

WESTMEAD HOSPITAL FOUNDATION

ABN 89 050 329 925

Financial Report

For the year ended 30th June 2020

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Directors' Report

The Directors of Westmead Hospital Foundation (the "Foundation") present their report together with the financial statements for the year ended 30 June 2020 and the Independent Audit Report thereon.

Directors' details

The names and details of the Foundation's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Professor Jeremy R Chapman AC

MB BChir MD FRACP FRCP

Non-executive Director since 27 November 1996

Clinical Director, Medicine & Cancer Services, Westmead Hospital;

Renal Physician and Director, Western Renal Services;

Past President, The Transplantation Society; Chair, Australian Bone Marrow Donor Registry; Editor-in-Chief Transplantation Journals.

Professor Anthony L Cunningham AO

MD, MBBS, B. Med Sci (Hons) FRACP, FRCPA, FASM

Non-executive Director since 27 November 1996 (Resigned 15 October 2019)

Executive Director, Westmead Institute for Medical Research (1996) and The Institute's Centre for Virus Research;

Professor of Research Medicine and Sub-Dean (Research) (1996), Westmead Clinical School, University of Sydney Australia;

Director, Australian Centre for HIV and Hepatitis Virology Research (ACH2) (2003).

Mr Mathew N Nott

Independent Non-executive Director since 26 November 2015 (Resigned 15 October 2019)

Western Sydney Local Health District (WSLHD) Director of Corporate Communications.

Ms Robynne Cooke

RN, BN, Grad Dip Gerontology, MHSM, GAICD

Director since 21 August 2018

Robynne commenced with WSLHD in January 2018 and is broadly accountable for the operations of WSLHD. Previously the General Manager of Liverpool Hospital from 2014-2017, Robynne has a distinguished 20-year record of service in healthcare dealing with corporate and clinical sectors. Her experience has equipped her with an extensive understanding of the healthcare challenges in Sydney's west, and executive level health service management. She has a deep commitment to innovation. Under her stewardship, the robotic surgery program was implemented and the Australian Pacific Minimal Invasive and Robotic Surgery Training Centre developed at Liverpool Hospital.

Directors' Report (continued)

Directors' details (continued)

Mr James Nguyen

Director since 3 October 2018

Chair (from 3 October 2018)

Head of Legal, TEG;

Member of the UNSW Law School Advisory Council;

Member of the Management Committee for the Refugee Advice and Casework Service;

Member of the UNSW Alumni & Engagement Committee.

James graduated from UNSW in 2004 with a degree in Commerce (Finance) and Law. Having started his career in employment law at DLA Piper, he worked in private practice specialising in banking and finance at Gilbert + Tobin and K&L Gates. He then moved in-house at NAB in 2010 and Rabobank as a Senior Legal Counsel. He is presently Head of Legal at TEG which includes Ticketek, TEG Dainty, TEG Live and TEG Analytics and others. James was a joint recipient of the 2014 UNSW Young Alumni of the Year Award.

Mr Syed Ahmed

MBA, MIS (Hons), BComm (BIS)

Director since 11 February 2019

Combining a career spanning over 20 years with strong academic credentials, Syed has deep experience in synthesizing business outcomes through the technologies that enable them. He has worked across global corporate enterprises to early stage start-ups, delivering innovative digital experiences as well as mission-critical enterprise IT systems.

Syed currently consults on Digital Transformation, Product Innovation and Technology Leadership. He has previously worked across technology management, strategy and advisory roles across a range of organisations including RACV, Bupa, ThoughtWorks, Servcorp, Perpetual and Avanade. He also provides advice to early-stage tech start-ups, mentors a small number of start-up founders and helps out as a judge in start-up competitions. He is a recognised conference speaker and contributes regularly to technology publications.

Syed has a Bachelor of Commerce in Business Information Systems, a Master of Information Systems (Honours) in Artificial Intelligence, and an MBA from AGSM.

Dividends

The constitution of the Foundation prohibits the payment of dividends.

Objective

Westmead Hospital Foundation raises funds for health care and research at Westmead Precinct. The Foundation aims to give everyone who is sick access to the best possible treatment and care, funding state of the art medical equipment, lifesaving research and enhanced services.

Directors' Report (continued)

Objective (continued)

The Foundation's funds are applied for the benefit of its key stakeholders:

- (a) Westmead Hospital; health care at Westmead is provided by 8,500 staff with 1 million patient visits each year. Serving three primary local government areas (LGA's) as its local Hospital with specialist support provided to 14 local government areas across Greater Western Sydney. Specialist care is again provided to patients referred in from all across Australia. Innovations in treatment and research at Westmead helps people the world over.
- (b) Westmead Institute for Medical Research, with more than 450 staff, is one of the largest medical research institutes in Australia. Researchers are dedicated to unlocking the mysteries of a wide range of diseases that affect adults and children including cancer and leukaemia, infectious and immune diseases, liver and metabolic diseases, heart and respiratory disorders, mental health and vision disorders.

Principal activities

The principal activities of the Foundation during the year were:

- Raising funds and enhancing community awareness in support of medical research and related health care on the Westmead Medical Campus, at Westmead Hospital (WH) and the Westmead Institute for Medical Research (WIMR).
- Managing funds on behalf of third parties who are clinicians associated with Westmead Hospital and the Western Sydney Local Health District, and researchers associated with Westmead Institute for Medical Research or Westmead Hospital. At 30 June 2020, these funds totalled \$2,808,449 (2019: 2,547,709). These funds were used to provide continuing education for the Departments associated with the clinicians and included scholarships for researchers working in those Departments; and to purchase equipment required by clinicians and researchers.

During the year, the Foundation focused on continuing to build local community support with individuals, groups and businesses in Greater Western Sydney. The Foundation remains committed to its Regular Giving program and in retaining and increasing commitments from key supporters. In addition, the Foundation actively engaged with key stakeholders and disbursed \$4,440,047 (2019: \$1,108,463) to them.

There were no significant changes in the nature of the activities of the Foundation during the year.

Operating results for the year

The net fundraising figure increased by 22% to \$1,956,068 (2019: \$1,609,932), due to a significant reduction in fundraising and campaign expenses. Operating costs decreased by 11% to \$361,556 (2019: \$408,350). However, the Foundation incurred a deficit of \$2,832,824 from its operating activities for the financial year 2020 (2019: a surplus of \$130,379) because of a transfer of \$2,900,000 to Westmead Institute Of Medical Research Foundation (WIMRF).

Directors' Report (continued)

Operating results for the year (continued)

There has not been any change to the Foundation's investment strategy, which focuses on low-risk investments to make steady returns. The Foundation's investments have been structured into 2 segments - a core fund where investments are held longer term; and an endowment fund which comprises investments that can be liquidated and available on a short term basis to meet funding requirements. Due to impact of Covid-19 which resulted in unprecedented volatility in the financial markets, the Foundation made a net loss of \$9,999 from its investments for the year ended 30 June 2020 compared to an income of \$477,139 in prior year.

Significant changes in the state of affairs

There have been no other significant changes in the state of affairs of the Foundation during the year.

Significant events after the reporting period

There have been no significant events occurring after the reporting period which may affect either the Foundation's operations or results of those operations or the Foundation's state of affairs.

Liability of members

The maximum liability of each member in the event of a winding up is \$5. The number of members at the end of the year was 156 (2019: 190). In total, the members' liability amounts to \$780 (2019: \$950).

Indemnification and insurance of directors and officers

The directors and officers of the Foundation are indemnified by the Foundation against losses or liabilities which they may sustain or incur as an officer of the Foundation in the proper performance of their duties.

Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Foundation during the financial year are:

Director	Board meetings	
	Attended (A)	Held (B)
Professor Jeremy R Chapman AC	8	8
Professor Anthony L Cunningham AO	2	3
Mr Mathew N Nott	2	2
Ms Robynne Cooke	7	8
Mr James Nguyen	8	8
Mr Syed Ahmed	8	8

Where:

- Column A: Number of meetings attended
- Column B: Number of meetings held during the time the director held office during the year

Directors' Report (continued)

Auditor's independence declaration

The directors have received a declaration from the auditor of Westmead Hospital Foundation. This has been included on page 6.

Signed in accordance with a resolution of the directors.



Mr James Nguyen

Sydney

29 January 2021

Auditor's Independence Declaration

TO THE DIRECTORS OF WESTMEAD HOSPITAL FOUNDATION

In accordance with the requirements of section 60-40 of the *Australian Charities and Not for Profits Commission act 2012*, as lead auditor for the audit of Westmead Hospital Foundation for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been;

- (i) No contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profit Commission Act 2012 in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Horwood Audit Services Pty Ltd

Brian Taylor

Auditor

Place: Sydney

Date: 29 January 2021

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30th June 2020

	Notes	2020 \$	2019 \$
Revenue	4	1,979,512	2,014,394
Research grants, equipment funding and other distributions	5	(4,440,047)	(1,108,463)
Fundraising and campaign expenses	5	(10,733)	(367,202)
Personnel expenses	13.1	(182,661)	(176,198)
Depreciation and amortisation expenses		(23,739)	(23,278)
Administration expenses		(155,071)	(170,675)
Governance costs		(85)	(38,199)
Surplus / (deficit) from operating activities		(2,832,824)	130,379
Finance income / (loss)	6	(9,999)	477,139
Net finance income / (loss)		(9,999)	477,139
Surplus / (deficit) for the year		(2,842,823)	607,518
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		(2,842,823)	607,518

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 30th June 2020

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash	7	1,552,225	4,681,795
Trade and other receivables	8	282,202	124,709
Financial investments	9	11,473,641	11,123,611
Total current assets		13,308,068	15,930,115
Non-current assets			
Property, plant and equipment	10	6,965	2,556
Intangibles	11	49,507	64,476
Total non-current assets		56,472	67,032
Total assets		13,364,540	15,997,147
Liabilities and funds			
Current liabilities			
Trade and other payables	12	23,050	77,141
Third party funds under administration	5	2,808,449	2,547,709
Employee benefit liabilities	13.2	6,282	4,519
Total current liabilities		2,837,781	2,629,369
Non-current liabilities			
Employee benefit liabilities	13.2	3,364	1,560
Total non-current liabilities		3,364	1,560
Total liabilities		2,841,145	2,630,929
Funds			
Accumulated funds	14	7,358,461	9,890,314
Reserves	15	3,164,934	3,475,904
Total funds		10,523,395	13,366,218
Total liabilities and funds		13,364,540	15,997,147

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Funds
For the year ended 30th June 2020

	Accumulated funds \$	WMIMR Building Fund Reserve \$	Westmead Hospital Approved Support Fund Reserve \$	Allocated Specific Purpose Fund Reserve Total Funds \$	Total Funds \$
At 1 July 2019	9,890,314	4,562	292,765	3,178,577	13,366,218
Surplus / (deficit) for the year	(2,842,823)	-	-	-	(2,842,823)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	(2,842,823)	-	-	-	(2,842,823)
Transfer from WMIMR Building Fund Reserve	-	-	-	-	-
Transfer to Westmead Hospital Approved Support Funds Reserve	(1,631)	-	1,631	-	-
Transfer from Allocated Specific Purpose Fund Reserve	312,601	-	-	(312,601)	-
At 30 June 2020	7,358,461	4,562	294,396	2,865,976	10,523,395

The above Statement of Changes in Funds should be read in conjunction with the accompanying notes.

Statement of Changes in Funds
For the year ended 30th June 2020

	Accumulated funds \$	WMIMR Building Fund Reserve \$	Westmead Hospital Approved Support Fund Reserve \$	Allocated Specific Purpose Fund Reserve Total Funds \$	Total Funds \$
At 1 July 2018	8,260,279	339,562	287,100	3,871,759	12,758,700
Surplus for the year	607,518	-	-	-	607,518
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	607,518	-	-	-	607,518
Transfer from WMIMR Building Fund Reserve	335,000	(335,000)	-	-	-
Transfer to Westmead Hospital Approved Support Funds Reserve	(5,665)	-	5,665	-	-
Transfer from Allocated Specific Purpose Fund Reserve	693,182	-	-	(693,182)	-
At 30 June 2019	9,890,314	4,562	292,765	3,178,577	13,366,218

The above Statement of Changes in Funds should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30th June 2020

	Note	2020 \$	2019 \$
Operating activities			
Donations and other charitable collections		2,098,474	2,174,314
Payments to suppliers and employees		(752,708)	(702,458)
Financial investment income		438,099	477,139
Research grants, equipment funding and other donations		(4,440,047)	(1,108,463)
Net cash flows from operating activities		(2,656,182)	840,532
Investing activities			
Acquisition of property, plant and equipment		(7,388)	-
Acquisition of intangibles (website development)		-	(79,921)
(Purchase of)/proceeds from financial investments		(466,000)	(955,184)
Net cash flows (used in)/from investing activities		(473,388)	(1,035,105)
Financing activities			
Net cash flows from/(used in) financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(3,129,570)	(194,573)
Cash and cash equivalents at 1 July		4,681,795	4,876,368
Cash and cash equivalents at 30 June	7	1,552,225	4,681,795

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2020

1. General information and statement of compliance

The financial report includes the financial statements and notes of Westmead Hospital Foundation (the "Foundation"). These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012. They have been prepared under the assumption that the Foundation operates on a going concern basis.

Westmead Hospital Foundation is a not-for-profit entity limited by guarantee and is domiciled in Australia. The Foundation is exempt from income tax.

The registered office and the principal place of the business of the Foundation is 166-174 Hawkesbury Road, Westmead, NSW 2145.

The financial statements for the year ended 30 June 2020 were approved and authorised for issue by the Board of Directors on 18 January 2021.

2. Significant accounting policies

2.1 Basis of preparation

The financial report has been prepared on historical cost basis except for financial investments that have been measured at fair value.

The financial report is presented in Australian dollars dollar (\$).

2.3 New and amended accounting policies adopted by the Foundation

(a) AASB 15 *Revenue from Contracts with Customers*

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue* and is mandatorily applicable to annual reporting periods beginning 1 January 2019. The effects of AASB 15 have been assessed and no adjustments have been made.

(b) AASB 1058 *Income of Not-for-Profit Entities*

AASB 1058 *Income of Not-for-Profit Entities* replaces AASB 1004 *Contributions* and is mandatorily applicable to annual reporting periods beginning 1 January 2019. The effects of AASB 1058 have been assessed and no adjustments have been made.

(c) AASB 16 *Leases*

AASB 16 *Leases* will replace existing accounting requirements under AASB 117 *Leases* and related interpretations effectively from 01 January 2019. AASB 16 eliminates the classification between operating and finance leases and introduces a single lessee accounting model. There is no impact on the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows because there was no lease transaction during the year.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies

a) Current versus non-current classification

The Foundation 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 Foundation classifies all other liabilities as non-current.

b) Cash

Cash in the statement of financial position comprises cash at bank and on hand with a maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash as defined above.

c) Trade and other receivables

Trade and other receivables are generally settled within 60 day terms.

d) Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as 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 Foundation's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Foundation has applied the practical expedient, the Foundation 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. Trade receivables that do not contain a significant financing component or for which the Foundation has applied the practical expedient are measured at the transaction price determined under AASB15. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

d) Financial instruments - initial recognition and subsequent measurement (continued)

The Foundation's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Foundation commits to purchase or sell the asset.

Subsequent measurement

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes cash, securities and other properties which the Foundation had not irrevocably elected to classify at fair value through OCI.

e) Fair value measurement

The Foundation measures financial instruments such as derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or;
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Foundation.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Foundation uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Notes to the financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

e) Fair value measurement (continued)

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed in financial instruments (including those carried at amortised cost).

f) Property, plant and equipment

(i) Owned assets

Items of plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

(ii) Subsequent costs

The Foundation recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Foundation and the cost of the item can be measured reliably. All other costs are recognised in the profit or loss as an expense as incurred.

(iii) Depreciation

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives in the current and comparative periods for plant and equipment is 3 to 7 years. The residual value, if not insignificant, is reassessed annually.

(iv) Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Impairment of non-financial assets

The carrying amount of the Foundation's assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

g) Impairment of non-financial assets (continued)

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognised in the profit or loss, unless an asset has previously been re-valued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Calculation of recoverable amount

Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Receivables are individually assessed for impairment. The recoverable amount of other assets is the greater of their fair value less costs to sell and value in-use. In assessing value in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

h) Intangible assets (continued)

Website development costs

Costs incurred in relation to the development of the Foundation's website and related software is capitalised and amortised over four years. Costs incurred in relation to the subsequent maintenance of the website is expensed in profit or loss as incurred.

i) Trade and other payables

Trade and other payables are stated at cost. Trade accounts payable are normally settled within 60 days.

j) Employee benefit liabilities

Long service leave and annual leave

(i) Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits which are expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long-term service benefits and annual leave

The Foundation does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Foundation recognises a liability for long service leave and annual leave 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 national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Accumulated superannuation plans

Obligations for contributions to accumulated superannuation plans are recognised as an expense in the profit or loss as incurred.

k) Share capital

Westmead Hospital Foundation has no share capital, as it is a company limited by guarantee.

l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Foundation and the revenue can be reliably measured, regardless of when the payment is received. 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. The Foundation has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

(i) Donations and other charitable collections income

Donations and other charitable collections income is recognised as income when received or fully committed.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

l) Revenue recognition (continued)

(ii) Directed donations and bequests income

Directed donations and bequests are recognised as income when received, as the Foundation maintains control of the funds as long as it complies with the requirements of the fund. These amounts are not repayable.

(iii) Interest income

Interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss and other comprehensive income.

m) Taxes

In accordance with the provisions of the *Australian Income Tax Assessment Act 1997*, the Foundation is exempt from income tax.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

3. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Notes to the financial statements (continued)

For the year ended 30 June 2020

3. Significant accounting judgements, estimates and assumptions (continued)

3.1 Subsequent events and going concern

On 11 March 2020, World Health Organization declared COVID-19 as a global pandemic. The outbreak of this virus has been not only a public health crisis but also having adverse impacts on the Australian and global economy. Measures taken by different governments to contain the virus have severely affected economic activity. These indicate a high level of uncertainty that may cast significant doubt upon the Foundation's ability to continue as a going concern and, therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

The Directors have considered the potential impact that the COVID-19 pandemic may have on the operations of the Foundation. Risk management plan, the entity's strategies and actions to keep the business going has been developed, reviewed and updated on a regular basis. The Directors are of the view that the Foundation has the ability to continue as a going concern based on the following:

- Introduction of a work safe environment and changes to virtual events where possible.
- Continuing supports from donors including corporates, groups and individuals.
- A detailed budget for the next 12 months from the end of the reported period has been developed to ensure availability of funds to meet its liabilities.

Whilst forecasting the future is currently uncertain, the Directors have an expectation that business operations will continue to be at a level so that the Foundation can operate effectively. If unexpected significant market events were to materially affect the operations of the Foundation, the Directors are confident that the Directors could take actions to limit exposures and liabilities, and continue to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements. Accordingly, the financial statements have been prepared on the basis that the Foundation is a going concern. No adjustments have been made to the financial report relating to the recoverability or classification of recorded assets and classification of liabilities that maybe necessary should the Foundation not continue as a going concern.

3.2 Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Foundation is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

3.3 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Notes to the financial statements (continued)

For the year ended 30 June 2020

3. Significant accounting judgements, estimates and assumptions (continued)

3.3 Fair value measurement of financial instruments (continued)

Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. Revenue

	2020	2019
	\$	\$
Donations and other charitable collections	1,966,801	1,977,134
Other income	12,711	37,260
	1,979,512	2,014,394

5. Fundraising appeal monies

	2020	2019
	\$	\$
Summary of fundraising income and expenditure		
Donations and other charitable collections	1,966,801	1,977,134
Fundraising and campaign expenses	(10,733)	(367,202)
Net fundraising funds	1,956,068	1,609,932
Research grants, equipment funding and other distributions	(4,440,047)	(1,108,463)
Surplus / (deficit) arising from fundraising activities	(2,483,979)	501,469

Fundraising appeals conducted

During the financial year the following fundraising appeals were conducted, the monetary result of which was included in the profit or loss:

Community giving	146,104	185,560
Corporate giving	52,014	378,007
Trust and foundation	532,236	204,514
Personal giving	865,106	1,176,743
Mass marketing	30,152	32,310
In Kind Donation	341,189	-
	1,966,801	1,977,134

Notes to the financial statements (continued)

For the year ended 30 June 2020

5. Fundraising appeal monies (continued)

Fundraising activity ratios	2020 \$	2020 %	2019 \$	2019 %
Total cost of fundraising and donations	10,733		367,202	
Gross income from fundraising and donations	1,966,801	0.55	1,977,134	18.57
Net fundraising funds	1,956,068		1,609,932	
Gross income from fundraising and donations	1,966,801	99	1,977,134	81
Disbursements*	4,440,047		1,108,463	
Total expenditure (including disbursements)	4,812,335	92	1,884,015	59
Disbursements*	4,440,047		1,108,463	
Total income received	1,969,512	225	2,491,533	44

*Clinical care, equipment, research and other distributions.

Disbursements by Third Party Funds

Third party funds are controlled by clinicians associated with Westmead Hospital and the Western Sydney Local Health District, and researchers are associated with Westmead Institute for Medical Research or Westmead Hospital.

	2020 \$	2019 \$
Beginning balance	2,547,709	2,396,140
Contribution	481,696	393,015
Disbursement	(220,956)	(241,446)
Closing balance	2,808,449	2,547,709

6. Finance income

	2020 \$	2019 \$
Financial investments income	389,351	280,887
Fair value increment/(decrement) on fixed interest securities	(399,350)	196,252
Net finance income/ (loss)	(9,999)	477,139

7. Cash

	2020 \$	2019 \$
Cash at bank and on hand	1,552,225	4,681,795

Notes to the financial statements (continued)

For the year ended 30 June 2020

8. Trade and other receivables

	2020	2019
	\$	\$
Current		
Accounts receivable	239,286	30,911
Other debtors	42,916	93,798
	282,202	124,708

9. Financial investments

	2020	2019
	\$	\$
Financial investments	11,473,641	11,123,611

Fair value measurement

	Date of valuation	Fair value \$
Financial assets at fair value through profit or loss:		
Financial investments	30-Jun-20	11,473,641

10. Property, plant and equipment

	2020	2019
	\$	\$
<i>Property, plant and equipment</i>		
At cost	90,030	82,642
Accumulated depreciation	(83,065)	(80,086)
Net carrying amount	6,965	2,556

Reconciliation of carrying amounts at the beginning and the end of the year

Cost	\$
Balance at 1 July 2019	82,642
Additions	7,388
Balance at 30 June 2020	90,030
Accumulated depreciation	
Balance at 1 July 2018	80,086
Depreciation charge for the year	2,979
Balance at 30 June 2019	83,065

Notes to the financial statements (continued)

For the year ended 30 June 2020

11. Intangibles

	2020	2019
	\$	\$
<i>Websites</i>		
At cost	273,900	268,109
Accumulated amortisation	(224,393)	(203,633)
Net carrying amount	49,507	64,476

Reconciliation of carrying amounts at the beginning and the end of the year

<i>Websites</i>	\$
Cost	
Balance at 1 July 2019	268,109
Additions	5,791
Balance at 30 June 2020	273,900
Accumulated amortisation	
Balance at 1 July 2019	203,633
Amortisation charge for the year	20,760
Balance at 30 June 2020	224,393

12. Trade and other payables

	2020	2019
	\$	\$
Current		
Creditors and accruals	23,050	77,140

13. Employee Remuneration

13.1 Employee benefits expense

	2020	2019
	\$	\$
Wages, salaries	170,710	147,507
Workers compensation insurance	946	-
Superannuation – accumulated superannuation plans	12,350	14,135
Other employee benefits expenses	(1,345)	14,556
Total Employee benefits expense	182,661	176,198

Notes to the financial statements (continued)

For the year ended 30 June 2020

13. Employee Remuneration (continued)

13.2 Employee benefit liabilities

	2020	2019
	\$	\$
Current		
Annual leave	6,282	4,519
Non-current		
Long service leave	3,364	1,560

Accumulated superannuation plans

The Foundation makes contributions to accumulated superannuation plans.

14. Accumulated funds

	2020	2019
	\$	\$
Accumulated funds at beginning of year	9,890,314	8,260,279
Net surplus/ (deficit)	(2,842,823)	607,518
Transfer from WMIMR Building Fund Reserve	-	335,000
Transfers (to)/from Westmead Hospital Approved Support Fund Reserve	(1,631)	(5,665)
Transfers from/(to) Allocated Specific Purpose Fund Reserve	312,601	693,183
Accumulated funds at end of year	7,358,461	9,890,314

15. Reserves

	2020	2019
	\$	\$
WIMR Building Fund Reserve		
Balance at beginning of year	4,562	339,562
Transfers to accumulated funds	-	(335,000)
Balance at end of year	4,562	4,562
Westmead Hospital Approved Support Fund Reserve		
Balance at beginning of year	292,765	287,100
Transfers from/(to) accumulated funds	1,631	5,665
Balance at end of year	294,396	292,765
Allocated Specific Purpose Fund Reserve		
Balance at beginning of year	3,178,577	3,871,759
Transfers (to)/from accumulated funds	(312,601)	(693,183)
Balance at end of year	2,865,976	3,178,577
Total balance at year end	3,164,934	3,475,904

Notes to the financial statements (continued)

For the year ended 30 June 2020

15. Reserves (continued)

Nature and purpose of reserves

The reserves reflect the decisions are taken by the Board to set aside funds for specific purposes. The Board then subsequently approves the application of these funds and then as required the reserves are transferred to accumulated funds.

WMIMR Building Fund Reserve

The WMIMR building fund reserve is set aside for use on the WMIMR building.

Westmead Hospital Approved Support Fund Reserve

The Westmead Hospital Approved Support Fund Reserve is set aside for the purpose of supporting Westmead Hospital.

Allocated Specific Purpose Fund Reserve

The Allocated Specific Purpose Reserve records amounts set aside for specifically allocated projects.

16. Commitments

The Foundation did not have any commitments as at 30 June 2020 (2019: \$nil).

17. Contingencies

The Foundation did not have any contingencies as at 30 June 2020 (2019: \$nil).

18. Members' guarantee

The Foundation is limited by guarantee. In the event of winding up of the Foundation, a Member may be required to contribute a maximum of \$5 (2019: \$5) for the purpose of winding up.

19. Events after the reporting period

The COVID-19 outbreak and related impacts are considered as non-adjusting events, and consequently, there is no impact on the recognition and measurement of assets and liabilities. There were no other material post balance events which would affect the financial position of the Foundation.

Directors' Declaration

In the opinion of the directors of Westmead Hospital Foundation (the "Foundation"):

- a. the financial statements and notes are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - i. giving a true and fair view of the Foundation's financial position as at 30 June 2020 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - ii. complying with Australian Accounting Standards - Reduced Disclosure Requirements, including Australian Accounting Interpretations, the *Australian Charities and Not-for-Profits Commission Regulation 2013*.
- b. there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.
- c. the financial report gives a true and fair view of all income and expenditure of Westmead Hospital Foundation (previously known as Westmead Medical Research Foundation) with respect to fundraising appeal activities for the financial year ended 30 June 2020;
- d. the statement of comprehensive income is drawn up so as to give a true and fair view of income and expenditure of the Foundation for the year ended 30 June 2020 and a true and fair view with respect to fundraising appeals;
- e. the statement of financial position and statement of cash flows are drawn up so as to give a true and fair view of the state of affairs of the Foundation and cash flows as at 30 June 2020 with respect to fundraising appeals;
- f. 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 Foundation; and
- g. the internal controls exercised by the Foundation are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

On behalf of the Board



Mr James Nguyen
29 January 2021