held in Sydney in 2013.

In 2010 Professor Boyer was made a member of the Order of Australia for his work as an educator, a clinical trials researcher and for his involvement in the development of integrated care facilities for people suffering with cancer, having been intimately involved in the creation of the business case for Lifehouse.

Professor Boyer was appointed to the Lifehouse Board in August 2003 and is a member of its Audit & Risk Management Committee, the Market Positioning & Business Development Committee and the Board Clinical Governance Committee.

Eileen Hannagan

Ms Hannagan has 32 years' experience in health care, as nurse, manager and the last 17 years as senior executive. She studied Commerce and Health administration, and holds a Masters in Business.

Ms Hannagan previously held the position of Chief Operating Officer for St Vincent's and Mercy Private Hospital in Victoria, before being appointed to manage one of Australia's largest private hospitals, Epworth Richmond as the Executive Director.

Ms Hannagan was appointed as CEO and to the Board of Lifehouse on 4th April 2014 and is a member of its Audit and Risk Management Committee, the Market Positioning & Business Development Committee, the Board Clinical Governance Committee and the Foundation Committee.

Review of Operations

Lifehouse traded during the financial year only in its capacity as trustee of Lifehouse Australia Trust ("the Trust").

Performance Measurement

The company has established performance targets for each strategic goal. These targets focus the efforts of the Board, Management and staff and helps measure success in achieving the strategic goals stated above.

Principal Activities

The principal activity of Lifehouse in the course of the financial year was to act as trustee of Lifehouse Australia Trust.

Developments

Lifehouse will continue to act as trustee of the Trust and give effect through the raising of funds and other activities to support the work of the Sydney Cancer Centre and assist patients.

Subsequent Events

There are no matters or circumstances that have arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Lifehouse or the Trust, the results of those operations or the state of affairs of the Trust in future financial years.

Members' Guarantee

Lifehouse was registered in New South Wales as a company limited by guarantee. In the event of Lifehouse being wound up, each member undertakes to contribute a maximum of \$10 (2018: \$10) for payment of Lifehouse' liabilities. As at 30th June 2019, there were three members of Lifehouse (2018: 3) and the amount of capital that would be called up in the event Lifehouse is wound up is \$10 (2018: \$10) per member.

Directors' Meetings

The number of Directors' meetings held during the financial year, and the number of meetings attended by each Director while they were a member of the Board of Directors, is noted below. During the financial year, six Directors' meetings were held.

Directors	Meetings Held	Meetings Attended
Doug Snedden	6	6

Directors	Meetings Held	Meetings Attended
Rebecca Davies	6	4
David Brettell	6	4
Ian Hammond	6	6
Diana Horvath	6	6
Brian McCaughan	6	3
Robert McMillan	6	5
Maxwell Moore-Wilton	6	4
Gail O'Brien	6	6
Briony Scott*	2	1
Michael Boyer	6	5
Eileen Hannagan	6	6

*Briony Scott was eligible to attend two meetings, having been appointed in February 2019.

Audit and Risk Management Committee Meetings

During the year, seven Audit and Risk Management Committee meetings were held.

Directors	Meetings Held	Meetings Attended
Ian Hammond	7	7
Michael Boyer	7	4
Eileen Hannagan	7	7

External Members	Meetings Held	Meetings Attended
Jonathan Anderson	4	4
Stephanie Smith	3	3

Market Positioning & Business Development Committee Meetings

During the year four Market Positioning & Business Development Committee Meetings were held.

Directors	Meetings Held	Meetings Attended
Diana Horvath	4	4
Michael Boyer	4	4
Eileen Hannagan	4	4
Brian McCaughan	4	4

Board Clinical Governance Committee Meetings

During the year four Board Clinical Governance Committee Meetings were held.

Directors	Meetings Held	Meetings Attended
Rebecca Davies	4	4
Michael Boyer	4	3
Eileen Hannagan	4	4

Foundation Committee Meetings

During the year five Foundation Committee Meetings were held.

Directors	Meetings Held	Meetings Attended
David Brettell	5	5
Eileen Hannagan	5	3
Robert McMillan	5	1
Gail O'Brien	5	5
Doug Snedden	5	3

External Members	Meetings Held	Meetings Attended
Keith Cox	5	5

Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Signed in accordance with a resolution of the Directors made pursuant under section 298(2) of the Corporations Act 2001.

Signed on behalf of the Directors



.....
Douglas N. Snedden, Director
Sydney, 8th October 2019



.....
Ian Hammond, Director
Sydney, 8th October 2019

Auditor's Independence Declaration

(To be supplied)

Independent Audit Report

(To be supplied)

Independent Audit Report (cont.)

To be supplied

Directors' Declaration

- (a) In accordance with a resolution of the directors of Lifehouse Australia Limited, I state that in the opinion of the directors the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Company's 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 – Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the Corporations Act 2001.

Signed on behalf of the Directors



..... : Director
Douglas N. Snedden



..... : Director
Ian Hammond

Statement of Comprehensive Income for the Year Ended 30 June 2019

	Note	2019	2018
		\$	\$
Revenue	2	-	-
Other expenses	2	-	-
		<hr/>	<hr/>
Profit before income tax expense		-	-
Income tax expense		-	-
		<hr/>	<hr/>
Profit for the year		-	-
		<hr/>	<hr/>
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive income		-	-
		<hr/>	<hr/>

The accompanying notes form part of these financial statements

Statement of Financial Position as at 30 June 2019

	Note	2019	2018
		\$	\$
Current Assets			
Cash Assets	8	-	-
Total Assets		-	-
Total Liabilities		-	-
Net Assets		-	-
Equity		-	-
Share capital	10	-	-
Total Equity		-	-

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the Year Ended 30 June 2019

	Note	2019	2018
		\$	\$
Equity – balance at beginning of year		-	-
Surplus for the year	2	-	-
Equity – balance at end of year		<hr/> -	<hr/> -

The accompanying notes form part of these financial statements

Statement of Cash Flows for the Year Ended 30 June 2019

	Note	2019	2018
		\$	\$
Cash Flows from Operating Activities		-	-
Receipts from the Trust Fund			
Payment to supplies		-	-
		<hr/>	<hr/>
Net cash provided by Operating Activities	9	-	-
		<hr/>	<hr/>
Cash Flows from Investing Activities		-	-
		<hr/>	<hr/>
Cash Flows from Financing Activities		-	-
		<hr/>	<hr/>
Net Increase in Cash and Cash Equivalents held		-	-
Cash and Cash Equivalents at the beginning of the Financial Year		-	-
		<hr/>	<hr/>
Cash and Cash Equivalents at the end of the Financial Year		-	-
		<hr/>	<hr/>

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the Year Ended 30 June 2019

1. Summary of Accounting Policies

Financial Reporting Framework

The Financial report is a general purpose financial report, which has been prepared in accordance with the Corporations Act 2001 and applicable Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations.

The financial statements were authorised for issue by the Directors on 8th October 2019.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the financial information satisfies the concept of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

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

a) *Revenue and Expenditure*

From the financial year 2004 the Board had determined that expenditure incurred by Lifehouse Australia Trust on behalf of the Trustee was to be recognised in the financial report of the Trustee. Such amounts were previously recognised by the Trustee as expenditure in the year in which the expenditure was incurred.

The Trustee's revenue comprised reimbursement of expenses for its work as trustee of The Lifehouse Australia Trust. The Trustee's remuneration could not exceed the Public Trustee rate.

The Trust Deed of the Lifehouse Australia Trust was varied on 10 August 2005 so that the costs solely and properly attributable to the performance of the Trustee's functions are payable out of the Trust Fund. In the financial year ended 2019, the Trustee did not charge a fee and its financial reports have been presented in accordance with this.

b) *Goods and Services Tax*

Expenses and assets are recognised net of the amount of goods and services tax (GST). The net amount of GST recoverable from the Australian Taxation Office is included as a current receivable on the Statement of Financial Position. Cash flows are included in the Statement of Cash Flow on a gross basis.

2. Profit from Ordinary Activities

	2019	2018
	\$	\$
Revenue from Ordinary Activities		
Total Revenue	-	-
<hr/>		
Expenditure from Ordinary Activities		
Administration Expenditure	-	-
<hr/>		
Total expenditure	-	-
<hr/>		

3. Remuneration of Directors

The Directors of the Trustee are detailed in the Directors' Report.

The remuneration paid or payable, or otherwise made available, in respect of the financial year, to any non-executive directors by Lifehouse Australia Trust was \$89,474 (2018: \$89,474).

4. Retirement Benefits of Directors

The retirement benefits paid to Directors of the Trustee by Lifehouse Australia Trust was \$8,500 (2018: \$8,500).

5. Remuneration of Auditors

The auditors received no remuneration.

6. Segment Information

The Trustee operates wholly within Australia as trustee of The Lifehouse Australia Trust and accordingly operates in a single segment.

7. Related Party Disclosures

Directors' Remuneration and Retirement Benefits – Details of Directors' remuneration \$89,474 (2018: \$89,474) and retirement benefits \$8,500 (2018: \$8,500). The remuneration is for Gail O'Brien in her role as a non-executive director and as a Patient Advocate. All other non-executive directors provide their services on a pro-bono basis.

Two directors of Lifehouse Australia Limited are also key management personnel of Lifehouse Australia Trust. The key management personnel of Lifehouse Australia Trust during the financial year were:

- Ms Eileen Hannagan – Chief Executive Officer
- Professor Michael Boyer – Chief Clinical Officer
- Rodney Green – Chief Financial Officer (from 26th March 2018)

Compensation of key management personnel

	2019	2018
	\$	\$
Short-term employee benefits	1,232,547	1,244,171
Post-employment	66,929	71,255
	1,299,476	1,315,426

The above amounts have been incurred and paid by the Lifehouse Australia Trust.

There were no other related party transactions during the year ended 30 June 2019.

8. Notes to the Statement of Cashflow

	2019	2018
	\$	\$

Reconciliation of Cash

Cash at the end of the year as shown on the Statement of Cashflow is reconciled to the related items in the Statement of Financial Position as follows:

Cash	-	-
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9. Reconciliation of Profit for the Year to Net Cashflow from Operating Activities

Profit for the year	-	-
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Net cash provided by operating activities

- -

10. Members' Guarantee

Lifehouse was registered in New South Wales as a company limited by guarantee. In the event of Lifehouse being wound up, each member undertakes to contribute a maximum of \$10 (2018 : \$10) for payment of Lifehouse' liabilities. As at 30 June 2019, there were three members of Lifehouse (2018: 3) and the amount of capital that would be called up in the event Lifehouse is wound up is \$10 (2018 : \$10) per member.

11. Financial Instruments

Lifehouse has not issued or held financial instruments during or at the end of both the current and prior year. Accordingly, there are no details to disclose in relation to financial instruments.

12. Dividends

In accordance with its constitution, Lifehouse cannot pay a dividend.

13. Additional Company Information

Lifehouse is a public company, limited by guarantee, incorporated and operating within Australia.

The registered office and principal place of business of the Trust is 119-143 Missenden Road, Camperdown NSW 2050.

14. Key Contractual Agreements

The Company, in its capacity of Trustee of the Trust entered into a number of agreements with the Sydney Local Health District (SLHD) related to the lease and operation of the Lifehouse Facility and Radiation Oncology. Under those documents Lifehouse constructed the Lifehouse Facility on land owned by the SLHD, with funds sourced directly by Lifehouse together with Commonwealth Grants provided under the Commonwealth Funding Agreement dated 9 September 2009 as amended.

Summarised below are the key terms of the key agreements between Lifehouse and the SLHD:

5. Facility Lease and Radiation Oncology Lease

Lifehouse has been granted a lease for the Lifehouse facility (Facility Lease) and a lease in respect of the radiation oncology building (RO Lease) for a term of 40 years. The notional annual rents are \$1.52 million and \$1.15 million respectively however these rents are the subject of an annual grant of equal value.

6. Service Delivery Agreement (SDA)

The SDA is the main operational document between Lifehouse and SLHD and specifies the way in which Lifehouse operates the facility and provides services to the SLHD. The operating term of the SDA is 40 years and it specifies the way in which Lifehouse is required to provide public services, operate the facility and treat and classify patients together with the basis of payment under the contract and the key performance indicators used to determine the quality of performance under the contract.

The SDA also specifies additional duties and rights of Lifehouse, such as the credentialing process, obligations to have necessary licences and authorisations, and an acknowledgement that Lifehouse can treat private patients. It specifies the way in which Lifehouse must manage public services, including the process for the annual service meeting and plans (including disputes and factors affecting the service budget), a clinical review process, reporting obligations, regular agreement reviews and audit provisions.

Importantly it also specifies the dispute resolution process, termination and consequences of termination and SLHD temporary and permanent step-in rights, described in more detail below.

Default

Any defaults by Lifehouse are categorised in the SDA as either leading to a show cause process or giving SLHD a right of termination without show cause. A number of the defaults in the second category are only triggered following failure to remedy by Lifehouse.

Defaults leading to a show cause include the failure to maintain authorisations or accreditations required by law; termination of the Commonwealth Funding Agreement; loss of tax concession charity status without prior consent of SLHD; or repeated breach of designated KPIs.

Defaults leading to a termination without show cause include the cancellation, and non-reinstatement of the Hospital License; termination of a material SLHD service agreement; Lifehouse ceases to operate the facility; failure of Lifehouse to pay monies required under the SDA; breach of designated KPIs; or an insolvency event.

Termination or step in

The SDA describes the consequences of termination including automatic termination of the Leases, arrangements for clinical treatment of patients and dealing with patient data and termination of the SLHD Service Agreements.

SLHD is entitled to step-in and take either temporary or permanent control of the Lifehouse Facility upon the occurrence of certain events of default where Lifehouse has either failed to remedy the event of default or failed to show cause of such event of default to SLHD's satisfaction or in certain other limited circumstances such as in the event a public health emergency or a clinical dispute arising concerning the safety of patients.

In the event of a permanent step in SLHD may exercise its rights under the Call Option Deed and terminate all relevant agreements. In this situation Lifehouse ceases to be the operator of the Lifehouse Facility and to be responsible for provision of its services, and may deal with assets and contracts not acquired or assigned by SLHD to bring an orderly and cost effective exit.

7. Call Option Deed

The call option deed allows SLHD to purchase any or all of Lifehouse's assets (other than its trademarks and business names) on termination or expiry of the SDA or SLHD permanently stepping-in to the Lifehouse facility. These agreements also determine the way in which those assets will be valued in the event of a purchase.

8. Commonwealth Letter

Lifehouse, the Commonwealth and SLHD have entered into a tripartite arrangement, the purpose of which is to recognise that Lifehouse will not be in breach of its obligations under the Commonwealth Funding Agreement where SLHD (or its nominee) steps in or terminates the SDA and takes over the Lifehouse facility in accordance with the SDA. In the event of termination and the SLHD (or its nominee) takes over operation of the Lifehouse facility, Lifehouse will not be required to repay any part of the Commonwealth funding.

15. Assets and liabilities of trusts for which the company acts as Trustee

In Lifehouse' capacity as trustee for the Lifehouse Australia Trust ("the Trust"), Lifehouse has incurred liabilities totalling \$78,327,601 (2018: \$68,957,480).

Provided Lifehouse has acted in accordance with the terms of the deed constituting the Trust, as trustee, Lifehouse has the right of indemnity from the assets of the Trust to satisfy these liabilities.

At 30th June 2019, as disclosed in the audited financial statements of the Trust, the assets of the trust totalled \$209,277,615 (2018: \$198,525,189).