

The Prince Charles Hospital Foundation

Annual Report and Annual Financial Statements

for the year ending 30 June 2014

The
Prince Charles
Hospital Foundation
Finding cures. Saving lives.



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This report is also available as a pdf online at www.tpchfoundation.org.au

Compliance Letter

5 September 2014

The Honourable Mr Lawrence Springborg MP
Minister for Health
GPO Box 48
Brisbane Qld 4000

Dear Minister,

I am pleased to present the Annual Report 2013-2014 and financial statements for The Prince Charles Hospital Foundation.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found on page 38 of this report.

Yours sincerely,



Bernard Curran
Chair
The Prince Charles Hospital Foundation

Chief Executive Officer's Report

Over \$3 million in research funding.

The Prince Charles Hospital Foundation has two clear strategic priorities: to increase health and medical research funding to \$5 million per annum by 2018; and to drive knowledge and support for this charity.

In 2013-14 the Foundation has increased its contribution to health and medical research to just over \$3 million. With the introduction of multi-year Program Grants, we have committed forward allocations of \$1.7 million over the next two years. In addition, we hold a further \$6.6M in investments which are directly committed to various research projects and initiatives over the next few years.

In addition to the three-year Program Grants, which saw \$600,000 awarded to four research programs with demonstrated collaboration to achieve a specific health outcome, the Foundation also introduced a PhD Scholarship program which will support four students for the next three years of study. These multi-year initiatives represent the direction of the Foundation in supporting and developing the careers of new researchers, and providing sustainable funding to make significant inroads into early detection and improved treatment of some of Australia's major chronic health problems.

The Board, led by our Chair Bernard Curran, are to be congratulated for their absolute focus in driving support of health and medical research and measuring success on the achievements of the dedicated researchers and mentors aligned with The Prince Charles Hospital.

Achieving these outputs required successful fundraising and this year again the profits achieved from the sale of strawberry sundaes at the Ekka, our public appeals, past patient donations, staff giving and corporate donations were critical. The Ekka activity relied on over 2,500 volunteers who donated their time over the 10 days of the show - a massive logistical challenge. Our other major event the 100km bicycle ride, the *Cycle of Giving*, took a step forward through the introduction of a dedicated fundraising portal, and has demonstrated its potential to be a major fundraising activity in the future. The cycle also raises awareness of organ and tissue donation and this year six organ transplant recipients participated in the ride as well as tissue and valve recipients.

The Foundation's single largest area of support is from bequests and we are humbled to receive the ultimate gift and provide a legacy that will improve the health of future generations. To these benefactors and to their families, I thank them most sincerely. Our commercial business the Breeze Café performed

strongly this year and we attribute the excellent support from our customers to the quality of the food and service from our team. We are actively looking at ways to expand our catering service to provide further support for research.

This year has seen some significant change within the Foundation, not the least being the departure of Kate Ashton as Chief Executive Officer in November. Kate moved to the United Kingdom for family reasons. Her contribution over the past six years has been extraordinary and she has left the Foundation in great shape, and I am grateful for the opportunity to build on her efforts.

The Foundation is continuing to strengthen our partnership with The Prince Charles Hospital and with Metro North Health and Hospital Services.

With these changes and the release of the revised strategic plan, The Prince Charles Hospital Foundation is preparing itself for rapid growth to strive to achieve the key measurement of distributing \$5 million per annum to health and medical research by 2018.

A staff restructure has taken place and a major strategic overhaul of the brand and fundraising platforms is being undertaken. In the next year the Foundation will be increasing its profile and giving more people the opportunity to support our research and clinical teams. It will be a huge challenge but I am confident that our Board, staff, volunteers and supporters will be inspired by our potential to help find cures and save lives.

MICHAEL HORNBY
Chief Executive Officer

General information

The Prince Charles Hospital Foundation is the charity which supports health and medical research at The Prince Charles Hospital in Brisbane.

Our vision is *Finding cures. Saving lives.* The mission for The Prince Charles Hospital Foundation (TPCHF) is to fund research that will find cures and save lives, in alignment with research, clinical priorities and excellence at The Prince Charles Hospital (TPCH).

Our five-year goal is that by 2018, TPCHF will be distributing \$5 million per annum to competitive health and medical research (HMR) aligned with TPCH.

We were established in 1986 under the *Hospitals Foundations Act* Queensland (1982) with the main function of raising money to support the hospital. An additional Research Rule (since repealed) was legislated to ensure that the focus of the Foundation was firmly on research.

The Foundation is governed by a voluntary Board of Directors which delegates day to day operations to the Chief Executive Officer.

Income generation activities include the Breeze Café and catering service, community fundraising events, public appeals, corporate partnerships, trusts and foundations, and a portfolio of investments.

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

The Prince Charles Hospital Foundation formally reports each year to the Queensland Minister for Health through submission of an annual report including financial statements.

The Prince Charles Hospital Foundation has not been directly affected by machinery of government changes within the 2013-14 financial year.

The external environment has continued to be one of significant financial pressure on corporates, government, households and charities, and, in conjunction with the restructuring of Queensland Health and the dispute over doctor contracts, contributed to general uncertainty in the local environment, affecting our donations, corporate support, workplace giving and café income.

For the coming year our two strategic priorities are 1) to increase health and medical research distributions, and 2) drive knowledge and support for TPCHF. These are supported by five strategic objectives:

- i) to support research excellence,
- ii) to sustain and grow existing research progress,
- iii) to increase brand awareness,
- iv) to build relationships with new audiences, and
- v) to drive significant new income while retaining the existing distance travelled year on year in income generation.

Non-financial Performance

Government's objectives for the community

The Queensland Government has identified the following five pledges in the document *Getting Queensland Back on Track*:

1. Grow a four pillar economy
2. Lower the cost of living
3. Invest in better infrastructure and better planning
4. Revitalise front-line services
5. Restore accountability in government.

The Prince Charles Hospital Foundation contributes to the Queensland Government's objectives for the community through decreasing the timeframes between bed to bench so that innovation through research leads to better front-line health services delivered with increased effectiveness and reduced red tape.

By funding research to fight chronic disease, we are also supporting efforts to lower the cost of living through decreased personal health expenditure, revitalise front-line services, and support better planning for services and infrastructure.

The *Blueprint for Better Healthcare in Queensland* was published in 2013 and lists four principal themes:

1. Health services focused on patients and people.
2. Empowering the community and our health workforce.
3. Providing Queenslanders with value in health services.
4. Investing, innovating and planning for the future.

Additionally, the vision for Metro North Health and Hospital Services is 'exemplifying compassionate, innovative and high quality health care, providing one hospital and health service for many'.

The Prince Charles Hospital Foundation contributes to these Queensland Government goals for healthcare through funding health and medical research. As the researchers we fund must be associated with The Prince Charles Hospital, the research is primarily focussed on the health challenges facing patients. These include Australia's, and the world's, biggest killers and most debilitating conditions, such as heart disease, lung cancer, osteoarthritis, dementia, falls and injury prevention, mental health, and other chronic and acute conditions.

Our research grants support both short and longer term projects, including evidence based nursing research to directly benefit patients (such as falls prevention) in the immediate term, and longer studies into the genes associate with cancers with the aim of developing personalised treatments and ways to 'switch off' cancer

causing genes.

The Foundation's funding model empowers the community to support innovation in health. As we do not receive government funding we place no expenditure burden on the Queensland community, but add value by funding comprehensive health and medical grants across a diverse spectrum of disciplines, ultimately providing innovative solutions to healthcare problems now and into the future.

The Foundation funds research that changes services and clinical options for patients now, creates options for the short-term future (five years), and contributes to global knowledge and international best practice.

The Foundation works with diverse strands of community including patients, past patients, individual donors, and corporate and community groups to inspire them to contribute to the Foundation's mission to increase the number and scope of research projects at The Prince Charles Hospital. This research translates into more effective delivery of healthcare for Queenslanders.

Objectives and performance indicators

The Prince Charles Hospital Foundation's Strategic Plan 2014-2018 can be seen at www.tpchfoundation.org.au.

Strategic Priority 1 – To increase health and medical research distributions (to \$5M pa by June 2018)

Strategic Objective 1.1 – Support research excellence

During 2013-14, the Foundation introduced multi-year research funding for Program Grants and PhD Scholarships. Four of each were awarded, totalling \$2.8M over three years.

We also continued our Board grants for Innovation and Capacity Building to provide the opportunity for one-off funding for research which falls outside the scope of formal grants framework. In 2013-14, this supported specialised equipment for heart disease research and patient support in the Emergency Department.

Strategic Objective 1.2 – Sustain and grow existing research progress

Experienced researcher project grant funding was retained at \$900k. Small and Large equipment grants were maintained. New Investigator grants expenditure increased to \$273,293.59, with 28 grants funded.

Strategic Priority 2 – To drive knowledge and support for TPCHF

Strategic Objective 2.1 – Increase awareness

Marketing and promotional activities were maintained throughout the year with public appeals and involvement with our partners.

We actively increased social media engagement with a minimum of five updates per week each to Twitter and Facebook.

Hospital communications and engagement increased to strengthen awareness of the Foundation’s role and research opportunities.

A major brand development program is underway (for release in 2014-15) to further increase awareness. This is predicted to drive a significant leap forward in our communications, public awareness and support.

Strategic Objective 2.2 – Build relationships with new audiences

A targeted donor acquisition project was introduced to increase our gifts to research.

The *Cycle of Giving* event in February and the Ekka volunteering in August attracted 1600 new prospects from community and corporate groups.

Strategic Objective 2.3 – Drive significant new income

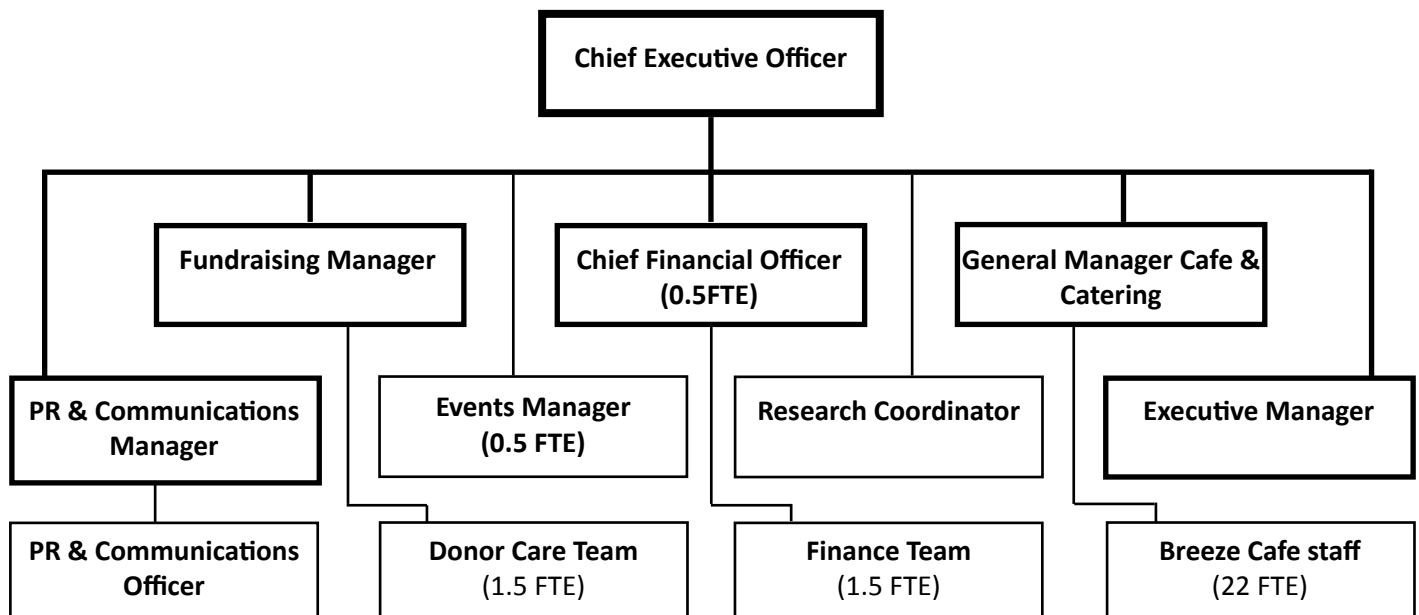
In order to achieve our goal of distributing \$5M to research by 2018, the Foundation has created a donor development plan. This has included changing the way we communicate with current and prospective donors (eg past patients) and introducing an additional public appeal.

We also restructured staff positions within the organisation to drive new revenue.

Overall, in a year of significant change the Foundation has continued to grow its overall support through donors and event participation, increased its financial returns from the café, and made significant inroads to the development of a more active fundraising program. The outcome of this has resulted in the release of the multi-year research funding representing a 38% increase on the previous year’s grant allocations.

Governance - management and structure

Organisational structure



Governance

Executive Management

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

The role of The Prince Charles Hospital Foundation Board includes:

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

Board Members for 2013-14 were:

Chair: Mr Bernard Curran – Partner, BDO

Mr Terry Sullivan – Former State Member of Parliament

Mr Toby Innes – Head of Retail and Commercial, Brisbane Airport Corporation

Ms Jacqueline Ryan – Director, Institutional Relationships Australia, ANZ Institutional Banking

Mr Peter Tyquin – Company Director, GOA Billboards

Mr Lyndon Broome – Secretary Manager, Kedron Wavell Services Club

Dr Paul Alexander – Chair of Metro North HHS Board

Mr Vaughan Howell - Deputy Chair of Metro North HHS Board (Board Chair Nominee)

Ms Karenlee Lacey – Former CEO of The Royal Children's Hospital Foundation (resigned September 2013)

Mr Greg Meek – Founder & Director, Doors Consulting (resigned August 2013)

See pages 12-13 for terms of office & roles of Board Directors and attendance at Board meetings.

During 2013-14 there was no overseas travel by Foundation staff and no consultancy expenditure. The Foundation follows Queensland Government guidance for information and record-keeping. There were no requests for information during 2013-14 but it is Foundation practice to offer full disclosure subject to the constraints of the *Queensland Information Privacy Act (2009)*. The Foundation was an active participant in the development of a Queensland Hospital Foundation Open Data Strategy in 2013.

The Board sets the Foundation's organisational strategic direction in consultation with the Chief Executive Officer. The Foundation has a five-year strategy with one goal, that by 2018 we will be distributing \$5 Million

per annum to competitive health and medical research (HMR) aligned with The Prince Charles Hospital.

The operational plan for 2013-2014, based on the strategic plan, contains the connections between organisational vision, purpose, organisational Key Performance Indicators, goals, activities, and clearly identified KPIs.

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

As the entity is small, only the Chief Executive Officer is viewed as senior executive management. The Chief Financial Officer works part time.

The CEO, Michael Hornby, has extensive experience in non-profit organisations with over 22 years of leading some of Australia's largest NFPs. The responsibilities of the CEO can be summarised as:

- contribute to the development and implementation of the Foundation's Vision, and Strategic and Operational Plans, and achievement of strategic and organisational objectives and agreed outcomes;
- oversight of development a strategic plan;
- management of the development of the operational/business plan and annual budget for the Foundation, consistent with the Foundation's strategic priorities;
- lead, manage and supervise staff of the Foundation to optimise the Foundation's performance;
- provide ethical decision making in the achievement of the Foundation's goals;
- manage allocated resources of the Foundation to maximise fundraising outcomes for the Foundation;
- proactively manage within legislation, standards, regulations, policies and delegations;
- work co-operatively with staff of The Prince Charles Hospital and other internal and external stakeholders to achieve common goals;
- support the Board with the timely and accurate preparation of agendas, board papers and minutes;
- manage the marketing and promotional activities of the Foundation including brand promotion, website, newsletters, media opportunities and production of the annual report;
- manage the research grant process under the direction of the Chair of the Research Committee;
- manage and oversee the major fundraising events of the Foundation.

Fiscal Accountability

The Foundation retains high standards of internal financial monitoring and accountability. The Foundation uses an annual planning cycle, strategic reviews, monthly, quarterly and bi-annual review mechanisms and reports both verbally and in written format to the Board to pre-planned time frames.

Internal tools include a relevant and updated strategic plan, relevant and updated risk register, an annual budget with bi-annual re-forecasting and monthly reporting and new additional reports as required.

The Finance, Audit and Risk (FAR) Committee meets monthly and performs an internal audit function. Staff take responsibility for expenditure and reporting within their departments and monthly staff meetings review how actual performance is tracking against budget and organisational KPIs.

Fiduciary Duties

There are six Board meetings, held generally bi-monthly, supported by a full suite of reports for Directors. There are monthly Finance, Audit and Risk (FAR) Committee meetings. Eleven of these are supported by a full suite of reports for Directors, and the remainder is dedicated to review of the annual Statutory Accounts. All Board members can receive the reports whether or not they attend the FAR Committee.

A Director's Pack is circulated to Directors when they commence which gives an overview of the Foundation. Declaration of conflicts of interest and a risk analysis report are standing items on the Board agenda.

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.

Board members are actively invited to participate in training and courses, especially those offered by the Australian Institute of Company Directors (paid by the Foundation).

Ensuring responsible risk management is undertaken

Risk is a standing item on the Board agenda and headline risks are reported to each Board meeting. The risk register is reviewed and updated regularly by staff. The Board review the risk framework annually.

Process improvement is seen as a key methodology for managing risk. TPCHF is committed to retaining quality

processes and incrementally developing and embedding relevant new process work.

Audit

The Foundation is externally audited each financial year. The auditors for 2013-14 were Grant Thornton Audit Pty Ltd.

Monitoring & Improving Organisational Performance

The Board is committed to continued improvement of organisational performance. This is reflected through:

- improvement of existing processes
- the introduction of new processes and tools to serve the organisation
- relevant and efficient reporting.

The Board delegates responsibility for day to day operations to management and staff but retains visibility of the quality of the Foundation's work through reporting and sees its role as supporting staff to achieve their KPIs.

Communications

The Foundation Board has maintained a specific commitment to delivering effective communications that can inspire the community to support the work of the Foundation. A major review of communications and fundraising is underway, to be implemented in 2014-15.

Sub Committees

Through the Foundation's committees, the Foundation can draw on Board members and other people with expertise in skills and processes to ensure transparency and high quality outcomes.

Additional committees are created as required for specific short-term projects.

Research Committee

Purpose: oversight of Grants Framework for applications and grants in payment

Chair: Dr David Hansen

Members: Prof Murray Mitchell, Dr Jenny Paratz, Assoc Prof Dan Chambers, Dr Fran Kinnear, Prof Malcolm West, Dr Chris Raffel, Assoc Prof Fiona Bogossian, Bernard Curran, Kate Ashton (CEO until November 2013), Michael Hornby (CEO from December 2013).

Finance, Audit and Risk Committee

Purpose: oversight of financial governance, financial reporting, audit and risk

Chair: Toby Innes

Members: Toby Innes, Jacqueline Ryan, Bernard Curran, Kate Ashton (CEO until November 2013), Michael Hornby (CEO from December 2013), Katrina Beasley (Chief Financial Officer).

Recruitment of the Chief Executive Officer was done through an executive recruitment agency and supported by a formal transition process.

Code of Conduct

The Foundation has a Behaviour and Code of Conduct Policy which references the Code of Conduct for the Queensland Public Service (dated 1 January 2011).

The Foundation Behaviour and Code of Conduct Policy has four procedures within the policy:

- Dealing with People Procedure
- Job Standards and Behaviour Procedure
- Working Together Procedure
- Managing Resources and Information Procedure

Human Resources

The Foundation Board makes a specific commitment to offering relevant and inspiring training opportunities to staff so that individuals have the opportunity to develop themselves and their contribution in the workplace.

Foundation staff have regular management meetings, an annual operating plan, KPIs and regular performance reviews supported by documented HR files and written records. Periodically staff are offered the opportunity to work from home when suitable for particular projects.

The Foundation has three business areas: research, fundraising and the Breeze Café. These areas are supported by 11 full-time equivalent office staff and 22 FTE café staff, delivering across the following functions:

- research grant applications and administration
- media, communications and marketing
- income generation and fundraising
- financial reporting, accounts and audit
- fundraising events including the Ekka involving management of more than 2,500 volunteers
- corporate functions and general management
- catering and café.

The Foundation's staff numbers have increased by one full time employee during the financial year (from 32 to 33 FTE). We use detailed position descriptions and practical interviews (eg demonstration of computer skills) to ensure that we are employing skilled and capable staff.

Due to natural attrition and an organisational restructure, the Foundation's permanent separation rate was 30%.

Board of Directors

Bernard Curran

Type of Appointment: Chair

Current Expiry Date: 20 December 2015

Bernard brings strong track record in strategic thinking and organisational development. Bernard Curran has service with the Board since 2008 as Chair of the TPCHF Finance Committee and Chair of the Foundation Board since 2012. He introduced improved financial reporting processes, and improved business processes.

Toby Innes

Type of Appointment: Board Member

Current Expiry Date: 25 November 2014

As a senior manager at Brisbane Airport Corporation, Toby offers significant expertise in the retail sector. This is desired and specific to TPCHF as a Foundation so that appropriate benchmarking and strategic direction can be set for the Breeze Café as a business unit.

Lyndon Broome

Type of Appointment: Board Member

Current Expiry Date: 20 December 2015

As Secretary/Manager of Kedron Wavell Services Club, Lyndon Broome brings extensive management expertise with deep knowledge of stakeholder relationship building. He enables the Board to leverage from his ability to combine business results with responsibility to community. He brings specialist grant-making and not-for-profit expertise.

Terry Sullivan

Type of Appointment: Board Member

Current Expiry Date: 20 December 2015

Terry was Chair of TPCH Health Community Council and a previous local MP. He is well versed in matter of the local community and brings a long track record of expertise in understanding the complexities of the hospital's relationship with community and the Foundation's place in the complex map of stakeholder relationships.

Jacqueline Ryan

Type of Appointment: Board Member

Current Expiry Date: 20 December 2015

Jacqueline Ryan has expertise in marketing and business accountancy. She has international expertise in developing corporate client relationships and is a Director with ANZ Trustees. She has a track record in supporting charities and brings a refreshing approach to how Board members can champion new opportunities for TPCHF. Her input strengthens the expertise and

capability at the Board level of financial best practice, and her international experience helps the Foundation understand how best to build its relevance to stakeholders in the market place.

Peter Tyquin

Type of Appointment: Board Member

Current Expiry Date: 20 December 2015

Peter has 30 years of professional experience in diverse communications businesses, with a track record in newsprint, digital and design. He is a great asset at Board level in supporting TPCHF's strategic work in communicating to potential supporters. Increasingly intimate knowledge of communications, media and PR is important for TPCHF.

Dr Paul Alexander

Type of Appointment: Board Member

Current Expiry Date: ongoing

Chair of Metro North HHS Board and entitled to a seat on the Board under the *Hospitals Foundations Act 1982* (reprint 1 July 2012).

Mr Vaughan Howell

Type of Appointment: Board Member

Current Expiry Date: ongoing

Metro North Hospital and Health Board, Deputy Board Chair. Mr Howell is the Metro North Hospital and Health Board Chair Nominee.

Greg Meek

Type of Appointment: Board Member

Resigned from Board August 2013

Karenlee Lacey

Type of Appointment: Board Member

Resigned from Board September 2013

Attendance at Board Meetings

Name	15 Aug '13	19 Sep '13	21 Nov '13	27 Feb '14	24 Apr '14	19 Jun '14	Eligible	Attended
Bernard Curran (Chair)	✓	✓	✓	✓	✓	✓	6	6
Toby Innes	✗	✓	✗	✓	✓	✗	6	3
Lyndon Broome	✗	✓	✗	✗	✓	✗	6	2
Terry Sullivan	✓	✗	✓	✓	✓	✓	6	5
Jacqueline Ryan	✓	✗	✗	✓	✗	✓	6	3
Peter Tyquin	✓	✗	✓	✓	✗	✓	6	4
Vaughan Howell	✓	✓	✓	✗	✓	✓	6	5
Greg Meek	✗	n/a	n/a	n/a	n/a	n/a	1	0
Karenlee Lacey	✗	n/a	n/a	n/a	n/a	n/a	1	0

Finance, Audit & Risk Committee Meetings

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Toby Innes	✗	✓	✓	✓	✗	✗	✓	✓	✓	✓	✓	✗
Bernard Curran	✓	✓	✓	✓	✓	✓	✗	✓	✗	✗	✓	✓
Jacqueline Ryan	✓	✓	✓	✗	✓	✓	✓	✗	✓	✓	✓	✓

Open Data

Additional information not published in this report is available through the Queensland Government's Open Data website. This information includes data relating to consultancies, overseas travel and the Queensland Cultural Diversity Policy. The Queensland Government Open Data website is <http://www.qld.gov.au/data>. This information can also be found on the Foundation's website at www.tpchfoundation.org.au

Financial performance

The key measurement of the success in the past financial year is the effect on supporting our mission of finding cures and saving lives.

The Board, staff, researchers and a generous community are to be congratulated for working together with the net result of \$3,008,421 distributed to health and medical research projects and programs, and in addition a further \$6.6M has been set aside for research funding over the coming years.

The yearly research funding distribution is up 47% over the past two-years.

Income across all revenue streams has increased, albeit slightly, with the exception of bequests but this was a result of two extraordinary bequests the previous year. The introduction of one additional public appeal, increased fundraising through our Cycle of Giving, and some larger gifts have been essential to the increased research support.

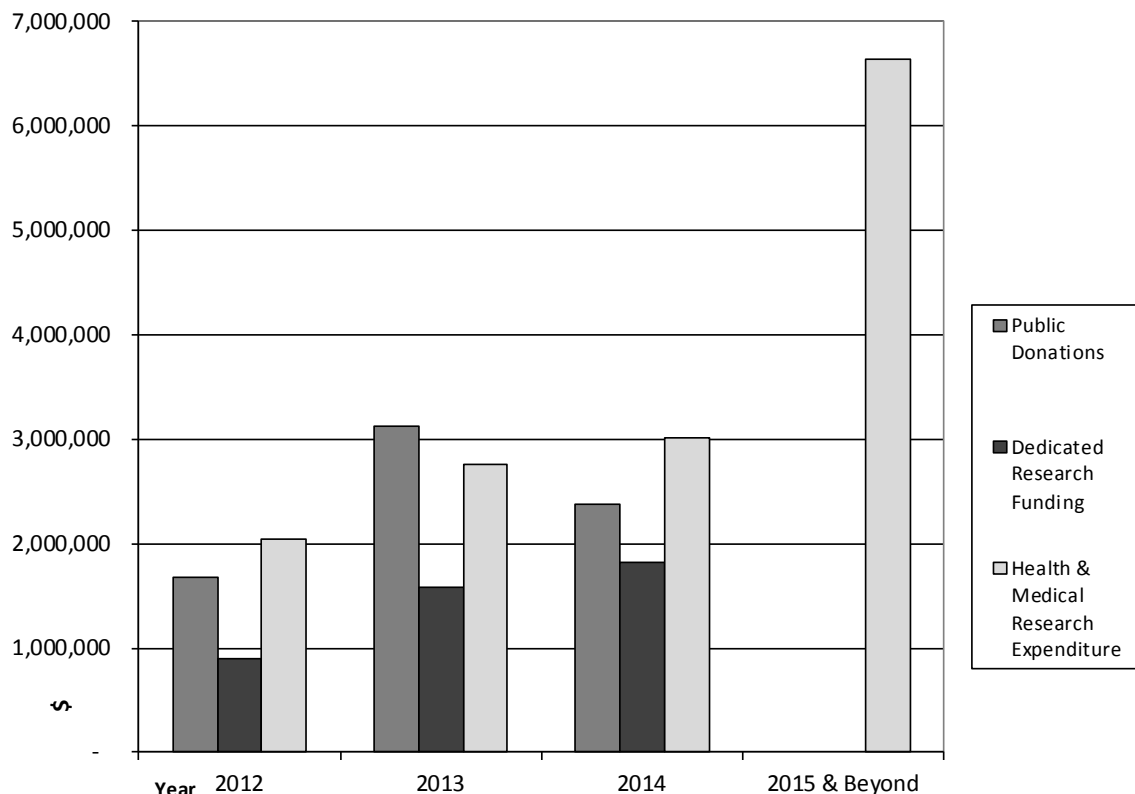
Thanks to our commercial operations, including the café, cost recoveries from non-philanthropic activities and some investment income were 14% above our

operational, administration and marketing costs, and this result allows us to apply 100% of public donations to go to our mission – a unique position and one of which we are very proud.

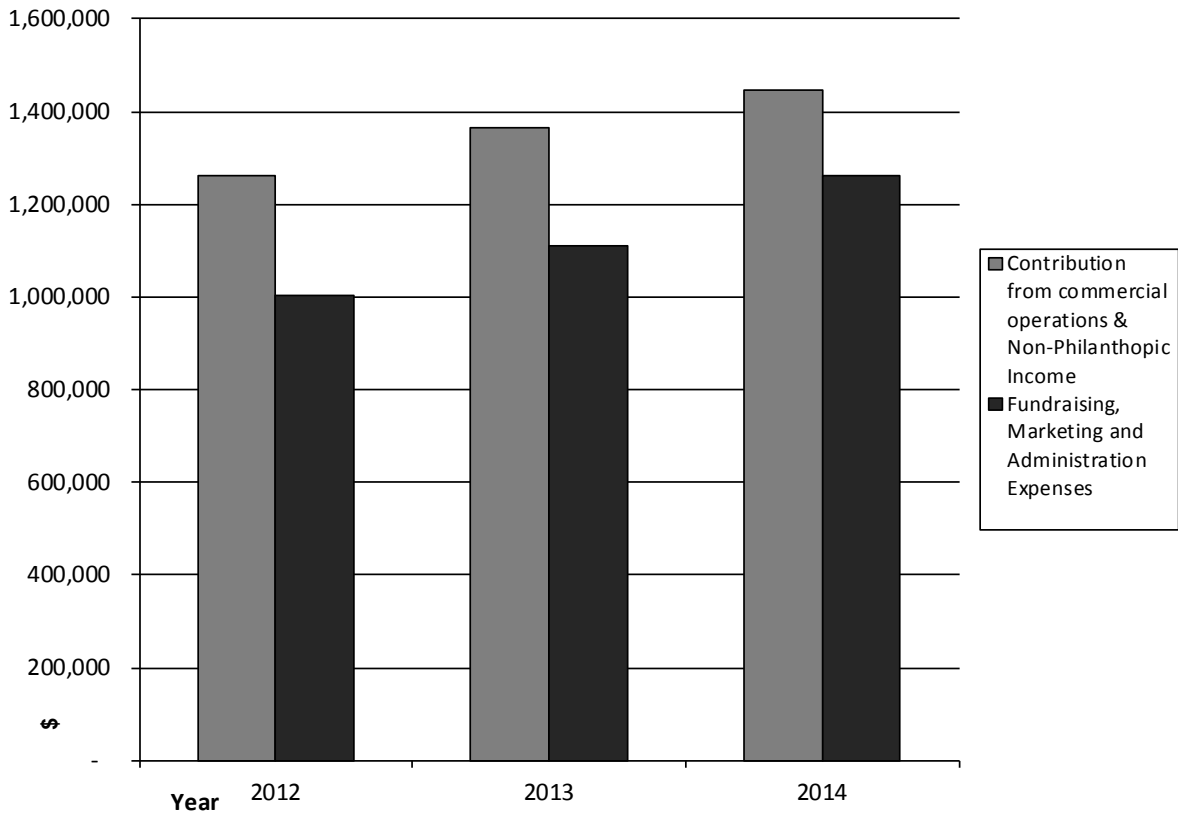
Our balance sheet is very healthy as a result of strong financial management and good governance. Forward commitment for future research funding is well catered as the total equity rose a further 14% to \$14.7M.

The Prince Charles Hospital Foundation has established a strong platform for growth and is now preparing to quickly increase the fundraising activity to ultimately achieve the strategic aim of distributing \$5M pa in health and medical research by 2018. This will require some additional investment to update systems and processes, and acquire more sustainable support to cost effectively fund the fight against Australia’s most significant chronic diseases, leading to earlier detection, improved treatments and greater resilience as our population ages.

Allocating Public Donations to the Cause of Health and Medical Research



Funding Operational Costs Through Commercial Activity



Glossary

Term	Refers to
Vision	Statement by the Foundation as to how it wishes to be perceived by clients, stakeholders and the community.
Purpose	The overall aim of the agency.
Strategic Objective	Agreed main theme to inform all action: from Board to operational levels.
Strategic Goal	Specific metric for achievement.
Organisational KPI	Refers to one of 8 KPIs determined and agreed by the Board which are to run across years and across the whole of the organisation.
Target	Statement of operational activity to be undertaken for achievement towards a strategic goal.
KPI	Key performance indicator. Specific metric for achievement of target.
TPCH	The Prince Charles Hospital
TPCHF	The Prince Charles Hospital Foundation
NFPs	Not for profit organisations

The Prince Charles Hospital Foundation

Annual Financial Statements

for the year ending 30 June 2014

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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 *Hospitals Foundations Act (1982)*.

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

For information in relation to the Foundation's financial statements, please call (07) 3139 4636, e-mail info@tpchfoundation.org.au, or visit us online at www.tpchfoundation.org.au.

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2014

		2014	2013
	Notes	\$	\$
Income from Continuing Operations			
Revenue			
Sales		3,570,107	3,502,557
Car park rental- Collocation	2	239,219	207,904
Donations and bequests		3,385,358	3,937,690
Functions and special events		825,163	756,539
Collocation funding income		564,005	552,393
Administration income		130,094	115,848
Investment income		180,188	157,697
Interest income		454,742	443,846
Gain on sale of assets		5,407	-
Total Income from Continuing Operations		9,354,283	9,674,474
Expenses from Continuing Operations			
Depreciation and amortisation	11	53,835	55,557
Employee expenses	3	2,022,176	1,934,916
Collocation funding expenses		511,434	448,513
Cost of goods sold		1,680,206	1,648,424
Functions and special events		584,641	538,426
General and administration expenses		639,533	545,935
Research grants expenditure		2,117,475	1,525,411
Other research expenditure		379,512	781,074
Total Expenses from Continuing Operations		7,988,812	7,478,256
Operating Result from Continuing Operations		1,365,471	2,196,218
Other Comprehensive Income			
<i>Items that will be reclassified subsequently to operating result when certain conditions are met:</i>			
Net change in fair value of available for sale financial assets		452,496	523,400
Total Other Comprehensive Income for the Year		452,496	523,400
Total Comprehensive Income		1,817,967	2,719,618

The accompanying notes form part of these statements.

Statement of Financial Position

As at 30 June 2014

		2014	2013
	Notes	\$	\$
Current Assets			
Cash and cash equivalents	6	13,283,132	10,751,451
Receivables	7	494,240	626,235
Inventories	8	35,209	30,147
Other	9	148,558	132,015
Total Current Assets		13,961,139	11,539,848
Non Current Assets			
Other financial assets	10	3,876,015	3,423,519
Property, plant and equipment	11	576,675	622,175
Total Non Current Assets		4,452,690	4,045,694
Total Assets		18,413,829	15,585,542
Current Liabilities			
Trade and other payables	12	958,401	650,774
Accrued employee benefits	13	91,799	88,547
Provision for research grant funding	14	2,576,605	1,880,813
Total Current Liabilities		3,626,805	2,620,134
Non Current Liabilities			
Provision for employee benefits	15	29,033	25,384
Total Non Current Liabilities		29,033	28,217
Total Liabilities		3,655,838	2,648,351
Net Assets		14,757,991	12,940,024
Equity			
Accumulated Surplus		13,782,095	12,416,624
Financial Asset Reserve		975,896	523,400
Total Equity		14,757,991	12,940,024

The accompanying notes form part of these statements.

Statement of Changes in Equity

For the Year Ended 30 June 2014

	Accumulated Surplus	Financial Asset Reserve	Total
	\$	\$	\$
Changes in Equity for the Year 2013:			
Balance at 1 July 2012	10,220,406	-	10,220,406
Operating result from continuing operations	2,196,218	-	2,196,218
Other comprehensive income:			
Net change in fair value of available for sale financial assets			
-	-	523,400	523,400
Balance at 30 June 2013	12,416,624	523,400	12,940,024
Changes in Equity for the Year 2014:			
Balance at 1 July 2013	12,416,624	523,400	12,940,024
Operating result from continuing operations	1,365,471	-	1,365,471
Other comprehensive income:			
Net change in fair value of available for sale financial assets			
-	-	452,496	452,496
Balance at 30 June 2014	13,782,095	975,896	14,757,991

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

The accompanying notes form part of these statements.

Statement of Cash Flows

For the Year Ended 30 June 2014

		2014	2013
	Note	\$	\$
Cash Flow from Operating Activities			
<i>Inflows:</i>			
Receipts from sale of goods		4,711,716	4,194,200
Donation and event income receipts		4,210,521	4,694,229
Dividends and managed funds distributions income		159,152	166,059
Interest receipts		398,547	381,366
GST collected from customers		482,241	482,295
<i>Outflows:</i>			
Payments of grants		(1,801,195)	(1,880,695)
Payments to employees		(2,015,274)	(1,899,409)
Payments to suppliers		(3,128,858)	(3,026,991)
GST paid to suppliers		(345,781)	(327,443)
GST remitted to ATO		(136,460)	(154,852)
Net cash provided by operating activities	19	2,534,609	2,628,759
Cash Flow from Investing Activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		5,658	-
<i>Outflows:</i>			
Payments for property, plant and equipment		(8,586)	(7,500)
Payments for investments		-	(680)
Net cash used in investing activities		(2,928)	(8,180)
Net increase / (decrease) in cash and cash equivalents		2,531,681	2,620,579
Cash and cash equivalents at beginning of year		10,751,451	8,130,872
Cash and cash equivalents at end of financial year	6	13,283,132	10,751,451

The accompanying notes form part of these statements.

Note 1:	Summary of Significant Accounting Policies
Note 2:	Car Park
Note 3:	Employee Expenses
Note 4:	Auditor's Fees
Note 5:	Key Executive Management Personnel and Remuneration
Note 6:	Cash and Cash Equivalents
Note 7:	Receivables
Note 8:	Inventories
Note 9:	Other Current Assets
Note 10:	Other Financial Assets
Note 11:	Property, Plant and Equipment
Note 12:	Trade and Other Payables
Note 13:	Accrued Employee Benefits
Note 14:	Provision for Research Grants
Note 15:	Provision for Employee Benefits
Note 16:	Capital Commitments
Note 17:	Lease Commitments
Note 18:	Commitments and Contingencies
Note 19:	Reconciliation of Operating Surplus to Net Cash from Operating Activities
Note 20:	Services Received Free of Charge or for Nominal Value
Note 21:	Events Occurring After Balance Date

Objectives and principal activities of The Prince Charles Hospital Foundation

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

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

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

Note 1: Summary of Significant Accounting Policies

(a) Statement of Compliance

The financial statements have been prepared in compliance with the *Financial Accountability Act (2009)* and the *Financial and Performance Management Standard (2009)*.

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

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

(b) The Reporting Entity

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

(c) Revenue

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

Revenue from fundraising

Donations and Bequests

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

Fundraising from Events

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

Sales of Goods

Revenue from sales of goods comprises revenue earned (net of returns, discounts and allowances) from the sale of goods purchased for resale and gifts donated for resale. Sales revenue is recognised when the control of goods passes to the customer.

Administration and Collocation Income

Revenue from administration and collocation agreements is recognised when a tax invoice is created.

Investment Income

Investment income comprises interest, dividends and distributions from managed funds. Interest income is recognised as it accrues, using the effective interest method. Dividends from listed companies and distributions from managed funds are recognised when the right to receive the interest or distribution has been established.

(d) Cash and Cash Equivalents

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

(e) Trade and Other Receivables

Trade receivables which comprise amounts due from sales of goods and services provided are recognised and carried at original invoice amount less any allowance

for uncollectable amounts. Normal terms of settlement are 30 days from invoice date. The carrying amount of the receivable is deemed to reflect fair value. The collectability of receivables is assessed periodically with provision being made for impairment. Bad debts are written off when identified.

(f) Inventories

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

(g) Acquisitions of Assets

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

(h) Property, Plant and Equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Leasehold Improvements	\$2,000
Plant and Equipment	\$2,000
Motor Vehicle	\$2,000

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

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

(i) Revaluations of Non Current Physical Assets

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

(j) Depreciation of Property, Plant and Equipment

The depreciable amount of leasehold improvements, plant and equipment and the motor vehicle is depreciated on a prime cost basis, commencing from the

time the asset is held ready for use. The depreciation rates used for each class of depreciable assets based on their useful lives are:

Class of Fixed Asset	Depreciation Rate Range
Leasehold Improvements	2.5 - 50%
Plant and Equipment	10-33%
Motor Vehicle	10%

The assets’ useful lives are reviewed and adjusted if appropriate at the end of each reporting period. Assets under construction are not depreciated until they are completed and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit or loss.

(k) Impairment of Non Current Assets

All non current physical 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 profit or loss.

(l) Payables

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

(m) Financial Instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

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

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

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

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

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

(n) Employee Benefits

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

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

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

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

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

Prior history indicates that on average, sick leave taken

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

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

Annual and Long Service Leave

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

Accounting for 'other long-term employee benefits' requires:

- determination of the deficit or surplus in the benefit plan - which involves using an actuarial technique to estimate the cost of the employee benefits earned by employees, discounting that benefit in order to determine the present value of the Foundation's obligation and current service cost, and deducting the fair value of plan assets from the present value of the Foundation's obligation;
- determination of the amount of the net defined benefit liability (asset); and
- determination of various amounts to be recognised in the operating result (e.g. service cost, net interest on the net defined benefit liability (asset) and re-measurements of the net defined benefit liability (asset)).

All directly associated on-costs (e.g. employer superannuation contributions and worker's 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 Executive Management Personnel and Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with section 5 of

the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to note 5 for the disclosures on key executive management personnel and remuneration.

Remuneration of Board Members

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

(o) Provisions

Provisions are recorded when the Foundation has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after twelve or more months, the obligation is discounted to the present value using an appropriate discount rate.

(p) Insurance

The Foundation's non current physical assets and other risks are insured through Blue Broking Insurance, premiums being paid on a risk assessment basis. In addition, the Foundation pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(q) Taxation

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

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

(r) Issuance of Financial Statement

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

(s) Accounting Estimates and Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical

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

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

Provisions for Employee Benefits – Note 15

Contingencies - Note 18

(t) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1 unless disclosure of the full amount is specifically required.

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

(u) New and Revised Accounting Standards

The Foundation did not voluntarily change any of its accounting policies during 2013-14. Australian Accounting Standard changes applicable for the first time as from 2013-14 that have had a significant impact on the Foundation's financial statements are described below.

AASB 13 Fair Value Measurement became effective from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements apply to all of the Foundation's assets and liabilities (excluding leases) that are measured at fair value or another measurement based on fair value. The impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities.

The Foundation has reviewed its fair value methodologies (including instructions to valuers, data used and assumptions made) for all financial assets measured at fair value to assess whether those methodologies comply with AASB 13. To the extent that the previous methodologies were not in compliance with AASB 13, valuation methodologies were revised accordingly to be in line with AASB 13. The revised

valuation methodologies have not resulted in material differences from the previous methodologies.

A revised version of AASB 119 Employee Benefits became effective for reporting periods beginning on or after 1 January 2013. The most significant implication for the Foundation is that the revised accounting standard includes changed criteria for accounting for employee benefits as 'short-term employee benefits'. As a result, any class of employee benefit not expected to be wholly settled within 12 months after the reporting date is to be accounted for as 'other long-term employee benefits'.

The recognition and measurement of the Foundation's obligations for 'other long term employee benefits' follows most of the requirements for defined benefit plans. This affects the Foundation's annual leave and long service leave liabilities. Therefore, the measurement of those liabilities, and the measurement and presentation of changes in those liabilities, now reflect defined benefit plan accounting (refer to note 1(n) for more information).

Other potential implications arising from the revised AASB 119 were the revised concept of 'termination benefits' and the revised recognition criteria for termination benefit liabilities. If any termination benefit obligations meet the AASB 119 timeframe for 'short-term employee benefits', they will be measured according to the requirements for 'short-term employee benefits'. Otherwise, termination benefits need to be measured according to the requirements for 'other long-term employee benefits'.

These amendments have had no significant impact on the entity.

Note 2: Car Park

The Prince Charles Hospital Car Park is operated under an agreement between Queensland Health and Parking International Group. Under the agreement the Foundation is entitled to a share of collocation revenue. For the year 2014 and in accordance with the collocation agreement this amount was \$239,219 (2013: \$207,904).

Note 3: Expenses

Employee Expenses	2014	2013
	\$	\$
Employee Benefits		
Wages and salaries	1,673,299	1,597,785
Annual leave expense *	79,990	92,753
Employer superannuation contributions *	155,582	149,853
Long service leave expense *	11,783	18,701
Employee Related Expenses		
Worker's compensation premium	23,303	23,656
Other employee related expenses	78,219	52,168
Total Employee Expenses	2,022,176	1,934,916
* Refer note 1(n)		
	No.	No.
The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:	33	32

Note 4: Auditor's Fees

	2014	2013
	\$	\$
Audit of the financial statements	18,520	18,000

The Prince Charles Hospital Foundation's auditor is Grant Thornton Audit Pty Ltd. Audit fees are included in general and administration expenses.

Note 5: Key Executive Management Personnel and Remuneration

(a) Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Foundation during 2013-14. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

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

(b) Remuneration

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

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

- * Short term employee benefits which include:
 - Base consisting of base salary, allowances, bonus paid and leave entitlements paid, and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the profit or loss.
 - Non-monetary benefits
- * Long term employee benefits include long service leave accrued.
- * Post employment benefits include superannuation contributions.
- * Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- * Performance bonuses may be paid annually depending upon satisfaction of key performance indicators and are set by the Chair of the Board.

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

1 July 2013 - 30 June 2014

Position (date resigned if applicable)	Short Term Employee benefits		Long Term Employee benefits	Post Employment benefits	Total Remuneration
	Base \$	Non-monetary \$	\$	\$	\$
CEO (appointed 9/12/13)	74,460	20,447	-	8,206	103,113
CEO (retired 29/11/13)	87,715	11,200	(5,289)	11,600	105,226

1 July 2012 - 30 June 2013

Position (date resigned if applicable)	Short Term Employee benefits		Long Term Employee benefits	Post Employment benefits	Total Remuneration
	Base \$	Non-monetary \$	\$	\$	\$
CEO (retired 29/11/13)	188,751	16,265	2,557	24,875	232,448

(c) Performance Payments

The basis for performance bonuses paid or payable in the 2013-14 financial year is set out below:

Position	Date Paid	Basis for payment
CEO (retired 29/11/13)	29-11-13	The cash performance bonus was set by reference to satisfaction of key performance indicators and is set by the Chair of the Board.

The basis for performance bonuses paid or payable in the 2012-13 financial year is set out below:

Position	Date Paid	Basis for payment
CEO (retired 29/11/13)	14-4-2013	The cash performance bonus was set by reference to satisfaction of key performance indicators and is set by the Chair of the Board.

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

	2014 \$	2013 \$
CEO (retired 29/11/13)	\$10,000	\$16,507

Note 6: Cash and Cash Equivalents

	2014 \$	2013 \$
Cash on hand	5,800	5,800
Cash at bank	1,520,331	1,020,051
Cash on deposit	11,757,001	9,725,600
	13,283,132	10,751,451

Note 7: Receivables

	2014 \$	2013 \$
Trade receivables	21,923	27,552
Sundry debtors – collocation payments	103,401	101,272
Other miscellaneous receivables	370,416	498,911
	495,740	627,735
Provision for impairment of receivables	(1,500)	(1,500)
	494,240	626,235

Provision for impairment of receivables

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

Note 8: Inventories

	2014 \$	2013 \$
Stock on hand - cafeteria - at cost	35,209	30,147
	35,209	30,147

Note 9: Other Current Assets

	2014 \$	2013 \$
Prepayments	136,216	120,606
Dividend imputation credits refundable	12,342	11,409
	148,558	132,015

Note 10: Other Financial Assets

	2014 \$	2013 \$
Available for sale financial assets at fair value:		
Australian Equity Managed Funds	2,124,721	1,864,573
International Equity Managed Fund	506,134	417,423
International Property Managed Fund	612,253	586,403
Shares in Listed Corporations	632,907	555,120
	3,876,015	3,423,519

Note 11: Property, Plant and Equipment

	2014 \$	2013 \$
Leasehold Improvements:		
At cost	545,752	545,752
Less: Accumulated amortisation	(81,825)	(62,519)
	463,927	483,233
Plant and Equipment:		
At cost	280,946	272,362
Less: Accumulated depreciation	(172,700)	(140,978)
	108,246	131,384
Motor Vehicle:		
At cost	23,818	33,953
Less: Accumulated depreciation	(19,316)	(26,395)
	4,502	7,558
Total	576,675	622,175

Movements in Carrying Values:

	Leasehold Improvement \$	Plant and Equipment \$	Motor Vehicle \$	Total \$
Carrying amount at 1 July 2013	483,233	131,384	7,558	622,175
Acquisitions	-	8,586	-	8,586
Disposals	-	-	(251)	(251)
Depreciation/Amortisation	(19,306)	(31,724)	(2,805)	(53,835)
Written Off	-	-	-	-
Carrying Amount at 30 June 2014	463,927	108,246	4,502	576,675

Note 12: Trade and Other Payables

	2014 \$	2013 \$
Current		
Trade Payables	540,072	267,277
GST Payable	3,721	51,213
Accrued Expenses and Other Payables	414,608	332,284
Total Payables	958,401	650,774

Note 13: Accrued Employee Benefits

	2014 \$	2013 \$
Current		
Annual (Recreational) Leave	69,999	67,209
Long Service Leave	21,800	21,338
	91,799	88,547

Note 14: Provision for Research Grants

	2014 \$	2013 \$
Current		
Opening Balance	1,880,813	1,455,024
Grants Awarded	2,108,262	1,481,285
TPCH Capacity Building Grants Awarded	64,267	75,000
Grants Written Back (unused provisions)	(55,054)	(30,874)
Payments of Grant Expenditure	(1,421,683)	(1,099,622)
Closing Balance	2,576,605	1,880,813

Note 15: Provision for Employee Benefits

	2014 \$	2013 \$
Non Current		
Long Service Leave	29,033	25,384
	29,033	25,384

Note 16: Capital Commitments

There are no capital commitments.

Note 17: Lease Commitments

The Breeze café premises are leased from The Prince Charles Hospital. The current lease is a five year term commencing on the 1 June 2009 to 30 June 2014 with a further option of 5 years to expire on 30 June 2019. The renewal option has been confirmed in writing as per

the lease agreement. The rent payable is \$1.00 (GST-inclusive) per annum. The Foundation's remaining lease commitment is \$1 payable over the next year.

Operating Lease Commitments	2014 \$	2013 \$
Payable – minimum lease payments:		
- not later than 12 months	3,661	-
- between 12 months and five years	4,576	-
	8,237	-

The printer operating lease which commenced in 2014 is a 3 year lease. The equipment is being leased through Canon Finance with lease payments paid monthly in arrears.

Note 18: Commitments and Contingencies

a. Contingent Liability

A payroll withdrawal limit for \$80,000 (2013: \$80,000) per fortnight has been provided to Westpac Bank in respect of the outsourcing bureau payroll service provided by Automatic Data Processing Pty Ltd T/A Payline.

b. Contingent Asset

The Foundation is the beneficiary of an established fund held with the Queensland Community Foundation (QCF). All contributions made to this named fund within QCF are held in Trust and invested in perpetuity with net income distributed to the Foundation at the discretion of the Trustee, in accordance with the Queensland Community Fund Declaration of Trust. The Prince Charles Hospital Foundation received a distribution of \$118,557 in 2014 (2013: \$185,601).

c. Other Commitments – Collocation Funds

Balance of Collocation and Car Park Funding as of 30 June 2014 amounting to \$3,318,826 (2013: \$3,029,109) is to be expended in future years on research projects of The Prince Charles Hospital.

d. Contingent Liability – Specified Hospital Funds Held

As at 30 June 2014, the Foundation held funds available for specified hospital research of \$2,607,553 (2013: \$1,840,958) which are yet to be drawn down by recipients.

Note 19: Reconciliation of Operating Surplus to Net Cash from Operating Activities

	2014 \$	2013 \$
Surplus from Continuing Operations	1,365,471	2,196,218
Depreciation and amortisation expense	53,834	55,557
Loss (Gain) on disposal of plant and equipment	(5,407)	-
Changes in assets and liabilities:		
Decrease / (Increase) in receivables	131,995	(237,710)
Decrease / (Increase) in inventories	(5,062)	5,087
Decrease/ (Increase) in other current assets	(16,544)	35,716
(Decrease) / Increase in payables	307,627	112,595
(Decrease) / Increase in accrued employee benefits	6,902	35,507
(Decrease) / Increase in research provision	695,793	425,789
Net cash provided by operating activities	2,534,609	2,628,759

Note 20: 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:

	2014 \$	2013 \$
Provision of office building	78,000	76,700
Provision of Café area – under peppercorn lease	142,154	150,770
Pro Bono goods and services provided by external parties	45,750	228,246
	265,904	455,716

The Foundation does not recognise in-kind contributions in the profit or loss.

Note 21: Events Occurring after Balance Date

There were no events affecting the financial position of the Foundation subsequent to 30 June 2014.


Certificate of the Foundation

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act (2009)* (the Act), s.43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Foundation for the financial year ended 30 June 2014 and of the financial position of the Foundation at the end of that year.
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the period.



Bernard Curran
Chair
21 August 2014



Michael Hornby
Chief Executive Officer
21 August 2014

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Independent Auditor's Report To the Board of The Prince Charles Hospital Foundation

We have audited the accompanying financial report of The Prince Charles Hospital Foundation, which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report, and the certificates given by the Board and officer responsible for the financial administration of The Prince Charles Hospital Foundation.

Responsibility of the Board for the financial report

The Board is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the Financial Accountability Act 2009 and the Financial and Performance Management Standard 2009, including compliance with the Australian Accounting Standards. This responsibility includes such internal controls as the Board determines is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

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The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

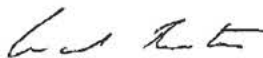
Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's Opinion

In accordance with the Auditor-General Act 2009:

- (a) We have received all the information and explanations which we have required; and
- (b) in our opinion:
 - (i) the prescribed requirements in relation to the establishment and keeping of the accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with prescribed accounting standards, of the transactions of The Prince Charles Hospital Foundation for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S G Hancox
Partner - Audit & Assurance
Brisbane, 21 August 2014

Appendix: Research Grants funded in 2013-2014

Program Grants

Our first round of multi-year Program Grants were awarded, providing up to \$200,000 per year for three years to a program of research with a defined health outcome.

Prof Ross Crawford, Prof Yin Xiao, Dr Indira Prasadam
The link between osteoarthritis and metabolic syndrome.

Dr Eamonn Eeles, Associate Professor Stephen Rose, Associate Professor Elizabeth Coulson
Predicting response to cognitive enhancing drugs in patients with dementia.

Associate Professor Daniel Chambers, Associate Professor Peter Hopkins, Dr Stephanie Yerkovich, Dr Douglas Wall, Dr Ian Smith, Dr William Hunt
Optimise lung transplantation rates, safety and outcomes.

Prof John Fraser, Dr Shaun Gregory, Associate Professor Kiran Shekar, Associate Professor Colleen Olive, Prof Geoff Tansley, Dr David Platts, Dr John-Paul Tung, Prof David McGiffin, Dr Bruce Thomson, Miss Taressa Bull
Development and integration of artificial hearts and lungs.

PhD Scholarships

PhD Scholarships were offered for the first time to support researchers through their higher research degree for a maximum of three years.

Miss Anna-Liisa Sutt

Towards an improved understanding of the effect of a speaking valve on lung volumes and communication in the critically ill tracheostomised patient.

Dr Maruf D.S. Abdullah-Al

Effects of anti-angiogenic factors in an anterior cruciate ligament transection+ meniscectomy-induced rat model of osteoarthritis.

Ms Tian Mun (Kelly) Chee

Next generation sequencing analysis of thoracic malignancies - optimisation of bioinformatics for somatic variant identification and validation strategies towards personalised therapy.

Miss Annalicia Vaughan

The lung's response and defence to the environment and ageing.

Experienced Researcher Project Grants

Experienced Researcher Project Grants are for researchers with established careers and provide funding of up to \$100,000 for a discrete project.

Professor Scott Bell

Intra-strain diversity of *Pseudomonas aeruginosa* in the lungs of patients with cystic fibrosis and their role in exacerbation.

Associate Professor Yoke Lin Fung

Alteration of high mobility group box 1 expression accelerates pathogenesis in calcific aortic valve stenosis.

Professor Philip Walker

Coding and non-coding circulating RNAs associated with the presence and rapid expansion of abdominal aortic aneurysms.

Associate Professor Daniel Chambers

The 'normal pulmonary flora' – fact or fiction?

Professor Kwun Fong

Whole genome sequencing for neuroendocrine lung cancer.

Professor Kwun Fong

Precision molecular lung cancer diagnosis.

Mr Shaun Gregory

Development and in-vivo evaluation of a novel inflow cannula for mechanical circulatory support.

Professor Peter Molenaar

Influence of Beta blocker treatment on Phosphodiesterase 3A regulation in human heart failure.

Professor John Fraser

Silent and apparent neurological injury in transcatheter aortic valve implantation (SANITY) Study.

Professor Malcolm West

Notch1, ApoE and osteopontin dysfunction in bicuspid aortic valve associated with aortic aneurysm.

Professor John Fraser

Determination of mechanism of ventricular interaction responsible for right ventricular failure found with left ventricular assist device implantation.

Large Equipment Grants

Large equipment grants are for up to \$50,000 of matched funding to purchase essential specialised research equipment.

Dr Roland Steck

Designing specific equipment for medical engineering projects.

Professor Kwun Fong

Equipment to assist with DNA sequencing for lung cancer.

Small Equipment Grants

Our small equipment grants fund essential research equipment up to \$5000. Equipment is available for other researchers to use as well.

Miss Margaret Passmore

Liquid nitrogen unit for storing tissue samples.

Dr Frances Kinnear

Oxygen monitors for emergency medicine research.

Professor Malcolm West

Digital camera for photographing research samples.

Innovation & Capacity Building Grants

Professor Peter Molenaar

Multi-wire myograph for heart and lung transplant research.

Dr Waruna De Allwis

Emergency Department patient journey card for patient care.

New Investigator Project Grants

It's difficult for inexperienced researchers to successfully compete for funding against people with established careers. Our New Investigator Project Grants provide funding of up to \$10,000 for a one-year project to help kickstart the researcher's career.

Dr Timothy Sladden

Endothelial glycocalyx breakdown products in the blood – biomarkers of organ quality in lung donors?

Miss Camille Ribolzi

Flow characteristics of adult aortic cardio-pulmonary bypass cannulae as determined by particle image velocimetry.

Ms Catherine Saxon

High risk respiratory patients' experiences of bronchoscopy with 'cautious' sedation and analgesia: a qualitative study.

Mr Ricky Nelles

Does microbiome concordance and M2 macrophage predominance reduce the risk of chronic lung transplant rejection?

Miss Emma Schummy

Design and validation of a compliant, banded outflow cannula for decreasing the after-load sensitivity of rotary right ventricular assist devices.

Mr Sam Liao

Developing a permanent tissue integration of a suture-less inflow cannula using melt electrospinning technology.

Dr Joseph Hanna

Presence of subclinical left ventricular dysfunction in Marfan syndrome patients and the role of CD4+ Th-17 cell-mediated myocarditis in the pathogenesis.

Miss Monica Narula

Blood-platelet-endothelial interactions in varying widths of microvasculature following transfusion with stored platelets.

Ms Sara Diab

Development and characterisation of ovine platelet units for comparison with human platelets in order to expand research in the field of transfusion medicine.

Mr Jeff Overington

Electronic snapshot for outpatient management of COPD.

Mrs Tatiana Paim

Do laboratory and clinical measures of balance and mobility predict falls and their context in the first month after discharge home following stroke rehabilitation?

Mrs Jodie Lay

Nursing work in relation to falls: time for change?

Miss Yunhui Chen

Development of a novel third generation biventricular assist device.

Ms Kristen Demedio

Hospital to home outreach for malnourished elders – a cost-effectiveness sub-study.

Mrs Vainess Mbuzi

Investigation into how Indigenous patients and their relatives experience hospital /acute care.

Mr Rylan Hayes

Does hyperoxia in extracorporeal membrane oxygenation circuit activate platelets and increase thrombotic risks?

Ms Natasha Van Zyl

The pathophysiology of acute traumatic coagulopathy in an ovine model of trauma and haemorrhage.

Dr Elissa Milford

Validating the cryopreservation of ovine red blood cells for use in ovine models of transfusion.

Miss Donna Hickling

Protein repletion post lung transplantation: early intervention nutrition (PROTEIN Study).

Miss Tian Mun Chee

Optimising 3D spheroid tumour model for personalised cancer treatment.

Mr Jo Philipp Pauls

Development of a passive physiological control system for ventricular assist devices.

Mr Eric Wu

Development of a novel physiological control system for rotary blood pumps relating total LVAD and left ventricular work to preload.

Mr Daniel Kilburn

An in vivo investigation into kidney injury induced by extracorporeal membrane oxygenation.

Mrs Vicky Stewart

Validation of a vestibular screening tool in the acute hospital setting, in detecting vestibular dysfunction to

facilitate referral of patients to Physiotherapy Vestibular Clinic.

Ms Rebecca Francis

Does obesity post heart transplant relate to patient activity levels?

Miss Louise Franz

Finding cancer mutations in bronchial washing samples.

Miss Annalicia Vaughan

The effects of primary versus aged diesel emissions on bronchial epithelial cells at an air-liquid interface.

Ms Kristin Moser

Speed modulation in rotary blood pumps.

Compliance Checklist

Summary of requirement	Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister 	ARRs – section 8 p3
Accessibility	<ul style="list-style-type: none"> Table of contents 	p2
	<ul style="list-style-type: none"> Glossary 	ARRs – section 10.1 p15
	<ul style="list-style-type: none"> Public availability 	ARRs – section 10.2 p2
	<ul style="list-style-type: none"> Interpreter service statement 	Queensland Government Language Services Policy ARRs - section 10.3 p2
	<ul style="list-style-type: none"> Copyright notice 	Copyright Act 1968 ARRs - section 10.4 p2
	<ul style="list-style-type: none"> Information Licensing 	QGEA – Information Licensing ARRs - section 10.5 NA
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 11.1 p6
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 11.2 p6
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 11.3 p6
	<ul style="list-style-type: none"> Machinery of government changes 	ARRs – section 11.4 p6
Non-financial performance	<ul style="list-style-type: none"> Government’s objectives for the community 	ARRs – section 12.1 p7
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 12.2 p7
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 12.3 p7
	<ul style="list-style-type: none"> Agency service areas, and service standards 	ARRs – section 12.4 p7
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 13.1 p14
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 14.1 p9-11
	<ul style="list-style-type: none"> Executive management 	ARRs – section 14.2 p9-11
	<ul style="list-style-type: none"> Related entities 	ARRs – section 14.3 p6
	<ul style="list-style-type: none"> Government bodies 	ARRs – section 14.4 p9-11
	<ul style="list-style-type: none"> Public Sector Ethics Act 1994 	Public Sector Ethics Act 1994 (section 23 and Schedule) ARRs – section 14.5 NA
Governance – risk management and accountability	<ul style="list-style-type: none"> Risk management 	ARRs – section 15.1 p9-11
	<ul style="list-style-type: none"> External scrutiny 	ARRs – section 15.2 p9-11
	<ul style="list-style-type: none"> Audit committee 	ARRs – section 15.3 p13
	<ul style="list-style-type: none"> Internal audit 	ARRs – section 15.4 p9-11
	<ul style="list-style-type: none"> Public Sector Renewal 	ARRs – section 15.5 NA
	<ul style="list-style-type: none"> Information systems and recordkeeping 	ARRs – section 15.6 p9-11

Summary of requirement		Basis for requirement	Annual report reference
Governance – human resources	<ul style="list-style-type: none"> • Workforce planning, attraction and retention, and performance 	ARRs – section 16.1	p9-11
	<ul style="list-style-type: none"> • Early retirement, redundancy and retrenchment 	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs - section 16.2	NA
Open Data	<ul style="list-style-type: none"> • Open Data 	ARRs – section 17	p13
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs - section 18.1	p33
	Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	p34
	Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3	p28

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

The
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Finding cures. Saving lives.



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