



*We're here for
the common good*



THE COMMON GOOD
THE PRINCE CHARLES HOSPITAL FOUNDATION

2017 ANNUAL REPORT

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Glossary

Term	Definition
A/Prof	Associate Professor
CEO	Chief Executive Officer
COO	Chief Operating Officer
FAR	Finance, Audit and Risk Committee
FTE	Full time equivalent
HLI	Heart Lung Institute
HMR	Health Medical Research
HNWI	High net worth individuals
HR	Human Resources
Hrs	Hours
k	Thousand
KPI	Key Performance Indicators
M	Million
MNHHS	Metro North Hospital and Health Service
MP	Member of Parliament
NFP	Not for Profit
Organisational KPI	Refers to one of 8 KPIs determined and agreed by the Board which are to run across years and across the whole of the
OH&S	Occupational Health & Safety
pa	Per annum
p/h	Per hour
PPF	Private Practice Fund
PSEA	Public Sector Ethics Act 1994
Purpose	The overall aim of the agency
QAO	Queensland Audit Office
QCF	Queensland Community Foundation

Term	Definition
QPS	Queensland Public Service
Strategic Goal	Specific metric for achievement
Strategic Objective	Agreed main theme to inform all action: from Board to operational levels
Target	Statement of operational activity to be undertaken for achievement towards a strategic goal
TCG	The Common Good
TPCH	The Prince Charles Hospital
TPCHF	The Prince Charles Hospital Foundation
Vision	Statement by the Foundation as to how It wishes to be perceived by clients, stakeholders and the community
yrs	Years

1. Letter of Compliance

4 September 2017

The Hon. Cameron Dick MP
Minister for Health and
Minister for Ambulance Services
GPO Box 48
BRISBANE QLD 4000

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2016-2017 and financial statements for The Prince Charles Hospital Foundation.

I certify that this Annual Report complies with:

- The prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*; and
- The detailed requirements set out in the Annual Report Requirements for Queensland Government agencies.

A checklist outlining the annual reporting requirements can be found in Appendix 3 of this report or accessed online at www.tpchfoundatin.org.au

Yours sincerely



Bernard Curran
Chair of the Board
The Prince Charles Hospital Foundation

2. General information

2.1 Chief Executive Officer (CEO) report

In 2013 a Strategic Plan was developed that had the strategic objective to be distributing \$5M in research funding annually by 2018.

This year we have been able to get ever closer to that target with a record \$4.3M being allocated, including \$2.9M in grants and scholarships and \$1.4M in specific targeted support of priority medical research programs.

A review of our Research Grants Program has led to the creation of a new research career pathways program to ensure we create, foster and sustain a pipeline of young enthusiastic researchers who can enhance major research areas across heart disease, lung disease, arthritis, dementia and various allied health and hospital innovation projects.

Included in this review was the release of Emerging Researcher Grants to extend our highly successful New Investigator Grants, we have issued 6 PhD Scholarships and also released multi-year Fellowships. Our Board recognises the need to sustain research which is achieving good progress and providing the level of certainty for our researchers which will dramatically increase effectiveness. By simply spending more time doing research rather than allocating an estimated 30% of it to funding applications will increase productivity dramatically.

Within the research programs we also supported the Annual Health Discoveries Forum which showcases the research work to peers and the broader community and such is its importance that we attracted the support of astronaut Paul Scully-Power, author and journalist Kerry O'Brien and Olympic Champion Kieren Perkins.

The team also coordinated the annual Research Report providing an overview of the 120 projects being conducted at The Prince Charles Hospital.

The single biggest announcement during the year was the partnership with Queensland Health and the Critical Care Research Group for the Bionic Project which is targeting the restoration of hearts for transplant, stem cell repair of failed hearts and developing new technologies to allow donor hearts to be kept alive over longer periods of time to increase the potential of transplant.

Our revenue raising programs and operation throughout the year saw some strong growth in our commercial businesses, continued increase in event income and steady growth in our monthly donors.

Our café business continues to exceed expectations. Increasing net profits by 15% over the previous year was assisted through the expanded coffee shop and a revamped coffee ordering system which has sped up our service and attracted more sales. The catering business continues to grow achieving 10% over budget. The total profits of the café helps underpin the philanthropic activities of the charity – returning \$6.50 to research for every \$1 net profit.

Our philanthropic programs are showing steady increase although we have some way to go. Monthly donors have increased by 26% over the past year and our annual appeal supporters have increased by 12%. Corporate support has not been as successful as planned however it is a difficult market and highly competitive however we are very confident that we will be announcing 2-3 national corporate partnerships in 2017/2018.

Bequests are down on last year but we have an increase in donors who have nominated this Foundation as a beneficiary. We are so grateful to our special donors who have made such a commitment – and will leave a legacy that will make significant impact on research.

We had another good year with our events, of course the iconic Ekka Strawberry Sundae Stalls which enlisted 2,500 volunteers over the 10 days and achieved our highest ever sales, our annual charity bike ride the Cycle of Giving attracted a slight increase in participation but most pleasing was the increase in

donations, and our conferences (Echo Australia) and local events also proved profitable.

I sincerely want to thank and acknowledge all our donors and supporters, to our Board, staff and volunteers, and to the research teams – this combination of determined, passionate and enthusiastic individuals all coming together for the common good. Thank you for powering medical discoveries.

A handwritten signature in blue ink, consisting of a stylized 'M' followed by a long horizontal stroke that ends in a small upward flick.

Michael Hornby

Chief Executive Officer

The Prince Charles Hospital Foundation

2.2 Agency role and main functions

The Prince Charles Hospital Foundation was established in 1986 under the *Hospitals Foundations Act 1982*.

The Foundation's mission is to fund cures and save lives.

The purpose of TPCHF is to fund health and medical research aligned with The Prince Charles Hospital and has the strategic objective to be distributing \$5M pa for this purpose by 2018.

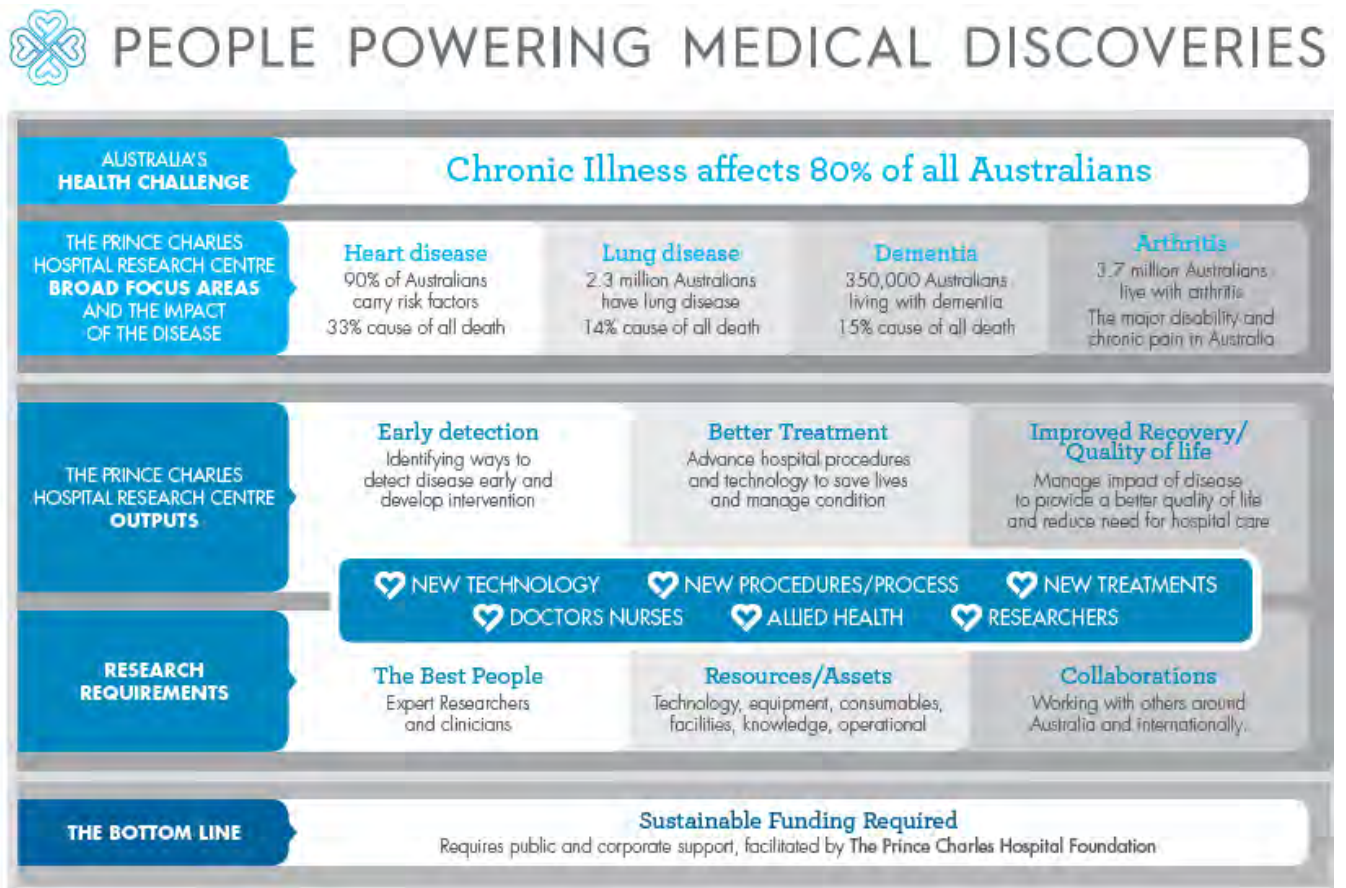
The Foundation has two core functions; a fundraising body which generates revenue through public appeals, fundraising events, funding applications, sponsorship and through retail operations by operating a café and catering business.

Secondly, it is an administrator and facilitator of health and medical research by the effective and efficient administration of research funding distribution and acquittals.

The Prince Charles Hospital Foundation is located at Level 1, Administration Building, The Prince Charles Hospital, 627 Rode Road, Chermside Queensland 4032.

The Foundation is governed by a volunteer Board of Directors which delegates day to day operations to the CEO and the Foundation's management team.

The Prince Charles Hospital Foundation formally reports to the Queensland Minister for Health and Minister for Ambulance Services.



2.3 Operating environment

In 2013 we set ourselves a goal of distributing \$5M pa to health and medical research aligned with The Prince Charles Hospital by 2018 and this year we have stepped closer to that objective through the allocation of \$4.3M this year. Grants and research projects approved this year:

	Number	Amount awarded \$
Experienced researcher	10	935,976
Emerging researcher	5	122,520
New Investigator	24	226,518
PhD Scholars	6	253,498
Research Fellowships	3	900,000
Equipment Grants	6	147,564
MRI Project	1	130,500
Advance Qld support	1	75,000
ECMO Project	1	20,000
Specified Research funds	15	886,418
Research support	3	604,651
TOTAL	75	\$4,302,645

An analysis of research funding allocation confirmed that the average cost of research supported by the Foundation costs \$44 per hour. This is due to a number of factors:

- Lead researchers and mentors donate their services
- The Prince Charles Hospital covers basic infrastructure costs
- The Prince Charles Hospital Foundation covers operational expenses in achieving revenues

These factors ensure research can advance in a cost-effective manner and ensure public support can have the greatest possible impact.

As a result an estimated 98,000 hours of research was supported this financial year, supporting approximately 120 researchers.

There are numerous challenges for this Foundation to consider, and associated risks:

1. Highly competitive charity sector (estimated 60,000 charities), all chasing public support.
2. Increased investment by major charities in marketing and appeal programs (eg: face to face fundraising) – leading to donor fatigue.
3. Media scrutiny about the effectiveness of donations (how much of the donation goes to the purpose) – questioning the trust of the charity sector.
4. Medical research sustainability – which can lead to projects not being completed and the loss of key personnel to other institutions or careers. This reduces the impact for donors, who support a particular research project. It is estimated that 75% of research in Australia is not completed.
5. There is a lack of understanding with the Australian public of the tenuous nature of research, and perhaps other views that research is receiving sufficient financial support.
6. The relationship between this Foundation and the Metro North Hospital and Health Service is vital.

From the Foundation operating the retail café at The Prince Charles Hospital which allows profits to be reinvested into fundraising for research. This currently is delivering 6.5 times net profits of the café into research funding.

These environmental and relationship risks also present great opportunities for The Prince Charles Hospital Foundation. The unique business model of this charity, the opportunity to inform the community and a review to help sustain major research programs we believe will be an attractive proposition for those who genuinely seek making a social impact.

Reviews of the Australian Charities Commission and the *Hospitals Foundations Act 1982* are currently being undertaken and we are hopeful that changes proposed present some streamlining of reporting and reduction of red-tape.

3. Non-financial performance

3.1 Government's objectives for the community

In the process of supporting health and medical research aligned with The Prince Charles Hospital this Foundation is able to support the Queensland Governments objectives in Creating jobs and a diverse economy and; Delivering quality frontline services.

Creating jobs and a diverse economy

This year we invested in creating a safer work place through an intensive risk management review and implemented a range of reporting processes and protocols to mitigate risks associated with our café operations and our events. We also established a business continuation strategy to ensure that the research community is protected should we experience significant downturn.

Through our grant-making programs the flow on effect has created new jobs through our 3 year Fellowships, while the allocation of New Investigator Grants has attracted young talented scientists and engineers from overseas, with an investment of \$10,000 into their research projects the state receives significant investment through housing, retail and tourism while the students are in Queensland.

Our expanded retail business has seen a 10% increase in staff.

Delivering quality frontline services

This is central to the purpose of this Foundation – by strengthening our public health system. The \$4.3M in research projects and programs are all dedicated to improving patient outcomes. Through this the research career pathway we established encourages further education and training in particular PhD's.

The support provided is targeted at our states most vulnerable, afflicted by chronic disease and often disadvantaged.

3.2 Agency objectives and performance indicators

The 2014 – 2018 Strategic Plan has been the cornerstone for every action, every decision and through this absolute focus we are confident that our 4 year plan will be exceeded.

With one year to go we have achieved or exceeded 90% of the actions outlined. The key measure has been the strategic objective to be distributing \$5M pa by 2018. This year we have allocated \$4.3M which is 86% of our 2018 target, one year ahead of schedule, exceeding the previous year by 26%. We are confident of exceeding the target next year.

Highlights of the year has been the creation of the research careers pathways program which has resulted in new tiered grants to support emerging and developing new talent – covering the priority health and medical research programs conducted at this hospital and critical to the health challenges of an estimated 90% of all Australians.

To achieve these results has been a combination of increased charitable activities through fundraising and events which has resulted in increased participation across monthly donors (up 26%), and increased participation in our showpiece events. All of this is underpinned by our successful social venture – our cafes. Increased net profits, 10% over budget and new expanded operations will help to grow our investment into attracting more public and private support of medical research.

The table on pages 9 and 10 provide a report card against our Strategic Plan.

<http://www.tpchfoundation.org.au/about/transparency>

4. Financial performance

The Prince Charles Hospital Foundation has had a very encouraging year recording research funding support of \$4.3M and increasing future funding to sustain critical projects and programs to just over \$8.6M. We are one step closer to achieving our strategic objective to distribute \$5M pa of sustainable research funding by 2018 and providing real health outcomes faster.

The Foundation continues to support sustainable research outcomes year on year due to its diversified income streams in the revenue areas of philanthropy, events, investments and retail operations.

Compared to the previous year total philanthropy income is down, however this was due to a few high value bequests received in 2016. Overall, donations through appeals and regular giving from donors has continued help deliver a satisfactory result in philanthropic giving.

Our major events which include the annual Cycle of giving once again achieved its biggest participation rate and recorded its highest fundraising, while the famous Ekka Strawberry Sundae stalls recorded a net profit of \$164K.

Our retail operations covering the retail café at the hospital, catering and conferences continued to show steady growth during the year.

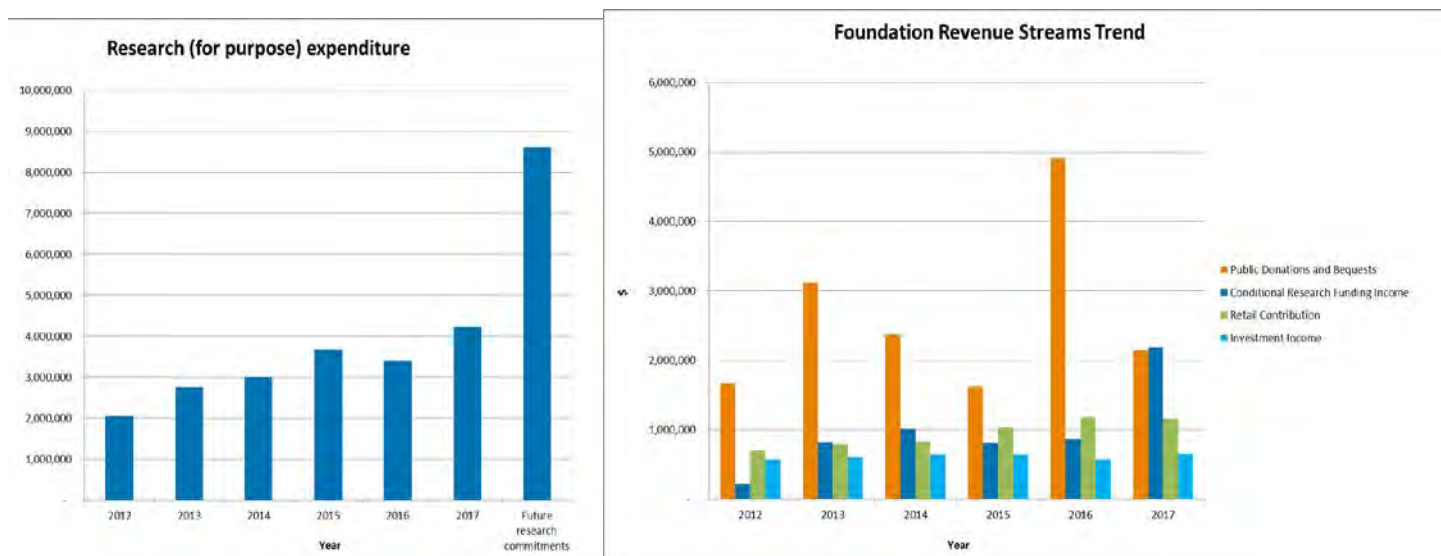
In the last week of June, The Foundation's retail operations expanded opening the Goodness Sake Café at Kedron Emergency Services Complex.

The Retail operations along with our investment income not only provide sustainable revenue but the ability to self-fund our administration costs which also appeals to the public by ensuring donated funds have the greatest impact on research.

The Prince Charles Hospital Foundation maintained a solid financial position throughout the reporting period. Diversity of income streams, effective cost management and efficient use of our resources has enabled the Foundation to increase net assets from \$17.4M to \$18.1M while simultaneously increasing research distributions. During the period \$2M was reallocated on the balance sheet from cash and cash equivalents to other financial assets. This investment portfolio is invested in line with The Foundation's Investment Policy Statement and underpins the Foundation's financial stability for years to come.

While in a solid financial position and on track to achieve our 2018 strategic objective, the need for research support is estimated at three times our current distributions. This financial evaluation will help frame the revised strategic plan to be drafted in 2018.

The full financial statements for The Prince Charles Hospital Foundation for the 2016-17 financial year are included in Appendix 2 of this Annual Report.



Strategic Goal: By 2018 TPCHF will be distributing \$5M per annum to competitive Health & Medical Research (HMR) aligned with TPCH

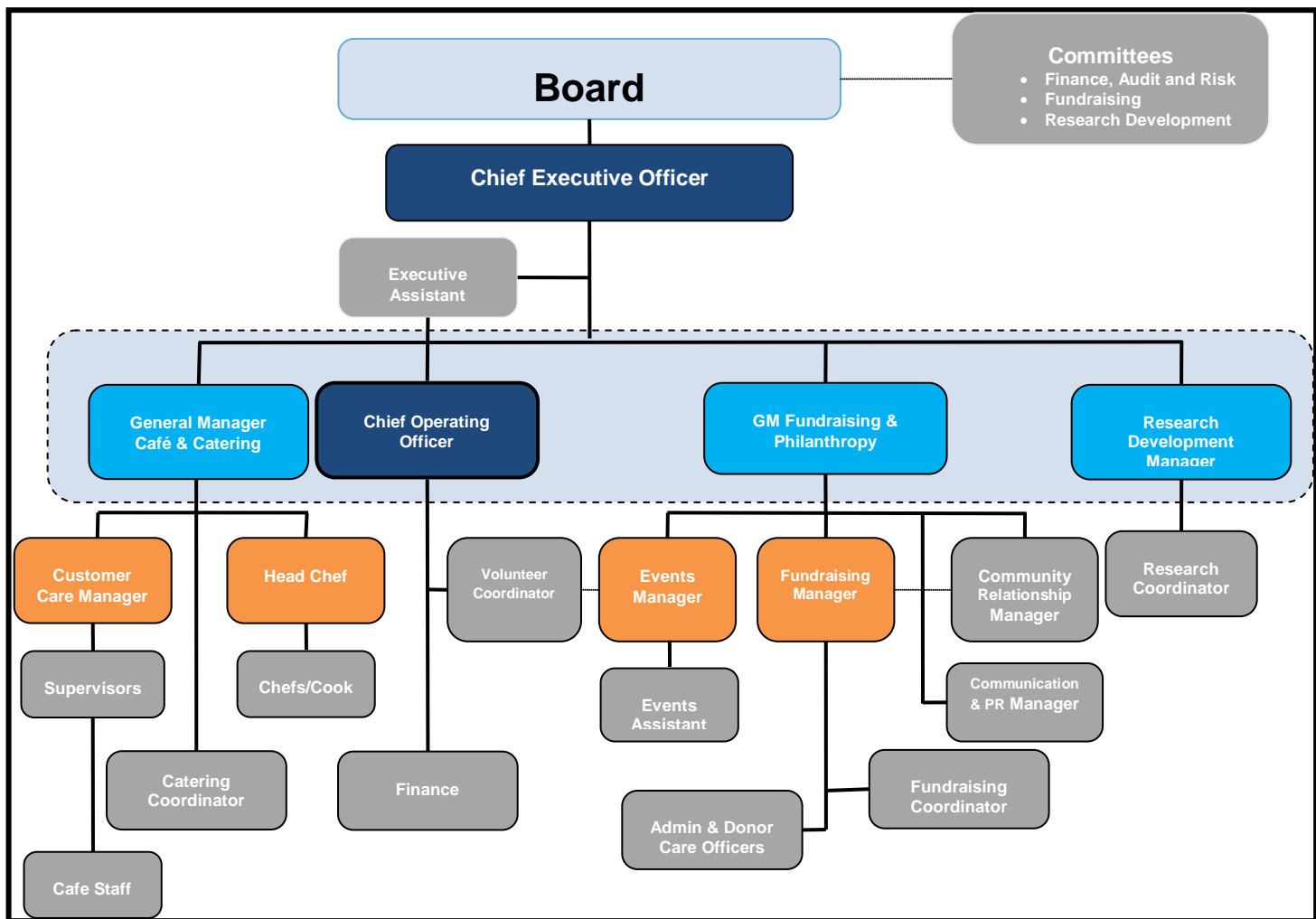
1. To increase HMR distributions (to \$5 Million by June 2018)		
	Key Actions	Response
Support research excellence	Implement evaluation program of research sponsorship and grants to measure impact.	On target. AUSHSI appointed to complete in late 2017.
	Establish annual 'sponsorship' program of Major Research Program to provide a guaranteed funding platform.	On target. To be launched in late 2017
	Expand PhD Scholarships to 4 per year awarded	Achieved. 6 appointed in 16/17.
	Introduce Emerging Researcher Grants for successfully concluded New Investigators. 4 per year.	Achieved.
	Introduce Research Development Fund to increase capacity and capability of research across the campus	Achieved. Launched 16/17.
Sustain and grow existing research progress	Maintain distributions through the TPCH Co-Location Agreement.	Achieved. Funding Cardiac Research Fellow, Chair of Orthopaedic.
	Introduce 2 tiers of annual grants for Experienced Researchers, those which are recognised as Major Research Programs	This is being reviewed with decision to provide 5 x 3 year sponsorship grants for Major Programs.
	Introduce new grant seed fund for researchers/teams which are not a Major Program.	On target. To be launched in late 2017.
	Maintain New Investigator Scholarships – 15pa.	Exceeded. 23 grants in 16/17.
	Maintain equipment funding levels	Exceeded. Open application scheme introduced is increasing effectiveness of equipment funding.
	Increase specified funding opportunities by providing marketing support.	On target. Additional targeted and partnered applications have achieved a further \$2M in revenue in 16/17.
	Maintain Board Innovation and Capacity Building Grants.	Achieved.
	Identify, support collaborations which can leverage funding support of research at TPCH	Exceeded. Funding of Bionic Project results in \$1.7M. Advanced Queensland Fellowships - 3 supported - \$285,000 total worth \$1.3M. Multiple other projects – Perpetual \$160,000; Queensland Emergency Medicine Research Foundation \$380,000; Other Foundations \$130,000.
	NEW initiative (update)	3 year Fellowships from TPCHF launched in 2017.
	Formal and informal relationship management with Hospital, MNHHS and Queensland Government.	Ongoing – positive relations and impact.
2. To drive knowledge and support for TPCHF		
	Key Actions	Response
Increase awareness, engagement and acquisition	Media - Achieve national coverage (2), state (4) and local community coverage (8) pa	National feature on heart transplant and research grant award stories. Local event coverage for Cycle of Giving and Ekka. 6 state news items.
	Digital media impact of 100,000 web site visits pa	25,000 visits pa. 85% increase. New web site will lift impact.
	Social media engagement to 10,000 followers	Total 7,669.
	Internal communications and PR within hospital keeps charity top of mind.	Achieved – ongoing.
	Donor acquisition to 200,000 prospects per year.	25,000 phone contacts and 50,000 mail packs.
	Annual marketing and communications program in place and measured	Ongoing - communications calendar
	Acquisition of support from local, state and national targeted (by product/program)	In progress. National partnerships to be launched in November 2017.
Build relationships with existing and new audiences	Develop marketing and support for Researchers Specified Funds	Direct support currently. General marketing collateral not yet created.
	Increase annual active donors to 12,000 (from 3,500)	12% increase in past year. Now 7,927. 126% overall increase to date.
	Monthly giving program increased to 3,000 donors (from 1,200).	26% increase in past year. Now 1,832. 50% overall increase to date.
	Donor communications specific to area of interest 4/6 times pa.	Achieved.
	Donor stewardship program implemented.	Achieved.
	Attract new audiences & increased support at events	Cycle of Giving increase to 729 riders and 1,836 donors (up 50%).
	Adopt a Researcher program in place supporting 15 – 20 projects pa	5 projects supported. Increase prospects for 2018
Drive Significant New income	Establish 5 national corporate partnerships	3 new partnerships to be announced in 2017.
	Use Board contacts, to ensure the 'right people' are at key events	One event conducted in 2016
	Donor prospecting to identify and meet with a minimum of 15 HNWI pa	Wealth scan conducted to Identify prospects 170 identified. 8 major donors engaged to increase in 2017, initially 20 prospects.
	Establish Endowment Fund (major gifts program and annual pledge).	Lead investment in place. Public phase to open in 2017/18.
	Increase trusts and foundations income – 50 applications – 25% success rate pa.	On target. Limited applications but achieved 30% success rate.
	Expand bequest program to identify 30 bequestors pa.	39 known bequestors, 52 likely and 150 potential.
Grow revenue from commercial operations to ensure public donations can be applied 100% to research spend	Establish national campaign for support, aligned with specific health focus.	Planning in place for national health project activity.
	Achieve capability to articulate research benefits not just inputs of dollars (ROI)	On target. Health Economics project to evaluate and measure impact – AUSHSI.
	Grow revenue from commercial operations to ensure public donations can be applied 100% to research spend	Exceeded annual budget. Expanded operations to additional coffee shop at TPCH and now new external site at Kedron for 2017.

Strategic Goal: By 2018 TPCHF will be distributing \$5M per annum to competitive Health & Medical Research (HMR) aligned with TPCH

3. To maintain and enhance TPCH reputation of trust, integrity, professionalism		
	Key Actions	Response
Strong Processes and Reporting	Monthly risk management reporting and annual Reviews.	Achieved.
	Formal HR program from recruitment, induction, performance reviews, standards and policy in place – and reported against.	Achieved.
	Grants and funding programs acquitted within agreed timeframes.	Achieved.
	Monthly finance reports completed.	Achieved.
	Bi-monthly Board reports.	Achieved.
	All Statutory Agency and Charitable reporting compiled.	Achieved.
Good Governance and Financial Management	Appropriately skilled and informed Board.	Achieved – 11 members.
	Finance Audit & Risk Committee, Fundraising Committee and Research Committees selected and administered.	Achieved. Meetings held as per schedule.
	Investments management policy and review conducted annually.	Achieved – positive report.
	Bi-monthly Board meetings.	Achieved.
	Transparent reporting (for public and Government).	Ongoing – positive relations and impact.
4. To have and support the best people		
	Key Actions	Response
Staff	Quarterly performance reviews.	Achieved.
	Annual development program for all staff.	Achieved.
	Staff satisfaction feedback (weekly).	In place – high levels of engagement. Top 95th percentile.
	6 monthly planning days.	Achieved.
	Staff recognition and reward program introduced.	Not yet established.
Volunteers	Recruit and retain 200 volunteer “Charlies Angels” – providing patient care support to TPCH.	Currently 120 volunteers
	Recruit 2,000+ volunteers for Ekka annually.	Exceeded.
	Recruit and retain 10 charity office volunteers.	Not achieved – 6 currently.
	Identify opportunities for corporate volunteering support of TPCHF	Ekka is the only regular project currently
	Recognise volunteerism and milestones twice yearly.	Achieved.
Maintain / improve recruitment, induction and training policy and process.	Systems, policies and procedures in place.	

5. Governance – management and structure

5.1 Organisation structure



5.2 Executive management

As the entity is small, only the CEO is viewed as a senior executive management. The COO works part time.

The CEO, Michael Hornby, has extensive experience in non-profit organisations with over 25 years of leading some of Australia’s largest NFPs.

Key responsibilities include:

- Strategic Planning
- Operational Planning
- Organisational Management
- Business Development
- Brand and Reputation
- Compliance

Board of Directors

Formed in 1986 under the *Hospitals Foundations Act 1982*, The Foundation is governed by a Board of Directors, under our chair Bernard Curran, with extensive experience in business, management and community organisations.

The role of TPCH Board includes:

- Providing strategic direction
- Ensuring Fiscal accountability
- Undertaking fiduciary duties
- Ensuring responsible risk management is undertaken
- Monitoring & improving organisation performance
- Ensuring compliance with statutory and governance responsibilities.

Board members serve in an honorary capacity and therefore do not receive any remuneration. This applies to all costs. Board members contribute their time, skills, travel costs and all additional attendance at sub-committees and relevant Foundation functions.

The Board sets the Foundation's organisational strategic direction in consultation with the CEO. The Foundation has a five-year strategy with one goal, that by 2018 we will be distributing \$5M pa to competitive health and medical research aligned with TPCH.

The operational plan for 2015-2016, based on the strategic plan, contains the connections between organisational vision, purpose, organisational Key Performance Indicators, goals activities, and clearly identified KPIs.

The Board has additional responsibilities which influence the process of setting strategic direction and are relevant to the achievement, reporting, measurement and communication of progress on organisation strategic goals.

TPCHF Board meeting schedule

-  February
-  April
-  June
-  August
-  October
-  November

Board of Directors Information

Mr Bernard Curran

Partner, BDO

Type of appointment: Chair of the Board

Term of appointment: 12 February 2016 to 30 September 2018

Board meetings attended: 6 of 6

Bernard is a Partner with BDO Australia specialising in Tax and Advisory services working with Private Business Clients and their families in this area. Bernard has served with the Board since 2008 and has been Chair of the Foundation Board since 2012. Bernard brings a strong track record in strategic thinking, organisational development, governance and financial acumen.

Ms Veronica (Bonny) Barry

Member, MNHHS Board

Type of appointment: Ex-officio appointment

Board meetings attended: 5 of 6

Bonny is a registered nurse with over 28 years' experience in community, hospice, hospital and clinical settings in Queensland and Victoria. In 2001, she was elected State Member for Aspley and served on several parliamentary committees including Chair of Caucus, Chair of Health Estimates and the Assistant Minister for Education, Training and the Arts from (2006 -2009). Bonny is a member of the Metro North Hospital and Health Service (MNHHS) Board and connects the strategic goals of the Foundation with its key external stakeholders.

Capt. Jan Becker

CEO, Becker Helicopters

Type of appointment: Board Member

Term of appointment: 10 July 2015 to 9 July 2017

Board meetings attended: 1 of 6

Jan is the CEO of Becker Helicopters, an award winning international aviation training organisation located in South East Queensland with clients including the Australian Defence Force. She is also a registered nurse and midwife and annually donates her time to support patients in Tanzania where 100 babies are delivered per day. With over eleven years in senior leadership positions, Jan brings a wealth of knowledge in financial management, strategy development, regulatory compliance and safe management systems.

Ms Cherie Franks

Director of Nursing, TPCH

Type of appointment: Board Member

Term of appointment: 12 February 2016 to 30 September 2018

Board meetings attended: 5 of 6

Cherie has been a registered nurse for over 30 years and has held a number of senior nursing leadership positions within The Prince Charles Hospital. She is passionate about patient centred care and holds a Clinical Associate Professor position with the Australian Catholic University. In 2015 Cherie was appointed Director of Nursing within The Prince Charles Hospital connecting her leadership, finance, governance and human resource skills with the work of the Foundation.

Mr Toby Innes

Head of Retail & Commercial, Brisbane Airport Corporation

Type of appointment: Board Member

Term of appointment: 24 August 2015 to 9 July 2019

Board meetings attended: 3 of 6

Toby holds the position of Head of Retail and Commercial within the Brisbane Airport Corporation and has extensive experience in the public and private sector. He was instrumental in the strategic planning and execution of the Direct Factory Outlet shopping precinct and the re-design of the Brisbane International Airport. Toby's extensive retail management, contract management and strategic benchmarking allow the Foundation to further grow and improve its own retail business.

Mr Paul McMahon

Director

Type of appointment: Board Member

Term of appointment: 10 July 2015 to 9 July 2017

Board meetings attended: 6 of 6

Paul has over 33 years' experience within the new and media industry having held a number of senior leadership positions within leading Queensland print media organisations. He also has a strong agricultural administration background and manages

the operations of Kial Gorra, a 900-acre farming operations located in Warwick. Having held other Queensland hospital board positions, Paul brings a wealth of experience in management, funding and governance.

Ms Cathryn Proberts

Principle, CP Events

Type of appointment: Board Member

Term of appointment: 10 July 2015 to 9 July 2017

Board meetings attended: 0 of 6

Cathryn has built an extensive career in event management with over 30 years' experience in senior leadership positions. She was Director of Operations for Intermedia Conventions and Events Management until establishing CP Events a leading event management organisation with clients including Brisbane City Council and Brisbane Catholic Education. Using her extensive knowledge in event management, public relations and promotion experience, Cathryn assists the foundation in achieving its fundraising and engagement goals.

Ms Jacqueline Ryan

Executive Director and State Head, Consumer and Agribusiness

ANZ International and Institutional Banking

Type of appointment: Board Member

Term of appointment: 12 February 2016 to 30 September 2018

Board meetings attended: 5 of 6

Jacqueline has been the Executive Director of International Client Group for the Australia and New Zealand Banking Group (ANZ) since 2011 and is an industry leader in her field. Throughout her career has held a number of senior leadership positions within international financial institutions in Australia and North America. Jacqueline uses her extensive knowledge in financial accounting, risk management, business advisory and audit to support the Foundation financial best practice.

Mr James Stewart

Co-founder, ReachTEL

Type of appointment: Board Member

Term of appointment: 10 July 2015 to 9 July 2017

Board meetings attended: 5 of 6

James is co-founder and Operations Director of ReachTEL, an industry leader in digital and automatic communications established in 2008. Prior to this he held a number of senior leadership positions within the telecommunication industry for organisations such as Com2 and Telstra. James brings with him a wealth of knowledge in market research, communications, technology and marketing to support the Foundation.

Mr Terry Sullivan

Former State Member of Parliament

Type of appointment: Board Member

Term of appointment: 12 February 2016 to 30 September 2018

Board meetings attended: 5 of 6

Terry was a Queensland Member of Parliament for 15 years, during which time he worked on the Ministerial Health Policy Committee. He was Chair of TPCH Health Community Council and a Member of the TPCH District Health Council. Terry is well versed in matters of the local community, and brings a wealth of experience in understanding the complexities of the hospital's relationship with the community and the Foundation's role in strengthening productive relationships with all stakeholders.

Mr Peter Tyquin

Director, GOA Billboards

Type of appointment: Board Member

Term of appointment: 12 February 2016 to 30 September 2018

Board meetings attended: 5 of 6

Peter has 32 years of professional experience in diverse communications businesses, with a track record in newsprint, digital and outdoor. He is a great asset at Board level in supporting the Foundation's strategic work in communicating to potential supporters. Increasingly intimate

knowledge of communications, media and PR is important for the Foundation.

Mr Anthony White

CEO, Terry White Chemist Group

Type of appointment: Board Member

Term of appointment: 10 July 2015 to 9 July 2017

Board meetings attended: 0 of 6

Anthony is the CEO of the Terry White Chemist Group (TWC) and had held a number of senior leadership positions within the pharmaceutical industry. He is a doctor of philosophy, holds masters in commerce, finance and business administration and is a member of the Australian Institute of Chartered Accountants. Anthony is an experienced executive with skills in leadership, finance and organisational change and brings this wealth of knowledge to the Foundation.

Research Committee

The Research Committee is responsible for the recommendation of grant making procedures and policy and the endorsement of major funding applications for the approval of the TPCHF Board.

Research Committee Members:

- Dr David Hansen (Chairman)
- Prof. Malcolm West AM
- Dr Jenny Paratz
- Dr Haris Haqqani
- Dr Christopher Raffel
- Dr David Reid
- Prof Peter Molenaar
- Peter Lazzarini

Fundraising Development Committee (FDC)

The Fundraising committee seeks to identify opportunities to attract public and corporate support through planning, advisory support and introductions:

- James Stewart (Chair)
- Peter Tyquin
- Christine Mahoney
- Jerome Bamminger
- Agatha McAndrew

5.3 Public Sector Ethics Act 1994

TPCHF is committed to promoting and adhering to the guiding principles outlined in the Code of Conduct for the Queensland Public Service.

The Foundation's Code of Conduct has been developed in alignment with the Code of Conduct for the Queensland Public Service in consultation with an external HR consultant, and reflects the ethics and principles outlined in section 4 of PSEA.

All employees, volunteers, contractors and consultants of the Foundation have been provided with training around this Code. This training has also been incorporated in the Foundation's onboarding

processes. All relevant individuals are required to sign an acknowledgement form, confirming that they understand and accept the expectations of the Code.

In 2017 the Foundation's Code of Conduct was reviewed and approved by the Board. It has been now been submitted to the Minister of Health and Minister for Ambulance Services for approval.

5.4 Queensland public service values

TPCHF has a strong set of values that we adhere to. These are aligned with the five core values of the Queensland Public Service which are:

	Customers first	<i>Knowing our customers, delivery on what matters and making decisions with empathy</i>
	Ideas into action	<i>Challenging the norm; encouraging and embracing new ideas and working across all boundaries</i>
	Unleash potential	<i>Expect Greatness; lead and set clear expectations and seek and act on feedback</i>
	Be courageous	<i>Own your actions and mistakes; take calculated risks and act with transparency</i>
	Empower people	<i>Lead and trust; play to everyone's strengths and develop yourself and those around you.</i>

The Prince Charles Hospital Foundation

Values and Purpose

WHY

We believe we can make the world better
(one discovery at a time)

HOW

The way we achieve this is to provide the means for brilliant researchers who are on a relentless quest to achieve medical breakthroughs

WHAT

By funding important medical research that will find cures and save lives

VALUES OF OUR EXPLORERS

WE DARE TO BE DIFFERENT;
WE HAVE THE COURAGE TO CHALLENGE
THE STATUS QUO;
WE ARE WILLING TO EXPLORE THE
ROAD LESS TRAVELLED;
WE BRING TOGETHER
GOOD PEOPLE FOR THE JOURNEY;
TO DO WHAT'S RIGHT AND
MAKE THE WORLD BETTER.
WE HAVE THE POWER!

6. Governance – risk management and accountability

6.1 Risk management

Risk is a standing item on the Foundation Board agenda. In relation to risk reporting, the Board are presented with a risk dashboard, high level risks from the risk register and proposed risk mitigation strategies.

As per 6.2 Audit Committee below, responsibility for risk management falls under the Foundation FAR Committee charter. The Foundation risk framework is intrinsic within the organisation. It encompasses the following live documents:

- Risk management procedure
- Context map
- Risk matrix
- Risk register that includes strategic risks, operational risks and project risks
- Event specific risk registers
- Risk dashboard report
- Event risk dashboard report

Risk is a standing agenda item at staff management meetings. All members of Foundation staff in management positions are members of the risk action team and responsible for identifying, evaluating, assessing risk and design/ implementation of agreed risk treatment or mitigation strategies. The COO of the Foundation is the Risk Champion and responsible for reporting to the FAR Committee and the Board.

The processes across the organisation are compliant with ISO 31000:2009 Risk management – Principles and guidelines and ISO 22301:2012 Business Continuity Management Systems.

To ensure food safety and quality is maintained consistently, TPCHF has also designed and implemented a Food Safety Plan that is compliant with Australia New Zealand Food Standards Code –

2016, *Queensland Food Act 2006* and *Queensland Food Safety Regulation 2006*.

TPCHF risk treatment documentation includes:

- Business Impact Analysis
- Crisis Management Plan
- Recovery Plans for each of the Recovery Priorities
- Event specific Resilience Plan (includes event specific measures around risk, workplace health and safety, business continuity, food safety and emergency management)
- Food Safety Plan
- Emergency Response Procedures
- Document and Record Control Procedure

Implementation and compliance monitoring measures include:

- Training and awareness in risk detection, risk mitigation, crisis management and workplace health and safety
- Exercise
- Testing
- Audit
- After Action Reviews

The design of the integrated compliance system is based on a detailed assessment of the organisation's context, including internal systems, as well as the micro and macro environment. Specific, Measurable, Achievable, Relevant, Time-bound (SMART) objectives and targets are set and continually reviewed.

TPCHF management under the guidance and support of the FAR Committee and the Board is committed to effective implementation and continuous improvement of the compliance program through:

- planning: mission, vision, values, objectives, milestones, roadmaps
- provision of the required resources and support
- development of the required documents and procedures
- capability development and training;

- consultation: internally and with external expertise
- conducting checks and controls throughout processes
- organising audits, inspections, tests and exercises to review functioning of the program;
- processing data from compliance checks and prepare performance reports
- review performance at set intervals and design corrective actions
- measuring the effectiveness of improvement initiatives

Through a rigid compliance program the customers, donors, stakeholders and partners can feel assured in the ability of TPCHF to deliver on their promise.

6.2 Audit committee

The Foundation FAR Committee is a committee of The Board and key staff of the Foundation.

The FAR Committee has due regard to its charter outlined by the Board approved document: "Terms of Reference for TPCHF FAR Committee".

The Foundation FAR Committee responsibilities per this document are as follows:

- Financial oversight and reporting
- Management and execution of investment strategy and investment oversight
- Oversight of audit processes
- Risk Management Policy and Risk Management Framework
- Occupational Health and Safety Policies and OHS Framework
- Delegation of Authority Policy & Schedule
- Procurement
- Management of suspected fraud & corruption

The FAR Committee meets monthly with the exception of the month of January. The FAR Committee met eleven times during the reporting period.

The Board members that are members of the FAR Committee serve voluntarily without remuneration.

Members of the FAR Committee include:

- Toby Innes (Chair FAR Committee)
- Bernard Curran (Chair Board)
- Paul McMahon (Board Member)
- Jacqueline Ryan (Board Member)
- Michael Hornby (CEO)
- Katrina Beasley (COO)

Any reported audit findings and recommendations are given priority and acted on in a timely manner by The Foundation. All audit findings and any resulting actions are reported to The Foundation Board.

6.3 Internal audit

The Foundation has not been directed by The Minister to establish an internal audit function as it is not considered necessary.

The functions of internal audit are governed by the FAR Committee.

6.4 External scrutiny

An external audit was conducted by a designate of the Queensland Audit Office (QAO). The independent audit on the financial report is in Appendix 2 of this document.

6.5 Information systems and recordkeeping

The Foundation complies with the provisions of the *Public Records Act 2002*, Information Standard 40: Record Keeping, Information Standard 31: Retention and Disposal of Public Records and Australian Standard Metadata 5044 AGLS Meta Data Element Set.

The Executive Assistant is responsible for the Foundation records management function including inducting and training Foundation staff on requirements of compliance.

In 2017 the Foundation initiated a Document Control System whereby only the Executive Assistant has access to on the drive and maintains all of the original documents in this folder. Once the documents are final they are then secured and moved to a general folder for all staff to access.

The following documents are maintained both on the drive and in hard copies:

- Manuals and Plans
- Management Level Procedures
- Operations Support Procedures
- Standard Operating Procedures
- Forms
- Record
- Registers

7. Governance – human resources

7.1 Workforce planning

The Board makes a specific commitment in relation to employee satisfaction with a focus on employee motivation, goal achievement and the maintenance of positive morale in the workplace. Foundation staff have regular pop up meetings, team and management meetings.

Strategic workforce planning is conducted and reviewed in consultation with an external HR consultant. This process involves the Board, the Management team, and also takes into account feedback from team members and other key stakeholders. All work force planning is connected to the guiding principles of the Foundation's Strategic Plan.

All staff are provided with detailed role descriptions which outline their own areas of contribution and align them with the responsibilities that sit within their broader department. All performance and probation discussions correspond directly to the tasks and responsibilities outlined in these role descriptions. This serves as a prompt to ensure that role design for each employee is still relevant, clear and connected to the needs of the overall organisation.

Role descriptions and interactive practical interviews are used during recruitment to ensure we are employing skilled and capable staff that integrate well within our team.

New employees are comprehensively on boarded into the organisation. This commences with an induction that provides education around the vision, mission and values of the Foundation, along with its history and key functions. It also covers off logistics, key contacts, first aid, evacuation processes and workplace policies.

Employees participate in a structured probation framework which consists of three structured

conversations with their manager, along with a presentation to the team around their key learnings. This framework encourages two-way feedback and works towards ensuring that the employee is comfortable, clear on their role and enabled to contribute as soon as possible.

Structured performance reviews are conducted with staff members twice a year, using an online platform called Small Improvements. This platform is designed to create honest, focused conversations that promote clarity and objective two-way feedback. This process also includes the development of key goals to be worked towards over the following six months.

Professional development needs are assessed through strategic workforce planning activities, and are identified through performance review processes. Staff are supported to attend relevant and inspiring training opportunities.

Periodically staff are offered the opportunity to work from home when suitable for particular projects. The organisation's Code of Conduct outlines expectations around ensuring that staff are working with integrity in these instances.

Foundation staff interact and anonymously rate their work week online to track morale, identify trends and workload. This is conducted using an online platform called Officevibe, which aggregates feedback from the entire team and provides real-time measurement of 10 key metrics of employee engagement, including:

- Personal Growth
- Ambassadorship
- Recognition
- Feedback
- Relationship with Peers
- Relationship with Manager
- Happiness
- Wellness
- Satisfaction
- Alignment

Issues and trends are reviewed by staff, management and the Board. Feedback is filtered by department, and provided to individual managers to provide insight into relevant strategies that will maximise the engagement within their own teams.

Role descriptions for management positions also identify specific leadership skills and responsibilities that should be demonstrated and developed. These elements are specifically addressed as part of ongoing performance review processes. Relevant staff are also encouraged to attend leadership development to continuously build their capability levels.

A series of legislative policies have been developed in conjunction with an external HR consultant, to ensure that the foundation remains compliant with any requirements outlined in the *Fair Work Act 2009*, relevant Modern Awards, or any other relevant legislation.

Industrial and employee relations issues and processes are also managed in consultation with the external HR consultant.

The full-time equivalent was 43 and the permanent separation rate was 34% for the reporting period.

7.2 Early retirement, redundancy and retrenchment

During the period, 2 employees received redundancy packages at a cost of \$14,032. As an employee support measure, outplacement support was provided with an external career job agency.

8. Open data

The Foundation's annual reporting requirements in relation to consultancies and overseas travel is published on the Queensland Government's Open Data website, available via: www.data.qld.gov.au.

Appendix 1: Schedule of annual grants

Equipment Grants are made available to fund essential research equipment. Total Allocation - \$147,564

Prof Scott Bell - Ageing drum to measure cough/breathing particles from human subjects

Dr Rohit Gupta - Forma™ 8600 Series -86°C Ultra-Low Temperature Chest Freezer

Dr Brendan O'Sullivan – Contribution to a 10 colour 3 laser Flow Cytometer

Dr Jo Philipp Pauls - PIV Laser and Camera

Dr Jacky Suen - Forma™ 906 -86°C Upright Ultra-Low Temperature Freezers

A/Prof Peter Molenaar - DMT CS8 stimulator / Octal Bio Amplifier / Power Lab 8/35 and LabChart Pro / Octal Bridge Amp / Micromanipulators

Research Fellowships provide sustainability to full-time researchers and are valued at \$100,000 a year for three years. Total Allocation - \$900,000

Dr Brendan O'Sullivan - Nanoparticles to induce tolerance in human lung transplantation

Dr Louise See Hoe - The Dead Heart Project: When is a 'dead heart' truly dead?

Dr Indira Prasadam - Innovative nutraceutical approach for improved prevention and treatment of osteoarthritis disease

Experienced Researcher Grants are for researchers with established careers and provide funding up to \$100,000 for a discrete project. Total Allocation - \$935,976

Dr Sussan Ghassabian - The impact of extracorporeal membrane oxygenation (ECMO) on the activities of drug enzymes that affect the pharmacokinetics and therapeutic outcomes of clinically important drugs

Prof John Fraser - Combining extracorporeal life support and cell therapy in critical illness (The CELTIC Project): A controlled trial of human mesenchymal stromal cells to reduce inflammation in an ovine model of veno-venous extracorporeal membrane oxygenation

Prof John Fraser - Improving blood-compatibility of extracorporeal membrane oxygenators (ECMO) with nitric oxide (NO) therapy

A/Prof Gregory Scalia - Comparative Catheter Echocardiographic Hemodynamics Program

Prof Darren Walters - A mobile based multidisciplinary virtual clinic for patients with Acute Coronary Syndromes: A Randomised Controlled Trial, MoTER-ACS project

A/Prof Daniel Chambers - First-in-man study of amniotic epithelial stem cell therapy for idiopathic pulmonary fibrosis

A/Prof Daniel Chambers - Taking stem cell therapy to the clinic – is reprogramming alveolar macrophages the key?

Prof Ian Yang - Detection of microbial pathogens using quantitative polymerase chain reaction (qPCR) in patients with acute exacerbations of COPD

Prof Kwun Fong - Clinical trial validation of a blood exosome- prognosticator in lung cancer

A/Prof Peter Molenaar - Identifying cyclic AMP limiting phosphodiesterases for heart failure treatment

Innovation and Capacity Building Grant are awarded at the Board's discretion. Total Allocation - \$225,500

Ms Amanda Corley - Determining the prevalence of ECMO-related infections and describing novel ways to reduce it

Dr Shaun Gregory - A suture-less cannula for rapid, off-bypass ventricular assist device implantation

Ms Wendy Strugnell - Assessment of exercise MRI in cardiopulmonary disease

PhD Scholarships provide a scholarship to students completing full-time PhD studies for a maximum of three years. Total Allocation - \$253,498

Ms Salma Charania - Living with the effects of MND (Motor Neurone Disease): The impacts of communication disorders on the person with MND and their carers

Miss Kristy Garrick - Optimisation and adaptation of a suture-less cannula for rapid implantation of biventricular assist devices

Dr Rohit Gupta - Establishment of a clinical hepatology database and serum bank to study factors associated with chronic liver disease and hepatic encephalopathy

Dr Monica Ng - The effect of blood product storage at the blood-endothelium interface

Ms Annette Sultana - A comparative study of the mechanisms that contribute to the development of transfusion-related acute lung injury (TRALI)

Emerging Researcher Grants provide funding to a maximum of \$25,000 for a one-year project to researchers who have already completed a small research grant. This allows the researchers to continue their research. Total Allocation - \$122,520

Ms Amanda Love - Development of a tablet-based screening tool to identify right hemisphere cognitive-communication deficits post-acute stroke

Dr Monica Ng - Post-transfusion micro particle formation at the endothelial-blood interface

Dr Jo Philipp Pauls - Development and in-vivo evaluation of physiological control systems for a novel, low-cost ventricular assist device 'OpenHeart'

Dr Kenneth Sinclair - Stem cell recruitment and dysregulation in the human lung allograft.

Dr Jack Bell - Evaluating the impact of oral pre-operative carbohydrate supplementation in acute hip fracture inpatients: a feasibility study.

New Investigator Grants provide funding up to \$10,000 for a one-year project to help kick-start the researchers career, as it can be difficult for inexperienced researchers to successfully compete for funding against researchers with established careers. Total Allocation - \$226,518

Miss Sarah Gabriel - A retrospective comparative analysis to determine if the age of transfused platelets influences the cardiac surgical patient's platelet count recovery and platelet function in circulation

Mr Santosh Kumar Sreevatsav Adiraju - Changes in the Pharmacokinetics of Drugs Administered to Patients during Cardiopulmonary bypass: a Pilot Observational Study

Dr James Anderson - Prevalence of obstructive sleep apnoea in heavily sedated inpatients with schizophrenia and schizoaffective disorder

Miss Rebekah Barry - Is exercise capacity related to hospitalisation in adults with cystic fibrosis?

Miss Annabelle Benton - Determining the rheology of perioperative cardiogenic emboli associated with transcatheter aortic valve implantation using Magnetic Resonance Imaging

Miss Tamara Blake - Spirometry and fractional exhaled nitric oxide (FeNO) reference values for Indigenous Australians

Miss Alice Boone - Development of a Novel Intraventricular Balloon Pump for Low Cost Mechanical Circulatory Support of Patients with Left Ventricular Failure

Mr Michael McLelland Cavaye - Complement system activation during contemporary extracorporeal membrane oxygenation (ECMO) in an ex-vivo model.

Ms Gloria Delpra - Improving Motor Learning and Motor Performance in the Intensive Care Setting Using Action Observation

Miss Lisa Franks - Comparing the physical characteristics of positive expiratory pressure (PEP) devices

Mr Benedict Fraser - Nitric oxide scavenging in extracorporeal membrane oxygenation (ECMO): How ECMO induced haemolysis can result in vasoconstriction

Miss Kristy Garrick - Optimisation and adaptation of a suture-less cannula for rapid implantation of biventricular assist devices

Miss Lisa Goldsmith - A Qualitative Study of Lung Cancer Risk Perceptions and Smoking Beliefs Among Participants in the International Lung Screening Trial

Miss Tenelle Hodson - Exploring the transition to home experience for people with mild stroke under two models of care

Dr Katrina Hopcraft - CT assessment of osteoporosis in a lung cancer screening cohort: Adding value to lung cancer screening

Ms Josephine Lovegrove - Assessment of pressure injury risk and intervention planning for hospitalised patients: a comparison of nurses' clinical judgement with and without the use of a standardised pressure injury risk assessment tool

Mr Martin Mapley - A Low Cost Bearingless Drive for the OpenHeart Rotary Ventricular Assist Device

Miss Janice Reid - Genomic tracking of heart failure via cell-free RNA mapping

Mr Clayton Semenzin - Design and Validation of a Predictive Computational Fluid Dynamics Model of the OpenHeart Ventricular Assist Device

Ms Annette Sultana - Characterisation of anti-HLA class I mediated transfusion-related acute lung injury (TRALI) using an in vitro microvasculature model

Miss Michelle Tsui - Investigation of adrenomedullin and endothelin-1 mediated cardiovascular injury in sepsis

Dr George Tze Ping Tay - MODULATE-CF – Regional health care Professional on-line education and resource sub-study

Mr Matthew Wells - Myocardial substrate utilisation and ATP dynamics in an ovine model of heart transplantation after brain stem death

Mr David Sellers - Point prevalence study investigating ECMO cannulae related infection rates in Australia and New Zealand

Appendix 2: Annual Financial Statements

The Prince Charles Hospital Foundation

Annual Financial Statements

For the year ended 30 June 2017

THE PRINCE CHARLES HOSPITAL FOUNDATION

FINANCIAL STATEMENTS 2016-17

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General Information

These financial statements cover The Prince Charles Hospital Foundation (the Foundation).

The Foundation is a Statutory Body established under the Hospital Foundations Act 1982.

To the best of the knowledge of the Board of The Prince Charles Hospital Foundation, during the course of the last financial year there have been no breaches by the Foundation of the Hospital Foundations Act 1982 (the Act).

For information in relation to The Foundation's financial statements, please call (07) 3139 4636, e-mail finance@tpchfoundation.org.au, or visit The Foundation's internet site www.tpchfoundation.org.au

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Comprehensive Income For the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
Income from Continuing Operations			
Sale of goods		4,396,995	4,018,119
Collocation car park income	2	646,998	548,967
Collocation funding income		599,949	589,993
Donations and bequests		4,330,632	5,781,068
Functions and special events		1,269,132	1,136,903
Other income		57,159	61,695
Investment income		231,592	203,188
Interest income		414,219	363,449
		11,946,676	12,703,382
Expenses from Continuing Operations			
Employee expenses	3	2,714,918	2,469,847
Cost of goods sold		1,990,436	1,821,166
Collocation funding research expenses	15	1,732,139	675,608
Research grants expenditure		1,605,899	2,149,024
General and administration expenses		1,431,219	1,371,194
Functions and special events		877,245	656,371
Other research expenditure		886,418	579,194
Depreciation	10	52,249	50,972
Amortisation	11	15,370	16,616
Loss on sale of available for sale financial assets		6,218	-
Decrease in fair value of available for sale financial assets		-	25,289
		11,312,111	9,815,281
		634,565	2,888,101
Operating Result from Continuing Operations			
Other Comprehensive Income			
<i>Items that will be reclassified subsequently to operating result when certain conditions are met:</i>			
Increase in fair value of available for sale financial assets		114,990	-
		114,990	-
		749,555	2,888,101
Total Comprehensive Income			

The accompanying notes form part of these statements

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Financial Position As at 30 June 2017

	Notes	2017 \$	2016 \$
Current Assets			
Cash and cash equivalents	6	11,269,103	11,621,702
Receivables	7	846,084	1,035,817
Inventories		30,855	27,909
Other	8	35,689	308,540
Total Current Assets		12,181,731	12,993,968
Non Current Assets			
Other financial assets	9	11,389,796	8,998,540
Property, plant and equipment	10	558,800	518,743
Intangible assets	11	33,590	39,519
Total Non Current Assets		11,982,186	9,556,802
Total Assets		24,163,917	22,550,770
Current Liabilities			
Trade and other payables	12	1,060,090	987,664
Accrued employee benefits	13	111,567	110,926
Provision for research grant funding	14	3,559,323	3,910,566
Provision for collocation research	15	1,265,500	140,000
Total Current Liabilities		5,996,480	5,149,156
Non Current Liabilities			
Accrued employee benefits	16	50,603	34,335
Total Non Current Liabilities		50,603	34,335
Total Liabilities		6,047,083	5,183,491
Net Assets		18,116,834	17,367,279
Equity			
Accumulated surplus		18,001,844	17,367,279
Financial asset reserve		114,990	-
Total Equity		18,116,834	17,367,279

The accompanying notes form part of these statements

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Changes in Equity For the Year Ended 30 June 2017

	Accumulated Surplus \$	Financial Asset Reserve \$	Total \$
Balance at 1 July 2015	14,479,178	-	14,479,178
Operating result from continuing operations	2,888,101	-	2,888,101
Balance at 30 June 2016	17,367,279	-	17,367,279
Balance at 1 July 2016	17,367,279	-	17,367,279
Operating result from continuing operations	634,565	-	634,565
Other comprehensive income: Increase in fair value of available for sale financial assets	-	114,990	114,990
Balance at 30 June 2017	18,001,844	114,990	18,116,834

The financial asset reserve is used to record movement in the market value of available-for-sale financial assets.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Cash Flows For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
Cash Flow from Operating Activities			
<i>Inflows:</i>			
Receipts from sale of goods		4,585,497	4,045,418
Receipts from collocation income		1,357,370	898,090
Donation and event income receipts		5,211,474	6,541,401
Dividends and managed funds distributions income		226,802	187,045
Interest receipts		429,378	463,221
GST collected from customers		768,732	566,818
<i>Outflows:</i>			
Payments of grants		(1,718,060)	(2,111,952)
Payments to employees		(2,698,009)	(2,441,474)
Payments to suppliers		(5,362,821)	(4,073,943)
GST paid to suppliers		(500,822)	(411,097)
GST remitted to ATO		(267,910)	(155,721)
Net cash provided by operating activities	20	2,031,631	3,507,806
Cash Flow from Investing Activities			
<i>Inflows:</i>			
Sales of investments		287,853	-
<i>Outflows:</i>			
Payments for property, plant and equipment		(92,306)	(40,246)
Payments for intangibles		(9,441)	(5,245)
Payments for investments		(2,489,563)	(165,578)
Payments for other financial assets		(80,773)	(3,917,118)
Net cash used in investing activities		(2,384,230)	(4,128,187)
Net increase / (decrease) in cash and cash equivalents		(352,599)	(620,381)
Cash and cash equivalents at beginning of year		11,621,702	12,242,083
Cash and cash equivalents at end of financial year	6	11,269,103	11,621,702

The accompanying notes form part of these statements

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

- Note 1: Summary of Significant Accounting Policies
- Note 2: Car Park
- Note 3: Employee Expenses
- Note 4: Auditor's Fees
- Note 5: Key Executive Management Personnel and Remuneration
- Note 6: Cash and Cash Equivalents
- Note 7: Receivables
- Note 8: Other Current Assets
- Note 9: Other Financial Assets
- Note 10: Property, Plant and Equipment
- Note 11: Intangible Assets
- Note 12: Trade and Other Payables
- Note 13: Accrued Employee Benefits
- Note 14: Provision for Research Grants
- Note 15: Provision for Collocation Research
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- Note 17: Capital Commitments
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- Note 19: Commitments and Contingencies
- Note 20: Reconciliation of Operating Surplus to Net Cash from Operating Activities
- Note 21: Services Received Free of Charge or for Nominal Value
- Note 22: Endowment Fund
- Note 23: Financial Assets Reserve
- Note 24: Events Occurring After Balance Date
- Note 25: Related Party Transactions

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE PRINCE CHARLES HOSPITAL FOUNDATION

The Prince Charles Hospital Foundation has the principal objective of increasing distributions for medical research at The Prince Charles Hospital. The Foundation specialises in raising money for heart health, cardiac and thoracic research, lung cancer research, cystic fibrosis, mental illness and orthopedics.

The Prince Charles Hospital Foundation has two additional principal activities: these being

1. To support research work linked to The Prince Charles Hospital via an accountable framework.
2. To drive knowledge of and support for research at The Prince Charles Hospital.

Note 1: Summary of Significant Accounting Policies

(a) Statement of Compliance

The financial statements have been prepared in compliance with the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009* and the *Australian Charities and Not-for Profits Commission Act 2012*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards– Reduced Disclosure Requirements and Interpretations. The presentation currency of the financial report is Australian Dollars.

With respect to compliance with Australian Accounting Standards and Interpretations, The Foundation has applied those requirements applicable to not-for-profit entities, as The Foundation is a not-for-profit statutory body. Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The Foundation does not control other entities. The financial statements include the value of all income, expenses, assets, liabilities and equity of the Foundation as an individual entity.

(c) Revenue

Revenue is recognised when The Foundation is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

Revenue from fundraising

Donations and Bequests

Donations and bequests collected, including cash and goods for resale, are recognised as revenue when The Foundation gains control, through collection of cash, economic benefits are probable and the amount of the donation can be measured reliably.

Fundraising from Functions and Special Events

Fundraising from events is recognised either on tax invoice or alternatively when income is received if no tax invoice has been created.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Sales of Goods

Revenue from sales of goods comprises revenue earned (net of returns, discounts and allowances) from the sale of goods purchased for resale and gifts donated for resale. These sales are made through the Common Good Café and Coffee Cart at The Prince Charles Hospital, and the cafeteria operation at the Kedron Emergency Services Complex. Sales revenue is recognised when the control of goods passes to the customer.

Other Income

Revenue from administration agreements relates to vending machine commissions and research report income, and is recognised when a tax invoice is created.

Collocation Income

Revenue from collocation agreements relates to income received under agreement with Metro North Hospital and Health Service, involving the Holy Spirit Northside Hospital and International Parking Group (the external carpark operator), operating at The Prince Charles Hospital, and is recognised as it accrues based on estimates provided by external parties.

Investment Income

Investment income comprises dividends and distributions from managed funds. Dividends from listed companies and distributions from managed funds are recognised when the right to receive the interest or distribution has been established.

Interest Income

Interest income is recognised as it accrues, using the effective interest method.

(d) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions. It also includes cash equivalents that are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

(e) Trade and Other Receivables

Trade receivables, which comprise amounts due from sales of goods, are recognised and carried at original invoice amount less any allowance for uncollectable amounts. Normal terms of settlement are 30 days from invoice date. The carrying amount of the receivable is deemed to reflect fair value. The collectability of receivables is assessed periodically with provision being made for uncollectable amounts. Bad debts are written off when identified.

(f) Inventories

Inventories held for sale are comprised of cafeteria stock, and are valued at the lower of cost and net realisable value. Cost is assigned on a first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition. Net realisable value is determined on the basis of the Foundation's normal selling pattern.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

(g) Acquisitions of Assets

Actual cost is used for the initial recording of all non current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. Any property, plant and equipment donated to the Foundation or acquired for nominal cost are recognised at fair value at the date the Foundation obtains control of the assets.

(h) Recognition of Property, Plant and Equipment

Assets with a cost or other value equal to or in excess of \$2,000 are recognised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

Plant and equipment is measured on the cost basis less accumulated depreciation and impairment losses.

(i) Revaluations of Non Current Physical and Intangible Assets

The carrying amounts for plant and equipment at cost do not materially differ from their fair value.

Intangible assets are measured at their historical cost, unless there is an active market for the assets concerned (in which case they are measured at fair value).

(j) Intangibles

Intangible assets with a cost or other value equal to or in excess of \$2,000 are recognised for financial reporting purposes in the year of acquisition.

Items with a lesser value are expensed in the year of acquisition.

Intangible assets are measured on the cost basis less accumulated amortisation and impairment losses.

(k) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment

All intangible assets of the Foundation have finite useful lives and are amortised on a straight line basis.

The depreciable amount of leasehold improvements, plant and equipment and the motor vehicle is depreciated on a straight line basis, commencing from the time the asset is held ready for use.

The amortisation and depreciation rates used for each class of amortisable and depreciable assets based on their useful lives are:

Asset Class	Rate Range
Leasehold Improvements	2.5 - 50%
Plant and Equipment	10-33%
Motor Vehicle	10%
Intangible Assets: Website	50%
Intangible Assets: Database & Modules	20%

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Due to the short lease term, all assets and intangibles attributable to the Kedron site are depreciated or amortised over a two year period.

The assets' useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Assets under construction are not depreciated until they are completed and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment or intangibles.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

(l) Impairment of Non Current Assets

All non current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Foundation determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost. An impairment loss is recognised immediately in the statement of comprehensive income.

(m) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(n) Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Foundation becomes a party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit or loss
- Receivables – held at amortised cost
- Payables – held at amortised cost
- Available for sale financial assets – The Foundation's investment in equity securities and managed funds are classified as available for sale financial assets. These investments are managed by two external fund managers and the performance of such is monitored by The Foundation's Finance, Audit and Risk Committee which meets monthly.

Subsequent to initial recognition equity securities and managed funds are measured at fair value and changes therein are recognised in other comprehensive income.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

The carrying amounts of trade receivables, payables and financial assets approximate their fair value.

No financial assets and financial liabilities have been offset and presented on a net basis in the Statement of Financial Position.

The Foundation does not enter into, or trade with, such instruments for speculative purposes, nor for hedging.

(o) Employee Benefits

Employer superannuation contributions, annual leave and long service leave are regarded as employee benefits.

Worker's compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, Salaries, Annual Leave, Sick Leave and Long Service Leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the nominal salary rates.

As the Foundation expects such liabilities to be wholly settled within 12 months of the reporting date, the liabilities are recognised at undiscounted amounts.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non vesting, an expense is recognised for this leave as it is taken.

Annual and Long Service Leave

Annual and long service leave liabilities are accounted for as short term employee benefits if the Foundation expects to wholly settle all such liabilities within the 12 months following reporting date. Otherwise, annual leave and long service leave liabilities are accounted for as 'other long-term employee benefits' in accordance with AASB 119, and split between current and non current components.

Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments take into account anticipated future wage levels, expected employee departures and periods of ineligible service. These are discounted using market yields on Australian Government bond rates at the end of the reporting period that coincide with the expected timing of estimated future payments.

All directly associated on-costs (e.g. employer superannuation contributions and workers' compensation insurance) are also recognised as liabilities, where these on-costs are material.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Superannuation

The default superannuation fund for the Foundation is Sunsuper. All employees are given a choice as to where their superannuation contributions are paid. Contributions to employee superannuation plans are charged as expenses as the contributions are paid or become payable.

Key Executive Management Personnel and Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with Financial Reporting Requirements FRR3C for Queensland Government Agencies issued by Queensland Treasury. Refer to note 5 for the disclosures on key executive management personnel and remuneration.

Remuneration of Board Members

No Board Members received or were entitled to receive any fees or other benefits during the year.

(p) Provisions

Provisions are recorded when the Foundation has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Provisions for research grants relate to research grants made by the Foundation and are recognised when the Finance, Audit and Risk Committee or the Board has approved the payment of a grant, and the recipient has been notified and signed as agreeing to the terms and conditions of the grant. The grant balance is drawn down by the recipient over the term of the grant. The term of the grants are generally for 12 months with the recipient eligible to apply for an extension at the completion of that term.

Provisions for collocation research relate to grants funded through the collocation funds received, with the process for the grant, and the recognition of liability, being the same as with research grants above.

(q) Insurance

The Foundation's non current physical assets and other risks are insured through City Cover (Aust) Pty Ltd, premiums being paid on a risk assessment basis. In addition, the Foundation pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(r) Taxation

The Foundation has been endorsed by the Commissioner of Taxation as an income tax exempt charity pursuant to Section 50-5 of the *Income Tax Assessment Act 1997*. The Foundation is exempted from Fringe Benefits Tax under Section 57a of the *Fringe Benefit Tax Assessment Act 1986*.

Accordingly, the Foundation is exempted from Commonwealth taxation with the exception of Goods and Services Tax (GST). GST is the only tax accounted for by the Foundation. GST credits receivable from, and GST payable to the ATO are recognised.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

(s) Issuance of Financial Statements

The financial statements are authorised for issue by the Board of The Prince Charles Hospital Foundation at the date of signing the Management Certificate.

(t) Accounting Estimates and Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have that potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Provisions for Employee Benefits – Note 16

Contingencies - Note 19

(u) Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(v) New and Revised Accounting Standards

The Foundation applied AASB124 Related Party Disclosures for the first time during 2016-17. This standard requires disclosure about the remuneration of key management personnel (KMP) and transactions with related parties. AASB124 has no impact on the financial statement line items. The Foundation has previously disclosed detailed information about remuneration of its KMP, based on Queensland Treasury's Financial Reporting Requirements for Queensland Government Agencies (refer to note 5), and as a result there has been no significant impact on the current period financial statements, for this standard coming into effect.

Australian Accounting Standard changes applicable for the first time in future periods, that may have a significant impact on the Foundation's financial statements are described below.

AASB 9 Financial Instruments (December 2014). AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. It is expected that when AASB 9 comes into effect for the first time in the period ending 30 June 2018, the Foundation will make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments. This is not a substantially different accounting treatment to that currently applied by the Foundation.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

AASB 15 Revenue from Contracts with Customers. AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. The additional impact of changes in the revenue standards are also to be considered with the issue of AASB 1058. As with the impact of AASB 1058, the Foundation is yet to undertake a detailed assessment of the impact of this standard, which will first come into effect in the period ending 30 June 2020.

AASB 16 The new standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. The impact of AASB 16, including potential additional impact from the release of AASB 1058, has not yet been assessed in detail by the Foundation. This standard will be effective for the first time in the period ending 30 June 2020.

AASB 1058 Income of Not-for-Profit Entities. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. The Foundation is yet to undertake a detailed assessment of the impact of AASB 1058, which will first become effective in the period ending 30 June 2020.

(w) Change in Accounting Policy

In the 2017 period, the Foundation has reclassified the endowment funds held on deposit, to non-current other financial assets. This classification is considered more appropriate, given the Foundation's intention to hold the endowment funds for an indefinite period, to support the payment of endowment funds to recipients for the foreseeable future.

The endowment fund was established during the 2016 period, with this recognised as a reserve within the Statement of Changes in Equity at this time, as restricted funds to be recognised separately from retained surpluses. This was also the case for the specified funds reserve, which was held as a separate reserve within equity.

These reserves have now been rolled into the retained surplus balance at period end June 2017, with the same adjustment to equity made for the 2016 comparative period. There was no net impact on the equity balance of the Foundation, from this adjustment.

In addition to the above changes, the Foundation has also recognised in the Statement of Comprehensive Income, an income and offsetting expense in relation to the goods and services received in-kind. There was no net impact on the surplus for the period from these changes.

THE PRINCE CHARLES HOSPITAL FOUNDATION
Notes to and forming part of the Financial Statements for the year ended 30 June 2017

	30 June 2016		
	Previous amount \$	Adjustment \$	Restated amount \$
Statement of comprehensive income (extract)			
Donations and bequests income	5,404,498	376,570	5,781,068
Administration Income	124,095	(62,400)	61,695
General and administration expenses	1,057,024	314,170	1,371,194
Total comprehensive income	2,888,101	-	2,888,101
Statement of financial position (extract)			
Cash and cash equivalents	15,538,820	(3,917,118)	11,621,702
Total current assets	16,911,086	(3,917,118)	12,993,968
Other financial assets	5,081,422	3,917,118	8,998,540
Total non-current assets	5,639,684	3,917,118	9,556,802
Total assets	24,163,917	-	22,550,770
Accumulated surplus	10,920,727	6,446,552	17,367,279
Specified hospital funds	2,523,402	(2,523,402)	-
Endowment funds reserve	3,923,150	(3,923,150)	-
Total equity	17,367,279	-	17,367,279

Due to the change in cash balance being reclassified to other financial assets, there has also been a change in the comparative cash flow disclosure. This has resulted in an increase in the cash outflow on payment for other financial assets, countered by a reduction in the closing cash balance.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 2: Car Park

The Prince Charles Hospital Car Park is operated under an agreement between Queensland Health and International Parking Group. Under the agreement the Foundation is entitled to a share of carpark fees. For the year 2017 and in accordance with the collocation agreement this amount was \$646,998 (2016: \$548,967).

Note 3: Employee Expenses

	2017	2016
	\$	\$
Employee Benefits		
Wages and salaries	2,249,000	2,050,497
Annual leave expense *	129,419	124,414
Employer superannuation contributions *	215,793	196,852
Long service leave expense *	18,447	16,508
Employee Related Expenses		
Worker's compensation premium	26,023	23,447
Other employee related expenses	76,236	58,130
Total Employee Expenses	2,714,918	2,469,847

* Refer note 1(o)

	No.	No.
The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:	43	40

	2017	2016
	\$	\$
Note 4: Auditor's Fees		
Audit of the financial statements	20,100	19,600

The Prince Charles Hospital Foundation's auditor is the Queensland Audit Office. Audit fees are included in general and administration expenses.

Note 5: Key Executive Management Personnel and Remuneration

(a) Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Foundation during 2016-17. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Contract classification and appointment authority	Date appointed to position
Chief Executive Officer (CEO)	The CEO is responsible for the efficient, effective and economic administration of the Foundation	Employment contract signed by the Chair of the Board within his authority under the Hospital Foundations Act 1982.	9 December 2013

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

(b) Remuneration

Remuneration policy for the Foundation’s key executive management personnel is set by the Chair of the Board within his authority under the Hospital Foundations Act 1982. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. The contracts provide for the provision of performance-related cash bonuses.

Remuneration packages for key executive management personnel comprise the following components:

* Short term employee benefits which include:

- Base consisting of base salary, allowances and leave entitlements paid, and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the profit or loss.

- Non-monetary benefits

* Long term employee benefits include long service leave accrued.

* Post employment benefits include superannuation contributions.

* Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

* Performance bonuses may be paid annually depending upon satisfaction of key performance indicators and is set by the Chair of the Board.

Total fixed remuneration is calculated on a ‘total cost’ basis and includes the base, long term employee benefits and post employment benefits.

1 July 2016 – 30 June 2017					
Position (date resigned if applicable)	Short Term Employee benefits		Long Term Employee benefits	Post Employment benefits	Total Remuneration
	Base \$	Non-monetary \$	\$	\$	\$
CEO	171,037	30,038	-	18,643	219,718
1 July 2015 – 30 June 2016					
Position (date resigned if applicable)	Short Term Employee benefits		Long Term Employee benefits	Post Employment benefits	Total Remuneration
	Base \$	Non-monetary \$	\$	\$	\$
CEO	177,170	19,453	-	17,123	213,746

(c) Performance Payments

The basis for performance bonuses paid or payable in the 2016-17 financial year is set out below:

Position	Date Paid	Basis for payment
CEO	10-10-2016	The cash performance bonus was set by reference to satisfaction of key performance indicators and is set by the Chair of the Board. Key performance indicator categories include financial performance, research grants, leadership and employees, donors, customers and brand management, and organisational planning and compliance.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

The basis for performance bonuses paid or payable in the 2015-16 financial year is set out below:

Position	Date Paid	Basis for payment
CEO	26-04-2016	The cash performance bonus was set by reference to satisfaction of key performance indicators and is set by the Chair of the Board. Key performance indicator categories include financial performance, research grants, leadership and employees, donors, customers and brand management, and organisational planning and compliance.

The aggregate performance bonuses paid to all key executive management personnel are as follows:

	2017 \$	2016 \$
CEO	\$10,000	\$18,265

Note 6: Cash and Cash Equivalents

	2017 \$	2016 \$
Cash on hand	22,230	5,600
Cash at bank	1,771,730	1,946,214
Cash on deposit	9,475,143	9,669,888
	11,269,103	11,621,702

Note 7: Receivables

	2017 \$	2016 \$
Trade receivables	49,058	41,867
GST receivable	35,848	23,379
Collocation debtors	479,991	590,414
Accrued interest and investment income	195,243	205,612
Other miscellaneous receivables	87,444	176,045
	847,584	1,037,317
Provision for impairment of receivables	(1,500)	(1,500)
	846,084	1,035,817

Provision for impairment of receivables

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in general and administration expenses.

Note 8: Other Current Assets

	2017 \$	2016 \$
Prepayments	35,689	182,490
Deposits	-	126,050
	35,689	308,540

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 9: Other Financial Assets

	2017	2016
	\$	\$
Available for sale financial assets at fair value:		
<u>Managed Funds Held Separated by Asset</u>		
Cash and Australian Fixed Interest	3,945,056	1,943,685
International Fixed Interest	347,034	333,933
Australian Equities	1,745,836	1,522,679
International Equities	860,201	755,522
Property	245,085	298,404
Infrastructure	248,693	227,199
	7,391,905	5,081,422
<u>Cash Held on Deposit</u>		
Endowment fund cash held on deposit	3,997,891	3,917,118
Total	11,389,796	8,998,540
Restricted Funds		
Endowment Fund	4,012,532	3,923,150
Specified Hospital Research Funds	3,725,137	2,523,402
	7,737,669	6,446,552

The Endowment Fund has been established to deliver sustainable scholarships and individual grants while health specific projects will be funded through nominated allocations at the direction of our benefactors. At 30 June 2017, the endowment fund restricted fund balance includes accrued interest on the deposits of \$14,642 (2016: \$6,032) which has been accrued into other receivables.

Refer Note 22: Endowment Fund for a schedule of yearly movements.

The Foundation has also restricted funds available for Specified Hospital Research which are yet to be granted to recipients. There are over 30 sub funds of Specified Hospital Research across the different departments and medical faculties of The Prince Charles Hospital.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 10: Property, Plant and Equipment

	2017	2016
Leasehold Improvements:	\$	\$
At cost	577,501	570,001
Less: Accumulated amortisation	(160,814)	(131,590)
	416,687	438,411
Plant and Equipment:		
At cost	365,955	301,166
Less: Accumulated depreciation	(243,694)	(220,834)
	122,261	80,332
Motor Vehicle:		
At cost	43,834	23,818
Less: Accumulated depreciation	(23,982)	(23,818)
	19,852	-
Total	558,800	518,743

	Leasehold Improvement	Plant and Equipment	Motor Vehicle	Total
	\$	\$	\$	\$
Carrying amount at 1 July 2016	438,411	80,332	-	518,743
Acquisitions	7,500	64,789	20,017	92,306
Depreciation	(29,224)	(22,860)	(165)	(52,249)
Carrying Amount at 30 June 2017	416,687	122,261	19,852	558,800

Note 11: Intangible Assets

	2017	2016
Website and CRM Database, Modules Development:	\$	\$
At cost	69,676	60,235
Less: Accumulated amortisation	(36,086)	(20,716)
Total	33,590	39,519

Movements in Carrying Values:

	Website	CRM Database, Modules	App Development	Brand Development	Total
	\$	\$	\$	\$	\$
Carrying amount at 1 July 2016	6,819	32,700	-	-	39,519
Acquisitions	-	-	5,655	3,786	9,441
Amortisation	(6,819)	(8,395)	-	(156)	(15,370)
Carrying Amount at 30 June 2017	-	24,305	5,655	3,630	33,590

Note 12: Trade and Other Payables

	2017	2016
Current	\$	\$
Trade Payables	726,178	766,786
Accrued Expenses and Other Payables	333,912	220,878
Total Payables	1,060,090	987,664

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 13: Accrued Employee Benefits

	2017	2016
Current	\$	\$
Annual (Recreational) Leave	96,798	91,316
Long Service Leave	14,769	19,610
	111,567	110,926

Note 14: Provision for Research Grants

	2017	2016
Current	\$	\$
Opening Balance	3,910,566	3,434,299
Grants Awarded	1,662,176	2,072,044
TPCH Capacity Building Grants Awarded	43,900	130,385
Additional funding received towards grants	-	20,000
Grants written back (unused provisions)	(100,177)	(53,404)
Innovation & capacity building written back	-	(4,985)
Payments of grant expenditure	(1,894,019)	(1,648,505)
Payments innovation and capacity building	(63,123)	(39,268)
Closing Balance	3,559,323	3,910,566

Note 15: Provision for Collocation research

	2017	2016
Current	\$	\$
Opening Balance	140,000	-
Collocation funds allocated	1,762,139	675,608
Write back unused provision funds	(30,000)	-
Payments of Collocation research	(606,639)	(535,608)
	1,265,500	140,000

Note 16: Accrued Employee Benefits

	2017	2016
Non Current	\$	\$
Long Service Leave	50,603	34,335
	50,603	34,335

Note 17: Capital Commitments

There are no capital commitments.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 18: Lease Commitments

The Common Good Cafe premises are leased from The Prince Charles Hospital. The current lease is a five year term commencing on the 1 June 2014 to 30 June 2019. The rent payable is \$1.00 (GST-inclusive) per annum. The Foundation's remaining lease commitment is \$1 payable over the next year.

Operating Lease Commitments	2017	2016
Payable – minimum lease payments:	\$	\$
- not later than 12 months	27,269	915
- between 12 months and five years	32,565	-
	59,834	915

Lease of Goodness Sake Café located at Kedron Emergency Services Complex commenced July 2017 and has a two year term.

The printer operating lease which commenced in 2017 is a 5 year lease. The equipment is being leased through Canon Finance with lease payments paid monthly in arrears.

Note 19: Commitments and Contingencies

a. Contingent Asset

The Foundation is the beneficiary of an established fund held with the Queensland Community Foundation (QCF). All contributions made to this named fund within QCF are held in Trust and invested in perpetuity with net income distributed to the Foundation at the discretion of the Trustee, in accordance with the Queensland Community Fund Declaration of Trust. The Prince Charles Hospital Foundation received a distribution of \$31,024 in 2017 (2016 \$127,521).

b. Other Commitments – Collocation Funds

Collocation funds are required, under the agreement with Metro North, to be spent on research grants and other projects, in line with the requirements of the agreement. Balance of Collocation and Car Park Funding as of 30 June 2017 amounting to \$1,888,212 (2016 \$2,375,676) is to be expended in future years on Research Projects of The Prince Charles Hospital.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 20: Reconciliation of Operating Surplus to Net Cash from Operating Activities

	2017 \$	2016 \$
Surplus from Continuing Operations	634,565	2,888,101
Amortisation expense	15,370	16,616
Depreciation expense	52,249	50,972
Loss (Gain) on disposal of investments	6,218	-
Decrease in market value of units/shares	-	25,289
Changes in assets and liabilities:		
Decrease / (Increase) in receivables	189,732	(254,037)
Decrease / (Increase) in inventories	(2,946)	(2,766)
Decrease/ (Increase) in other current assets	272,851	(142,061)
(Decrease) / Increase in payables	72,426	281,053
(Decrease) / Increase in accrued employee benefits	16,909	28,373
(Decrease) / Increase in research provisions	774,257	616,266
Net cash provided by operating activities	2,031,631	3,507,806

Note 21: Services Received Free of Charge or for Nominal Value

During the financial year, The Foundation received in-kind contributions from external parties that assisted with the operation of The Foundation. Where possible the fair value of these services has been estimated below:

	2017 \$	2016 \$
Provision of office building	83,200	85,800
Provision of Café area – under peppercorn lease	178,339	150,770
Pro Bono goods and services provided by external parties	126,750	140,000
	388,289	376,570

The Foundation included the value of services received free of charge or for nominal value in the Statement of Comprehensive Income as donations and bequests income with an offset expense in general and administration expenses.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 22: Endowment Fund

	2017	2016
	\$	\$
Opening Balance	3,923,150	-
Bequests received allocated for endowment fund	-	1,917,118
Reallocation of funds from accumulated surplus	-	2,000,000
Earnings allocated to endowment assets	89,382	6,032
	<u>4,012,532</u>	<u>3,923,150</u>

The Endowment Fund has been established to deliver sustainable scholarships and individual grants through the general fund while health specific projects will be funded through the specified endowment allocations at the direction of our benefactors. The balance of the endowment fund is included within the restricted funds noted in note 9, other financial assets.

Note 23: Financial Assets Reserve

The financial asset reserve is used to record movement in the market value of available-for-sale financial assets.

Note 24: Events Occurring after Balance Date

There were no events affecting the financial position of the Foundation subsequent to 30 June 2017.

Note 25: Related party transactions

There have been no related party transactions in the current period, other than those disclosed as part of the key management personnel disclosure in note 5.

CERTIFICATE OF THE FOUNDATION

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), s.43 of the *Financial and Performance Management Standard 2009*, the Australian Charities and Not-for-profits Commission Act 2012 and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of The Prince Charles Hospital Foundation for the financial year ended 30 June 2017 and of the financial position of the Foundation at the end of that year.
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the period.



Bernard Curran
Chairperson

Date

30 AUG 2017



Michael Hornby
Chief Executive Officer

Date

30 AUG 2017

INDEPENDENT AUDITOR'S REPORT

To the Board of The Prince Charles Hospital Foundation

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of The Prince Charles Hospital Foundation.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2017, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009, the *Australian Charities and Not-for-profit Commission Act 2012*, the Australian Charities and Not-for-profit Commission Regulation 2013 and Australian Accounting Standards – Reduced Disclosure Requirements.

The financial report comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009, the *Australian Charities and Not-for-profit Commission Act 2012*, the Australian Charities and Not-for-profit Commission Regulation 2013 and Australian Accounting Standards – Reduced Disclosure Requirements, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2017:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



D J OLIVE
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

Appendix 3: Compliance Schedule

Summary of requirement		Basis for Requirement	Annual report reference Page
Letter of Compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister	ARRs – section 7	1
Accessibility	Table of Contents	AARs – section 9.1	ii
	Glossary	AARs – section 9.1	iii
	Public availability	AARs – section 9.2	i
	Interpreter service statement	Queensland Government Language Services Policy ARRs - section 9.3	i
	Copyright notice	Copyright Act 1968 AARs – section 9.4	i
	Information licensing	QGEA – information licensing AARs – section 9.5	N/A
General Information	CEO Report/Introductory Information	AARs – section 10.1	2
	Agency role and main functions	AARs – section 10.2	4
	Operating Environment	AARs – section 10.3	5
Non-Financial performance	Government's objectives for the Community	ARRs – section 11.1	7
	Other whole-of-government plans/specific initiatives	ARRs – section 11.2	N/A
	Agency objectives and performance indicators	ARRs – section 11.3	7
	Agency service areas, and service standards	AARs-section 11.4	N/A
Financial Performance	Summary of financial performance	ARRs – section 12.1	8
Governance – Management and structure	Organisational structure	AARs – section 13.1	11
	Executive management	AARs – section 13.2	11
	Government bodies (Statutory bodies and other Entities)	ARRs – section 13.3	N/A
	<i>Public Sector Ethics Act 1994</i>	Public Sector Ethics Act 1994 ARR – section 13.4	16
	Queensland Public Service Values	ARRs – section 13.5	16
Governance – Risk Management & Accountability	Risk Management	ARRs – section 14.1	18
	Audit Committee	ARRs – section 14.2	19
	Internal audit	ARRs – section 14.3	19
	External scrutiny	ARRs – section 14.4	19
	Information systems and recordkeeping	ARRs – section 14.5	20
Governance – Human Resources	Workforce planning and performance	ARRs – section 15.1	21
	Early retirement, redundancy and retrenchment	Directive No. 11/12 <i>Early Retirement, Redundancy and Retrenchment</i> Directive No. 16.16 <i>Early Retirement, Redundancy and Retrenchment (from 20</i>	21

Summary of requirement		Basis for Requirement	Annual report reference Page
		May 2016) AARs section 15.2	
Open Data	Statement advising publication of information	Section 16	22
	Consultancies	ARRs – section 33.1	22
	Overseas Travel	ARRs – section 33.2	22
	Queensland Language service policy	ARRs – section 33.3 ARR's – section 33.4	N/A
Financial Statements	Certification of financial statements	FAA – section 62 FPMS – sections 42,43 & 50 ARRs – section 17.1	Appendix 2
	Independent Auditor's report	FAA – section 62 FPMS – section 50 ARRs – section 17.2 August	Appendix 2

THE PRINCE CHARLES HOSPITAL FOUNDATION

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