



THE COMMON GOOD

AN INITIATIVE OF THE PRINCE CHARLES HOSPITAL FOUNDATION

ANNUAL REPORT

2020

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Glossary

Term	Definition
A/Prof	Associate Professor
Act	<i>Human Rights Act 2019</i>
Board	The Board of the Foundation
CEO	Chief Executive Officer
COO	Chief Operating Officer
COVID-19	Coronavirus
ECMO	Extracorporeal membrane oxygenation
FAR	Finance, audit and risk committee
Foundation	The Prince Charles Hospital Foundation
FTE	Full time equivalent
GRDS	General Retention and Disposal Schedule
HR	Human resources
Hrs	Hours
ICETLAB	Innovative Cardiovascular Engineering and Technology Laboratory
IHBI	Institute of Health and Biomedical Innovation
KPI	Key performance indicators
MNHHS	Metro North Hospital and Health Service
MP	Member of Parliament
NFP	Not for profit
Organisational KPI	Refers to one of eight KPIs determined and agreed by the Board which are to run across years and across the whole of the organisation
pa	Per annum

Term	Definition
p/h	Per hour
PPF	Private Practice Fund
Purpose	The overall aim of the agency
QAO	Queensland Audit Office
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

11 September 2020

The Honourable Steven Miles MP
Deputy Premier, Minister for Health and Minister for Ambulance Services
GPO Box 48
BRISBANE QLD 4001

Dear Deputy Premier

I am pleased to submit for presentation to the Parliament the Annual Report 2019–2020 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 2019*, 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 at Annexure 3 or page 30 of this annual report.

Yours sincerely



Christopher Morton
Chair
The Prince Charles Hospital Foundation

2. General Information

2.1 Chief Executive Officer report

Like all organisations the impact of the pandemic COVID-19 had both financial and personal repercussions on our charity. Our unique business model (which involves operating commercial cafes to self-fund our operating costs) to ensure public donations can be entirely applied to research and innovation was tested. This social enterprise model, which is a significant strategic advantage, was put under pressure when our café revenues recorded a reduction in sales of up to \$50,000 per week. The effect on our operations was consequently amplified with Job Keeper not fully covering some staff members full-time wages. Therefore, many of our staff volunteered to take long service leave, annual leave or leave without pay to support their colleagues through this period. Cost saving measures and the holding off some hospital-based research as a result of hospital lock downs further reduced expenditures, and with the assistance of Job Keeper we were able to maintain a solid financial position.

The efforts of all staff is greatly appreciated and testimony to their genuine concern for our cause. Another fall-out from COVID-19 was the standing down of our hospital volunteers "Charlie's Angels". These dedicated people who provide an estimated \$1.5 million in volunteer services were unable to attend hospital due to the possible health risks for them. We continue to maintain contact and keep them informed, in preparation for their return.

We also lost one of our major fundraising events the Tour de Brisbane which was cancelled in April due to the cessation of mass gatherings. An estimated 6000 cyclists were to participate. As the beneficiary charity we, of course, were unable to achieve the donations expected.

While we managed the impact of COVID-19 well, we can also look back on a year of other more positive results. Our purpose is to fund health and medical research and while this year we recorded a lower distribution than the previous year (a \$2 million allocation to purchase an orthopaedic robot in 2018-2019 financial year was a one-off activity), nonetheless we distributed \$4.6 million in funding. Given that three months of research was put on hold due

to COVID-19 preparations, this is still a strong research funding. In addition, we now hold \$7.3 million in pledged research funding which provides a solid sustainable program going forward. We announced support of projects tackling COVID-19 including the collection and analysis of data from ICU's around the world with the intent to help support clinical decision making throughout the pandemic. We also supported a study into the immune response to the virus and committed to being part of a national drug treatment trial.

Throughout this challenging year we continued the release of three-year fellowships and have committed to further support of research into silicosis and the creation of the ICU of the Future.

We expanded hospital based patient initiatives into mental health, indigenous and cultural care, numerous allied health and nursing projects are all aimed to directly and immediately innovate and improve the hospital experience and importantly to enable patients to get home sooner.

To celebrate the completion of research projects, we launched The Common Good Alumni this year. It is recognition of successful and timely completion of

funded research projects to build an Alumni that can remain connected and support each other as their research journeys continue. Importantly, it emphasises our objective to ensure the research we support reaches a conclusion, something that 90 per cent of research projects across Australia are unable to achieve.

From our fundraising and commercial programs, we expanded to support Caboolture Hospital. The café at that hospital is now part of our social enterprise model and we contributed \$170,000 to support research and innovation to this local community. Our fundraising plans in Caboolture however have been delayed due to the uncertainties caused by COVID-19 and as a result of a major Caboolture hospital expansion, which impacts on the café services. The inclusion of Caboolture Hospital is an exciting step for The Common Good and one which we believe will benefit the hospital significantly over the years.

Our social enterprise, across five retail cafés, was exceeding budget until COVID-19 struck. What was to be a stellar result was compromised significantly, to the point that the revenues were down \$50,000 per week.

Cost reductions, staffing numbers limited and the opening of a kiosk in Albany Creek (rent free) were some of the initiatives to help offset the impact. This year we launched the Coles Curing Homesickness Campaign, as part of a national collaboration with Children's Hospitals around Australia. The campaign which encouraged consumers to buy "Mums Sause" (spaghetti sauce), with 50 cents going to a children's health initiative in that state. The success so far of this campaign has led to an investment into telehealth initiatives and in the future will lead to a new hospital-in-the-home initiative – all aimed at keeping sick kids home whenever possible.

We are also launching a new corporate partnership platform which supports corporate social responsibility programs. The program allows companies to purchase research hours and have their staff or customers allocate the time to the health areas that matter to them. This is an exciting initiative that we believe will enlist new support to back and sustain the priority health projects.

Yet again throughout this year the dedication of our staff was impressive. Their generosity to take time off without pay to support their colleagues and to

work above and beyond to maintain our research funding support was outstanding and done in the face of uncertainty, is reflected in our net result. There are more difficult months ahead. With the continued risk of the pandemic, our social enterprise requires careful management. We must be prepared to adjust quickly and accept that major fundraising events requiring actual public gatherings will be abandoned for the foreseeable future.

The efforts of our Board (led by Mr Chris Morton) and the Finance, Audit and Risk Committee chaired by (Mr Paul McMahon) are critical during this period. The governance of our Board is important to ensure this charity can maintain our benefits to health and medical research while simultaneously adapting to identify new opportunities. As always the success of this charity comes down to the generosity of the thousands of donors, the corporate supporters and the collaborators who respond to our requests and enable the scientists, engineers, medical and allied health teams to have the precious time, hour by hour, day by day, to develop new treatments that will improve and save lives.



Michael Hornby
Chief Executive Officer

2.2 Agency role and main functions

TPCHF was established in 1986 and operates under the *Hospital Foundations Act 2018*.

TPCHF'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 Caboolture Hospital.

TPCHF 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.

TPCHF is governed by a volunteer Board of Directors which delegates day to day operations to the Chief Executive Officer (CEO) and TPCHF's management team.

TPCHF formally reports to the Deputy Premier, Minister for Health and Minister for Ambulance Services.

2.3 Operating environment

The year posed once in a lifetime challenges impacting on a unique business model spanning charity, social enterprise and public health. These pillars of our organisation were tested as a result initially of the bush fires and then the global pandemic COVID-19.

Bushfires – the public's philanthropic attention was turned to supporting the communities ravaged nationally by bush fires. Corporate giving and individuals pledged significant funding to this environmental and human disaster which appropriately competed for the philanthropic dollar.

The public's perception was on the capability of charities to deliver on the promise and to manage the generous support raised. Some of the biggest fundraising organisations and beneficiaries through the bush fires were being held accountable.

COVID-19 then challenged philanthropy and corporate giving as people were looking to hold on to jobs. Our social enterprise cafes were compromised as limitations on customers and gatherings forced a reduction in operations and therefore vital income. The additional pressures of being in a public hospital

also limited access during periods of lock downs.

Most research projects were delayed as clinical staff were deployed fully into preparation for the worst-case scenarios as the pandemic expanded.

Our largest cohort of donors are either self-funded retirees or donors on pensions, and therefore in the high-risk health category for COVID-19. It was obvious that their financial security and personal health was and should be their primary concern. Of course, this had some limitations to their ability to give.

Finally, major public events including our charity bike ride and proposed business lunches were cancelled on advice of the Chief Health Officer.

Our Foundation pivoted to support three priority COVID-19 related health projects which maintained a relevance to the community for support. This maintained a level of support consistent with previous years. Our social enterprises, however, were significantly impacted and we changed operations to reduce costs and trialled a range of new initiatives to find new revenue streams during this period. Our Foundation's first ever public kiosk was opened to extend our reach based on a no rent basis. This was a low risk project

that has yet to return the capital expended but, however it has maintained staff levels and increased our brands reputation.

Job Keeper proved a lifeline to maintain our dedicated workforce, more particularly the 37 full-time equivalent (FTE) staff in our social enterprise. This combined with the flexibility of staff to take outstanding leave was a gesture that helped protect those who were more financially exposed.

The financial result for the year was an incredible result given these challenges. Posting a net result of \$1.3 million after allocating \$4.6 million to research and health innovation was above expectations but we also know that the forthcoming year may level this result as the economic impact of the pandemic is fully revealed. It is essential that our future funding allocations which are quarantined in our investments enable our lifesaving research to be maintained.

The nature of charitable giving is changing. Our health is more important than ever. This Foundation will be challenged to tackle these issues in 2020-2021.

Research Expenditure Breakdown

	Number	Amount awarded \$
Caboolture Hospital Research Grants	2	\$93,182
Emerging Researcher Grants	4	\$99,444
Endowment Funding	3	\$251,317
Equipment Grants	7	\$125,927
Innovation Grants	8	\$597,247
PhD Scholarships	4	\$266,874
Research Fellowships	2	\$600,000
Team Grants	6	\$1,000,000
Research Support	3	\$649,357
Specified Research Funds	13	\$935,338
TOTAL	52	\$4,618,686

Currently 170 active research projects are underway.

3. Non-financial performance

3.1 Government objectives for the community

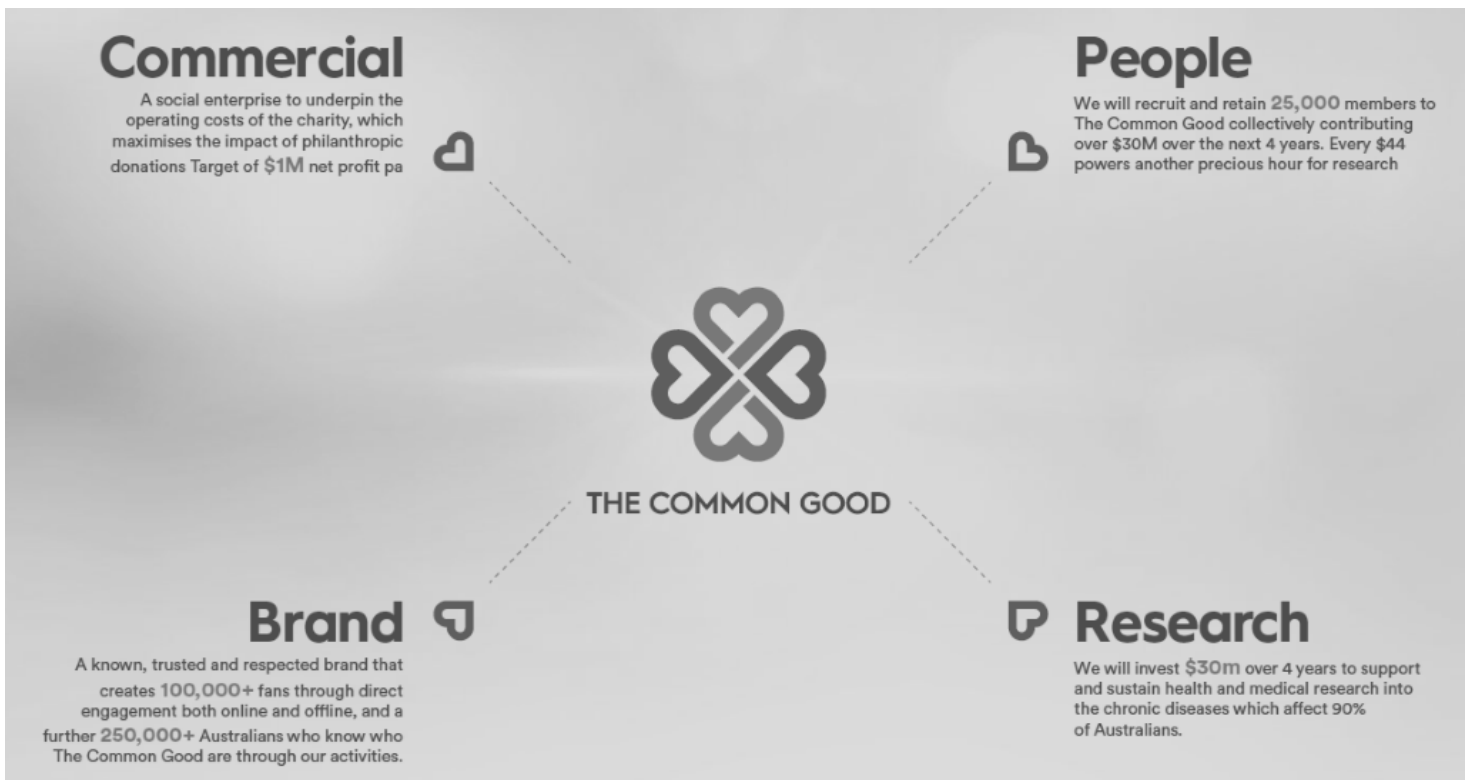
The Foundation supports the Queensland Government's *Our Future state: Advancing Queensland's Priorities* objective for the community in the following areas:

- Creating jobs in a strong economy; and
- Keeping Queensland healthy

This is demonstrated in item 3.2 Agency objectives and performance indicators.

3.2 Agency objectives and performance indicators

The Foundations four-year Strategic Plan outlines the planned outcomes and measurements of performance.



**Strategic Target
2019 - 2022**

Strategic Overview – Outcomes

**Qld Government
Objectives**

**MEDICAL
RESEARCH/
HOSPITAL
INNOVATION**

Distribute \$30 million
over 4 years

We will invest \$30 million over four years to support and sustain medical research and hospital innovation to enable those most at risk to live better for longer.

Outcomes 2019 – 2020

\$4.6 million distributed
Cumulative funding since 2018 \$11.3 million
170 Active research projects

Create jobs in a
strong economy

Keep Queenslanders
Healthy

PEOPLE

25,000 members to
The Common Good
Financial support of
\$30 million over the
next 4 years

We will recruit and retain 25,000 financial members to The Common Good. Every \$44 powers another precious hour for research.

Outcomes 2019 – 2020

5,345 members
Up 30 per cent

Keep Queenslanders
Healthy

**SOCIAL
ENTERPRISE**

Target of \$1 million
net profit pa by
2022

We operate social enterprise cafes which financially underpin the operating costs of the charity, maximise the impact of philanthropic donations whilst also encouraging good nutrition.

Outcomes 2019 – 2020

Net \$913,000
New Café at Caboolture opened
Albany Creek kiosk opened
Healthy foods implemented

Create jobs in a
strong economy

Keep Queenslanders
Healthy

BRAND

100,000
participants

A trusted and respected brand that connects with 100,000+ people through advocacy and active participation. Including the number of social enterprise transactions.

Outcome 2019 – 2020

12,664 participants
Total annual social enterprise transactions 743,673

Keep Queenslanders
Healthy

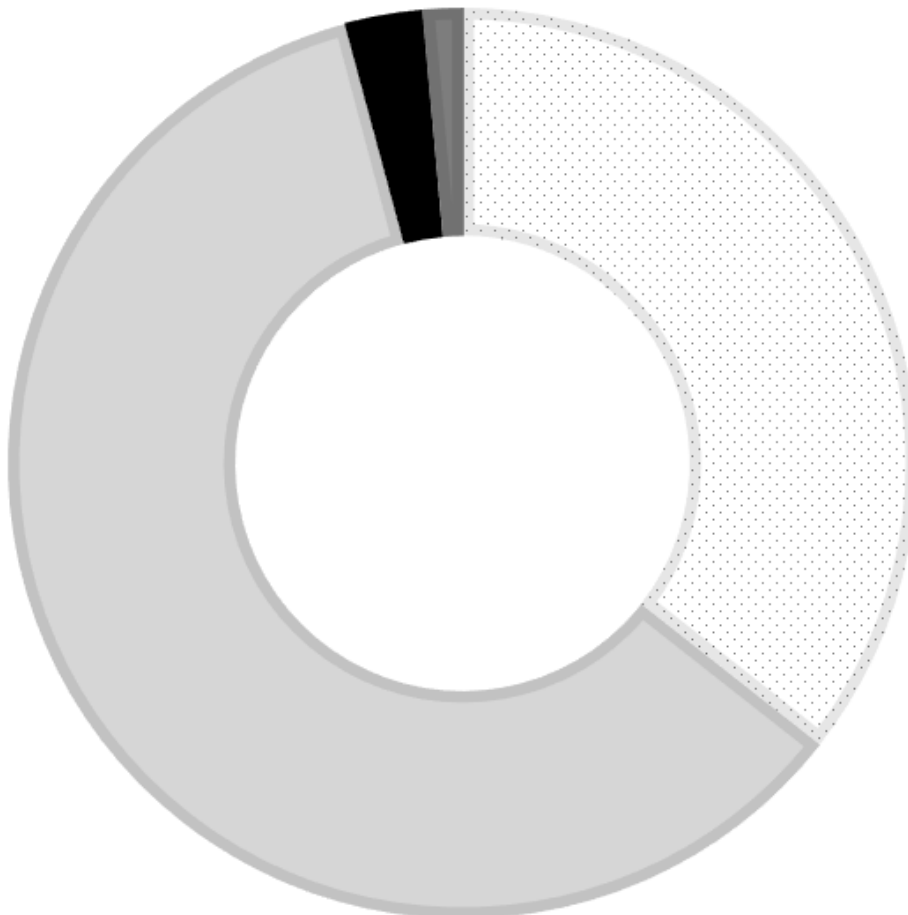
4. Financial performance

As with all organisations, TPCHF experienced a challenging year due to the impact of the pandemic COVID-19. However due to TPCHF's diversified income streams, quick adaptation to change and the assistance of Job Keeper it maintained a strong profit and loss position. Income over the period increased 12 per cent to \$15 million. Tight control of costs and deferral of some research spend to 2021 contributed to

the reduction in costs compared to last year of 3 per cent. Our comprehensive income statement shows a total research spend this year of \$3.6 million and this along with \$1 million allocated from 2018 forward funding on team grants takes us to \$4.6 million for 2020. The chart below outlines the research expenditure breakdown. 2020's research distributions further contribute to us achieving the strategic plan objective to distribute \$30 million to health and medical research over the four years to 2022.

2020 RESEARCH EXPENDITURE BREAKDOWN

■ People ■ Project ■ Equipment ■ Research Support



TPCHF weathered the effects of COVID-19 due to its diversity of operations, sound balance sheet and quick adaption to a changing environment. Our balance sheet remains in a very solid financial position with net assets of \$16 million. This provides a strong base and supports significant future funding allocations for specific research projects over the next few years. This provides sustainability for some research projects, and this approach is planned to expand over the coming years to ensure we can provide multi-year funding guarantees for research.

TPCHF continues to support sustainable research outcomes year on year due to its diversified income streams of philanthropy, events, investments and retail operations.

Philanthropy income made up of public donations, bequests and other research contributions increased by 13 per cent to \$4.8 million. The increase compared to last year is mainly due to an increase in bequest income.

The overall contribution from events reduced by 5 per cent with a net profit of \$340,000. Strawberry Sundae stalls at the Royal Queensland Show (Ekka) and Echo conference held in 2019 were a great success. However due to

COVID-19, TPCHF had all other events scheduled in 2020 cancelled or postponed. This is the main reason for the reduction when comparing year on year.

Investment income reduced by 13 per cent this year due to significant reductions in interest rates and decreases in investment distributions as a result of the effect of COVID-19 on financial markets. This also flowed into a reduction in market value of financial assets in 2020. Along with its investment managers, TPCHF monitored closely its investment portfolio during the period. All investment transactions are in line with TPCHF's Investment Policy Statement.

Our Café sales have increased by 19 per cent to \$6.5 million. The primary reason for this increase is retail expansion, with the Cafe for The Common Good at Caboolture Hospital commencing trade in July 2019. Up until mid-March 2020, all retail sites were showing a steady growth in sales due to continued implementation of sales initiatives as a result of the ongoing review of retail operations. The impact of COVID-19 on retail sales across all sites was significant and immediate from mid-March 2020 with an average reduction

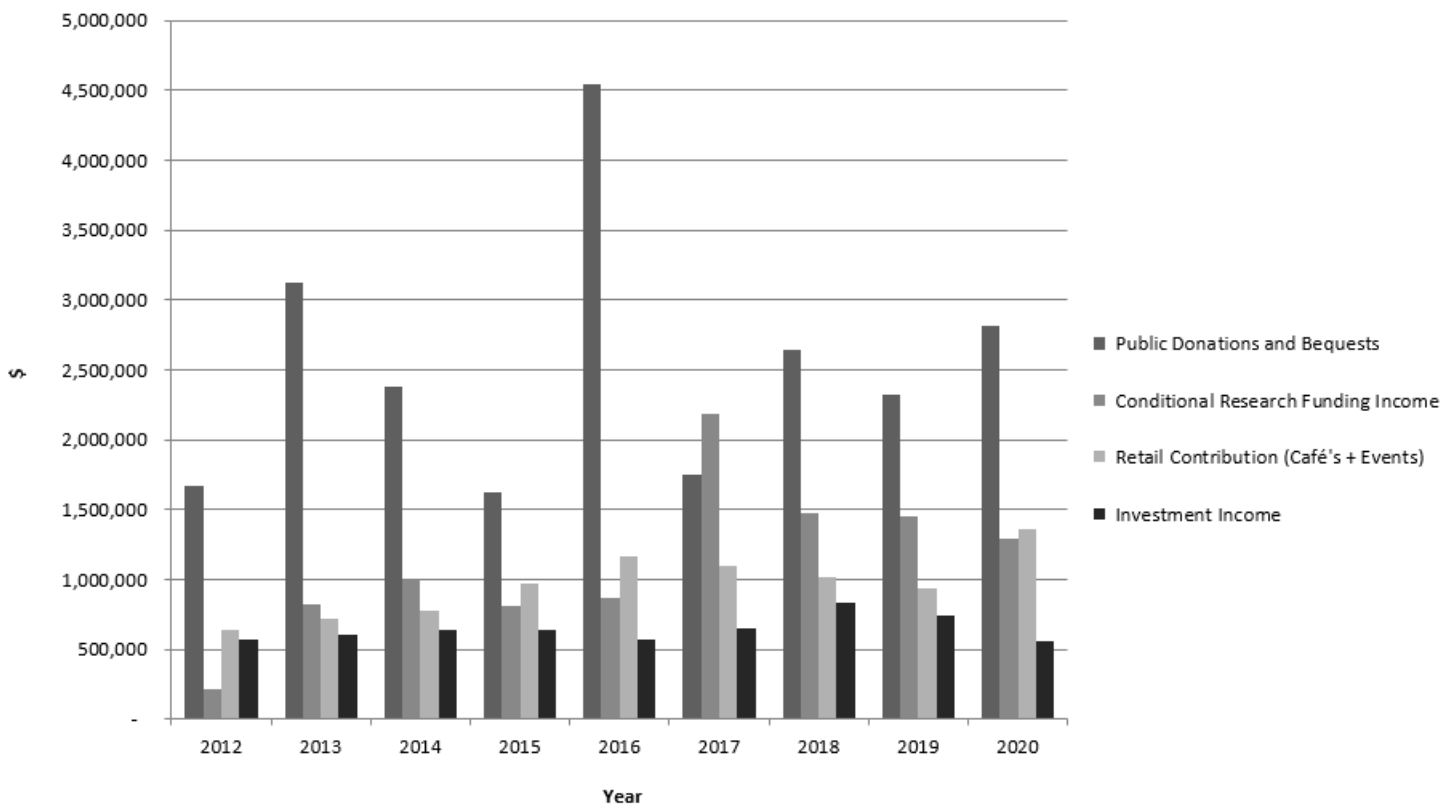
of 40 per cent compared to February 2020 sales levels. May and June 2020 retail sales showed gradual improvement week on week and the key to maintaining profitability at all sites for the period was constant analysis of sales, controlling employment costs and cost reductions. Job Keeper income assisted TPCHF in maintaining its workforce and a solid financial position. The net profit of retail operations and investment income returns continue to

offset the charitable operation costs which enables public donations to be applied entirely to research programs.

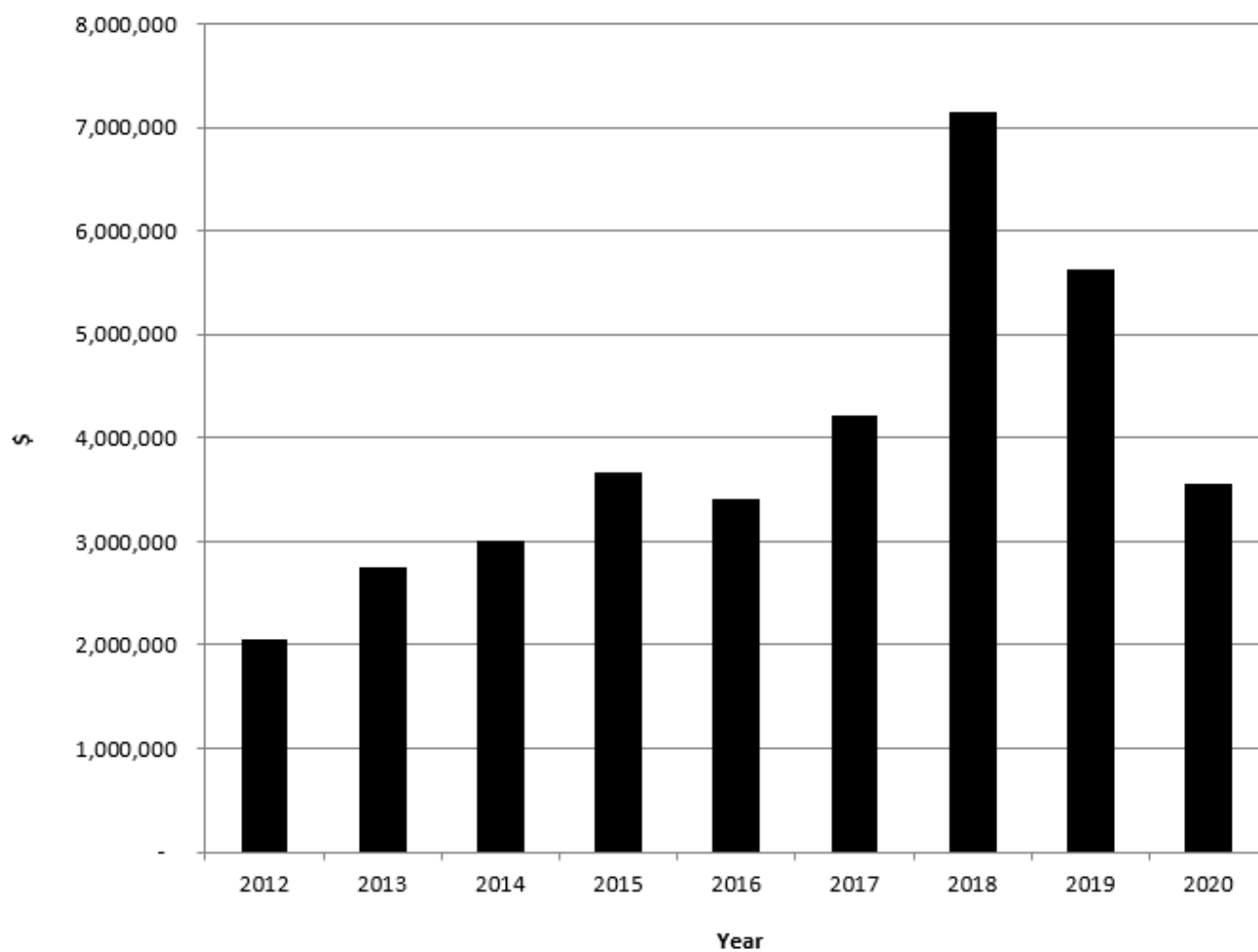
The \$4.6 million allocation to health and medical research in 2020 supports 105,000 hours of research across 52 research projects.

The full financial statements for TPCHF for the 2019-2020 financial year are included in Appendix 2 of this Annual Report.

Foundation Revenue Streams Trend



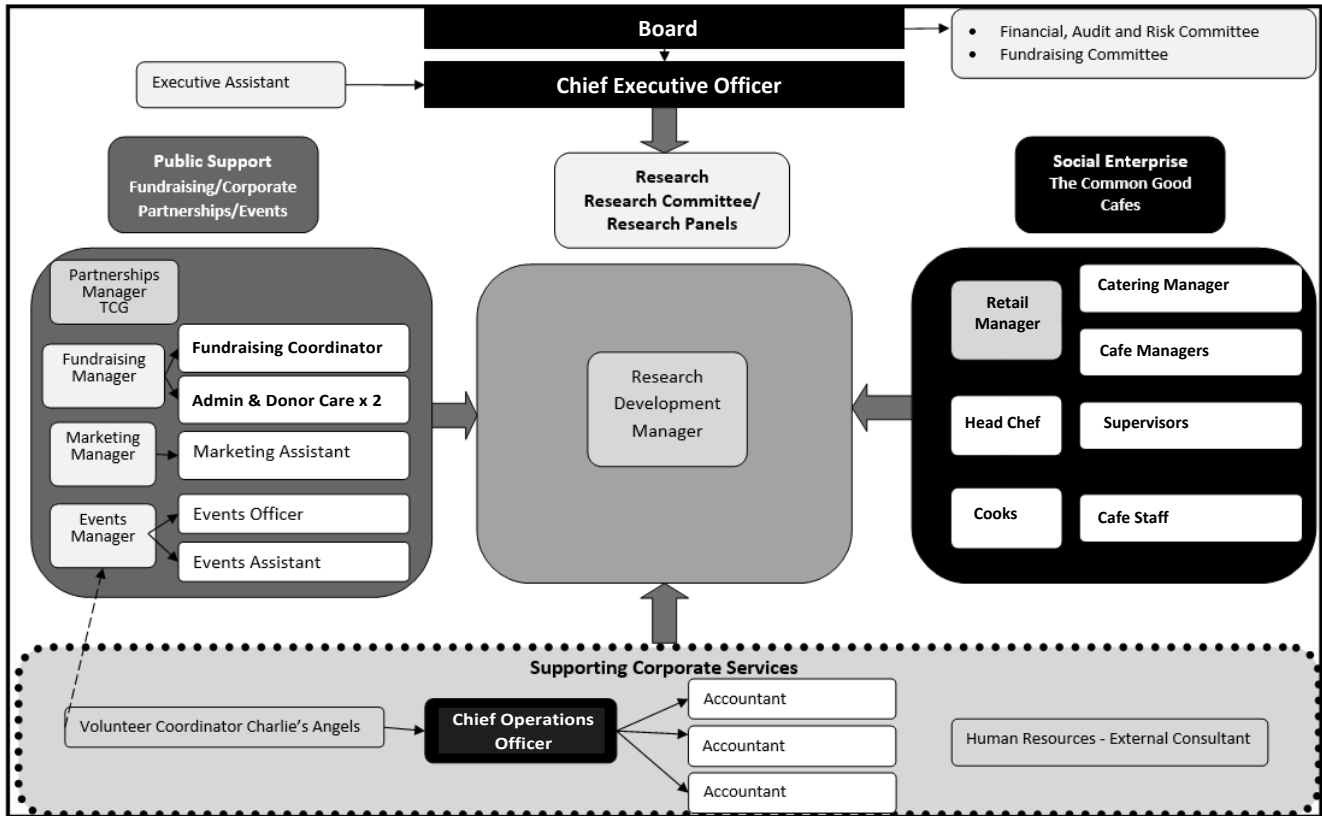
Research (for purpose) expenditure



Future research funding allocated beyond 2020 - \$7.3 million.

5. Governance – management and structure

5.1 Organisational structure



The Public support business unit comprises our donor care employees who are responsible for maintaining regular, day-to-day contact with our donors. Building and maintaining corporate relationships is the responsibility of our Partnership Manager and the Marketing team support all brand, communications and marketing for the organisation.

The Events team has been impacted by COVID-19 with one member finding alternative employment and the other two being repurposed within TPCHF.

Social enterprise business unit comprises our retail outlets which are located at The Prince Charles Hospital, Caboolture Hospital, Kedron Emergency Complex and Albany Creek Central.

The Research business unit reviews, manages and ensure compliance of research and innovation projects.

Corporate services provide accounting, human resources and operational support to the charity.

5.2 Executive management

As the entity is small, only the CEO is viewed as a senior executive. The Chief Operating Officer (COO) works part time.

The CEO, Michael Hornby, has extensive experience in non-profit organisations with over 28 years of leading some of Australia's largest Not-For-Profit organisations.

Key responsibilities include:

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

Board of Directors

Formed in 1986, TPCHF is governed by a Board of Directors, under our chair Christopher Morton, 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 and 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 TPCHF's organisational strategic direction in consultation with the CEO. TPCHF has a four-year strategy with one goal, that over the period to 2022, \$30 million will be awarded to fund competitive health and medical research aligned with TPCH and Caboolture Hospital.

The operational plan for 2019-2022, based on the strategic plan, contains the connections between organisational vision, purpose, organisational Key Performance Indicators and goals activities.

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 2019-2020	
	February
	April
	June
	August
	October
	December

Board of Directors Information

Mr Christopher Morton

Managing Director, mCap Pty Ltd
Type of appointment: Chair of the Board
First appointed: 14 December 2018
Term of appointment: 14 December 2018 to 30 September 2022
Board meetings attended: 5 of 6

Chris was a partner of international legal firm Phillips Fox prior moving into funds management. He was the Founder and Managing Director of fund manager Property Funds Australia Limited and was Managing Director and Deputy Chairman of ASX listed Trinity Limited from 2009 until 2016.

Chris provides strong governance, risk and investment knowledge.

Ms Veronica (Bonny) Barry

Member, MNHHS Board
Type of appointment: Ex-officio appointment
Board meetings attended: 4 of 6

Bonny is a registered nurse with over 29 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 TPCHF with its key external stakeholders.

Ms Cherie Franks

Director of Nursing, TPCH
Type of appointment: Board Member
First appointed: 12 February 2016
Term of appointment: 30 September 2018 to 30 September 2022
Board meetings attended: 3 of 6

Cherie has been a registered nurse for over 31 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 TPCHF.

Mr Toby Innes

E-Commerce Manager at Brisbane Airport Corporation

Type of appointment: Board Member

First appointed: 21 November 2009

Term of appointment: 9 July 2019 to 30 September 2024

Board meetings attended: 4 of 6

Toby holds the position of E-Commerce Manager 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 experience allows TPCHF to further grow and improve its own retail business.

Mr Paul McMahon

Type of appointment: Board Member

First appointed: 10 July 2015

Term of appointment: 20 October 2017 to 30 September 2020

Board meetings attended: 5 of 6

Paul has over 34 years' experience within the news 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 operation located in Warwick. Having held other Queensland hospital board positions, Paul brings a wealth of experience in management, funding and governance.

Mr James Stewart

Business Owner and Start-up Investor

Type of appointment: Board Member

First appointed: 10 July 2015

Term of appointment: 20 October 2017 to 30 September 2020

Board meetings attended: 1 of 6

James is a business owner and start-up investor and previously 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 TPCHF.

Mr Anthony White

CEO, Terry White Chemist Group

Type of appointment: Board Member

First appointed: 10 July 2015

Term of appointment: 20 October 2017 to 30 September 2020

Board meetings attended: 5 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 master's 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 TPCHF.

Ms Lara Lowndes

Director, Lowndes Marketing and Motorsport

Type of appointment: Board Member

First appointed: 10 August 2018

Term of appointment: 10 August 2018 to 30 September 2020

Board meetings attended: 4 of 6

Lara hold a Bachelor of Health Science with Honours, specialising in Genetic Epidemiology and Pharmacology. Currently Lara manages Lowndes Holdings, management and the operations of a consortium of companies related to Motorsport, intellectual property licensing, marketing and sponsorship agreements.

Ms Kim Wainwright

Managing Director, Explore Resources

Type of appointment: Board Member

First appointed: 10 August 2018

Term of appointment: 10 August 2018 to 30 September 2020

Board meetings attended: 3 of 6

Kim has both high-level Government and private sector experience in advisory and management positions. After leaving the government sector Kim established her first business; consulting on strategy, risk management and policy development to private sector entities.

Ms Margo MacGillivray

General Counsel for Auscript

Type of appointment: Board Member

First appointed: 14 December 2018

Term of appointment: 14 December 2018 to 30 September 2022

Board meetings attended: 5 of 6

Holding a Bachelor of Law (Hons) and Master of Laws, Margo is currently acting for Auscript/FTR, a global market leader in recording and transcription services.

Ms Catherine Donovan

Head of PR Strategy, Network 10

Type of appointment: Board Member

First appointed: 12 December 2019

Term of appointment: 12 December 2019 to 30 September 2022

Board meetings attended: 1 of 3

Catherine holds a Bachelor of Business Communication and joined Network 10 in 2004. Catherine possess well-rounded skills across the communication spectrum including media relations, event management, strategy communications, issues and crisis management and publicity campaigns.

5.3 Public Sector Ethics Act 1994

TPCHF'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 *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.

5.4 Human Rights

TPCHF actively supports the *Human Rights Act 2019* by ensuring that all policies and procedures are in accordance with relevant rights, as outlined in Part 2, Divisions 2 and 3 within the Act. The application of the Foundation's policies to the rights outlined in the Act are represented below.

All employees, volunteers, contractors and consultants of TPCHF have been provided with training around this Code. This training has also been incorporated in TPCHF's onboarding processes. All relevant individuals are required to sign an acknowledgement form, confirming that they understand and accept the expectations of the Code.

The Foundation’s Code of Conduct and Anti-Discrimination and Equal Opportunity Policy are reviewed annually and introduced to all new staff and volunteers as part of their induction in accordance with the following relevant section of the Act which promotes:

Section	Title
15	Recognition and equality before the law
20	Freedom of thought, conscience, religion and belief
22	Peaceful assembly and freedom of association
23	Taking part in public life
27	Cultural rights – generally
28	Cultural rights – Aboriginal peoples and Torres Strait Islander peoples

The Foundation’s Workplace Health and Safety Framework is reviewed annual in accordance with Section 16 of the Act which promotes ‘Right to life’.

The Foundation’s Anti-Bullying Policy is reviewed annually in accordance with Section 17 of the Act which promotes ‘Protection from torture and cruel inhuman or degrading treatment’.

The Foundation annually reviews its compliance across its industrial relations obligation for employees and volunteers in accordance with Section 18 of the Act which promotes ‘Freedom from forced work’.

The Foundation’s Grievance Policy is reviewed annually in accordance with:

- Section 31 of the Act which promotes “Fair hearing”;
- Section 32 of the Act which promotes “Rights in criminal proceedings”.

There were no human rights complaints received by the Foundation in the reporting period.

All Foundation staff complete the Metro North Hospital and Health Services Mandatory training.

5.5 Queensland public service values

TPCHF has a strong set of values that we adhere to.

*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.

WHY	HOW	WHAT
We believe we can make the world better (one discovery at a time)	The way we achieve this is to provide the means for brilliant researchers who are on a relentless quest to achieve medical breakthroughs	By funding important medical research that will find cures and save lives

These are aligned with the five core values of the Queensland Public Service which are:

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

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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 Finance, Audit and Risk (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, financial 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 31000:2018 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 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 through mission, vision, values, objectives, milestones and roadmaps
- provision of the required resources and support
- development of the required documents and procedures
- capability development and training
- consultation internally 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

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

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

TPCHF 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 except for 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:

- Paul McMahon (Chair FAR Committee)
- Christopher Morton (Chair Board)
- Toby Innes (Board Member)
- Margo MacGillivray (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 TPCHF. All audit findings and any resulting actions are reported to TPCHF Board.

6.3 Internal audit

TPCHF 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 financial 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 records governance

TPCHF complies with the provisions of the *Public Records Act 2002* and the Records Governance Policy April 2019 v1.0.2.

The Executive Assistant is responsible for:

- maintaining an electronic information system and records governance for archiving documentation.
- Ensuring the electronic documentation system is current and stored securely.
- Staff are training and comply with the use of the electronic and paper records system.

Annual Reports are classified in the General Retention and Disposal Schedule as public records requiring permanent retention under Disposal Authorisation 1042 (reports – significant) and 1147 (agency publication – significant)

Disposal will be in accordance with the General Retention Disposal Schedule and Records Governance Policy being appropriately documented and approved by the CEO.

All records relating to the COVID-19 pandemic, in specific, contact information about all guests and staff for contact tracing purposes as directed by the Chief Health Officer, will be kept for a period of 56 days, unless otherwise specified. This information is in paper format only and includes contact information (name, email address, contact number and the date/time period of patronage) of all guests for contact tracing purposes only. This information will be destroyed by way of shredding.

7. Governance – human resources

7.1 Strategic workforce planning and performance

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 TPCHF'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 onboarded into the organisation. This commences with an induction that provides education around the vision, mission and values of TPCHF, 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.

During the COVID-19 pandemic, TPCHF continued to deliver essential services in line with normal arrangements by optimising flexible and remote working arrangements.

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 TPCHF 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 of Foundation staff was 54 and the permanent separation rate was 17 percent for the reporting period.

7.2 Early retirement, redundancy and retrenchment

During the period no employees received redundancy packages.

8. Open data

TPCHF incurred no expenditure in relation to consultancies, overseas travel or Queensland Language Services Policy during the 2019-2020 reporting period therefore has no open data reporting requirements.

Appendix 1: Schedule of annual grants

Emerging Researcher Grants – Total Allocation – \$99,444

Provide funding up to \$25,000 for a one-year project to researchers who have already completed a small research grant, allowing them to continue their research.

Researcher Name	Project Title
Mr Andrew Hislop	How is hip muscle size, structure and strength associated with function and dynamic balance in people with knee osteoarthritis?
Dr Viviana Lutzky	Finding the cure for idiopathic pulmonary fibrosis by replenishing the fountain of youth
Mr Martin Mapley	Novel hubless axial flow impeller for rotary blood pumps
Mr Clayton Semenzin	Investigation of introducing pulsatility through manipulation of the impeller axial clearance to centrifugal rotary blood pumps

Endowment Funding – Total Allocation – \$251,317

Awarded at the Board's discretion to projects that align with the requirements of the bequest.

Researcher Name	Project Title
Dr Gail Robinson, Dr Senthil Muthuswamy	Restorative Practice in mental health at The Prince Charles Hospital
Dr Michael Simmonds, Dr Jo Pauls, Dr Chris Chan, Prof Geoff Tansley, Mr Antony McNamee	Cardio-Vascular Molecular and Therapeutics Translation Research Group
Dr Stuart Ekberg, Dr James Stevenson, Dr Katherine Martinez, Dr Min Min Win, Dr Sarah Lord, Prof Patsy Yates, Ms Holly Sansone	Managing expectations and information needs in initial palliative care consultations Infective Endocarditis Queensland Collaborative

Equipment Grants - Total Allocation - \$125,927

Fund essential pieces of research equipment.

Researcher Name	Project Title
Dr Simon Apte	Liquid nitrogen storage dewar
Ms Kelly Chee	qEV Automated Fraction Collector
Dr Andrew Haymet	Rigid silicone normal abdominal aorta model
Dr Andrew Haymet	TS402 Multi-Channel Research Console
Dr Charles McDonald	BRAEDIUS-Cytocam complete System
Ms Margaret Passmore	Mindray BC5000 Vet Auto Haematology Analyser
Ms Brielle Parris	TapeStation 4150

Innovation Grants - Total Allocation - \$597,247

Fund innovative projects that address a clinical or health need and provides funding up to \$100,000 for a discrete project.

Researcher Name	Project Title
Dr Simon Apte, Dr David Warrilow, Prof Daniel Chambers	Viral triggers for idiopathic pulmonary fibrosis?
Prof Daniel Chambers, Dr Bob Edwards, Dr David Dellar, Dr Katrina Newbigin, Dr Simon Apte	Silicosis – new Ideas to conquer the re-Emergence of an ancient Lung Disease -The SHIELD Study
Prof Norman Morris, Dr Surendran Sabapathy, Prof Greg Scalia, Dr James Walsh, Dr Bryce Balmain, Dr Jonathan Chan, Mr Anthony Benjamin, Dr Llion Roberts	Hot Legs For Heart Failure: Using lower limb heating to improve exercise tolerance in heart failure
Dr Meredith Redd, Dr Louise See Hoe	Improved Preservation of Donor Organs for Heart Transplantation through ASIC1a inhibition with novel spider venom peptide

Researcher Name	Project Title
Dr Gail Robinson, Dr Senthil Muthuswamy	Restorative Practice in mental health at The Price Charles Hospital
Dr Michael Simmonds, Dr Jo Pauls, Dr Chris Chan, Prof Geoff Tansley, Mr Anthony McNamee	Optimising mechanical circulatory support: improved human compatibility of medical devices through minimisation of animal testing
Dr Maithri Siriwardena, Dr Charles McDonald, A/Prof David Platts, Dr Hergen Buscher, Dr Jayshree Lavana, A/Prof Kiran Shekar	Predicting outcomes in venoarterial extracorporeal membrane oxygenation: PULSE Study (Pulsatility and cardiac ULtraSonography in va Ecmo versus microcirculation assessment)
Dr Annalicia Vaughan	Functional metagenomic profiling of the gut microbiome in chronic obstructive pulmonary disease

PhD Scholarships - Total Allocation - \$252,828

Provide a scholarship to students completing full-time PhD studies for a maximum of three years.

Researcher Name	Project Title
Dr Samantha Livingstone	The differences in coagulation disturbances of the Acute Respiratory Distress Syndrome subphenotypes
Mr Taylor Sing	Pump Design and Development for Intra-Ventricular Balloon Pump
Miss Melanie Spratt	Arrhythmias in human heart failure: relating clinical and laboratory-generated arrhythmias and regionality of arrhythmic responses
Ms Lisa Wright	Sensory Modulation in Mental Health Care: Investigating the factors influencing the implementation of sensory modulation in inpatient mental health units

Research Fellowships – Total Allocation - \$600,000

Provide sustainability to full-time post-doctoral researchers and are valued at \$100,000 a year for three years.

Researcher Name	Project Title
Dr Hoi HOUNG (Chris) Chan	Reducing bleeding with mechanical hearts through improved blood-compatibility
Dr Glenn Stewart	Unmasking right ventricular and pulmonary gas transfer dysfunction with exercise and oxygen in early stage cardiopulmonary diseases to optimize therapeutic outcomes

Team Grants - Total Allocation this FY - \$1,000,000

Provide sustainable sponsorship to highly productive research teams. Valued at \$100,000 or \$200,000 for three years.

Researcher Name	Project Title
The Adult Cystic Fibrosis Centre Multi-Disciplinary Research Team	A multi-modality, multi-disciplinary program of research to improve disease outcomes in cystic fibrosis
Critical Care Research Group	Bench, bedside, and beyond: a translational research programme to improve outcomes for patients suffering critical illness
IHBI Cartilage and Skeletal Biology Research Group	Development of effective prevention and treatments for metabolic osteoarthritis
ICETLAB	Using engineering, biology and medicine to develop the next generation of mechanical circulatory support
The Prince Charles Hospital Community Gut and Liver Research Group	Improving Gastroenterology Outcomes Through Clinical Research
Qld Lung Transplant Research Program	Prevention and treatment of idiopathic and post-transplant pulmonary fibrosis

Appendix 2: Annual financial statements

The Prince Charles Hospital Foundation

Annual Financial Statements for the year ended 30 June 2020

THE PRINCE CHARLES HOSPITAL FOUNDATION

FINANCIAL STATEMENTS 2019-20

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Statement of Changes in Equity	5
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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 2018*.

To the best of the knowledge of the Board of the Foundation, during the last financial year there have been no breaches by the Foundation of the *Hospital Foundations Act 2018*.

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 website www.tpchfoundation.org.au

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Comprehensive Income For the Year Ended 30 June 2020

	Notes	2020 \$	2019 \$
Income from Continuing Operations			
Café sales		6,529,256	5,469,714
Collocation car park income	2	784,669	730,433
Collocation funding income		630,911	621,511
Donations and other contributions	3	4,771,562	4,239,255
Functions and special events		1,179,319	1,250,148
Other income	4	565,357	42,090
Investment income		317,640	352,320
Interest income		245,877	387,119
Increase in fair value of financial assets designated at FVPL		-	373,987
Gain on sale of financial assets designated at FVPL		6,775	6,313
		15,031,366	13,472,890
Expenses from Continuing Operations			
Research grants expenditure		1,949,068	1,866,523
Employee expenses	5	3,932,928	3,434,141
Cost of sales		2,965,728	2,442,940
General and administration expenses		1,775,877	1,595,277
Collocation funding research expenses	17	584,597	2,565,584
Other research expenditure		1,020,261	1,190,345
Functions and special events		840,477	891,716
Depreciation	12	100,596	105,594
Amortisation	13	25,898	18,815
Decrease in fair value of financial assets designated at FVPL		555,808	-
Loss on disposal of financial assets designated at FVPL		-	92,428
Loss on disposal of fixed assets		-	2,181
		13,751,238	14,205,544
Operating Result from Continuing Operations		1,280,128	(732,654)
Other Comprehensive Income:			
Total Other Comprehensive Income for the Year		-	-
Total Comprehensive Income		1,280,128	(732,654)

The accompanying notes form part of these statements

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Financial Position As at 30 June 2020

	Notes	2020 \$	2019 \$
Current Assets			
Cash and cash equivalents	8	10,325,911	11,865,830
Receivables	9	626,080	1,036,426
Inventories		57,783	52,398
Other	10	217,103	194,707
Other financial assets	11	2,435,402	-
Total Current Assets		13,662,279	13,149,361
Non Current Assets			
Other financial assets	11	12,062,381	12,380,221
Property, plant and equipment	12	522,989	559,042
Intangible assets	13	38,919	62,116
Total Non Current Assets		12,624,289	13,001,379
Total Assets		26,286,568	26,150,740
Current Liabilities			
Payables	14	3,208,711	3,151,759
Accrued employee benefits	15	201,050	186,309
Provision for research grant funding	16	6,076,521	6,404,586
Provision for collocation research	17	524,423	1,024,423
Total Current Liabilities		10,010,705	10,767,077
Non Current Liabilities			
Accrued employee benefits	15	54,007	41,935
Total Non Current Liabilities		54,007	41,935
Total Liabilities		10,064,712	10,809,012
Net Assets		16,221,856	15,341,728
Equity			
Accumulated surplus		16,221,856	15,341,728
Total Equity		16,221,856	15,341,728

The accompanying notes form part of these statements

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Changes in Equity For the Year Ended 30 June 2020

	Accumulated Surplus \$	Financial Asset Reserve \$	Total \$
Balance at 1 July 2018	15,933,388	140,994	16,074,382
Transfer of Financial Asset Reserve balance to Accumulated Surplus	140,994	(140,994)	-
Operating result from continuing operations	(732,654)	-	(732,654)
Balance at 30 June 2019	15,341,728	-	15,341,728
Balance at 1 July 2019 (reported)	15,341,728	-	15,341,728
Reallocation of Collocation Car Park income accrual (effect of AASB 1058)	(400,000)	-	(400,000)
Balance at 1 July 2019 (restated)	14,941,728	-	14,941,728
Operating result from continuing operations	1,280,128	-	1,280,128
Balance at 30 June 2020	16,221,856	-	16,221,856

The accompanying notes form part of these statements

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Cash Flows For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
Cash Flow from Operating Activities			
<i>Inflows:</i>			
Receipts from cafe sales		7,081,177	5,540,020
Receipts from collocation income		1,415,580	1,319,917
Donation and event income receipts		5,291,677	5,027,107
Dividends and managed funds distributions income		362,932	374,054
Interest receipts		308,365	376,810
GST collected from customers		827,448	773,301
GST input tax credits from ATO		893,775	757,958
<i>Outflows:</i>			
Payments of grants		(3,797,394)	(3,407,681)
Payments to employees		(3,906,115)	(3,441,657)
Payments to suppliers		(5,562,303)	(5,046,934)
GST paid to suppliers		(642,886)	(620,394)
GST remitted to ATO		(1,078,357)	(910,865)
Net cash provided by operating activities	21	1,193,919	741,636
Cash Flow from Investing Activities			
<i>Inflows:</i>			
Sales of investments		758,572	2,930,140
Net proceeds from other financial assets		151,267	-
Proceeds for property, plant and equipment			8,632
<i>Outflows:</i>			
Payments for property, plant and equipment		(64,543)	(70,778)
Payments for intangibles		(2,700)	(73,637)
Payments for investments		(3,576,435)	(3,275,288)
Payments for other financial assets		-	(100,604)
Net cash used in investing activities		(2,733,839)	(581,535)
Net increase / (decrease) in cash and cash equivalents		(1,539,919)	160,101
Cash and cash equivalents at beginning of year		11,865,830	11,705,729
Cash and cash equivalents at end of financial year	7	10,325,911	11,865,830

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 2020

- Note 1: Summary of Significant Accounting Policies
- Note 2: Collocation Car Park Income
- Note 3: Other Income
- Note 4: Donations and Other Contributions
- Note 5: Employee Expenses
- Note 6: Auditor's Fees
- Note 7: Key Management Personnel
- Note 8: Cash and Cash Equivalents
- Note 9: Receivables
- Note 10: Other Current Assets
- Note 11: Other Financial Assets
- Note 12: Property, Plant and Equipment
- Note 13: Intangible Assets
- Note 14: Payables
- Note 15: Accrued Employee Benefits
- Note 16: Provision for Research Grants
- Note 17: Provision for Collocation Research
- Note 18: Capital Commitments
- Note 19: Lease Commitments
- Note 20: Commitments and Contingencies
- Note 21: Reconciliation of Operating Surplus to Net Cash from Operating Activities
- Note 22: Services Received Free of Charge or for Nominal Value
- Note 23: Endowment Fund
- Note 24: Events Occurring After Balance Date
- Note 25: Related Party Transactions
- Note 26: Effects of COVID-19

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE PRINCE CHARLES HOSPITAL FOUNDATION

The Prince Charles Hospital Foundation (the 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:

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 2019* 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 and functional 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) New and Revised Accounting Standards

First time mandatory application of Australian Accounting Standards and Interpretations

Three new accounting standards were applied for the first time in 2019-20:

- AASB 15 Revenue from Contracts with Customers
- AASB 1058 Income of Not-for-Profit Entities
- AASB 16 Leases

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a new five-step model for recognising revenue from contracts with customers. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Overall, there was no transitional impact from adopting AASB 15.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 applies to the Foundation's grants and contributions that are not contracts with customers. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value and where the intention is to principally enable the entity to further its objectives. Revenue for these transactions is recognised on receipt of the asset. Compared to previously applicable revenue standards, the transitional impact of adopting *AASB 1058* is shown as the \$400,000 impact on retained earnings as disclosed in the Statement of Changes in Equity.

AASB 16 Leases

AASB 16 requires all leases to be accounted for on balance sheet as right-of-use assets and lease liabilities, with an exception available for short-term leases of low value assets and peppercorn leases. The Foundation has peppercorn leases in place with Metro North Health and Hospital Service for office space and Café areas at The Prince Charles Hospital and Café areas at Caboolture Hospital. Further details and accounting treatment are outlined in Note 19: Lease Commitments and Note 22: Services Received Free of Charge or for Nominal Value.

As the Foundations leases are either for low value assets or are peppercorn leases, there was no transitional impact from adopting AASB 16.

Early adoption of Australian Accounting Standards and Interpretations

No accounting pronouncements were early adopted in the 2019-20 financial year.

Voluntary changes in accounting policy

No voluntary changes in accounting policies occurred during the 2019-20 financial year.

(d) 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.

Café Retail Sales

Revenue from cafe sales 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 Café for the Common Good Chermside, Café for the Common Good Caboolture, Café for the Common Good Kedron and Café for the Common Good Albany Creek. Sales revenue is recognised when our performance obligations are fulfilled, which occurs at the point of customer payment.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Collocation Income

Revenue from collocation agreements relates to income received under agreements with Metro North Hospital and Health Service, involving the Holy Spirit Northside Hospital and Point Parking (the external carpark operator), operating at The Prince Charles Hospital. As these transactions do not contain sufficiently specific performance obligations they are recognised as revenue when the Foundation gains control of the underlying asset.

Donations and other Contributions and Fundraising from Functions and Special Events

Donations, bequests and fundraising collected, including cash, goods for resale and donated services, arise from transactions that are non-reciprocal in nature (i.e. do not require any goods or services to be provided in return). As these transactions do not contain sufficiently specific performance obligations they are recognised as revenue when the Foundation gains control of the underlying asset.

Other Income

Revenue from administration agreements relates to vending machine commissions and research report income and is recognised when our performance obligations are fulfilled and a tax invoice is created.

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.

Revenue recognition prior to 1 July 2019:

Revenue from fundraising

Donations and other Contributions

Donations and bequests collected, including cash, goods for resale and donated services, are recognised as revenue when the Foundation gains control, 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.

Café Retail Sales

Revenue from cafe sales 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 Café for the Common Good Chermside, Café for the Common Good Caboolture, Café for the Common Good Kedron and Café for the Common Good Albany Creek. 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.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

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 Point Parking (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.

(e) 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.

(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.

(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).

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

(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%

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.

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.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

(m) Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Foundation becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within general and administration expenses.

Classifications are determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Foundation's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under AASB 139.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Foundation considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Foundation makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Foundation uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Foundation assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

Classification and measurement of financial liabilities

The Foundation's financial liabilities include trade and other payables. Accounts payable and accrued expenses represent payables that 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.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Foundation designated a financial liability at fair value through profit or loss.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(n) 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, and Sick 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, 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 2020

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 Management Personnel

Key management personnel include those positions that have authority and responsibility for planning, directing and controlling the activities of the Foundation. Refer to note 6 for the disclosures on key management personnel and remuneration.

(o) 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 is 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.

(p) 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.

(q) 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.

(r) 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 of the Foundation.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

(s) Key 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:

Other Financial Assets – Note 11

Payables – Note 14

Accrued Employee Benefits – Note 15

Provision for Research Grants Current – Note 16

Provisions for Collocation Research Grants Current – Note 17

Contingencies - Note 20

Service Received Free of Charge or for Nominal Value – Note 22

Depreciation and amortisation – Note 1(j)

(t) 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. Comparative information reflects the audited 2019-20 financial statements.

Note 2: Collocation Car Park Income

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 2020 and in accordance with the collocation agreement this amount was \$784,669 (2019: \$730,433).

The impact of AASB1058 on Collocation Car Park Income is that it is now recognised on receipt of the asset where it was previously accrued based on estimates provided by external parties.

Note 3: Donations and other contributions

	2020	2019
	\$	\$
Donations	3,169,241	2,835,140
Bequests	1,134,314	651,890
Research income	468,007	752,225
Total donations and other contributions	4,771,562	4,239,255

Note 4: Other Income

Job Keeper Income	475,500	-
PAYG Cash Boost	50,000	-
Other Income	39,857	42,090
Total donations and other contributions	565,357	42,090

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 5: Employee Expenses	2020	2019
	\$	\$
Employee Benefits		
Wages and salaries	3,244,132	2,842,552
Annual leave expense	194,365	167,769
Employer superannuation contributions	322,767	290,502
Long service leave expense	27,379	2,693
Employee Related Expenses		
Worker's compensation premium	54,870	42,735
Other employee related expenses	89,415	87,890
Total Employee Expenses	3,932,928	3,434,141

	No.	No.
The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:	54	52

Note 6: Auditor's Fees	2020	2019
	\$	\$
Audit of the financial statements	24,550	23,000

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

Note 7: Key Management Personnel

(a) Key Management Personnel

The following details for key management personnel include those positions within the Foundation that had authority and responsibility for planning, directing and controlling the activities of the Foundation during 2019-20.

Position	Position Responsibilities
Board of Directors	The strategic leadership, guidance and effective oversight of the management of the Foundation, including its operational and financial performance
Chief Executive Officer (CEO)	Responsible for the strategic leadership, efficient, effective and economic management of the Foundation

(b) Remuneration

The remuneration and other terms of employment for the key management personnel are set by the Board and specified in employment contracts. The contracts provide for the provision of performance-related cash bonuses.

Remuneration packages for key management personnel comprise the following components:

* Short term employee benefits include salaries, allowances and leave entitlements earned and expensed for the entire year or that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the profit or loss. Post employment benefits include superannuation contributions.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

- * Long term employee expenses include long service leave accrued.
 - * 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 Board.
- Total fixed remuneration is calculated on a 'total cost' basis and includes the base, long term employee benefits and post employment benefits.

The Board of Directors is responsible for the governance of the Foundation. Their services are provided on an honorary basis.

1 July 2019 – 30 June 2020					
Position (date resigned if applicable)	Short Term Employee benefits		Long Term Employee expenses	Post Employment benefits	Total Remuneration
	Base \$	Non-monetary \$			
CEO	205,723	30,324	21,585	18,768	276,399

1 July 2018 – 30 June 2019					
Position (date resigned if applicable)	Short Term Employee benefits		Long Term Employee expenses	Post Employment benefits	Total Remuneration
	Base \$	Non-monetary \$			
CEO	189,184	25,231	-	19,708	234,123

(c) Performance Payments

The basis for performance bonuses paid or payable in the 2019-20 financial year is set out below:

Position	Date Paid	Basis for payment
CEO	29-06-2020	The cash performance bonus was set by reference to satisfaction of key performance indicators and is set by 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 basis for performance bonuses paid or payable in the 2018-19 financial year is set out below:

Position	Date Paid	Basis for payment
CEO	17-12-2018	The cash performance bonus was set by reference to satisfaction of key performance indicators and is set by 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 management personnel are as follows:

	2020 \$	2019 \$
CEO	18,265	\$18,265

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 8: Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash on hand	24,880	28,310
Cash at bank	1,865,397	2,135,102
Cash on deposit	8,435,634	9,702,418
	10,325,911	11,865,830

Note 9: Receivables

Trade receivables	70,060	186,585
GST receivable	55,057	-
Collocation debtors	115,667	513,944
Accrued interest and investment income	228,701	336,481
Other miscellaneous receivables	158,095	916
	627,580	1,037,926
Provision for impairment of receivables	(1,500)	(1,500)
	626,080	1,036,426

Note 10: Other Current Assets

Prepayments and deposits	217,103	194,707
	217,103	194,707

Note 11: Other Financial Assets

Financial assets held at fair value through profit and loss:

Managed Funds Held Separated by Asset Class

Current:

Cash	47,998	-
Fixed Interest	2,387,404	-
Total current	2,435,402	-

Non current:

Cash	435,543	316,274
Fixed Interest	2,013,969	2,068,633
Australian Equities	2,463,108	2,638,207
International Equities	2,036,605	2,075,017
Property	417,576	484,826
Infrastructure/Utilities	240,530	268,809
Alternative Assets	594,249	516,388
	8,201,580	8,368,154

All non-cash investments are market traded incentives and are valued at the quotes market price at balance date.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Financial assets held at amortised cost:

Non current:	2020	2019
	\$	\$
Endowment fund cash held on deposit	3,860,801	4,012,067
Total Non current	12,062,381	12,380,221

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 nominated allocations at the direction of our benefactors. At 30 June 2020, the endowment fund restricted fund balance includes accrued interest on the deposits of \$102 (2019: \$25,788) which has been accrued into other receivables. Refer Note 23: Endowment Fund for a schedule of yearly movements.

Note 12: Property, Plant and Equipment

Leasehold Improvements:

At cost	606,447	606,447
Less: Accumulated amortisation	(263,974)	(227,169)
	342,473	379,278

Plant and Equipment:

At cost	531,555	467,012
Less: Accumulated depreciation	(406,295)	(350,111)
	125,260	116,901

Motor Vehicle:

At cost	99,723	99,722
Less: Accumulated depreciation	(44,467)	(36,859)
	55,256	62,863

Total	522,989	559,042
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	Leasehold Improvement	Plant and Equipment	Motor Vehicle	Total
Movements in Carrying Values:	\$	\$	\$	\$
Carrying amount at 1 July 2019	379,278	116,901	62,863	559,042
Acquisitions		64,543		64,543
Disposals				
Depreciation	(36,805)	(56,184)	(7,607)	(100,596)
Carrying Amount at 30 June 2020	342,473	125,260	55,256	522,989

Note 13: Intangible Assets

	2020	2019
	\$	\$
CRM Database, App Development:		
At cost	85,777	143,312
Less: Accumulated amortisation	(46,858)	(81,195)
Total	38,919	62,117

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Movements in Carrying Values:

	CRM Database	App Develop ment	Total
	\$	\$	\$
Carrying amount at 1 July 2019	56,885	5,232	62,117
Acquisitions	-	2,700	2,700
Amortisation	(24,251)	(1,647)	(25,898)
Carrying Amount at 30 June 2020	32,634	6,285	38,919

Note 14: Payables

	2020	2019
	\$	\$
Current		
Accounts payable	635,918	556,628
Unearned revenue	79,327	178,358
Accrued expenses	407,547	376,773
Research expenses accrual	2,085,919	2,040,000
	3,208,711	3,151,759

Note 15: Accrued Employee Benefits

	2020	2019
Current		
Annual (Recreational) Leave	139,182	131,836
Long Service Leave	61,868	54,473
	201,050	186,309
Non Current		
Long Service Leave	54,007	41,935
	54,007	41,935

Note 16: Provision for Research Grants

	2020	2019
Current		
Opening Balance	6,404,586	6,299,322
TPCH Grants Awarded	1,689,491	1,972,860
TPCH Capacity Building Grants Awarded	-	20,000
Caboolture Grants Awarded	93,182	-
Endowment Grants Awarded	251,317	-
Grants written back (unused provisions)	(84,922)	(106,338)
Payments of grant expenditure	(2,055,674)	(1,701,688)
Payments of endowment grant expenditure	(46,694)	(49,602)
Payments of Caboolture grant expenditure	(93,182)	-
Payments innovation and capacity building	(81,583)	(29,968)
Closing Balance	6,076,521	6,404,586

Note 17: Provision for Collocation research

	2020	2019
Current		
Opening Balance	1,024,423	1,480,500
Collocation funds allocated	584,597	2,565,584
Write back unused provision funds	-	-
Payments of Collocation research	(1,084,597)	(3,021,661)
Closing Balance	524,423	1,024,423

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 18: Capital Commitments

There are no capital commitments.

Note 19: Lease Commitments

The Café for the Common Good Chermshire premises are leased from Metro North Hospital and Health Service. The deed of occupancy is a five year term commencing on the 1 July 2019 to 30 June 2024 with one option period of five years. The rent payable is \$1 (GST-inclusive) per annum.

The Café for the Common Good Caboolture premises are leased from Metro North Hospital and Health Service. The deed of occupancy is a five year term commencing on the 1 July 2019 to 30 June 2024 with one option period of five years. The rent payable is \$1 (GST-inclusive) per annum.

The Café for the Common Good Kedron premises are leased from Kedron Emergency Services. The lease is currently a one year term commencing 1 July 2020 to 30 June 2021.

Printer operating lease 1 commenced in 2017 and is a 5 year lease. Printer operating lease 2 commenced 2019 and is a 5 year lease. All equipment is being leased through Canon Finance with lease payments paid monthly in arrears.

Lease Commitments	2020	2019
Payable – minimum lease payments:	\$	\$
- not later than 12 months	29,009	27,269
- between 12 months and five years	6,121	3,026
	35,130	30,295

Note 20: Commitments and Contingencies

Other Commitments – Specified Hospital Funds

The Foundation has restricted funds available for Specified Hospital Research which are yet to be expended by recipients. There are over 40 sub funds of Specified Hospital Research across the different departments and medical faculties of The Prince Charles Hospital. The balance of Specified Hospital Research funding yet to be expended as of 30 June 2020 was \$3,500,384 (2019: \$3,515,080).

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2020

Note 21: Reconciliation of Operating Surplus to Net Cash from Operating Activities

	2020 \$	2019 \$
Surplus/(Deficit) from Continuing Operations	1,280,128	(732,654)
Amortisation expense	25,898	18,815
Depreciation expense	100,596	105,594
(Gain) / loss on disposal of investments	(6,775)	(6,313)
(Gain)/Loss on disposal of investments	-	92,428
(Gain)/Loss on disposal of equipment	-	2,181
Movement in market value of available for sale financial assets	555,808	(373,987)
Changes in assets and liabilities:		
Decrease / (Increase) in receivables	10,347	7,614
Decrease / (Increase) in inventories	(5,385)	(17,966)
Decrease/ (Increase) in other current assets	(22,396)	(133,251)
(Decrease) / Increase in payables	56,950	2,137,504
(Decrease) / Increase in accrued employee benefits	26,813	(7,516)
(Decrease) / Increase in research provisions	(828,065)	(350,813)
Net cash provided by operating activities	1,193,919	741,636

Note 22: 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:

Provision of office building	100,620	102,440
Provision of Chermside Café area – under peppercorn lease	189,970	180,493
Provision of Caboolture Café area – under peppercorn lease	39,600	-
Pro Bono goods and services provided by external parties	329,015	179,363
	659,205	462,296

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 2020

Note 23: Endowment Fund

	2020	2019
	\$	\$
Opening Balance	4,037,855	3,933,921
Reallocation of funds from accumulated surplus	(251,317)	-
Earnings allocated to endowment assets	70,852	103,934
Closing Balance	3,857,390	4,037,855

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 endowment funds held on deposit are included within the restricted funds noted in note 11, other financial assets.

Note 24: Events Occurring after Balance Date

There were no events affecting the financial position of the Foundation subsequent to 30 June 2020.

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 6.

An informal assessment has been made that concluded that the Prince Charles Hospital is not a related party. This is due to there being no shared control between the Prince Charles Hospital and the Foundation and that grant recipients are individuals rather than paid through the Prince Charles Hospital.

Note 26: Effects of COVID-19

From March 2020 the Foundation experienced a downturn in sales across all retail sites due to restrictions in place as a result of COVID-19. This downturn in sales was partially offset by Job Keeper subsidies and PAYG Cash Boost received from the Australian Taxation Office. COVID-19 also reduced the Foundation's level of research support in the period with some research grant programs being delayed until next financial year. COVID-19 has provided challenges to the organisation and a downturn the sales has been planned for in the coming period. Due to the Foundation's reduction in expenses and adequate financial reserves in place COVID-19 will not impact the Foundation's ability to operate as a going concern.

MANAGEMENT CERTIFICATE OF THE FOUNDATION

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009*, s.43 of the *Financial and Performance Management Standard 2019*, the *Australian Charities and Not-for-profits Commission Act 2012* and other prescribed requirements. In accordance with section 62(1)(b) of the *Financial Accountability Act 2009* 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 2020 and of the financial position of the Foundation at the end of that year; and
- (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; and
- (d) there are reasonable grounds to believe the Prince Charles Hospital Foundation will be able to pay all of its debts as and when they become due and payable.



Christopher Morton
Chairperson

Date 25/8/20



Michael Hornby
Chief Executive Officer

Date 25/8/20

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 (the Foundation).

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2020, 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 2019, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2020, 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 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 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 2019, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards, 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. This is not done for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- 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

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

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

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.



Charles Strickland
as delegate of the Auditor-General

27 August 2020
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/s	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 <i>Language Services</i> ARRs – section 9.3	i
	Copyright notice	<i>Copyright Act 1968</i> AARs – section 9.4	i
	Information licensing	<i>QGEA – information licensing</i> AARs – section 9.5	N/A
General Information	Introductory Information	AARs – section 10.1	2
	Machinery of Government changes	AARs – section 10.2, 31 and 32	N/A
	Agency role and main functions	AARs – section 10.2	5
	Operating Environment	AARs – section 10.3	5
Non-Financial performance	Government's objectives for the Community	ARRs – section 11.1	8
	Other whole-of-government plans/specific initiatives	ARRs – section 11.2	N/A
	Agency objectives and performance indicators	ARRs – section 11.3	8
	Agency service areas, and service standards	AARs-section 11.4	N/A
Financial Performance	Summary of financial performance	ARRs – section 12.1	10
Governance – Management and structure	Organisational structure	AARs – section 13.1	14
	Executive management	AARs – section 13.2	15
	Government bodies (Statutory bodies and other Entities)	ARRs – section 13.3	N/A
	Public Sector Ethics	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	19
	Human Rights	<i>Human Rights Act 2019</i> AARS – section 13.5	19
	Queensland Public Service Values	ARRs – section 13.6	21

Summary of requirement		Basis for Requirement	Annual report reference Page
Governance – Risk Management and accountability	Risk Management	ARRs – section 14.1	22
	Audit Committee	ARRs – section 14.2	23
	Internal audit	ARRs – section 14.3	24
	External scrutiny	ARRs – section 14.4	24
	Information systems and recordkeeping	ARRs – section 14.5	24
Governance – Human Resources	Strategic workforce planning and performance	ARRs – section 15.1	26
	Early retirement, redundancy and retrenchment	Directive No. 04/18 <i>Early Retirement, Redundancy and Retrenchment</i> AARs section 15.2	28
Open Data	Statement advising publication of information	AARs – section 16	28
	Consultancies	ARRs – section 33.1	https://data.qld.gov.au
	Overseas Travel	ARRs – section 33.2	https://data.qld.gov.au
	Queensland Language service policy	ARRs – section 33.3	N/A https://data.qld.gov.au
Financial Statements	Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	Appendix 2
	Independent Auditor's report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Appendix 2
Compliance Schedule			Appendix 3

FAA *Financial Accountability Act 2009*
 FPMS *Financial and Performance Management Standard 2019*
 AARs *Annual report requirements for Queensland Government agencies*