



THE COMMON GOOD

AN INITIATIVE OF THE PRINCE CHARLES HOSPITAL FOUNDATION

A N N U A L R E P O R T

2019

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Glossary

Term	Definition
A/Prof	Associate Professor
ABC	Australian Broadcasting Corporation
ARDS	Adult Respiratory Distress Syndrome
Board	Board of The Prince Charles Hospital Foundation
CEO	Chief Executive Officer
COO	Chief Operating Officer
COPD	Chronic obstructive pulmonary disease
CPI	Consumer price index
DNA	Deoxyribonucleic acid
ECMO	Extracorporeal membrane oxygenation
Ekka	Royal Queensland Show
FAR	Finance, audit and risk committee
FTE	Full time equivalent
Foundation	The Prince Charles Hospital Foundation
GRDS	General Retention and Disposal Schedule
HLI	Heart Lung Institute
HR	Human resources
k	Thousand
KPI	Key performance indicators
M	Million
MNHHS	Metro North Hospital and Health Service
MP	Member of Parliament
NFP	Not for profit

Term	Definition
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
OSA	Obstructive Sleep Apnoea
pa	Per annum
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 objective
TCG	The Common Good
TPCH	The Prince Charles Hospital
TPCHF	The Prince Charles Hospital Foundation
Vision	Statement by The Prince Charles Hospital Foundation as to how It wishes to be perceived by clients, stakeholders and the community

1. Letter of compliance

6 September 2019

The Honourable Steven Miles MP
Minister for Health and Minister for Ambulance Services
GPO Box 48
BRISBANE QLD 4000

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2018-2019 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 is provided at Appendix 3 of this annual report or accessed online at: <https://www.thecommongood.org.au/publications/>.

Yours sincerely



Christopher Morton
Chair of the Board

2. General Information

2.1 Chief Executive Officer report

A record distribution to support medical research and innovation that tipped \$6.7 million was the result of a year of highlights and initiatives through The Prince Charles Hospital Foundation.

This wonderful result was achieved even though there was a reduction in bequests, our lowest in five years, but demonstrated the broader support now being received for our purpose.

I acknowledge our Board, led by Mr Chris Morton who took over the reins from Mr Bernard Curran, a person who contributed so significantly to our mission and vision, not only through his guidance and governance but his personal commitment. Chris has already imbued his own passion and energy which has allowed a seamless transition. To all our Board thank you for your stewardship.

The donors have been remarkable. So many people participated in our appeals for support, our monthly donations, our events and our individual asks have been met positively. The fact that we are one of the country's most effective funders of hospital research

and innovation is one reason why people are supportive. It costs just \$44 to power each hour of research through our initiative – The Common Good.

The operation of our social enterprises through cafes and catering at TPCH, Kedron Emergency Services and from July 2019 Caboolture Hospital will give us five retail sites and a catering operation. The profits from these businesses equates to an eight-fold return to research and innovation through our investment into fundraising.

The year also saw a new four-year Strategic Plan being unveiled. After achieving our previous objective of distributing \$5 million per annum for research aligned with TPCH, we have set four key strategic priorities:

1. Medical Research/Hospital Innovation – to distribute \$30 million over four years
2. People – recruit and retain 25,000 members
3. Social Enterprise – target \$1 million net profit pa
4. Brand – reach 100 thousand + people

At our Research Funding Awards, we announced a \$6.7 million distribution which included our 200th new investigator grant, a grant that allows first time researchers to begin their journey and at the same time tackle a hospital-based challenge that can

improve patient care. In 10 years, 200 people have had their research career launched through the new investigator grant and 80 per cent of the recipients are still involved in research.

While the general community still may not be sure of what our Foundation does, they do know of our association with Strawberry Sundaes at the Royal Queensland Show (Ekka), a 29-year tradition that involves over 2,200 volunteers and one of Australia's biggest corporate volunteering events. Our charity receives enormous good will towards The Common Good.

In terms of our financial results a loss of \$733 thousand includes a contribution of \$2 million to fund an orthopaedic robot, the first in a public hospital in Queensland. Allowing for this one-off exception our net results of circa \$1.2 million will underpin future research spending – always with the intent to sustain research that is achieving positive results.

Overall revenues continue to grow, although the dip in bequests had impact, we are now in a very strong position to withstand individual funding shortfalls – with a broader base of revenue more than covering the troughs.

Our largest single investment in infrastructure was the establishment of a new database and digital platform for The Common Good. This technology will be a game-changer. Now we have the capability to allow donors to select the research projects that they care about, and we can allocate this transparently. Further in October 2019 we will be able to allocate the hours funded by them and send our donors notification when the time they funded is being used. This is a first for medical research, a charitable currency to drive donor engagement.

The Common Good is our purpose, TPOCH is who we are. We are driven to support the research and innovation which will allow people to live better for longer, and hopefully keeping people out of hospital. It's a lofty vision but one that motivates our staff, volunteers and our Board every single day.



Michael Hornby
Chief Executive Officer

2.2 Agency role and main functions

TPCHF was established in 1986 under the *Hospitals Foundations Act 1982* and continues under the *Hospital Foundations Act 2018*.

Our purpose is to enable people to live healthier lives for longer. We do this by supporting health and medical research and innovation in hospital care.

TPCHF has two core functions; firstly, a fundraising body which generates revenue through public appeals, fundraising events, funding applications, sponsorship and through our social enterprises 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 and TPCHF's management team.

TPCHF formally reports to the Queensland Minister for Health and Minister for Ambulance Services.

2.3 Operating environment

The allocation of \$6.7 million to support innovation and medical research was a record distribution – and a tribute to the generosity of our growing community and the success of our philanthropy, fundraising events and social enterprise.

TPCHF, through our initiative The Common Good, has developed a supporter base of 8,000 people and has had direct contact through our events and social enterprise of an estimated 250,000 people.

One major activity during the year sat outside our normal operations was the conducting of a Strawberry Sundae event to help the strawberry growers of Queensland recover after tampering of stock which threatened the livelihood of the growers. Our initiative based on our relationship with the industry based on our famous fundraising event at the Ekka attracted some 25,000 people on one day and media value of over \$3 million – as well as the building recognition and reputation of our charity. This is a great example of how sometimes going above and beyond our mission can lead to unplanned benefits.

Our allocations to innovation and research was highlighted by the purchase of the Orthopaedic Robot, the first in a Queensland public hospital which will lead to lower complications in knee and hip surgery and shorter stays in hospital. This was the largest equipment purchase in our history, an investment of \$2 million.

Our research programs consistently improved the sustainability of effective investigations into chronic disease. A total of 71 projects are being supported through the distributions this year which have enabled the succession of research careers from novice researchers to multi-year scholarships as well as team-based research sponsorships and targeted research partnerships.

Another major milestone was achieved with the 21 new investigator grants awarded (first time researchers) has now reached a total of 200 new research careers launched by this Foundation over the past 10 years. A recent survey of previous recipients shows that 80 per cent are still involved in research around Australia and internationally – the value of this program has delivered incredible value to the medical research world. Without this scheme young researchers

are unable to compete for funding – we are delighted to create such a legacy.

Our social enterprise of retail cafes and catering is expanding beyond TPCCH and Kedron Emergency Services Complex, we took over the café operations at Caboolture Hospital on 1 July 2019. The overall performance of the cafes have begun to grow again after a reasonably static previous 12 months. A new staffing structure, closer cost control (suppliers, casual staff) and a broadening range of healthy products saw an increase in net profit, and we are confident of further growth in 2020 due to these initiatives. We currently employ 45 full-time equivalent (FTE) through our social enterprise.

The greatest challenge we face is the increased and retained support for philanthropic donations. The cluttered charity sector causes charity fatigue from the community and recent reports on charitable giving suggests that individual giving is on the decline or at best static since 2014 and given the increased costs to raise funds and consumer price index factors the effective results of fundraising is down. It is important that we continue to report outputs and outcomes to retain

support and attract gifts directly attributed to priority health areas that the community needs. Our efforts in investing in and implementing a more sophisticated database and communications platform was a critical piece of infrastructure this year. It will be the new platform to expand support and provide direct and more personalised reporting to the donors. A new web site will compliment this infrastructure and underpin a new promotion and advertising campaign to work towards a membership base of

over 10,000 people in the next 18 months.

Our Board has passionately endorsed and supported the new strategic plan. The five Board meetings of the year and 11 Finance Committee meetings have not only ensured strong compliance and governance to our statutory requirements but have sought to contribute both personally and professionally to innovative opportunities to attract community support.

	Number	Amount awarded \$
Emerging Researcher Grants	6	149,613
Equipment Grants	14	2,143,579
Innovation Grants	10	582,853
New Investigator Grants	21	193,260
PhD Scholarships	4	303,556
Research Fellowships	2	600,000
Team Grants	6	1,000,000
Research Support	3	622,243
Specified Research Funds	5	1,084,008
TOTAL	71	\$6,679,112

3. Non-financial performance

3.1 Government objectives for the community

Our future state: Advancing Queensland's Priorities are the Queensland Government's objectives for the community.



The Foundation supports the government priorities 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

TPCHF four-year strategic plan showing outcomes and measurements of performance.



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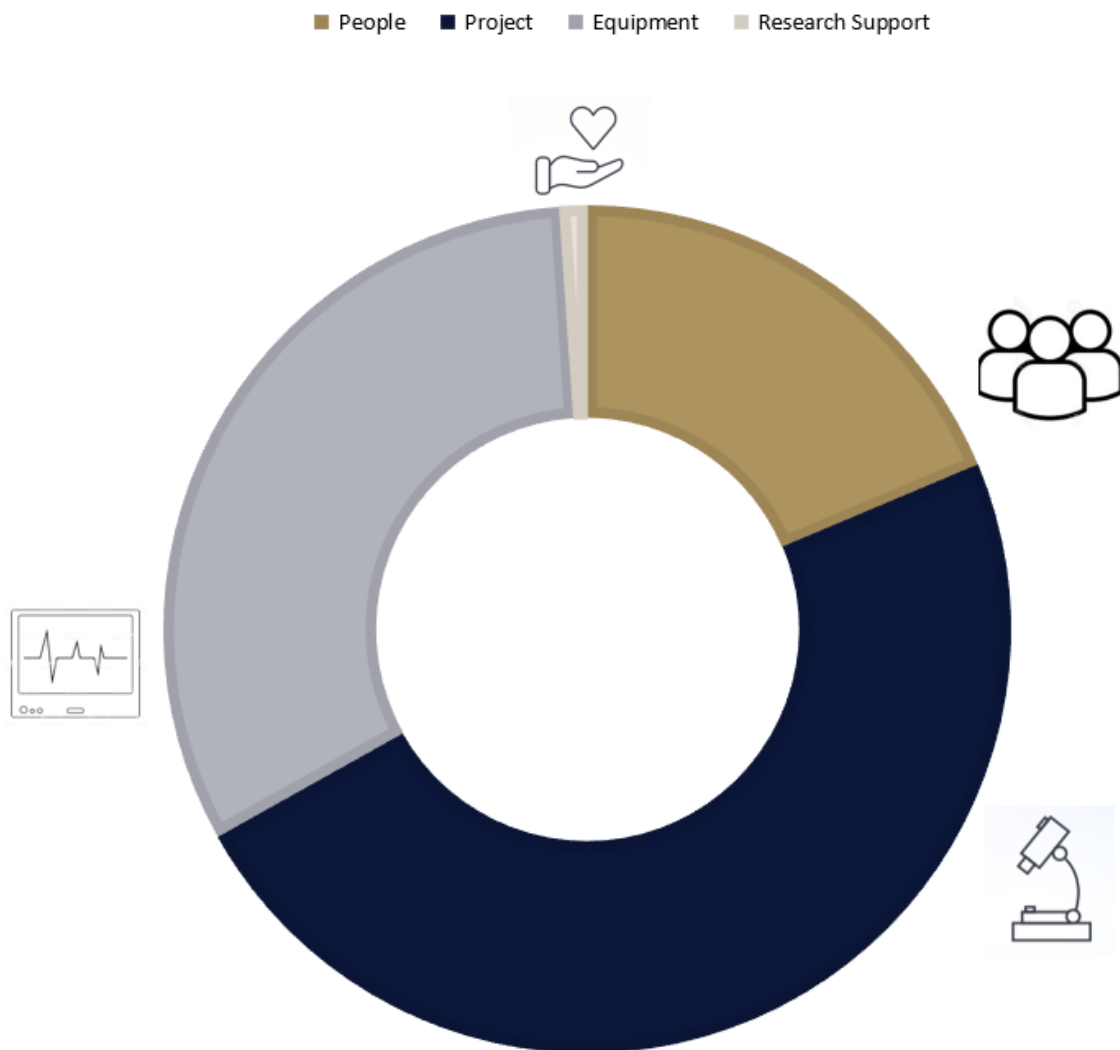
Strategic Target 2019 – 2022	Strategic Overview – Outcomes 2018 2019	Qld Government Objectives	
<p>MEDICAL RESEARCH/ HOSPITAL INNOVATION</p> <p>Distribute \$30M over 4 years</p>	<p>We will invest \$30M over 4 years to support and sustain medical research and hospital innovation to enable those most at risk to live better for longer.</p> <p>Outcomes 2018 – 2019</p> <p>\$6.7M distributed</p> <p>260 Researchers</p>	<p>Create jobs in a strong economy</p>	<p>Keep Queenslanders Healthy</p>
<p>PEOPLE</p> <p>25,000 members to The Common Good</p> <p>Financial support of \$30M over the next 4 years</p>	<p>We will recruit and retain 25,000 financial members to The Common Good. Every \$44 powers another precious hour for research.</p> <p>Outcomes 2018 – 2019</p> <p>8,000 supporters</p>	<p>Keep Queenslanders Healthy</p>	
<p>SOCIAL ENTERPRISE</p> <p>Target of \$1M net profit pa</p>	<p>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.</p> <p>Outcomes 2018 – 2019</p> <p>Net \$533k</p> <p>57 people</p>	<p>Create jobs in a strong economy</p>	<p>Keep Queenslanders Healthy</p>
<p>BRAND</p> <p>100,000 participants</p>	<p>A trusted and respected brand that connects with 100,000+ people through advocacy and active participation.</p> <p>Outcome 2018 – 2019</p> <p>12,573 participants</p>	<p>Keep Queenslanders Healthy</p>	

4. Financial performance

TPCHF has had a strong year of growth resulting in a record level of distributions to health and medical research. Our comprehensive income statement shows a total research spend this year of \$5.7 million and this along with \$1 million allocated from 2018 forward funding on team grants takes us to our record \$6.7 million for 2019. The chart

below outlines the research expenditure breakdown. Of note in the research equipment is \$2 million contribution towards the first surgical orthopaedic robot in a Queensland public hospital. 2019's record research distributions have set us up toward achieving the new strategic plan objective to distribute \$30 million to health and medical research over the four years to 2022.

2019 RESEARCH EXPENDITURE BREAKDOWN



Our balance sheet remains in a very solid financial position with net assets of \$15 million and not only provides a strong base, however carries 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 social enterprises.

Philanthropy income made up of public donations, bequests and other research contributions overall reduced by 6 per cent to \$4.24 million. However, the reduction is primarily due to a lower than average bequest income year. Donations income has continued to show strong growth with an increase of 27 per cent.

The overall contribution from events reduced slightly with a net profit of \$360,000. The impact of the Strawberry Sundae stalls at the Ekka is significant in our event calendar and this year TPCHF ran an additional 'Pop Up Strawberry

Sundae' event with proceeds supporting Queensland strawberry growers.

Investment income reduced by 24 per cent this year mainly due to timing issues in a change between TPCHF investment portfolio managers. This decrease in investment income is more than offset by the significant increase in market value of the investment portfolios over the 2019 year. All investment transactions are in line with TPCHF's Investment Policy Statement.

Our Café sales have increased by six per cent to \$5.5 million. The last four months of the financial year saw a substantial increase in sales due to implementation of sales initiatives as a result of the ongoing review of our retail operations. The 2019-20 financial year is anticipated to show a substantial increase in growth of our retail business. This is firstly due to the expansion of our retail operations with Café for The Common Good at Caboolture Hospital starting trade in July 2019 and secondly due to the continued roll out of further sales growth initiatives in our other four Café sites and catering operation. The ongoing review of our retail operations has resulted in better efficiencies in staff and operational costs that are

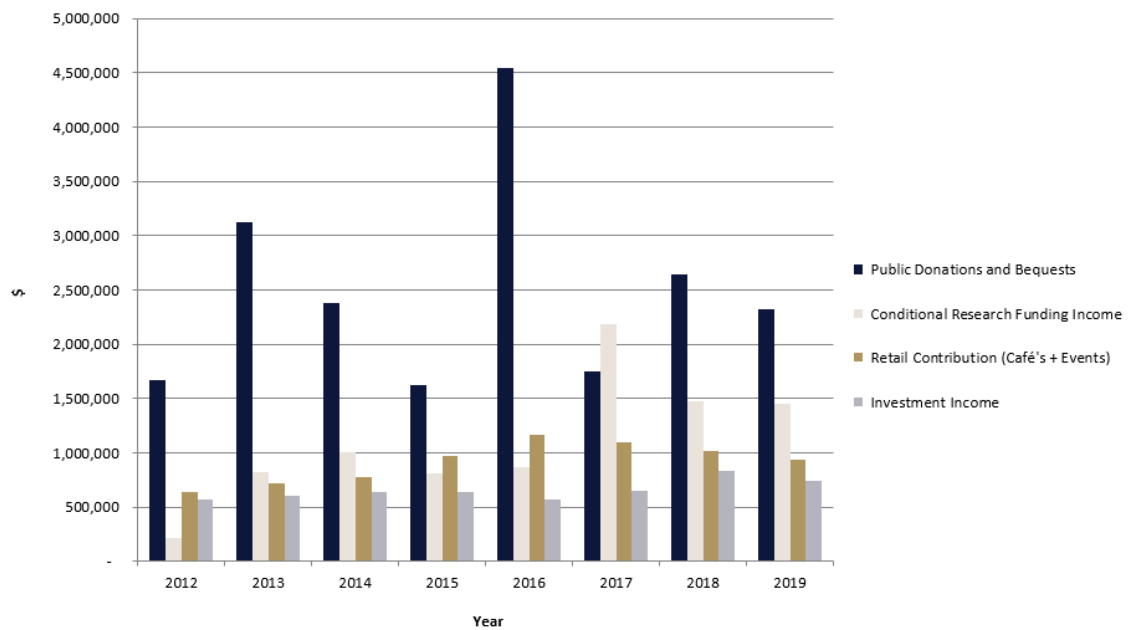
expected to show in the financial results in the 2019-20 financial year.

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.

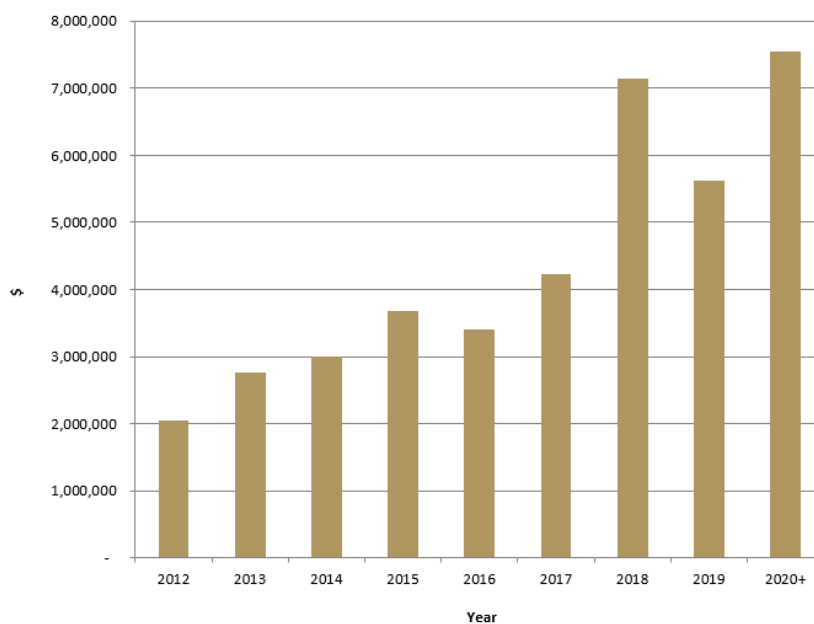
The \$6.7 million allocation to health and medical research in 2019 supports 152,000 hours of research across 71 research projects.

The full financial statements for TPCHF for the 2018-19 financial year are included in Appendix 2 of this Annual Report.

Foundation Revenue Streams Trend

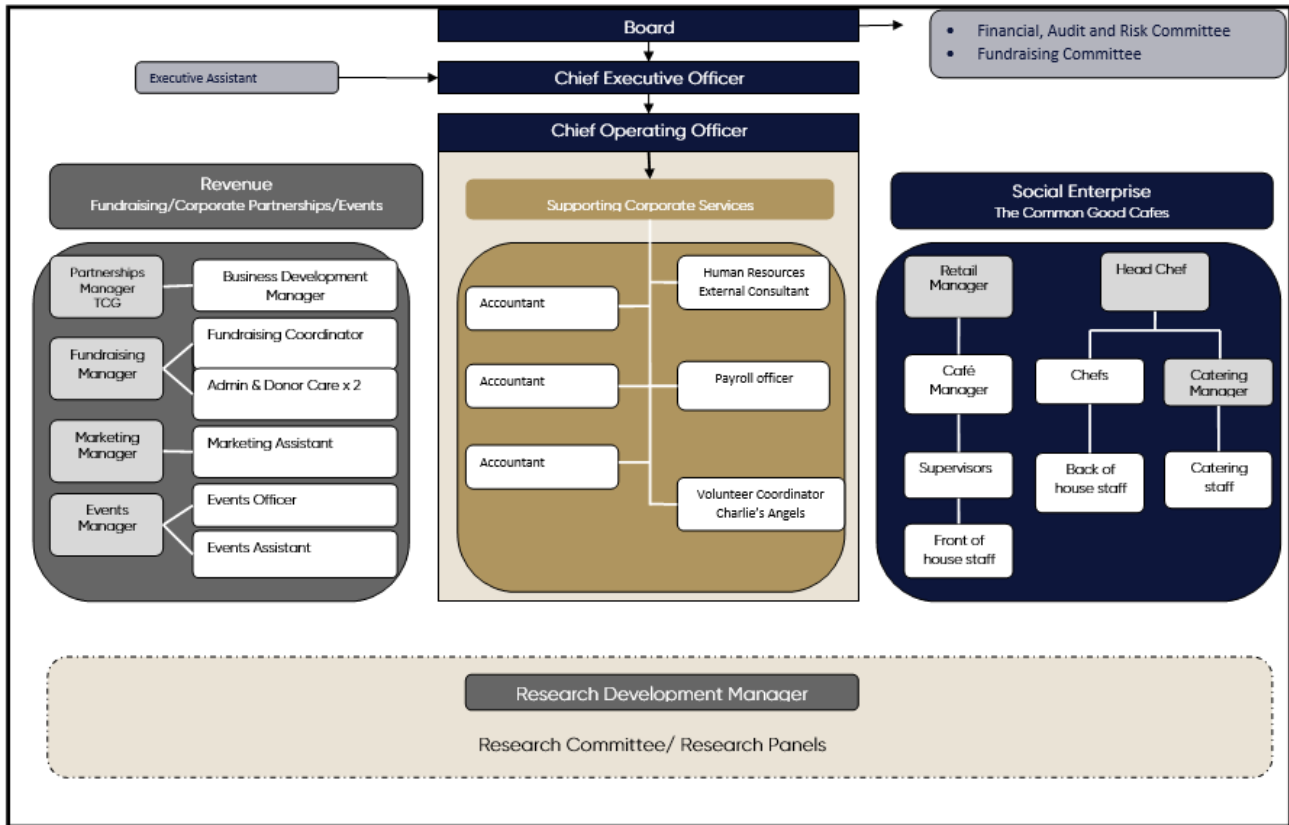


Research (for purpose) expenditure



5. Governance – management and structure

5.1 Organisational structure



5.2 Executive management

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

The CEO, Michael Hornby, has extensive experience in non-profit organisations with over 27 years of leading some of Australia’s largest NFPs.

Key responsibilities include:

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

Board of Directors

Formed in 1986, 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 by 2022 we will be distributing \$30 million pa to competitive health and medical research aligned with TPCH.

The Board has additional responsibilities which influence the process of setting

strategic direction and are relevant to the achievement, reporting, measurement and communication of progress on organisation strategic goals.

TPCHF Board meeting schedule

	February
	April
	June
	August
	November

Board of Directors Information

TPCH currently has a Board member gender balance of 50 per cent males and 50 per cent female. This is in line with the Queensland Government's gender diversity target for all Hospital Foundations to have a gender balance on their Boards by 2020.

Mr Christopher Morton

Managing Director, mCap Pty Ltd
Type of appointment: Chair of the Board
Term of appointment: 14 December 2018 to 30 September 2022
Board meetings attended: 3 of 3

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.

Mr Paul McMahon

Director

Type of appointment: Board Member

Term of appointment: 10 July 2015 to 30 September 2020

Board meetings attended: 5 of 5

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.

Ms Veronica (Bonny) Barry

Member, MNHHS Board

Type of appointment: Ex-officio appointment

Term of appointment: 18 May 2017 to 17 May 2020

Board meetings attended: 4 of 5

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

Term of appointment: 30 September 2018 to 30 September 2022

Board meetings attended: 3 of 5

Cherie has been a registered nurse for over 31 years and has held a number of senior nursing leadership positions within TPCH. 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 TPCH connecting her leadership, finance, governance and human resource skills with the work of TPCHF.

Mr Toby Innes

**E-Commerce Manager,
Brisbane Airport Corporation**
Type of appointment: Board Member
**Term of appointment: 21 November
2009 to 9 July 2019**
Board meetings attended: 3 of 5

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

Ms Lara Lowndes

**Director, Lowndes Marketing and
Motorsport**
Type of appointment: Board Member
**Term of appointment: 10 August 2018
to 30 September 2020**
Board meetings attended: 4 of 5

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 Margo MacGillivray

General Counsel for Auscript
Type of appointment: Board Member
**Term of appointment: 14 December
2018 to 30 September 2022**
Board meetings attended: 3 of 3

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.

Mr James Stewart

Co-founder ReachTEL
Type of appointment: Board Member
**Term of appointment: 10 July 2015 to
30 September 2020**
Board meetings attended: 4 of 5

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

Ms Kim Wainwright

Managing Director, Explore Resources

Type of appointment: Board Member

Term of appointment: 10 August 2018

30 September 2020

Board meetings attended: 3 of 5

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.

Mr Anthony White

CEO, Terry White Chemist Group

Type of appointment: Board Member

Term of appointment: 10 July 2015 to

30 September 2020

Board meetings attended: 1 of 5

Anthony is the CEO of the Terry White Chemist Group (TWC) and had held a number of senior leadership positions within the pharmaceutical industry. He is a Doctor of Philosophy, holds Masters in commerce, finance and business administration and is a member of the Australian Institute of Chartered Accountants. Anthony is an experienced executive with skills in leadership, finance and organisational change and

brings this wealth of knowledge to TPCHF.

Retired Board Directors

Mr Bernard Curran

Partner, BDO

Type of appointment: Chair of the Board

Term of appointment: 21 February 2008 to 30 September 2018 *End of appointment*

Board meetings attended: 2 of 2

Mr Terry Sullivan

Former State Member of Parliament

Type of appointment: Board Member

Term of appointment: 21 December 2012 to 30 September 2018 *End of appointment*

Board meetings attended: 1 of 1

Mr Peter Tyquin

Director, GOA Billboards

Type of appointment: Board Member

Term of appointment: 21 December 2012 to 30 September 2018 *End of appointment*

Board meetings attended: 1 of 1

Ms Jacqueline Ryan

Executive Director and State Head, Consumer and Agribusiness ANZ International and Institutional Banking

Type of appointment: Board Member

Term of appointment: 21 September 2012 to 30 September 2018 *End of appointment*

Board meetings attended: 0 of 1

5.4 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.

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*.

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.

5.5 Queensland public service values

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

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

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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 FAR Committee charter. The Foundation risk framework is intrinsic within the organisation. It encompasses the following live documents:

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

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

The COO of the Foundation is the Risk Champion and responsible for reporting to the FAR Committee and the Board. The processes across the organisation are compliant with ISO 31000:2018 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 11 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 (Board Chair)
- 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 recordkeeping

TPCHF complies with the provisions of the *Public Records Act 2002* and the Records Governance Policy April 2019 v1.0.1 which has replaced the Information Standard 40: Record Keeping, Information Standard 31: Retention and Disposal of Public Records.

The Foundation's General Retention and Disposal Schedule has been updated to include the pending submission of recommendations from the Royal Commission into Institutional Responses to Child Sexual Abuse (Royal Commission) on the *Disposal of Child Sexual Abuse Incidents and Allegations and related records* as requested by the Queensland State Archives email of 25 June 2019.

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

Once documents are final they are then secured and moved to a general folder for all staff to access.

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

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

- Manuals and Plans
- Management Level Procedures
- Operations Support Procedures
- Standard Operating Procedures
- Forms
- Records of Attendance
- Registers.

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

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 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.

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 FTE of Foundation staff was 52 and the permanent separation rate was 18 per cent for the reporting period.

7.2 Early retirement, redundancy and retrenchment

During the period one employee received a redundancy package at a cost of \$5,288. As an employee support measure, outplacement support was provided with an external career job agency.

8. Open data

TPCHF incurred no expenditure in relation to consultancies, overseas travel or transcription services during the 2018-19 reporting period therefore has no open data reporting requirements.

Appendix 1: Schedule of annual grants

Emerging Researcher Grants 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. Total Allocation - \$149,163

Ms Alice Boone - Development and evaluation of a portable intra-ventricular balloon pump to improve left ventricular function.

Ms Kelly Chee - Clinical Diagnostics of Pleural Effusion Exosomal miRNAs

Ms Kristy Garrick - Investigation into the effect of ventricular assist device implantation and support on cardiac tissue

Ms Donna Hickling - Use of body composition compared to standard nutritional assessments to improve selection of lung transplant candidates and patient outcomes

Ms Hannah O'Farrell - Inflammatory and DNA damage mechanisms in response to e-cigarette aerosols in COPD/ lung cancer primary human bronchial epithelial cells

Ms Janice Reid - Profiling cell-free DNA release after acute heart injury and throughout chronic heart failure

Equipment Grants fund essential pieces of research equipment. Total Allocation - \$2,143,579

Dr Simon Apte - Liquid nitrogen storage dewar

Mr Anthony Benjamin - Lode ergometer - Angio-imaging with stress support ultrasound and program touch screen

Mr Trent Donnelly - Lafayette Manual Muscle Tester 01165

Dr Katrina Ki - Sechrist CP-G Series Air/Oxygen Blender, Pole Mount, Dual Flowmeter

Ms Margaret Morton - Edan SE-1200E-B Electrocardiograph Machine

Orthopaedic Department - Surgical robot

Dr Jo Pauls - Mock Circulation Loop (incl. data acquisition system)

Mr Andrew Stephens - LulzBot TAZ 6 Three-Dimensional Printer with Enclosure and Dual Extruder Attachment

Dr Jacky Suen - Physiology Monitoring Module

Prof Geoff Tansley – Particle Image Velocimetry ancillaries

Mr Oystein Tronstad – XSensor Pro Software Upgrade

Dr Annalicia Vaughan – Millicell ERS-2 Volt-Ohm Meter

Dr Yee Weng Wong – IEM Mobil-O-Graph® BP & Pulse Wave Analysis Monitor and Apple iPod for patient reported activity and symptoms

Ms Lisa Wright – Sensory Modulation Therapy Equipment

Innovation Grants fund new, innovative projects that address and clinical or health need and provide funding up to \$100,000 for a discrete project. Total Allocation – \$582,853

Dr Wandy Chan, A/Prof Gregory Scalia – Potential of Left Atrial strain obtained during Exercise Stress Echocardiography in the diagnosis of Heart Failure with Preserved Ejection Fraction

A/Prof Petrea Cornwell, Prof Louise Gustafsson, Prof Suzanne Kuys, A/Prof Tracy Comans, Ms Leah Thompson – Directing stroke rehabilitation research from a consumer perspective: A citizen's jury approach

Dr Annette Dent, Dr Alisha Anderson – Volatile organic compounds in exhaled breath to diagnose lung cancer

Dr Jonathon Fanning, Dr David Highton, Dr Ivan Rapchuk, Dr Simon Finnegan – Individualised intraoperative haemodynamic optimisation informed by the lower limit of cerebral autoregulation to reduce perioperative morbidity and mortality: development of a novel clinical monitoring parameter

Dr Jonathon Fanning, Dr Nigel Pinto, Dr Ivan Rapchuk – Optimising intraoperative coagulation management for precision vascular surgery

Prof Paul Fulbrook, Dr Sandra Miles – Fast screening and assessment in the emergency department: a clinical innovation to prevent falls in older people

A/Prof Kiran Shekar, Prof Bala Venkatesh, Dr Marc Ziegenfuss, Dr Jayesh Dhanani, Dr James Walsham Dr Dinesh Parmar – High flow Oxygen and Nitric Oxide inhalation to prevent intubation in hypoxic Respiratory failure

Dr Irene Szollosi, Dr Eamonn Eeles, Dr Deanne Curtin, Dr Jurgen Fripp, Prof Elizabeth Coulson – Obstructive Sleep Apnoea in Mild Cognitive Impairment: an opportunity to preserve brain health

Dr Karin Wildi - STARDUST: The significance of different endotypes in Adult Respiratory Distress Syndrome (ARDS) for effective treatment

Prof Ian Yang, Miss Hannah O'Farrell - Extracellular vesicles as a novel biomarker for chronic obstructive pulmonary disease (COPD) exacerbation detection

New Investigator Grants provide funding up to \$10,000 for a one-year project to help kick-start the researchers career, as it can be difficult for inexperienced researchers to successfully compete for funding against researchers with established careers. Total Allocation - \$193,260

Ms Virginia Blakeley - Survey of parents/carers of neonates presenting to paediatric emergency department with feeding/settling difficulties

Mr Joshua Chinchilla - Development and integration of Mesenchymal Stromal Cell Therapy to Extracorporeal Membrane Oxygenation (ECMO) treatment to minimise the negative impact of bolus intravenous dosage in Acute Respiratory Distress Syndrome (ARDS) Patients

Ms Meaghan Cracknell - Investigating the prevalence and nature of dysphagia and dysphonia in patients with end stage lung disease requiring lung transplant

Mr James Crowhurst - Radiation Burden of Patient Obesity During Percutaneous Coronary Intervention

Dr Alexander Dashwood - Arrhythmias Mediated by SIN-1 in the Failing Human Heart

Ms Alice Doring - Nutrition Status of Outpatients with Dementia - What Are We Forgetting?

Mr Adam Gluchowski - Development of a validated predictive computational fluid dynamics model of an axial flow blood pump hydraulic system to support the right heart and pulmonary circulation

Dr Silver Heinsar - Does Pulsatile-Flow Venoarterial Extracorporeal Membrane Oxygenation Sustain Cardiac Function When Compared to Continuous-flow Venoarterial Extracorporeal Membrane Oxygenation?

Mr Samuel Huth - Evaluating the cardiac proteome during brainstem death and heart transplantation using high-throughput quantitative proteomics

Mrs Melanie Jüttner - A descriptive, exploratory study of mucosal pressure injury 4-year reported incidence and characteristics using a retrospective quality audit

Mr Talvin Lee - Investigating the Effect of Differential Oxygen Level on Haemostasis Using an Ex Vivo Extracorporeal Life Support Model

Miss Juliette Mahero – Investigating clinician perceptions around early tube feeding in acute stroke patients – an exploratory qualitative study

Dr Mbakise Matebele – Fluid Resuscitation After Cardiac Surgery in the Intensive Care Unit.

Mr Antony McNamee – Could sublethal blood damage explain the deleterious outcomes from artificial organs? – understanding the biophysical properties of blood exposed to blood pumps

Miss Naomi Paxton – In vivo evaluation of a novel polycaprolactone/strontium-substituted bioactive glass composite scaffold for bone regeneration

Dr Sarah Reilly – Cytochrome P450 2D6 (CYP2D6) testing in patients with a Codeine Use Disorder

Miss Raquel Sanchez Diaz – A biomaterials approach towards improved integration of percutaneous devices

Mr Joshua Rolls – In silico and in vitro development of a novel haemocompatible banding device for left ventricular assist devices being used for right ventricular support

Ms Susan Smith – Exploring the relationship of differing levels of psychological wellbeing with health outcomes and patient preferences for mental health care management in the cardiac surgical setting

Mr Jiaqiu Wang – Study of plaque rupture and erosion with an optical coherence tomography (OCT)-based patient-specific coronary model and fluid-structure interaction (FSI) simulation

Dr Allison Waung – Pulmonary complications in patients with Systemic Lupus Erythematosus (SLE)

Appendix 2: Annual financial statements

The Prince Charles Hospital Foundation

Annual Financial Statements for the year ended 30 June 2019

THE PRINCE CHARLES HOSPITAL FOUNDATION

FINANCIAL STATEMENTS 2018-19

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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 2019

	Notes	2019 \$	2018 \$
Income from Continuing Operations			
Café sales		5,469,714	5,175,198
Collocation car park income	2	730,433	690,583
Collocation funding income		621,511	611,005
Donations and other contributions	3	4,239,255	4,528,852
Functions and special events		1,250,148	1,037,309
Other income		42,090	46,593
Investment income		352,320	462,868
Interest income		387,119	367,856
Increase in fair value of financial assets designated at FVPL		373,987	-
Gain on sale of financial assets designated at FVPL		6,313	36,117
		13,472,890	12,956,381
Expenses from Continuing Operations			
Research grants expenditure		1,866,523	4,534,995
Employee expenses	4	3,434,141	3,361,125
Cost of sales		2,442,940	2,296,262
General and administration expenses		1,595,277	1,465,448
Collocation funding research expenses	16	2,565,584	1,148,572
Other research expenditure		1,190,345	1,463,595
Functions and special events		891,716	647,255
Depreciation	11	105,594	81,290
Amortisation	12	18,815	26,295
Loss on disposal of financial assets designated at FVPL		92,428	-
Loss on disposal of fixed assets		2,181	-
		14,205,544	15,024,837
		(732,654)	(2,068,456)
Operating Result from Continuing Operations			
Other Comprehensive Income:			
Increase in fair value of available for sale financial assets		-	77,411
Write back of financial asset reserve on disposal of investments		-	(51,407)
		-	26,004
		(732,654)	(2,042,452)
Total Comprehensive Income			

The accompanying notes form part of these statements

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Financial Position As at 30 June 2019

	Notes	2019 \$	2018 \$
Current Assets			
Cash and cash equivalents	7	11,865,830	11,705,729
Receivables	8	1,036,426	1,044,040
Inventories		52,398	34,432
Other	9	194,707	61,456
Total Current Assets		13,149,361	12,845,657
Non Current Assets			
Other financial assets	10	12,380,221	11,646,596
Property, plant and equipment	11	559,042	604,670
Intangible assets	12	62,116	7,295
Total Non Current Assets		13,001,379	12,258,561
Total Assets		26,150,740	25,104,218
Current Liabilities			
Payables	13	3,151,759	1,014,254
Accrued employee benefits	14	186,309	170,463
Provision for research grant funding	15	6,404,586	6,299,322
Provision for collocation research	16	1,024,423	1,480,500
Total Current Liabilities		10,767,077	8,964,539
Non Current Liabilities			
Accrued employee benefits	17	41,935	65,297
Total Non Current Liabilities		41,935	65,297
Total Liabilities		10,809,012	9,029,836
Net Assets		15,341,728	16,074,382
Equity			
Accumulated surplus		15,341,728	15,933,388
Financial asset reserve		-	140,994
Total Equity		15,341,728	16,074,382

The accompanying notes form part of these statements

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Changes in Equity For the Year Ended 30 June 2019

	Accumulated Surplus \$	Financial Asset Reserve \$	Total \$
Balance at 1 July 2017	18,001,844	114,990	18,116,834
Operating result from continuing operations	(2,068,456)	-	(2,068,456)
Other comprehensive income:			
Increase in fair value of available for sale financial assets	-	77,411	77,411
Write back of financial asset reserve on disposal of investments	-	(51,407)	(51,407)
Balance at 30 June 2018	15,933,388	140,994	16,074,382
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

The accompanying notes form part of these statements

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Cash Flows For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Cash Flow from Operating Activities			
<i>Inflows:</i>			
Receipts from cafe sales		5,540,020	5,178,523
Receipts from collocation income		1,319,917	1,299,562
Donation and event income receipts		5,027,107	5,150,104
Dividends and managed funds distributions income		374,054	309,496
Interest receipts		376,810	368,565
GST collected from customers		773,301	765,141
GST input tax credits from ATO		757,958	730,670
<i>Outflows:</i>			
Payments of grants		(3,407,681)	(3,043,591)
Payments to employees		(3,441,657)	(3,287,535)
Payments to suppliers		(5,046,934)	(5,216,660)
GST paid to suppliers		(620,394)	(600,845)
GST remitted to ATO		(910,865)	(894,966)
Net cash provided by operating activities	21	741,636	758,464
Cash Flow from Investing Activities			
<i>Inflows:</i>			
Sales of investments		2,930,140	1,677,554
Net proceeds from other financial assets		-	86,428
Proceeds for property, plant and equipment		8,632	-
<i>Outflows:</i>			
Payments for property, plant and equipment		(70,778)	(127,160)
Payments for intangibles		(73,637)	-
Payments for investments		(3,275,288)	(1,958,660)
Payments for other financial assets		(100,604)	-
Net cash used in investing activities		(581,535)	(321,838)
Net increase / (decrease) in cash and cash equivalents		160,101	436,626
Cash and cash equivalents at beginning of year		11,705,729	11,269,103
Cash and cash equivalents at end of financial year	7	11,865,830	11,705,729

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 2019

- Note 1: Summary of Significant Accounting Policies
- Note 2: Car Park
- Note 3: Donations and Other Contributions
- Note 4: Employee Expenses
- Note 5: Auditor's Fees
- Note 6: Key Management Personnel
- Note 7: Cash and Cash Equivalents
- Note 8: Receivables
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- Note 11: Property, Plant and Equipment
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- 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

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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 2009* and the *Australian Charities and Not-for-Profits Commission Act 2012*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards—Reduced Disclosure Requirements and Interpretations. The presentation 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) Revenue

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

Revenue from fundraising

Donations and 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.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Cafe 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 Common Good Café and Coffee Cart at The Prince Charles Hospital, and the cafeteria operation at the Kedron Emergency Services Complex. Sales revenue is recognised when the control of goods passes to the customer.

Other Income

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

Collocation Income

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

Investment Income

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

Interest Income

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

(d) Cash and Cash Equivalents

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

(e) 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.

(f) 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.

(g) 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.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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

(h) 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).

(i) 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.

(j) 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.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

(k) 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.

(l) 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.

The 2019 period is the first reporting period in which AASB 9 is applicable for the Foundation. The key impact has been on the designation of the other financial asset balances. Under previous standards, these balances were designated as available for sale, and movements in fair value recorded in other comprehensive income, and corresponding equity reserve. The Foundation has assessed the designation of these balances under AASB 9, with balances now designated as either fair value through profit or loss (FVPL) or amortised cost. The Foundation has applied the modified retrospective approach on initial adoption of the standard, and as a result the comparative period presented remains unchanged, with the opening impact being the transfer of the reserve to retained earnings.

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

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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.

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 PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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.

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.

(m) 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.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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.

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.

(n) 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.

(o) 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.

(p) Taxation

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

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

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

(q) 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 Certificate of the Foundation.

(r) 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 10

Employee Benefits – Note 14 and Note 17

Contingencies - Note 20

Depreciation and amortisation – Note 1(j)

(s) 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 2017-18 financial statements.

(t) New and Revised Accounting Standards

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

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities. AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. When AASB1058 is applied for the first time in the period ending 30 June 2020, the Foundation expects that there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 16 Leases. The new standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. When AASB 16 Leases is applied for the first time in the period ending 30 June 2020, the Foundation expects that there will be no material impact in the transactions and balances recognised in the financial statements due to the Foundation electing to recognise the right of use asset arising from a peppercorn lease held with Metro North Hospital and Health Services at cost.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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 2019 and in accordance with the collocation agreement this amount was \$730,433 (2018: \$690,583).

Note 3: Donations and other contributions

	2019	2018
	\$	\$
Donations	2,835,140	2,238,544
Bequests	651,890	1,318,596
Research income	752,225	971,712
Total donations and other contributions	4,239,255	4,528,852

Note 4: Employee Expenses

Employee Benefits

Wages and salaries	2,842,552	2,720,611
Annual leave expense	167,769	175,878
Employer superannuation contributions	290,502	263,035
Long service leave expense	2,693	37,292

Employee Related Expenses

Worker's compensation premium	42,735	33,520
Other employee related expenses	87,890	130,789
Total Employee Expenses	3,434,141	3,361,125

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:

	No.	No.
	52	49

Note 5: Auditor's Fees

	2019	2018
	\$	\$
Audit of the financial statements	23,000	22,000

The Prince Charles Hospital Foundation's auditor is the Queensland Audit Office. Audit fees are included 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 2019

Note 6: 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 2018-19.

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.

* 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 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

1 July 2017 – 30 June 2018					
Position (date resigned if applicable)	Short Term Employee benefits		Long Term Employee expenses	Post Employment benefits	Total Remuneration
	Base \$	Non-monetary \$			
CEO	176,804	30,038	-	19,747	226,589

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

(c) Performance Payments

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 basis for performance bonuses paid or payable in the 2017-18 financial year is set out below:

Position	Date Paid	Basis for payment
CEO	23-10-2017	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:

	2019 \$	2018 \$
CEO	\$18,265	\$18,265

Note 7: Cash and Cash Equivalents

	2019 \$	2018 \$
Cash on hand	28,310	22,460
Cash at bank	2,135,102	1,019,071
Cash on deposit	9,702,418	10,664,198
	11,865,830	11,705,729

Note 8: Receivables

Trade receivables	186,585	191,961
GST receivable	-	22,562
Collocation debtors	513,944	482,018
Accrued interest and investment income	336,481	347,906
Other miscellaneous receivables	916	1,093
	1,037,926	1,045,540
Provision for impairment of receivables	(1,500)	(1,500)
	1,036,426	1,044,040

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 9: Other Current Assets

	2019	2018
	\$	\$
Prepayments and deposits	194,707	61,456
	194,707	61,456

Note 10: Other Financial Assets

Financial assets held at fair value through profit and loss:

Managed Funds Held Separated by Asset Class

Cash	316,274	798,710
Fixed Interest	2,068,633	1,799,078
Australian Equities	2,638,207	2,007,456
International Equities	2,075,017	1,680,704
Property	484,826	513,115
Infrastructure/Utilities	268,809	451,266
Alternative Assets	516,388	484,804
	8,368,154	7,735,133

Financial assets held at amortised cost:

Endowment fund cash held on deposit	4,012,067	3,911,463
Total	12,380,221	11,646,596

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 2019, the endowment fund restricted fund balance includes accrued interest on the deposits of \$25,788 (2018: \$22,458) which has been accrued into other receivables. Refer Note 23: Endowment Fund for a schedule of yearly movements.

Note 11: Property, Plant and Equipment

Leasehold Improvements:

At cost	606,447	601,537
Less: Accumulated amortisation	(227,169)	(190,773)
	379,278	410,764

Plant and Equipment:

At cost	467,012	413,191
Less: Accumulated depreciation	(350,111)	(289,734)
	116,901	123,457

Motor Vehicle:

At cost	99,722	99,722
Less: Accumulated depreciation	(36,859)	(29,273)
	62,863	70,449

Total	559,042	604,670
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THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

	Leasehold Improvement	Plant and Equipment	Motor Vehicle	Total
	\$	\$	\$	\$
Movements in Carrying Values:				
Carrying amount at 1 July 2018	410,764	123,457	70,449	604,670
Acquisitions	4,910	65,869	-	70,779
Disposals	-	(10,813)	-	(10,813)
Depreciation	(36,396)	(61,612)	(7,586)	(105,594)
Carrying Amount at 30 June 2019	379,278	116,901	62,863	559,042

Note 12: Intangible Assets

	2019	2018
	\$	\$
Website and CRM Database, Modules Development:		
At cost	143,312	69,676
Less: Accumulated amortisation	(81,195)	(62,381)
Total	62,117	7,295

Movements in Carrying Values:

	CRM Database Modules	App Develop ment	Brand Develop ment	Total
	\$	\$	\$	\$
Carrying amount at 1 July 2018	-	5,562	1,733	7,295
Acquisitions	72,638	999	-	73,637
Amortisation	(15,753)	(1,329)	(1,733)	(18,815)
Carrying Amount at 30 June 2019	56,885	5,232	-	62,117

Note 13: Payables

	2019	2018
	\$	\$
Current		
Accounts payable	556,628	566,425
Unearned revenue	178,358	153,439
Accrued expenses	376,773	294,390
Research expenses accrual	2,040,000	-
	3,151,759	1,014,254

Note 14: Accrued Employee Benefits

	2019	2018
Current		
Annual (Recreational) Leave	131,836	138,840
Long Service Leave	54,473	31,623
	186,309	170,463

Note 15: Provision for Research Grants

	2019	2018
Current		
Opening Balance	6,299,322	3,559,323
TPCH Grants Awarded	1,972,860	4,425,630
TPCH Capacity Building Grants Awarded	20,000	-
Caboolture Grants Awarded	-	7,995
Endowment Grants Awarded	-	180,000
Grants written back (unused provisions)	(106,338)	(73,930)
Payments of grant expenditure	(1,701,688)	(1,775,050)
Payments of endowment grant expenditure	(49,602)	-
Payments innovation and capacity building	(29,968)	(24,646)
Closing Balance	6,404,586	6,299,322

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 16: Provision for Collocation research	2019	2018
Current	\$	\$
Opening Balance	1,480,500	1,265,500
Collocation funds allocated	2,565,584	1,148,572
Write back unused provision funds	-	-
Payments of Collocation research	(3,021,661)	(933,572)
	1,024,423	1,480,500

Note 17: Accrued Employee Benefits

Non Current		
Long Service Leave	41,935	65,297
	41,935	65,297

Note 18: Capital Commitments

There are no capital commitments.

Note 19: Lease Commitments

The Café for the Common Good premises are leased from The Prince Charles Hospital. The current lease is a five year term commencing on the 1 June 2014 to 30 June 2019. The rent payable is \$1 (GST-inclusive) per annum. Lease negotiations on these premises with unchanged conditions and a ten year lease term to 30 June 2029 are in final stages.

Operating Lease Commitments

Payable – minimum lease payments:

- not later than 12 months	27,269	27,269
- between 12 months and five years	3,026	5,296
	30,295	32,565

Lease of Café for the Common Good Kedron located at Kedron Emergency Services Complex commenced July 2017 and has a three year term.

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

Note 20: Commitments and Contingencies

a. 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 30 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 2019 was \$3,515,080 (2018 \$3,464,132).

b. Other Commitments – Collocation Funds

Due to an updated agreement with Metro North Hospital and Health Service signed in the 2019 financial year, unspent collocation research funds are no longer required to be disclosed as a contingency (2018 \$2,038,903).

c. Other Commitments – Café for the Common Good Caboolture

The Foundation commenced trade as Café for the Common Good Caboolture on 1 July 2019. Prior to this the café was operated by the Caboolture Hospital Auxiliary (CHA). The Foundation has made a commitment to CHA to honor the personal and long service leave employee entitlements of the staff that transferred to employment with the Foundation and also to make a donation to Caboolture Hospital by 31 October 2019 of \$25,000 as a tribute to CHA.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

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

	2019 \$	2018 \$
Surplus/(Deficit) from Continuing Operations	(732,654)	(2,068,456)
Amortisation expense	18,815	26,295
Depreciation expense	105,594	81,290
(Gain) / loss on disposal of investments	(6,313)	(36,117)
(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	(373,987)	-
Changes in assets and liabilities:		
Decrease / (Increase) in receivables	7,614	(197,956)
Decrease / (Increase) in inventories	(17,966)	(3,577)
Decrease/ (Increase) in other current assets	(133,251)	(25,767)
(Decrease) / Increase in payables	2,137,504	(45,837)
(Decrease) / Increase in accrued employee benefits	(7,516)	73,590
(Decrease) / Increase in research provisions	(350,813)	2,954,999
Net cash provided by operating activities	741,636	758,464

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	102,440	96,460
Provision of Café area – under peppercorn lease	180,493	210,647
Pro Bono goods and services provided by external parties	179,363	108,950
	462,296	416,057

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.

Note 23: Endowment Fund

Opening Balance	3,933,921	4,012,532
Reallocation of funds from accumulated surplus	-	(180,000)
Earnings allocated to endowment assets	103,934	101,389
	4,037,855	3,933,921

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 10, other financial assets.

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 24: Events Occurring after Balance Date

There were no events affecting the financial position of the Foundation subsequent to 30 June 2019.

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.

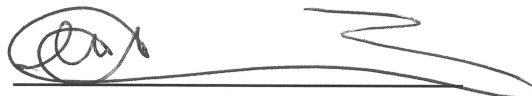
CERTIFICATE OF THE FOUNDATION

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 2009*, 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 2019 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 20/8/19



Michael Hornby
Chief Executive Officer
Date 20/8/19

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 Foundation's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards – Reduced Disclosure Requirements.

The financial report comprises the statement of financial position as at 30 June 2019, 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 certificate of the Foundation.

Basis for opinion

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

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

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

Responsibilities of the Board for the financial report

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

The Board is also responsible for assessing the Foundation'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 Foundation or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Foundation.
- Conclude on the appropriateness of the Foundation'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 Foundation'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 Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

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



26 August 2019

Carolyn Dougherty
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Appendix 3: Compliance schedule

Summary of requirement		Basis for Requirement	Annual report reference Page
Letter of Compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister	ARRs – section 7	1
Accessibility	Table of Contents	AARs – section 9.1	ii
	Glossary	AARs – section 9.1	iii
	Public availability	AARs – section 9.2	i
	Interpreter service statement	Queensland Government <i>Language Services Policy</i> ARR – 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	CEO Report/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	4
	Operating Environment	AARs – section 10.3	4
Non-Financial performance	Government's objectives for the Community	ARRs – section 11.1	7
	Other whole-of-government plans/specific initiatives	ARRs – section 11.2	N/A
	Agency objectives and performance indicators	ARRs – section 11.3	7
	Agency service areas, and service standards	AARs – section 11.4	N/A
Financial Performance	Summary of financial performance	ARRs – section 12.1	9
Governance – Management and structure	Organisational structure	AARs – section 13.1	12
	Executive management	AARs – section 13.2	12

Summary of requirement		Basis for Requirement	Annual report reference Page
	Government bodies (Statutory bodies and other Entities)	ARRs – section 13.3	N/A
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARR – section 13.4	17
	Queensland Public Service Values	ARRs – section 13.5	17
Governance – Risk Management	Risk Management	ARRs – section 14.1	18
	Audit Committee	ARRs – section 14.2	19
	Internal audit	ARRs – section 14.3	20
	External scrutiny	ARRs – section 14.4	20
	Information systems and recordkeeping	ARRs – section 14.5	20
Governance – Human Resources	Strategic workforce planning and performance	ARRs – section 15.1	22
	Early retirement, redundancy and retrenchment	Directive No. 04/18 <i>Early Retirement, Redundancy and Retrenchment</i> AARs section 15.2	23
Open Data	Statement advising publication of information	AARs – section 16	24
	Consultancies	ARRs – section 33.1	24
	Overseas Travel	ARRs – section 33.2	24
	Queensland Language service policy	ARRs – section 33.3	N/A
Financial Statements	Certification of financial statements	FAA – section 62 FPMS – sections 42,43 and 50 ARRs – section 17.1	Appendix 2
	Independent Auditor's report	FAA – section 62 FPMS – section 50 ARRs – section 17.2	Appendix 2

FAA
FPMS
AARs

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