

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

ABN 86 248 830 078

SUMMARISED FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES

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REPORT BY THE MEMBERS OF THE COMMITTEE
FOR THE YEAR ENDED 30 JUNE 2015

Your committee members submit the summarised financial report of The Hospital Research Foundation Incorporated for the financial year ended 30 June 2015.

Committee Members

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

Lee Michaelis (resigned 26/11/2014)	John Hender
John MacPhail	Luciana Larkin
Ken Milne	Prof Peter Hewett
Prof John Beltrame	John Woodward
Melinda O'Leary	Valerie Timms (appointed 26/11/2014)
Dr Stephen Rodda	Mary Lou Bishop (appointed 26/11/2014)

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

Principal Activities

The principal activity of The Hospital Research Foundation Incorporated during the financial year was to support the continued research principally at The Queen Elizabeth Hospital, in the development of cures and treatment of health diseases.

Significant Changes

No significant change in the nature of these activities occurred during the year.

Operating Result

The net surplus after income tax and payments for research, hospital support and patient care activities of \$4,075,754 (2014: \$4,080,990) was a profit of \$849,482 (2014: \$1,170,216).

This profit of \$849,482 has been allocated directly to the Association's Research Reserve which has been established to ensure sufficient funds are available for forward grant commitments. This represents a Funds to Research Ratio of 78.2% of Gross Profit.

In addition The Hospital Research Foundation, fundraising partner Supercycle Inc and proceeds from Dry July have funded \$1.1m for the Foundation's 'Under Our Roof' project which provides accommodation for country cancer patients receiving treatment at hospitals in South Australia. The first Under Our Roof project - 30 Nicholls Terrace Woodville West, is close to The Queen Elizabeth Hospital, one of South Australia's busiest cancer treatment centres. This increases our funds to research ratio for 2014/15 to 89% of gross profit.

Research Reserve

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

Events After the Reporting Period

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

Future Developments

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

Environmental Issues

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

Indemnifying Officers or Auditors

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

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

Proceedings on Behalf of the Association

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

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

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REPORT BY THE MEMBERS OF THE COMMITTEE (CONT)
FOR THE YEAR ENDED 30 JUNE 2015

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


a) During the year ended 30 June 2015 no:

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


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

b) During the year ended 30 June 2015 no officer of the Association received directly or indirectly from the Association any payment or other benefit of a pecuniary value, other than as disclosed in note 9 to the attached financial statements.

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



Melinda O'Leary
Chairperson



John MacPhail
Deputy Chairperson

Dated this 28th day of October 2015

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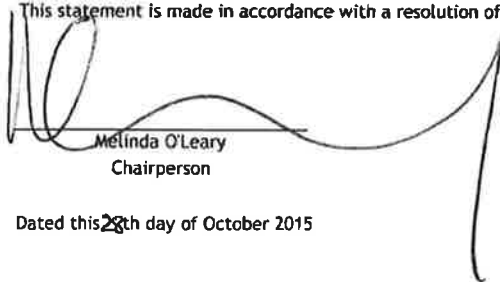
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STATEMENT BY THE MEMBERS OF THE COMMITTEE

In the opinion of the Committee:

- (a) the summarised financial statements comprising the Summarised Statement of Profit or Loss and Other Comprehensive Income, Summarised Statement of Financial Position, Summarised Statement of Cash Flows and Summarised Statement of Changes in Equity and accompanying notes as set out on pages 4 to 10:
- (i) company with Australian Accounting Standards , other authoritative pronouncements of the Australian Accounting Standards Board and the Associations Incorporation Act (SA) 1985;
 - (ii) presents fairly the financial position of The Hospital Research Foundation Incorporated as at 30 June 2015 and its performance for the year ended on that date;
 - (iii) are consistent with the full consolidated financial statement of the Association for the year ended 30 June 2015.
- (b) at the date of this statement there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

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



Melinda O'Leary
Chairperson



John MacPhail
Deputy Chairperson

Dated this 28th day of October 2015

THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES

ABN 86 248 830 078

SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated	
	2015	2014
	\$	\$
Revenue	15,128,879	14,833,820
Lottery expense	(8,159,709)	(7,534,920)
Fundraising expenses	(671,646)	(725,780)
Gross Profit	6,297,524	6,573,120
Employee benefits expense	(1,033,016)	(982,776)
Depreciation and amortisation expense - administration	(47,094)	(64,966)
Business Administration	(292,178)	(274,172)
Net profit before funding payments	4,925,236	5,251,206
Funds paid for research, hospital support and patient care activities	(4,075,754)	(4,080,990)
Profit/(loss) for the year	849,482	1,170,216
Income tax benefit/(expense)	-	-
Profit/(loss) after tax	849,482	1,170,216
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net gain/(loss) on revaluation of financial assets	137,477	166,705
Other comprehensive income for the year	137,477	166,705
Total comprehensive income/(loss) for the year	986,959	1,336,921

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

THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
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SUMMARISED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Consolidated	
	2015	2014
	\$	\$
ASSETS		
Current Assets		
Cash and Cash Equivalents	6,200,996	5,685,316
Trade and Other Receivables	124,823	110,577
Other Current Assets	2,274,424	1,880,976
Total Current Assets	8,600,243	7,676,869
Non-Current Assets		
Financial Assets	3,587,273	3,280,402
Property, Plant and Equipment	2,164,151	1,622,196
Total Non-Current Assets	5,751,424	4,902,598
Total Assets	14,351,667	12,579,467
LIABILITIES		
Current Liabilities		
Trade and Other Payables	3,833,750	3,135,627
Provisions	76,690	58,943
Total Current Liabilities	3,910,440	3,194,570
Non-Current Liabilities		
Provisions	69,371	-
Other Financial Liabilities	-	-
Total Non-Current Liabilities	69,371	-
Total Liabilities	3,979,811	3,194,570
Net Assets	10,371,856	9,384,897
EQUITY		
Retained Earnings	1,153,824	1,153,824
Financial Asset Reserve	515,132	377,655
Research Reserve	8,702,900	7,853,418
Total Equity	10,371,856	9,384,897

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

**THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
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**SUMMARISED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	Consolidated	
	2015	2014
	\$	\$
Cash flows from operating activities		
Cash receipts from customers and clients	3,775,762	4,466,844
Cash receipts from lotteries	10,960,719	10,461,620
Payments in relation to lotteries	(8,159,709)	(7,534,920)
Payments to suppliers and employees	(1,605,047)	(1,813,913)
Grants paid	(4,000,409)	(4,044,676)
Investment income	202,253	144,356
Income tax paid	-	-
Interest received	167,708	125,806
Net cash outflow from operating activities	<u>1,341,277</u>	<u>1,805,117</u>
Cash flows from investing activities		
Net Sale/(Purchase) of investments	(169,394)	(105,952)
Purchase of property, plant and equipment	(667,205)	(548,231)
Proceeds from sale of property, plant and equipment	11,002	-
Net cash inflow/(outflow) from investing activities	<u>(825,597)</u>	<u>(654,183)</u>
Net increase in cash and cash equivalents	515,680	1,150,934
Cash and cash equivalents at beginning of period	5,685,316	4,534,382
Cash and cash equivalents at end of period	<u>6,200,996</u>	<u>5,685,316</u>

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

**THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
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**SUMMARISED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Financial Asset Reserve \$	Research Reserve \$	Retained earnings \$	Total equity \$
At 1 July 2013	210,950	6,683,202	1,153,824	8,047,976
Total comprehensive income for the year				
Surplus for the year	-	-	1,170,216	1,170,216
Other comprehensive income				
Revaluation adjustment of investments	166,705	-	-	166,705
Transfer (to)/from reserves	-	1,170,216	(1,170,216)	-
At 30 June 2014	377,655	7,853,418	1,153,824	9,384,897
Total comprehensive income for the year				
Surplus for the year	-	-	849,482	849,482
Other comprehensive income				
Revaluation adjustment of investments	137,477	-	-	137,477
Transfer (to)/from reserves	-	849,482	(849,482)	-
At 30 June 2015	515,132	8,702,900	1,153,824	10,371,856

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

**THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
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**DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED 30 JUNE 2015**

Consolidated Statement of Profit or Loss and other Comprehensive Income

The Association's revenues from operating activities increased in 2015 by 2% to \$15,128,879 (2014: \$14,833,820), which included Association fundraising revenue of \$3,770,976 (2014: \$4,101,791), lottery receipts of \$10,960,719 (2014: \$10,461,620), interest income \$167,708 (2014: \$125,806), profit on asset disposal \$8,191 (2014: \$ nil), investment income \$202,253 (2014: \$144,356) and sundry income \$19,032 (2014: \$247).

Total expenditure increased in 2015 by 5% to \$14,279,397 (2014: \$13,663,604), which included lottery expenses of \$8,159,709 (2014: \$7,534,920), fundraising expenses of \$671,646 (2014: \$725,780), employee expenses of \$1,033,016 (2014: \$982,776), administrative depreciation and amortisation expenses of \$47,094 (2014: \$64,966), business administration expenses of \$292,178 (2014: \$274,172) and payment for research, hospital support and patient care activities of \$4,075,754 (2014: \$4,080,990).

The profit attributable to members decreased in 2015 by \$320,734 to \$849,482 (2014: \$1,170,216).

Consolidated Statement of Financial Position

The Association's net assets increased by 11% in 2015 to \$10,371,856 (2014: \$9,384,897). This increase of \$986,959 reflects the Association's operating surplus for 2015.

Total assets in 2015 increased by \$1,772,200 or 14% to \$14,351,667 (2014: \$12,579,467). Cash holdings increased during the period by \$515,680, trade and other receivables increased by \$14,246, other current assets increased by \$393,448, financial assets increased by \$306,871 and property plant and equipment increased by \$541,955.

Total liabilities in 2015 increased by \$785,241 or 25% to \$3,979,811 (2014: \$3,194,570). Trade and other payables increased by \$698,123 and provisions increased by \$87,118.

Establishment of Research Reserve

The Association maintains an established research reserve to ensure that sufficient funds are available in the future to fund forward grant commitments. During the year an amount of \$849,482 was apportioned from retained earnings to this reserve. When the direct funding amount of \$4,075,754 provided to research, hospital support and patient care activities is added to the \$849,482 appropriated to the research reserve in the 2015 financial year, the total of \$4,925,236 represents 78.2% of the Association's gross profit that has been spent on research, hospital support and patient care activities and or allocated to the research reserve in 2015.

In addition The Hospital Research Foundation, fundraising partner Supercycle Inc and proceeds from Dry July have funded \$1.1m for the Foundation's 'Under Our Roof' project which provides accommodation for country cancer patients receiving treatment at hospitals in South Australia. The first Under Our Roof project - 30 Nicholls Terrace Woodville West, is close to The Queen Elizabeth Hospital, one of South Australia's busiest cancer treatment centres. This increases our funds to research ratio for 2014/15 to 89% of gross profit.

Consolidated Statement of Cash Flows

Net cash in flows provided by operating activities in 2015 were \$1,341,277 (2014: \$1,805,117), which represents an decrease of \$463,840 in cash provided by operating activities.

During 2015 receipts from customers and clients decreased by \$691,082, lottery receipts increased by \$499,099, payments in relation to lotteries increased by \$624,789, payments to suppliers and employees decreased by \$208,866 and grants paid decreased by \$44,267.

The net cash outflow from investing activities were \$825,597 (2014: \$654,183). Payments for the purchase of investments increased by \$63,442, payments for property plant and equipment increased by \$118,974 and receipts from sale of property, plant and equipment increased by \$11,002.

The Association's cash increased by \$515,680 during the year to \$6,200,996 (2014: increase of \$1,150,934).

THE HOSPITAL RESEARCH FOUNDATION INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1 Basis of Preparation

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

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

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

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

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

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

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

2 Segment Reporting

The Association predominately operates in one business and geographical segment raising funds to support research principally at the Queen Elizabeth Hospital.

3 Key management personnel compensation	Short-Term Benefit	Post- Employment	Total
	\$	\$	\$
2015			
Total Compensation	268,199	25,479	293,678
2014			
Total Compensation	261,862	24,222	286,084

4 Capital and Operating Leasing Commitments

Operating lease commitments.

No capital or operating lease commitments existed at 30 June 2015 (2014:nil).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

5 Contingent Liabilities

No contingent liabilities existed at 30 June 2015 (2014: nil)

6 Research Commitment

The Association has agreed to funding commitments for research of \$3,810,908 (2014: \$2,467,796) payable to various organisations between now and the year ending 30 June 2019.

7 Funding and Solvency

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

8 Events after the Reporting Period

(a) Effective 1 July 2015, the operations of the Repat Foundation Inc were transferred to the Hospital Research Foundation Inc. The Repat Foundation Inc will continue to support ongoing research on Veteran; Post Traumatic Stress Disorder; and Amputee health.

(b) The financial report was authorised for issue on 28th October 2015 by the Board of Directors.

(c) There have been no other significant events which have occurred subsequent to 30 June 2015 (2014: nil).

9 Remuneration of Committee Members

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

Details of the transactions were as follows:

	2015	2014
Finlaysons - legal advice	14,100	13,025
NDA Law - Legal Advice	31,780	-
Perpetual Trustee	1,362	23,474
	<u>47,242</u>	<u>36,499</u>



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOSPITAL RESEARCH FOUNDATION INCORPORATED

The accompanying summarised financial statements of The Hospital Research Foundation Incorporated, which comprises the summarised statement of financial position as at 30 June 2015, the summarised statement of profit of loss and other comprehensive income, the summarised statement of changes in equity and the summarised statement of cash flows for the year then ended, related notes and the statement by members of the committee are derived from the audited financial statements of The Hospital Research Foundation Incorporated for the year ended 30 June 2015. We expressed an unmodified audit opinion on those financial statements in our report dated 17 November 2015.

The financial report, and the summarised financial statements do not reflect the effects of events that occurred subsequent to the date of our report on that financial report.

The summarised financial statements do not contain all the disclosures required by the Australian Accounting Standards. Reading the summarised financial statements, therefore, is not a substitute for reading the audited financial statement of The Hospital Research Foundation Incorporated.

Committee's Responsibility for the Summarised Financial Statements

The committee members of the association are responsible for the preparation and fair presentation of the summarised financial statements on the basis described in note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on the summarised financial statements based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the summarised financial statements derived from the audited financial report of The Hospital Research Foundation Incorporated for the year ended 30 June 2015 are consistent, in all material respects, with that audited financial report, on the basis described in Note 1.

BDO Audit (SA) Pty Ltd

Paul Gosnold
Director

Adelaide, 17 November 2015