



Health

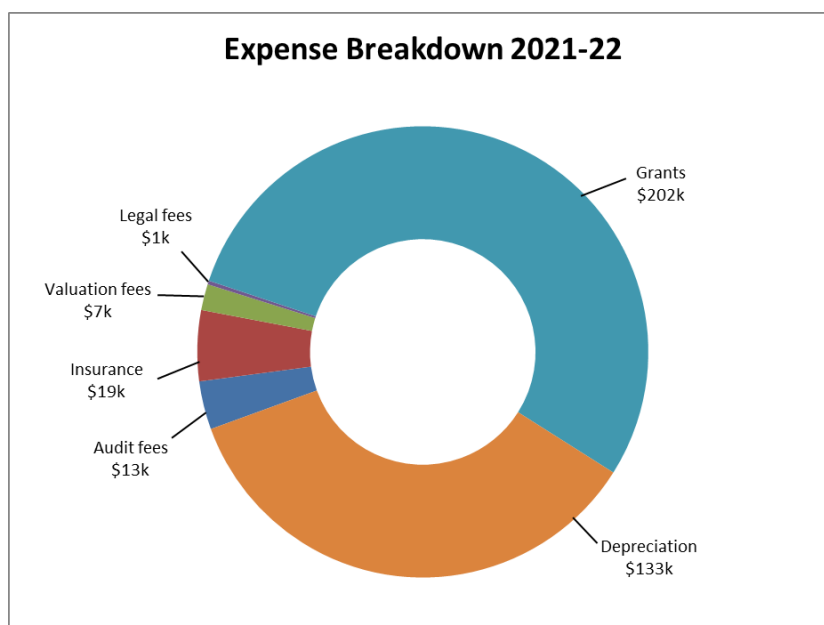
**NSW Health Foundation
Annual Report
30 June 2022**

**NSW Health Foundation
Annual Report
For the year ended 30 June 2022**

The financial statements have been prepared in accordance with applicable *Australian Accounting Standards*, applicable requirements of the *Government Sector Finance Act 2018* ("the Act") and the Treasurer's Directions issued under the Act.

Summary Review of Operations

- **Net Result** for the year was a deficit of (\$167K) compared to a deficit of (\$191K) in 2021.
- **Revenue** for the year totalled \$208K (\$202k grant revenue and \$6k interest revenue) compared to \$5K of interest revenue in 2021.
- **Expenses** for the year totalled \$375K (2021: \$196K). See diagram for breakdown.



- **Statement of Financial Position:** There were no significant movements compared to 2020-21.
- At 30 June 2022, the Statement of Financial Position mainly comprised of:
 - \$3.374M Cash and Cash Equivalents (2021: \$3.409M)
 - \$3.135M Property Plant and Equipment (2021: \$2.810M)

Cash and Property Plant and Equipment are explained further in the 'Asset Movement Summary'.

Other matters to note:

- Three Market Rental Agreement Grant (MRAG) leases were executed in the current year totalling \$202K as per below:
 - Lives Lived Well (\$65K)
 - Oolong Aboriginal Corporation (\$57.4K)
 - Kedesh Rehabilitation Services (\$80K)

MRAG's result in a rental revenue and grant expense being recognised in the Foundation's financial statements to reflect these arrangements.

- Desktop revaluations were undertaken on the Foundation's assets in March 2022 and June 2022. The valuations resulted in a net increase of approximately 16 per cent or \$0.458M to the Foundation's assets. Adjustments were recognised during the year.

Charter

The New South Wales Health Foundation is established in accordance with Section 16 of the *Health Administration Act 1982*.

Aims and Objectives

Section 17 of the *Health Administration Act* defines the functions of the Foundation as:

1. “The Foundation shall have and may exercise the functions conferred or imposed on it by or under this or any other Act.
2. The Foundation may provide funds and make grants, and provide other support, for any purpose connected with:
 - a) the provision of any health service; or
 - b) any of the functions of the Minister, Department, Secretary or Corporation.
3. The Foundation may, subject to such terms and conditions as it thinks appropriate, give or make available real or personal property (with or without consideration) to or for any person, body or organisation who or which provides any health service.
4. The Foundation may promote and facilitate the raising of funds by means of public appeal or otherwise by anybody, institution, association or person for the purposes of subsection (2) or (3)”.

Access

The objectives of the fund do not require the establishment of specialised offices. However, in accordance with Section 18 of the *Health Administration Act*, the Foundation has the power to accept any property by gift devise or bequest and may agree and carry out the conditions of any such gift, devise or bequest.

Management Structure

Section 16 of the *Health Administration Act* vests the management of the affairs of the Foundation in the Minister. No officers are wholly involved with the administration of the Foundation’s activities.

Any act done in the name of, or on behalf of the Foundation by the Minister, or with the authority of the Minister is deemed to have been done by the Foundation.

2021/22 NSW Health Foundation Annual Report

Overview of the Foundation

Thomas Walker Estate

The NSW Health Foundation was set up initially to administer the assets of the Thomas Walker Estate (Concord), donated to the Government in 1985 and is subject to the *Walker Trusts (Amendment) Act 1983* proclaimed on 22 November 1985. The assets acquired are to be applied for the provision of any health service as determined by the Minister for Health and in essence are operated and maintained by Sydney Local Health District as part of the Concord Hospital site. The assets were transferred out to Sydney Local Health District in 2020 and are now reflected in Sydney Local Health District's books.

Drug and Alcohol Foundation

Assets were purchased by the Drug & Alcohol Authority and ownership of State assets transferred to the Drug Foundation in 1990. The Drug Foundation was abolished on 10 March 2000 at which time its assets became those of the NSW Health Foundation. The use of these assets has remained consistent with the provision of Drug & Alcohol NGO services at Berkley in Wollongong, Hamlyn in Central Coast and Nowra in the South Coast region of NSW. The funds have been fully expended by 30 June 2018.

Ambulance Research

In 2007 \$3M was credited to the Foundation for specific use of Ambulance Research activities. The use of the fund has been set up with the broad primary purpose of undertaking research into the clinical aspects of aeromedical and associated road retrieval services. At 30 June 2022, funds remaining are \$526K.

Each year the Chief Executive, NSW Ambulance, can submit a request for research based projects to be funded from this reserve. No projects were approved in 2021/22.

Rintoul Estate

In 2006/07 a donation was received of approximately \$500K as the proceeds of the Rintoul Estate to be used for the treatment and prevention of tuberculosis in accordance with the terms of the estate.

The Centre for Health Protection Branch has created a Clinical Nurse Consultant position to work across the Sydney metropolitan area to provide support in tuberculosis treatment, prevention and control activities. The funds have been fully expended by 30 June 2020.

Bush Nursing Association

Funds were inherited from the NSW Bush Nursing Association which was liquidated on 19 December 1974 following an Extraordinary General Meeting. The funds are currently held in Trust within the NSW Health Foundation. The purpose of the funds is for the provision of any health service in accordance with Section 12 of the *Health Administration Act (1982)*. The balance of funds at 30 June 2022 is \$246K.

Crown St Hospital

The Crown St Hospital was closed on 31 March 1983 and its facilities were transferred to Westmead Hospital. Proceeds from the sale of the property are currently held in Trust within the NSW Health Foundation. The balance of funds at 30 June 2022 is \$2.602M. These funds are mostly related to General Fund and therefore use of monies is at the discretion of the Ministry.



INDEPENDENT AUDITOR'S REPORT

NSW Health Foundation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of NSW Health Foundation (the Foundation), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Foundation's financial position, financial performance and cash flows.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Foundation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Foundation's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Minister of the Foundation is responsible for the other information.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Minister's Responsibilities for the Financial Statements

The Minister is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Minister's responsibility also includes such internal control as the Minister determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Minister is responsible for assessing the Foundation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

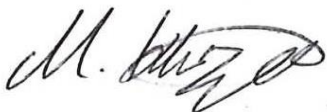
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Foundation carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Michael Kharzoo
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

27 October 2022
SYDNEY

NSW Health Foundation

Statement by the Accountable Authority

for the year ended 30 June 2022



We state, pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* ('the Act'):

1. The financial statements of the NSW Health Foundation for the year ended 30 June 2022 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. applicable requirements of the Act, the *Government Sector Finance Regulation 2018*; and
 - c. Treasurer's Directions issued under the Act.
2. The financial statements present fairly NSW Health Foundation's financial position as at 30 June 2022 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

A blue ink signature of Brad Hazzard, consisting of stylized initials and a surname.

Brad Hazzard MP
Minister for Health

18 October 2022

A black ink signature of Susan Pearce, written in a cursive style.

Susan Pearce
Secretary, NSW Health

18 October 2022

NSW Health Foundation

Statement of Comprehensive Income for the year ended 30 June 2022

	Notes	Actual 2022 \$000	Actual 2021 \$000
Continuing operations			
Expenses excluding losses			
Other expenses	2	40	128
Depreciation	3	133	68
Grants and subsidies	4	202	-
Total expenses excluding losses		375	196
Revenue			
Investment revenue	5	6	5
Other income	6	202	-
Total revenue		208	5
Operating result		(167)	(191)
Net result from continuing operations	12	(167)	(191)
Net result from discontinued operations		-	-
Net result		(167)	(191)
Other comprehensive income			
<i>Items that will not be reclassified to net result in subsequent periods</i>			
Changes in revaluation surplus of property, plant and equipment	9	458	362
Total other comprehensive income		458	362
TOTAL COMPREHENSIVE INCOME		291	171

The accompanying notes form part of these financial statements.

NSW Health Foundation

Statement of Financial Position as at 30 June 2022

	Notes	Actual 2022 \$000	Actual 2021 \$000
ASSETS			
Current assets			
Cash and cash equivalents	7	3,374	3,409
Receivables	8	-	2
Total current assets		3,374	3,411
Non-current assets			
Property, plant and equipment	9		
- Land and buildings		3,135	2,810
Total property, plant and equipment		3,135	2,810
Total non-current assets		3,135	2,810
Total assets		6,509	6,221
LIABILITIES			
Current liabilities			
Payables	11	1	4
Total liabilities		1	4
Net assets		6,508	6,217
EQUITY			
Reserves		4,198	3,740
Accumulated funds		2,310	2,477
Total Equity		6,508	6,217

The accompanying notes form part of these financial statements.

NSW Health Foundation

Statement of Changes in Equity for the year ended 30 June 2022

	Notes	Accumulated Funds \$000	Asset Revaluation \$000	Total \$000
Balance at 1 July 2021		2,477	3,740	6,217
Net result for the year		(167)	-	(167)
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	9	-	458	458
Total other comprehensive income		-	458	458
Total comprehensive income for the year		(167)	458	291
Balance at 30 June 2022		2,310	4,198	6,508

	Notes	Accumulated Funds \$000	Asset Revaluation \$000	Total \$000
Balance at 1 July 2020		4,575	3,990	8,565
Correction of errors - Kamira Farm		(1,907)	(612)	(2,519)
Restated balance at 1 July 2020		2,668	3,378	6,046
Net result for the year		(191)	-	(191)
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	9	-	362	362
Total other comprehensive income		-	362	362
Total comprehensive income for the year		(191)	362	171
Balance at 30 June 2021		2,477	3,740	6,217

The accompanying notes form part of these financial statements.

NSW Health Foundation

Statement of Cash Flows for the year ended 30 June 2022

	Notes	Actual 2022 \$000	Actual 2021 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Suppliers for goods and services		(41)	(137)
Total payments		(41)	(137)
Receipts			
Interest received		6	5
Total receipts		6	5
NET CASH FLOWS FROM OPERATING ACTIVITIES		(35)	(132)
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(35)	(132)
Opening cash and cash equivalents		3,409	3,541
CLOSING CASH AND CASH EQUIVALENTS		3,374	3,409

The accompanying notes form part of these financial statements.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

1. Statement of Significant Accounting Policies

a) Reporting entity

The NSW Health Foundation (the Foundation) was established in accordance with Section 16 of the Health Administration Act 1982 and is a reporting entity controlled by the State of NSW, which is the parent. The Foundation may provide funds, make grants and provide other support for any purpose connected with the provision of any health service or any of the functions of the Minister for Health, the Ministry of Health, an entity controlled by the parent, or the Foundation itself. The Foundation is a not-for-profit entity (as profit is not its principal objective).

These financial statements for the year ended 30 June 2022 have been authorised for issue by the Minister for Health on 18 October 2022.

b) Basis of preparation

The Foundation's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- the requirements of the *Government Sector Finance Act 2018* ('GSF Act'); and
- Treasurer's Directions issued under the GSF Act.

The financial statements of the Foundation have been prepared on a going concern basis.

Property, plant and equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Foundation's presentation and functional currency.

c) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards which include Australian Accounting Interpretations.

d) Accounting for the Goods & Services Tax (GST)

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

- amount of GST incurred by the Foundation as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

e) Comparative Information

Except when an Australian Accounting Standards permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

1. Statement of Significant Accounting Policies

f) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2021-22

The accounting policies applied in 2021-22 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time. These standards have no material impact on the financial statements.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The Foundation has assessed the potential impact of new standards and interpretations issued but not yet effective and they are unlikely to have a material impact on the financial statements of the Foundation.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

2. Other expenses

	Actual 2022 \$000	Actual 2021 \$000
Auditor's remuneration - audit of financial statements	13	11
Insurance	19	101
Other miscellaneous	8	16
	40	128

Auditor's remuneration was paid to The Audit Office of New South Wales, by a separate entity controlled by the parent.

Recognition and Measurement

Insurance

The Foundation's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience. The TMF is managed by NSW Self Insurance Corporation (SiCorp), a controlled entity of the parent.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

3. Depreciation

	Actual 2022 \$000	Actual 2021 \$000
Depreciation - buildings	133	68
	133	68

Refer to Note 9 Property, plant and equipment for recognition and measurement policies on depreciation.

4. Grants and subsidies

	Actual 2022 \$000	Actual 2021 \$000
Other grants	202	-
	202	-

Recognition and Measurement

Grants and subsidies expense generally comprise contributions in cash or in kind to various not-for-profit community organisations to support their health-related objectives and activities. The grants and subsidies are expensed on the transfer of the cash or assets. The transferred assets are measured at their fair value.

5. Investment revenue

	Actual 2022 \$000	Actual 2021 \$000
Interest income from financial assets at amortised cost	6	5
	6	5

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

6. Other income

	Actual 2022 \$000	Actual 2021 \$000
Other income comprises the following:		
- other rental income	202	-
	202	-

Recognition and Measurement

Other Income

Other income includes rental income arising from operating leases which is accounted for on a straight-line basis over the lease term under AASB 16 Leases. The rental income is incidental to the purpose for holding the property.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

7. Cash and cash equivalents

	Actual 2022 \$000	Actual 2021 \$000
Cash at bank and on hand	3,374	3,409
	3,374	3,409

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and cash equivalents (per Statement of Financial Position)	3,374	3,409
Closing cash and cash equivalents (per Statement of Cash Flows)	3,374	3,409

Refer to Note 13 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. Receivables

	Actual 2022 \$000	Actual 2021 \$000
Current		
Goods and Services Tax	-	2
	-	2

Recognition and Measurement

All 'regular way' purchases or sales of receivables are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of receivables that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

Financial assets at amortised cost

The Foundation holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

9. Property, plant and equipment

(a) Total property, plant and equipment

	Land and Buildings \$000	Total \$000
As at 30 June 2022		
Gross carrying amount	3,175	3,175
Less: accumulated depreciation and impairment	40	40
Net carrying amount	3,135	3,135

	Land and Buildings \$000	Total \$000
As at 30 June 2021		
Gross carrying amount	2,810	2,810
Less: accumulated depreciation and impairment	-	-
Net carrying amount	2,810	2,810

Total property, plant and equipment - reconciliation

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Land and Buildings \$000	Total \$000
Year ended 30 June 2022		
Net carrying amount at beginning of year	2,810	2,810
Net revaluation increments less revaluation decrements	458	458
Depreciation expense	(133)	(133)
Net carrying amount at end of year	3,135	3,135

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 10.

	Land and Buildings \$000	Total \$000
Year ended 30 June 2021		
Net carrying amount at beginning of year	2,516	2,516
Net revaluation increments less revaluation decrements	362	362
Depreciation expense	(68)	(68)
Net carrying amount at end of year	2,810	2,810

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 10.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

9. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the Foundation

The Foundation has no property, plant and equipment that are held and used by the Foundation. All property, plant and equipment balances are for items where the Foundation is the lessor under operating leases.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

Capitalisation thresholds

Property, plant and equipment assets costing \$10,000 and above individually (or forming part of a network costing more than \$10,000) are capitalised.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Foundation. Land is not a depreciable asset. All material identifiable components of assets are depreciated over their useful lives.

Details of depreciation rates initially applied for major asset categories are as follows:

	Useful lives
Buildings	40 years

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 21-09) and Treasurer's Direction, 'Valuation of Physical Non-Current Assets at Fair Value' (TD 21-05). TPP 21-09 and TD 21-05 adopt fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Property, plant and equipment is measured at the highest and best use by market participant's that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 10 for further information regarding fair value.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

9. Property, plant and equipment (continued)

Revaluation of property, plant and equipment (continued)

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The Foundation conducts a comprehensive revaluation at least every three years for its land and buildings and infrastructure. Interim desktop revaluations are conducted between comprehensive revaluations for those assets, where cumulative changes to indicators suggest fair value may differ materially from carrying value. The Foundation uses an independent professionally qualified valuer for such revaluations.

The last comprehensive revaluation was completed on 31 December 2019 and was based on an independent assessment.

Interim desktop revaluation were completed by Egan National Valuers as at 31 March 2022 and 30 June 2022. Management has recognised the resulting revaluation increment of \$0.458M for land and buildings in the current financial year.

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

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

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

10. Fair value measurement of non-financial assets

Fair value measurement and hierarchy

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.

A number of the Foundation's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 Fair Value Measurement, the Foundation categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Foundation recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total Fair Value
2022	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 9)				
- Land and buildings	-	3,135	-	3,135
	-	3,135	-	3,135

There were no transfers between level 1 and 2 during the year ended 30 June 2022.

	Level 1	Level 2	Level 3	Total Fair Value
2021	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 9)				
- Land and buildings	-	2,810	-	2,810
	-	2,810	-	2,810

There were no transfers between level 1 and 2 during the year ended 30 June 2021.

(b) Valuation techniques, inputs and processes

For land and buildings the Foundation obtains external valuations by independent valuers at least every three years. The last comprehensive revaluation was performed by Egan National Valuers for the 2019-20 financial year. Egan National Valuers is an independent entity and is not an associated entity of the Foundation.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices (refer Note 9).

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

10. Fair value measurement of non-financial assets (continued)

(b) Valuation techniques, inputs and processes (continued)

The non-current assets categorised in (a) above have been measured as either level 2 or level 3 based on the following valuation techniques and inputs:

- For land, the valuation by the valuer is made on a market approach, comparing similar assets (not identical) and observable inputs. The most significant input is price per square metre.
- All of the restricted land has been classified as level 3 as, although observable inputs have been used, a significant level of professional judgement is required to adjust inputs in determining the land valuations. Certain parcels of land have zoning restrictions, for example hospital grounds, and values are adjusted accordingly.
- For buildings and infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is depreciated replacement cost. These assets are included as level 3 as these assets have a high level of unobservable inputs. However, residential properties are valued on a market approach and included in level 2.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

11. Payables

	Actual 2022 \$000	Actual 2021 \$000
Current		
Other creditors		
- Other	1	4
	1	4

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 13.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Foundation and other amounts. Payables are recognised initially at fair value, net of directly attributable transaction costs.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Foundation. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

12. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	Actual 2022 \$000	Actual 2021 \$000
Net cash used on operating activities	(35)	(132)
Depreciation expense	(133)	(68)
Increase / (decrease) in receivables	(2)	-
Decrease / (increase) in payables	3	9
Net result	(167)	(191)

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

13. Financial instruments

The Foundation's principal financial instruments are outlined below. These financial instruments arise directly from the Foundation's operations or are required to finance its operations. The Foundation does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Foundation's main risks arising from financial instruments are outlined below, together with the Foundation's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Minister for Health has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Foundation, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

Class	Category	Carrying Amount 2022 \$000	Carrying Amount 2021 \$000
Financial Assets			
Cash and cash equivalents (Note 7)	Amortised cost	3,374	3,409
Total Financial Assets		3,374	3,409
Financial Liabilities			
Payables (Note 11) ¹	Financial liabilities measured at amortised cost	1	4
Total Financial Liabilities		1	4

Notes

¹ Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Foundation determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Foundation. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

Credit risk arises from financial assets of the Foundation, including cash. No collateral is held by the Foundation. The Foundation has not granted any financial guarantees.

Credit risk associated with the Foundation's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately the monthly average TCorp IM Fund Investments 11am unofficial cash rate, adjusted for a management fee to NSW Treasury in 2021-22.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

13. Financial instruments (continued)

(b) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Foundation will be unable to meet its payment obligations when they fall due. The Foundation continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

The table below summarises the maturity profile of the Foundation's financial liabilities together with the interest rate exposure.

Maturity Analysis and interest rate exposure of financial liabilities

	EIR ³ %	Nominal Amount ¹ \$000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$000	Variable Interest Rate \$000	Non - Interest Bearing \$000	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
2022								
Payables:								
- Creditors ²	-	1	-	-	1	1	-	-
		1	-	-	1	1	-	-
2021								
Payables:								
- Creditors ²	-	4	-	-	4	4	-	-
		4	-	-	4	4	-	-

Notes:

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Foundation can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ Weighted Average Effective Interest Rate (EIR).

iii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation has no exposure to foreign currency risk, interest rate risk or other price risks as the Foundation has no other financial asset or liability, except for cash and cash equivalents and creditors which is not impacted by any market risk.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

14. Services received free of charge

The Foundation receives administrative support services from the Ministry of Health, an entity controlled by the parent. These costs are insignificant and the value received is not recognised in these financial statements.

15. Commitments, contingent assets and contingent liabilities

At reporting date, there are no known contingent liabilities, contingent assets or commitments.

16. Related party transactions

(a) Key management personnel compensation

Compensation for the Minister for Health is paid by the Legislature and is not reimbursed by the NSW Health Foundation. The compensation for the Minister for Health is disclosed in the financial statements of the parent.

Remuneration for the Secretary and Deputy Secretaries are paid by the Ministry of Health and is not reimbursed by the Foundation.

(b) Transactions with key management personnel and their close family members

There were no transactions with key management personnel and their close family members (2021: \$Nil).

(c) Transactions the Foundation had with government related entities during the financial year

There were no individually or in the aggregate significant related party transactions during the year. There were no transactions with the parent during the year.

17. Events after the reporting period

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS