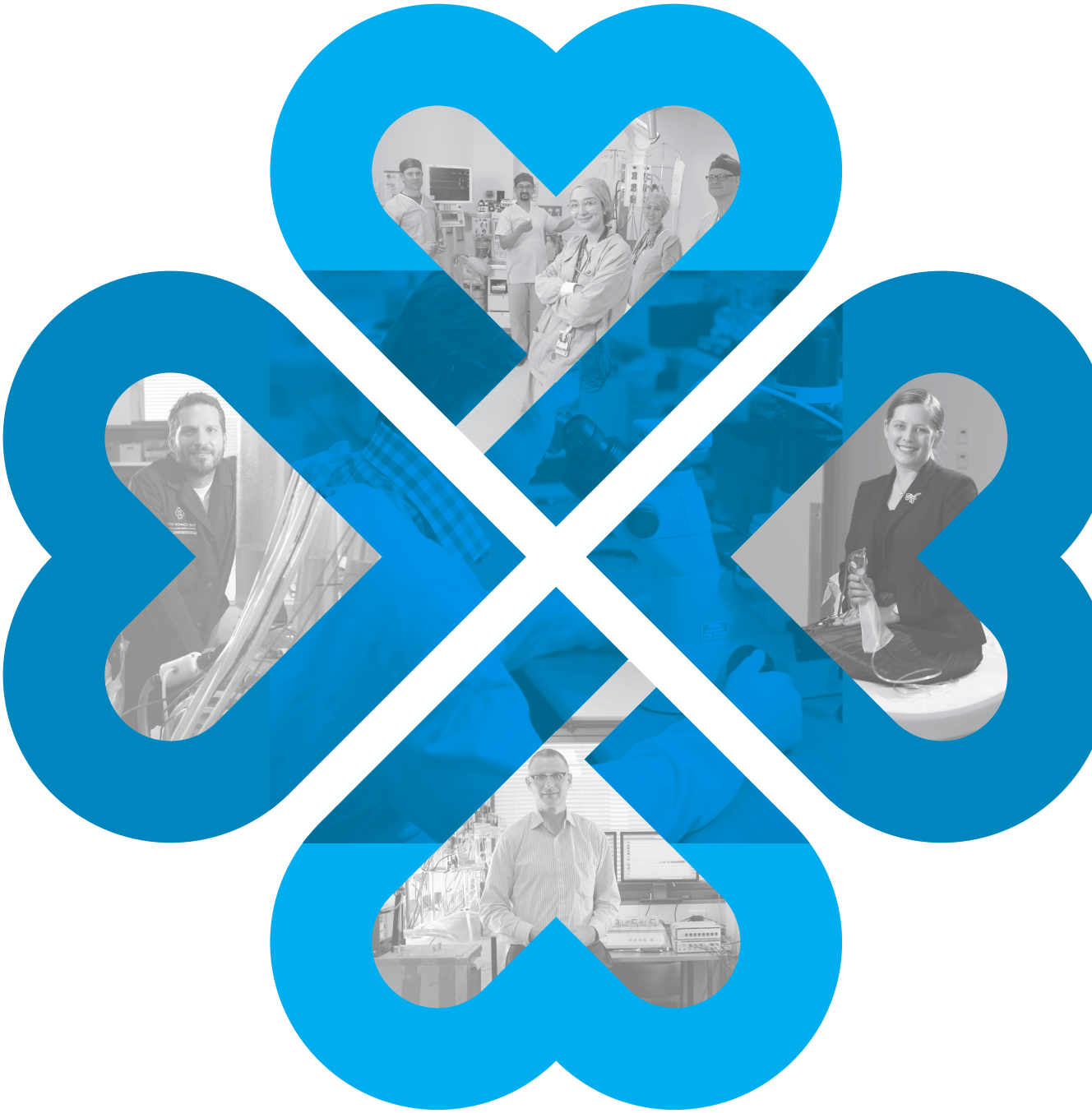
ANNUAL REPORT 2018



THE COMMON GOOD

THE PRINCE CHARLES HOSPITAL FOUNDATION

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The Prince Charles Hospital

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Copies of this report are available from The Prince Charles Hospital Foundation office and also available as a PDF online at http://www.tpchfoundation.org.au/about/transparency

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Glossary

Term	Definition
A/Prof	Associate Professor
AMD	Unknown – Trade name
OSA	Obstructive Sleep Apnoea
CEO	Chief Executive Officer
COO	Chief Operating Officer
COPD	Chronic obstructive pulmonary disease
DFU	Diabetic foot ulcer
ECMO	Extracorporeal membrane oxygenation
FAR	Finance, audit and risk committee
FTE	Full time equivalent
HLI	Heart Lung Institute
HMR	Health medical research
HNWI	High net worth individuals
HR	Human resources
Hrs	Hours
ICETLAB	Innovative Cardiovascular Engineering and Technology Laboratory
IHBI	Institute of Health and Biomedical Innovation
k	Thousand
KPI	Key performance indicators
M	Million
MNHHS	Metro North Hospital and Health Service
MP	Member of Parliament
NFP	Not for profit
Organisational KPI	Refers to one of eight KPIs determined and agreed by the Board which are to run across years and across the whole of the organisation

Term	Definition
OH&S	Occupational Health and Safety
pa	Per annum
p/h	Per hour
PPF	Private Practice Fund
Purpose	The overall aim of the agency
QAO	Queensland Audit Office
QCF	Queensland Community Foundation
QPS	Queensland Public Service
Strategic Goal	Specific metric for achievement
Strategic Objective	Agreed main theme to inform all action: from Board to operational levels
Target	Statement of operational activity to be undertaken for achievement towards a strategic goal
TCG	The Common Good
TPCH	The Prince Charles Hospital
TPCHF	The Prince Charles Hospital Foundation
VAD	Ventricular assist device
Vision	Statement by the Foundation as to how It wishes to be perceived by clients, stakeholders and the community
yrs	Years

1. Letter of Compliance

29 August 2018

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 2017-2018 and financial statements for The Prince Charles Hospital Foundation.

I certify that this Annual Report complies with:

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

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

Yours sincerely

Bernard Curran
Chair of the Board

2. General information

2.1 Chief Executive Officer report

In 2013 the Board of this Foundation set an ambitious objective to increase the financial support of health and medical research by a massive 300 per cent by June 2018. The challenge was not only to get to this result, but maintain it each and every year and not just increasing the funding but sustaining it. That figure was to be $5 million per annum.

This optimism called for change. Some might say quite radical. And yet the strategy would be quite simple. We just had to understand the barriers to support and look at why people should or would give to this cause.

Connecting the researchers with the community, to share the activities being undertaken, to allow the donors to connect with the projects that matter to them, and of course to raise the profile. But it also took one major strategic decision - to launch a campaign called The Common Good, a unity of purpose that would connect everyone who works towards improving health outcomes. The researchers, medical teams, donors, patients and sponsors all coming together for the common good.

This partnership approach become the catalyst for real change – and provided the freedom to invite more people to join this movement of people powering medical discoveries.

For this financial year that strategy and the tactics that have been delivered enabled that ambitious target of $5 million to be exceeded. It all started with an idea – that we could and should do more good.

This year in our financials you will see a research funding distribution of $7.2 million due to our new three-year grants being allocated in the one financial year. For consistency of reference though, given that $2 million of this is to be utilised over the next two years, in our commentary throughout we use the $5.2 million number as the reference point for the full annual distribution, and to be consistent with previous years.

For our purpose of funding health and medical research this year delivered more milestones. This Foundation has underpinned Phase 1 Clinical Trials in mesenchymal stem cell therapy into lung transplant rejection which recently received federal funding to move to Stage 2 multi-centre clinical trials. Research into IV catheters and ECMO cannulas have been published in top medical journals including Lancet which will result in the improvement of direct patient care.

Our funded researchers have won many prestigious international and local awards. Dr Ken Sinclair won the Early Career Investigator Award at the International Society for Heart and Lung Transplant meeting in France, the Innovative Cardiovascular Engineering and Technology Laboratory and Critical Care Research Groups won the University of Queensland's Innovator of the Year Award, and Indira Prasadam a research fellow of TPCHF won the Young Investigator Award at the Osteoarthritis World Congress.

The team at the hospital have been able to advance their study into Delirium a condition which potentially affects 100,000 people in Australia who are admitted into Intensive Care, a condition which could be costing the health economy over $90 million per annum. This project was seed funded and continues to be supported by this Foundation.

This year specifically we awarded 75 research projects with funding across chronic disease and hospital care – from heart and lung disease, arthritis, bowel cancer, mental health through to emergency medicine and a range of allied health rehabilitation and recovery projects.

The Research Awards Ceremony was attended by the Minister for Health and Minister for Ambulance Services the Honourable Steven Miles MP who acknowledged the work of TPCHF and the generosity

of the community who have invested into these critical programs and the people who drive them.

To achieve continued growth in revenue has required expansion of our donor programs and we are thankful for everyone who has contributed. Our monthly donors have increased by 26 per cent and our appeal supporters by 12 percent - these generous people are the backbone of success. The Common Good movement now has almost 10,000 financial supporters. Added to this are people who participated or supported the annual Cycle of Giving event which raised almost $200,000 and the people who volunteered for or purchased a strawberry sundae at the Ekka, which saw over 130,000 transactions over the 10 days of the show and over 2,000 people volunteering.

Our commercial operations which underpin our operational costs continue to expand. This year we established an additional coffee cart at The Prince Charles Hospital and won a tender to deliver the café at the Kedron Emergency Services Complex, our first café operation outside of the hospital. This forms part of our ongoing efforts to self-fund our charitable costs so we can ensure donor funds have the greatest impact on health and medical research. The ongoing support of our customers, our suppliers and most notably our partners Merlo allow maximum profits to be achieved.

This year we also announced our first national corporate partnership with Terry White Chemmart. With 500 stores across Australia and some two million loyalty customers they present a wonderful opportunity to inspire more people to join The Common Good.

Locally we launched a Better Business Partner program inviting small to medium businesses to sponsor one hour of research every week, all year round. To date we have 38 businesses on board, not only providing financial support but also sharing the research journey with thousands of their customers.

We also thank our volunteers, the Charlie's Angels who provide a vital patient care service within this hospital but also the volunteers for our events and importantly those who govern our charity – the Board. We also thank our Ambassadors Kerry O'Brien, Bill McDonald, Trevor Gillmeister, Sterling Nasa and Claire Holt, our patient advocates who tell their story and promote The Common Good and finally the dedicated staff in our charity and our cafés who give so much of themselves, above and beyond, to improve lives.

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*.

TPCHF's mission is to fund cures and save lives.

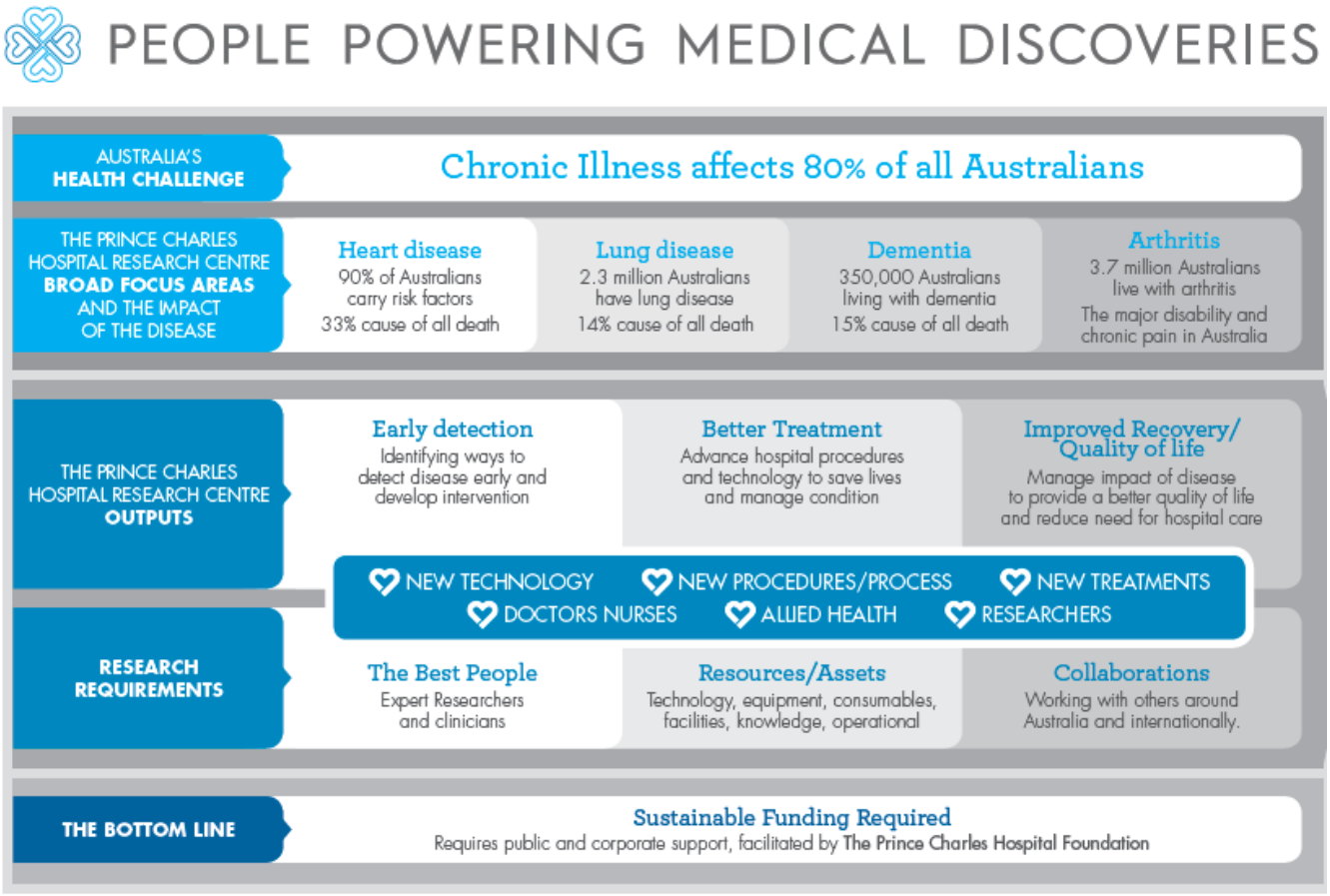
The purpose of TPCHF is to fund health and medical research aligned with The Prince Charles Hospital and has the strategic objective to be distributing $5 million per annum for this purpose by 2018.

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

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

TPCHF is governed by a volunteer Board of Directors which delegates day to day operations to the CEO 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 $5.2 million (and a further guaranteed commitment of $2 million over the following two years) has surpassed the strategic aim to distribute $5 million per annum to health and medical research aligned with The Prince Charles Hospital.

The allocation of funding has been across 11 strategic research funds and programs:

	Number	Amount awarded $
Caboolture Hospital Research Small Grants	4	8,000
Emerging Researcher Grants	7	173,512
Equipment Grants	10	194,486
Innovation Grants	10	563,200
New Investigator Grants	21	197,329
PhD Scholarships	5	297,102
Project Development Fund	2	180,000
Research Fellowships	2	600,000
Team Grants	6	(3 years total $3M) 1,000,000
Research Support	3	605,213
Specified Research Funds	5	1,384,962
TOTAL	**75**	**$5,203,804**

Caboolture Hospital support has been an addition as part of the proposed collaborations being implemented under the auspice of Metro North Hospital and Health Service.

A restructure of grant making programs saw the inaugural multi-year Team Grants which provide sustainable support across 6 major health projects, we also released 10 innovation grants which are enabling new ideas and initiatives across patient care. The continuation of New Investigator Grants (novice researchers) is unique in launching research careers and now has a pathway through Emerging researcher and Fellowships to retain our best and brightest.

An estimated 118,000 hours of research and investigation into improving health has been awarded which covers the area of research that is the most difficult to support and sustain – the cost of people. At $44 per hour, average hourly expense, it is arguably one of Australia's most efficient and effective funding models, largely due to the collaborative nature of our programs, the support of infrastructure through the hospital, the volunteering of leading researchers and clinicians and our ability to self-fund our own operating costs.

The risks to our organisation lies largely in our ability to generate support from the community. This becomes a reputational risk because of the absolute reliance on our charity to sustain such important research. When we fail – research fails. There is a lot of competition for the publics generosity, with so many charities, public appeals and social media stories of problems faced by individuals it is difficult for people to prioritise what they can help.

Our single greatest threat is relevance and understanding. The relevance of the research to

the potential supporters and a more broader understanding of the tenuous nature of medical research. We will be driving more effort into public relations and direct communications to inspire community connections to this cause.

Overall this year there has been no single issue that has threatened our operations, and our performance has been solid.

The critical relationships continue to be with the hospital and research community, Metro North Hospital and Health Service and our donors – and all in all these have been enhanced over the past year.

The new *Hospital Foundations Act 2018* which commenced on 1 July 2018 will further assist our ability to reduce red tape over the next year and beyond but the major influence on the future direction will be the new strategic plan which will be launched in the first quarter of the 2018-19 financial year. Coming off a successful four-year plan, the next four years will certainly push for further growth – and that presents an enormous challenge but at the same time an exciting opportunity to do more good for the health of the community.

3. Non-financial performance

3.1 Government objectives for the community

TPCHF supports the government priorities of:

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

Creating jobs in a strong economy

While it may not seem obvious one of the economic benefits of support of medical research is the attraction and retention of people through the sustaining and creation of opportunities.

This year 75 opportunities were created through funding of research projects which has created education, training and employment opportunities within Queensland. The support through PhD Scholarships, full funding of Research Fellows and the kick-starting of research careers.

Within the research funding the support of international researchers who are spending time working in Queensland is contributing more broadly to the economy, across accommodation, transport and retail which in turn cascades to other employers.

We have also extended our own commercial operations which has increased our café staff by 15 percent.

Keeping Queenslanders healthy

The Queensland Government has prioritised an increase in Queenslanders getting to a healthy weight as a major health strategy to reduce the burden of poor health and greater intervention through mental health.

All our funding has at its core linkages to these issues. Sometimes it is the treatments of people who are the affected by these challenges but more often it is focussing on actions and efforts to support healthy lifestyle and through a hospital experience improved well-being.

Heart disease, lung disease, arthritis, dementia, gut diseases and hospital care are affected by poor nutrition and sedentary lifestyles – and their impact is also closely linked to mental health concerns. The whole-of-person approach is helping to tackle the issue of weight and mental health as an integrated consideration into almost every research program – and so the $5.2 million contribution this year can be valued as an investment into this priority.

3.2 Agency objectives and performance indicators

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

	1. To increase HMR distributions (to $5 Million by June 2018)	
	Key Actions	**Response**
Support research excellence	Implement evaluation program of research sponsorship and grants to measure impact.	On target. AUSHSI appointed to complete.
	Establish annual 'sponsorship' program of Major Research Program to provide a guaranteed funding platform.	Achieved.
	Expand PhD Scholarships to 4 per year awarded	Achieved. 6 appointed in 16/17, 5 in 2017 and 4 in 2018.
	Introduce Emerging Researcher Grants for successfully concluded New Investigators. 4 per year.	Achieved. 6 awarded in 2017.
	Introduce Research Development Fund to increase capacity and capability of research across the campus	Achieved.
	Maintain distributions through the TPCH Co-Location Agreement.	Achieved. Funding Cardiac Research Fellow, Chair of Orthopaedic.
Sustain and grow existing research progress	Introduce 2 tiers of annual grants for Experienced Researchers, those which are recognised as Major Research Programs	Achieved. Established Team Grants and Innovation Grants.
	Introduce new grant seed fund for researchers/teams which are not a Major Program.	Achieved. Established Team Grants and Innovation Grants.
	Maintain New Investigator Scholarships – 15pa.	Exceeded. 21 in 2017/18.
	Maintain equipment funding levels	Exceeded. 10 pieces supported in 2017/18.
	Increase specified funding opportunities by providing marketing support.	As required.
	Maintain Board Innovation and Capacity Building Grants.	Achieved.
	Identify, support collaborations which can leverage funding support of research at TPCH	Exceeded. Achieved.
	Research Fellowships introduction	Achieved. 5 funded in 2017/18.
	Formal and informal relationship management with Hospital, MNHHS and Queensland Government.	Ongoing – positive relations and impact.
	2. To drive knowledge and support for TPCHF	
	Key Actions	**Response**
Increase awareness, engagement and acquisition	Media - Achieve national coverage (2), state (4) and local community coverage (8) pa	Exceeded.
	Digital media impact of 100,000 web site visits pa	25,000 visits pa. 85% increase. New web site will lift impact. 26,000 The Common Good; 89,000 Cycle of Giving and 28,000 The Prince Charles Hospital Foundation.
	Social media engagement to 10,000 followers	Total 8,720.
	Internal communications and PR within hospital keeps charity top of mind.	Achieved – ongoing.
	Donor acquisition to 200,000 prospects per year.	25,000 phone contacts and 50,000 mail packs. 15,000 telemarketing; 20,000 direct marketing.
	Annual marketing and communications program in place and measured	Ongoing.
	Acquisition of support from local, state and national targeted (by product/ program)	National partnerships launched in November 2017. Ongoing – local, Better Business Partnerships.
	Develop marketing and support for Researchers Specified Funds	
Build relationships with existing and new audiences	Increase annual active donors to 12,000 (from 3,500)	12% increase in past year. Now 7,927. 126% overall increase to date.
	Monthly giving program increased to 3,000 donors (from 1,200).	26% increase in past year. Now 1,832. 50% overall increase to date.
	Donor communications specific to area of interest 4/6 times pa.	Achieved.
	Donor stewardship program implemented.	Achieved.
	Attract new audiences & increased support at events	Cycle of Giving increase to 729 riders and 2,100 donors (up 50%).
	Adopt a Researcher program in place supporting 15 – 20 projects pa	5 projects supported. Increase prospects for 2018.
	Establish 5 national corporate partnerships	3 new partnerships to be announced in 2017. Terry White Chemmart.
	Use Board contacts, to ensure the 'right people' are at key events	One event conducted in 2016.
Drive Significant New income	Donor prospecting to identify and meet with a minimum of 15 HNWI pa	Wealth scan conducted to Identify prospects; plan in place.
	Establish Endowment Fund (major gifts program and annual pledge).	Lead investment in place. Public phase to open in 2017/18. Not as yet.
	Increase trusts and foundations income – 50 applications – 25% success rate pa.	Budget achieved.
	Expand bequest program to identify 30 bequestors pa.	50 known bequestors, 50 likely and 171 potential.
	Establish national campaign for support, aligned with specific health focus.	Planning in place for national health project activity.
	Achieve capability to articulate research benefits not just inputs of dollars (ROI)	On target. Health Economics project to evaluate and measure impact – AUSHSI.
	Grow revenue from commercial operations to ensure public donations can be applied 100% to research spend	Exceeded annual budget. Expanded operations to additional coffee shop at TPCH and now new external site at Kedron for 2017.

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

4. Financial performance

TPCHF's strategic objective of distributing $5 million per annum to health and medical research by June 2018 was not only achieved but exceeded. Our comprehensive income statement shows a total research spend this year of $7.15M which results in a bottom line loss of $2.04 million for the year. However, $2 million of that research spend is allocation for expenditure across six approved research programs over the next two years and shown as a corresponding increase in provision for research grants liability on the balance sheet.

Considering this forward research funding allocation of $2 million for 2019 and 2020, the organisation would have had a break-even year.

Our balance sheet remains in a very solid financial position with net assets of $16 million and not only provides a strong base, but 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 retail operations.

Philanthropy income made up of public donations, bequests and other research contributions overall increased 5 percent to $4.52 million. Donations income has shown strong growth with monthly donation program increasing by 26 percent and our appeals donors growing by 12 percent.

The overall contribution from events remained constant as while our events income was down this was balanced by the same reduction in costs resulting in a consistent net profit from events of $390,000. The impact of the Strawberry Sundae stalls at the Royal Queensland Show (Ekka) is significant and largely out of our control affected by overall attendance at the event and the weather. Increasing our events program in both number and diversity is a priority for the future.

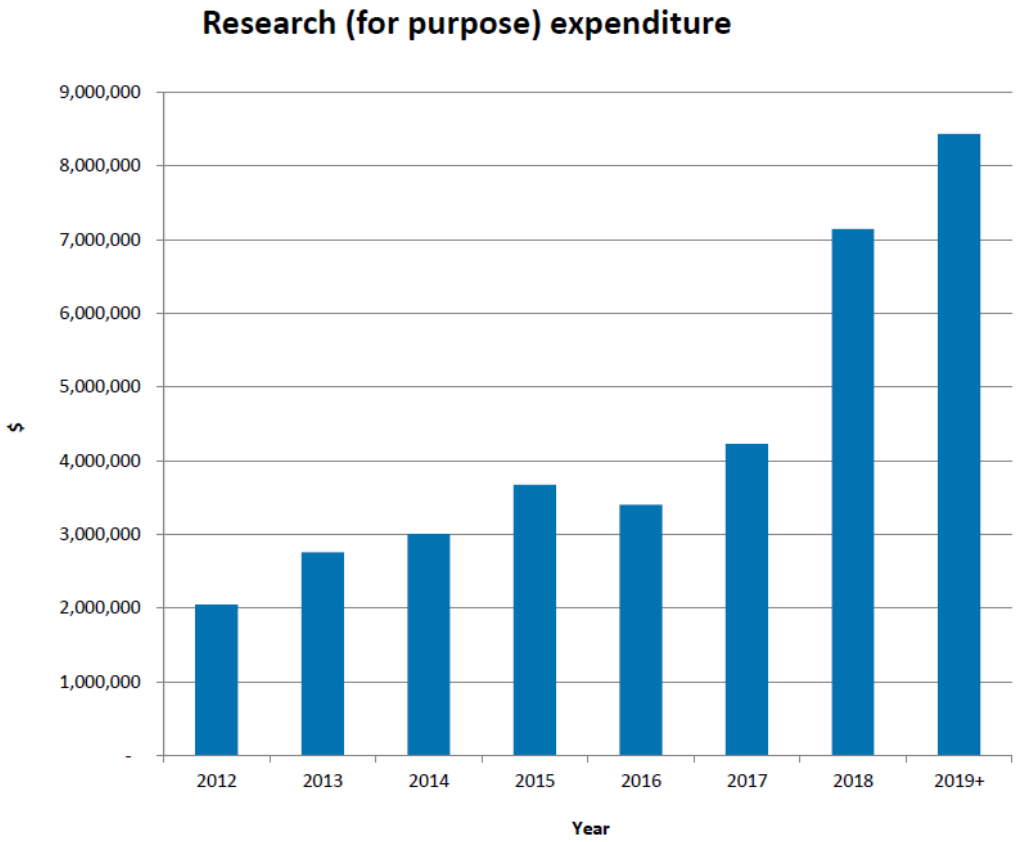
Investment income was up 28 percent this year and mainly due to the additional $2 million allocated to TPCHF's investment portfolio in June 2017. This investment portfolio is invested in line with TPCHF's Investment Policy Statement.

Our commercial revenues have increased by over 18 percent to $5.2 million primarily due to expansion of the retail operations of TPCHF. In addition to TPCHF's existing main Café, Coffee Shop and catering operations at the hospital, a coffee cart at the hospital's Emergency Department opened in September 2017. This year also saw the establishment of our first off-site café at the Kedron Emergency Services Complex. Primarily due to expansion, there was an increase in Café staff costs during the year. A full review of our retail café operations is being undertaken in the first half of the 2018-19 financial year to identify sales growth and opportunities along with managing staff and operational costs.

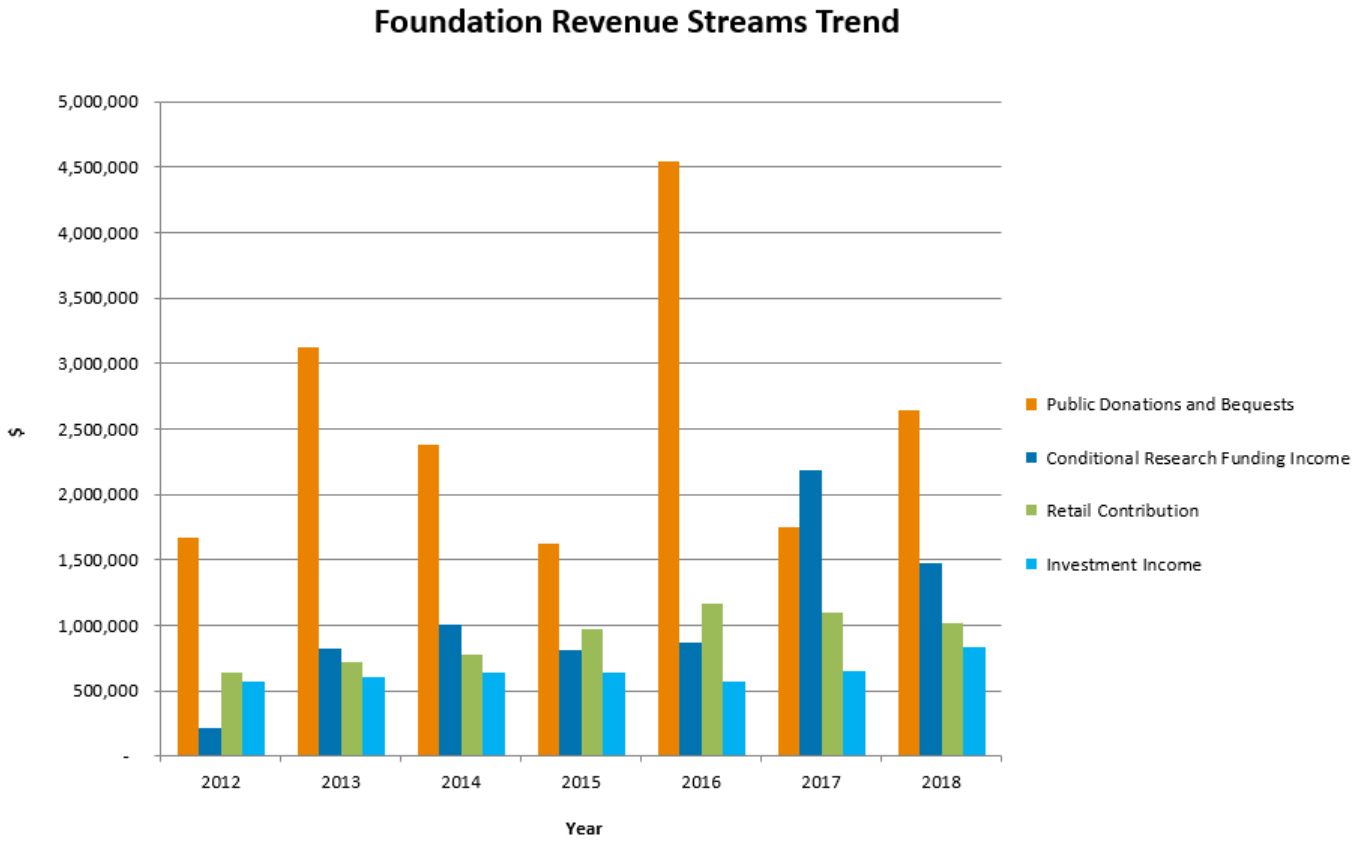
The net profit of retail operations and investment income returns continue to offset the charitable operation costs which enables public donations to be applied entirely to research programs.

The achievement of the strategic objective of distributing $5.15 million per annum by June 2018 is one that is to be celebrated, it is supporting 117,000 hours of research across 66 research projects. The Board is now developing the new four-year strategic plan which will aim to further increase research funding and expand innovation into patient care.

The full financial statements for TPCHF for the 2017-18 financial year are included in Appendix 2 of this Annual Report.

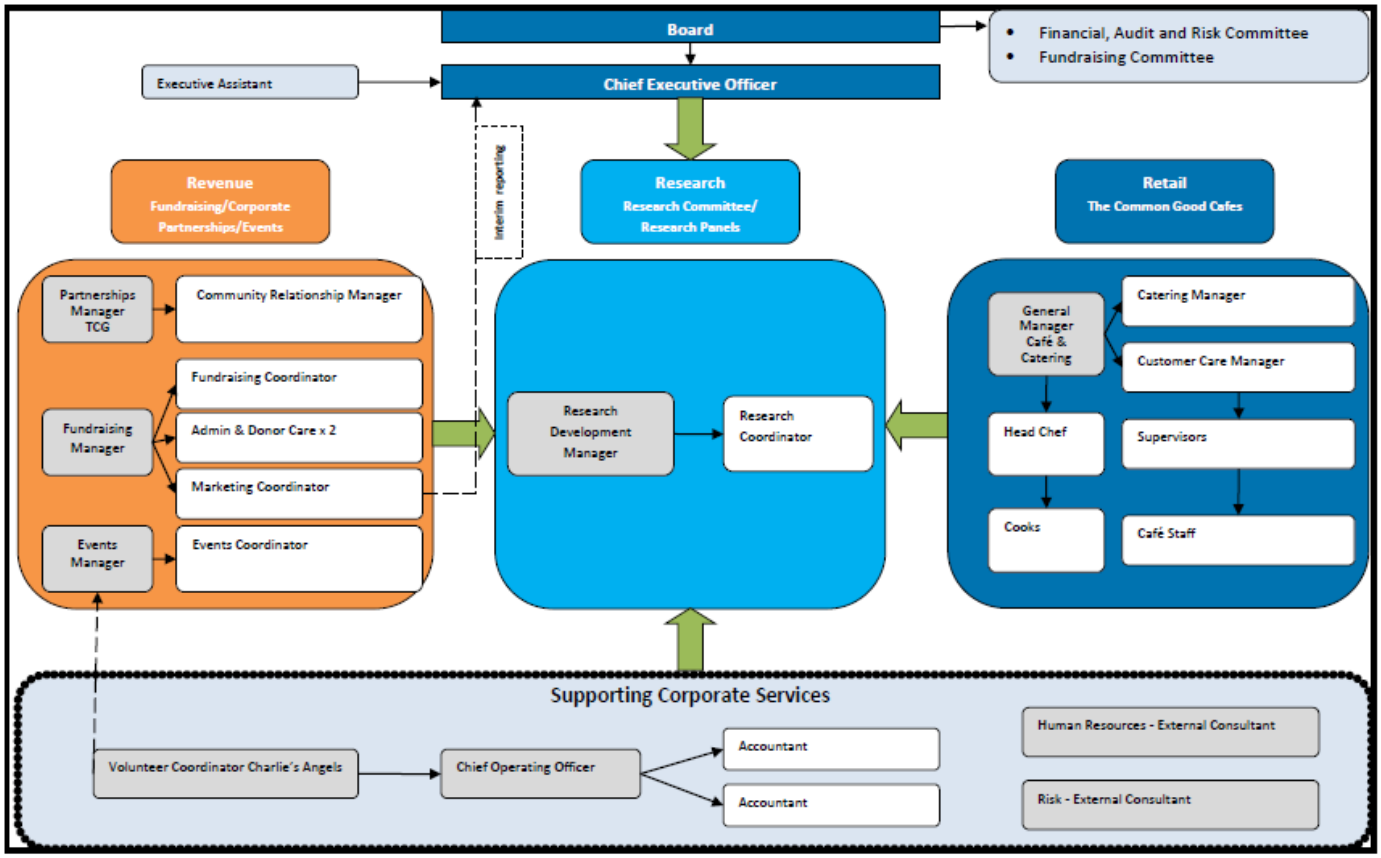


Financial commitments to health and medical research projects and programs



5. Governance – management and structure

5.1 Organisation structure



5.2 Executive management

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

The CEO, Michael Hornby, has extensive experience in non-profit organisations with over 26 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 Bernard Curran, with extensive experience in business, management and community organisations.

The role of TPCH Board includes:

- Providing strategic direction
- Ensuring Fiscal accountability
- Undertaking fiduciary duties
- Ensuring responsible risk management is undertaken
- Monitoring 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 five-year strategy with one goal, that by 2018 we will be distributing $5 million per annum to competitive health and medical research aligned with TPCH.

The operational plan for 2017-18, based on the strategic plan, contains the connections between organisational vision, purpose, organisational Key Performance Indicators, goals activities, and clearly identified KPIs.

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

TPCHF Board meeting schedule

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

Board of Directors Information

Mr Bernard Curran

Partner, BDO
Type of appointment: Chair of the Board
Term of appointment: 21 February 2008 to 30 September 2018
Board meetings attended: 6 of 6

Bernard is a Partner with BDO Australia specialising in tax and advisory services working with private business clients and their families in this area. Bernard has served with the Board since 2008 and has been Chair of TPCHF Board since 2012. Bernard brings a strong track record in strategic thinking, organisational development, governance and financial acumen.

Ms Veronica (Bonny) Barry

Member, MNHHS Board
Type of appointment: Ex-officio appointment
Term of appointment: 18 May 2017 to 17 May 2020
Board meetings attended: 5 of 6

Bonny is a registered nurse with over 29 years' experience in community, hospice, hospital and clinical settings in Queensland and Victoria. In 2001, she was elected State Member for Aspley and served on several parliamentary committees including Chair of Caucus, Chair of Health Estimates and the Assistant Minister for Education, Training and the Arts from (2006 -2009). Bonny is a member of the Metro North Hospital and Health Service (MNHHS) Board and connects the strategic goals of TPCHF with its key external stakeholders.

Ms Cherie Franks

Director of Nursing, TPCH
Type of appointment: Board Member
Term of appointment: 12 February 2016 to 30 September 2018
Board meetings attended: 4 of 6

Cherie has been a registered nurse for over 31 years and has held a number of senior nursing leadership positions within The Prince Charles Hospital. She is passionate about patient centred care and holds a Clinical Associate Professor position with the

Australian Catholic University. In 2015 Cherie was appointed Director of Nursing within The Prince Charles Hospital connecting her leadership, finance, governance and human resource skills with the work of TPCHF.

Mr Toby Innes

Head of Retails and Commercial, Brisbane Airport Corporation
Type of appointment: Board Member
Term of appointment: 21 November 2009 to 9 July 2019
Board meetings attended: 5 of 6

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

Mr Paul McMahon

Director
Type of appointment: Board Member
Term of appointment: 10 July 2015 to 30 September 2020
Board meetings attended: 6 of 6

Paul has over 34 years' experience within the news and media industry having held a number of senior leadership positions within leading Queensland print media organisations. He also has a strong agricultural administration background and manages the operations of Kial Gorra, a 900-acre farming operation located in Warwick. Having held other Queensland hospital board positions, Paul brings a wealth of experience in management, funding and governance.

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 December 2012 to 30 September 2018
Board meetings attended: 4 of 6

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

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 6

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

Mr Terry Sullivan

Former State Member of Parliament
Type of appointment: Board Member
Term of appointment: 21 December 2012 to 30 September 2018
Board meetings attended: 5 of 6

Terry was a Queensland Member of Parliament for 15 years, during which time he worked on the Ministerial Health Policy Committee. He was Chair of TPCH Health Community Council and a Member of the TPCH District Health Council. Terry is well

versed in matters of the local community, and brings a wealth of experience in understanding the complexities of the hospital's relationship with the community and TPCHF's role in strengthening productive relationships with all stakeholders.

Mr Peter Tyquin

Director, GOA Billboards
Type of appointment: Board Member
Term of appointment: 21 December 2012 to 30 September 2018
Board meetings attended: 6 of 6

Peter has 33 years' of professional experience in diverse communications businesses, with a track record in newsprint, digital and outdoor. He is a great asset at Board level in supporting TPCHF's strategic work in communicating to potential supporters. Increasingly intimate knowledge of communications, media and PR is important for TPCHF.

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: 3 of 6

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

Capt. Jan Becker

CEO, Becker Helicopters
Type of appointment: Board Member
Term of appointment: 10 July 2015 to 9 July 2017
Nil board meetings attended

Ms Cathryn Proberts

Principal, CP Events
Type of appointment: Board Member
Term of appointment: 10 July 2015 to 9 July 2017
Nil board meetings attended

5.3 Public Sector Ethics Act 1994

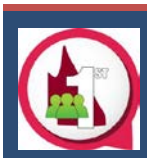
TPCHF is committed to promoting and adhering to the guiding principles outlined in the Code of Conduct for the Queensland Public Service.

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 *PSEA.*

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.

5.4 Queensland public service values

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

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

The Prince Charles Hospital Foundation
Values and Purpose

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

VALUES OF OUR EXPLORERS

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

6. Governance – risk management and accountability

6.1 Risk management

Risk is a standing item on TPCHF 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 TPCHF FAR Committee charter. TPCHF 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 TPCHF 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: mission, vision, values, objectives, milestones, roadmaps
- provision of the required resources and support
- development of the required documents and procedures

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

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

6.2 Audit committee

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

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

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

Any reported audit findings and recommendations are given priority and acted on in a timely manner by 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*, Information Standard 40: Record Keeping, Information Standard 31: Retention and Disposal of Public Records and Australian Standard Metadata 5044 AGLS Meta Data Element Set.

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

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

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

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

7. Governance – human resources

7.1 Strategic workforce planning and performance

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

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

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

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

New employees are comprehensively on boarded 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 full-time equivalent of Foundation staff was 49 and the permanent separation rate was 17% for the reporting period.

7.2 Early retirement, redundancy and retrenchment

During the period no employees received redundancy packages.

8. Open data

TPCHF incurred no expenditure in relation to consultancies and overseas travel during the 2017-18 reporting period therefore has no open data reporting requirements.

Appendix 1: Schedule of annual grants

Caboolture Hospital Research Small Grants provide additional funds to Caboolture Hospital researchers who are already undertaking a research project. Total Allocation - $8,000

Dr Thuy Frakking - Integrated Children's Care Clinic (ICCC) versus a self-directed care pathway for children with a chronic health condition: a multi-centre randomised controlled trial study protocol

Dr Clive Holloway - Tympanometry in the Emergency Management of Children with Acute Otitis Media

Dr Bradley Partridge - Managing, and coping with, acts of verbal abuse and physical assault in the Emergency Department: what is the experience of ED nurses?

Dr Uzo Dibia - The influence of body mass index (BMI) on serum antibiotic concentration of cefazolin and probenecid in hospital in the home patients with cellulitis: a pilot study

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 - $173,512

Ms Eleonore Bolle - Improving the Skin-Driveline Interface to Reduce Ventricular Assist Device Driveline Infections

Dr Andrew Burke - A pharmacokinetic study of antibiotics for the treatment of mycobacterial infection in patients with cystic fibrosis

Mr Sam Liao - Optimisation of endothelial cell migration on bilayered scaffolds in a bioreactor for a novel suture-less inflow cannula

Ms Weilan Mo - PDE2 controls ventricular arrhythmias in heart failure patients

Ms Brielle Parris - Prospective Clinical Profiling of Non-Small-Cell Lung Cancer Patients to guide Genotype-Tailored Treatments using NanoString Technology

Ms Eloise Shaw - Tissue Microarrays for High Throughput Screening of Immune Checkpoint Molecules

Mr Eric Wu - Talking Heart to Bionic Heart: Towards an Intelligent Rotary Blood Pump to Improve Left Ventricular Function

Equipment Grants fund essential pieces of research equipment. Total Allocation - $194,486

Dr Nicole Bartnikowski - Transonic Perivascular Flow Probe

A/Prof Christian Hamilton-Craig - Afinion AS100 Analyser

Mr Andrew Hislop - Lafayette Instrument 01165 Manual Muscle Testing (MMT) Device

Mrs Maria Martins - Ultra-Low Temperature Upright Freezer

Prof Norman Morris - PhysioFlow

Ms Brielle Parris - Optima XPN-100 Ultracentrifuge

Ms Eloise Shaw - CFX384 Touch™ Real-Time PCR Detection System

Mr Clayton Semenzin - Brookfield Engineering LVDV2T Viscometer with Wells/Brookfield Cone and Plate Attachment

Dr James Walsh - Lafayette Manual Muscle Tester 01165 and shipping

Mr Matthew Wells - Nikon SMZ800N Stereo Microscope

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 - $563,200

A/Prof Rayleen Bowman and Ms Tian Mun (Kelly) Chee - Novel Exosome Diagnostics for Pleural Effusion

Dr Felicia Goh - Lung Microbiome Variation at Sites of Inflammation in Formalin-Fixed, Paraffin-Embedded Lung Tumours

Dr Usha Gurunathan - Use of preoperative rotational thromboelastometry (ROTEM) assays to detect postoperative thrombotic complications following total hip and knee arthroplasty in overweight and obese patients (RETHInK-O study)

Dr Peter Lazzarini, A/Prof Jaap van Netten, Dr Malindu Fernando, Mr Jason Warnock, Prof Scott Wearing and Prof Bijan Najafi - Towards an Objective Plantar Stress threshold to heal Diabetic Foot Ulcers: A TOPS threshold to heal DFUs

A/Prof Gianluigi Li Bassi - Pulmonary biofluids-associated lung injury in acute respiratory distress syndrome

Dr Margaret McElrea, Prof Kwun Fong, Prof Anne Chang and Miss Tamara Blake - Spirometry and fractional exhaled nitric oxide (FeNO) reference values for Indigenous Australians: Phase II - adult Aboriginal and Torres Strait Islanders

Prof Norman Morris, Dr James Walsh, Dr Nicole Bellet and Ms Menaka Sabaratnam - Small muscle training for big gains: Using high intensity single muscle group training in heart failure

Dr Bernd Ploderer, Dr Peter Lazzarini, A/Prof Jaap van Netten, Dr Ross Brown, Mr Damien Clark and Mr Jason Warnock - MyFootCare: A Mobile App to Engage Patients with Diabetic Foot Ulcers in Self-Care

Ms Eloise Shaw, Mr Rhys Heffernan, Dr James Lyons and Prof Kwun Fong - Support Vector Machine Based Techniques for Automation of Methylation High Resolution Melt Analysis for Use in Early Detection of Lung Cancer

Prof Ian Yang, Dr Peter Collins and Miss Annalicia Vaughan - Dietary fibre and short chain fatty acids as immune regulators in COPD: a potential novel therapy

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 - $197,329

Mrs Sally Barrimore - A quasi-experimental pre- and post- study to evaluate the impact of implementing an enteral tube feeding decision support tool on hip fracture inpatient healthcare outcomes

Dr Douglas Bell - Outcomes for mitral valve repair and replacement for rheumatic heart disease in children

Ms Alanna Bodger - Permanent Pacemaker Response and The Role of Exercise Modality on Maximum Oxygen Consumption During Cardio-Pulmonary Exercise Testing for Heart Transplant Assessment

Mr Leigh Couch - A profile of characteristics and outcomes of alcohol and other drug clients undertaking withdrawal management: A retrospective cohort study to inform best practice service delivery

Mr Braden Cupitt - Disruption of Endothelial Junctions and the Glycocalyx as Possible Mechanisms for Altered Vascular Permeability in ECMO Patients

Mr Alessandro Ferraioli - Better understanding the energy crisis of the acutely stressed heart

Ms Ashlen Garrett - Pre-clinical characterisation of leukocyte-specific inflammatory response to extracorporeal membrane oxygenation

Dr Daniel Henderson - Sleep quality in acute exacerbations of cystic fibrosis

Mr Andrew Hislop Hip - Muscle Structure and Function in People with Knee Osteoarthritis Compared to Healthy Controls

Mr Raymond Ho - Numerical evaluation of adult aortic cannulation during cardiopulmonary bypass: a neurological implication

Miss India Lye - Cannula-related infection and colonisation during extracorporeal membrane oxygenation

Dr Felicity McIvor - A pilot study on the association of frailty and adverse outcomes in elective cardiac surgery patients

Ms Amanda Petrie - Impact of legislation changes to involuntary orders on emergency department presentations: a retrospective chart audit

Mrs Jan Robinson - RAPID-OSA Study: Remote ApneaLink Providing Immediate Diagnosis of Obstructive Sleep Apnoea

Mr Tristan Shuker - Characterisation of cardiac neurohormonal and inflammatory patterns in a novel 24-hour ovine heart transplant model.

Ms Taryn Smith - Facilitating endothelial cell growth and proliferation at the interface between heart wall and VAD inflow cannula

Miss Ashleigh Stevenson - Tezosentan, an endothelin-1 antagonist protects against inflammation and protein oxidation in an ovine model of endothelin-1 induced inflammatory cells

Mr Fergal Temple - Do microparticles generated following transfusion of stored packed red blood cells modulate recipient neutrophil microbicidal arsenal function?

Mrs Sheena Tom - AMD Disc infection Prevention in central venous catheters

Miss Ritu Trivedi - Biometric properties of donor tissue allograft pulmonary heart valves: relationship with processing variables

Ms Lisa Wright - Investigating the factors affecting implementation of sensory modulation in inpatient mental health units

PhD Scholarships provide a scholarship to students completing full-time PhD studies for a maximum of three years. Total Allocation - $243,738

Mrs Vainess Mbuzi - Indigenous peoples' experiences of health care

Ms Natalie Edwards - Myocardial work assessment provides incremental information on left ventricular function across multiple pathological states

Ms Tharushi de Silva - Alveolar macrophage and regulatory T cell changes in the lung of transplant patients undergoing rejection

Mr Craig Aitken - Towards Individualising Rehabilitation: Identifying factors which limit exercise tolerance in chronic heart and lung disease

Project development Fund are awarded at the Board's discretion. Total Allocation - $180,000

Cardio-Vascular Molecular and Therapeutics Translation Research Group

Infective Endocarditis Queensland Collaborative

Research Fellowships provide sustainability to full-time post-doctoral researchers and are valued at $100,000 a year for three years. Total Allocation - $600,000

Dr Nicole Bartnikowski - Saving the right heart - How to operate a left ventricular assist device to maintain right ventricular function

Miss Annalicia Vaughan - High-fibre diet and short chain fatty acids as immune regulators in COPD: a potential novel therapy

Team Grants provide sustainable sponsorship to highly productive research teams. Valued at $200,000 for three years. Total Allocation this FY - $1,000,000

The Adult Cystic Fibrosis Centre Multi-Disciplinary Research Team - A multi-modality, multi-disciplinary program of research to improve disease outcomes in cystic fibrosis

Critical Care Research Group - Bench, bedside, and beyond: a translational research programme to improve outcomes for patients suffering critical illness

IHBI Cartilage and Skeletal Biology Research Group - Development of effective prevention and treatments for metabolic osteoarthritis

ICETLAB - Using engineering, biology and medicine to develop the next generation of mechanical circulatory support

The Prince Charles Hospital Community Gut and Liver Research Group - Improving Gastroenterology Outcomes Through Clinical Research

Qld Lung Transplant Research Program - Prevention and treatment of idiopathic and post-transplant pulmonary fibrosis

Appendix 2: Annual Financial Statements

The Prince Charles Hospital Foundation

Annual Financial Statements

for the year ended 30 June 2018

THE PRINCE CHARLES HOSPITAL FOUNDATION

FINANCIAL STATEMENTS 2017-18

Contents

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 course of 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 2018

	Notes	2018 $	2017 $
Income from Continuing Operations			
Café sales		5,175,198	4,396,995
Collocation car park income	2	690,583	646,998
Collocation funding income		611,005	599,949
Donations and other contributions	3	4,528,852	4,330,632
Functions and special events		1,037,309	1,269,132
Other income		46,593	57,159
Investment income		462,868	231,592
Interest income		367,856	414,219
Gain on sale of available for sale financial assets		36,117	-
Total Income from Continuing Operations		**12,956,381**	**11,946,676**
Expenses from Continuing Operations			
Research grants expenditure		4,534,995	1,605,899
Employee expenses	4	3,361,125	2,714,918
Cost of sales		2,296,262	1,990,436
General and administration expenses		1,465,448	1,431,219
Collocation funding research expenses	16	1,148,572	1,732,139
Other research expenditure		1,463,595	886,418
Functions and special events		647,255	877,245
Depreciation	11	81,290	52,249
Amortisation	12	26,295	15,370
Loss on disposal of available for sale financial assets		-	6,218
Total Expenses from Continuing Operations		**15,024,837**	**11,312,111**
Operating Result from Continuing Operations		**(2,068,456)**	**634,565**
Other Comprehensive Income			
Increase in fair value of available for sale financial assets		77,411	114,990
Write back of financial asset reserve on disposal of investments		(51,407)	-
Total Other Comprehensive Income for the Year		**26,004**	**114,990**
Total Comprehensive Income		**(2,042,452)**	**749,555**

The accompanying notes form part of these statements

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Financial Position
As at 30 June 2018

	Notes	2018 $	2017 $
Current Assets			
Cash and cash equivalents	7	11,705,729	11,269,103
Receivables	8	1,044,040	846,084
Inventories		34,432	30,855
Other	9	61,456	35,689
Total Current Assets		**12,845,657**	**12,181,731**
Non Current Assets			
Other financial assets	10	11,646,596	11,389,796
Property, plant and equipment	11	604,670	558,800
Intangible assets	12	7,295	33,590
Total Non Current Assets		**12,258,561**	**11,982,186**
Total Assets		**25,104,218**	**24,163,917**
Current Liabilities			
Payables	13	1,014,254	1,060,090
Accrued employee benefits	14	170,463	111,567
Provision for research grant funding	15	6,299,322	3,559,323
Provision for collocation research	16	1,480,500	1,265,500
Total Current Liabilities		**8,964,539**	**5,996,480**
Non Current Liabilities			
Accrued employee benefits	17	65,297	50,603
Total Non Current Liabilities		**65,297**	**50,603**
Total Liabilities		**9,029,836**	**6,047,083**
Net Assets		**16,074,382**	**18,116,834**
Equity			
Accumulated surplus		15,933,388	18,001,844
Financial asset reserve		140,994	114,990
Total Equity		**16,074,382**	**18,116,834**

The accompanying notes form part of these statements

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Changes in Equity
For the Year Ended 30 June 2018

	Accumulated Surplus $	Financial Asset Reserve $	Total $
Balance at 1 July 2016	17,367,279	-	17,367,279
Operating result from continuing operations	634,565	-	634,565
Other comprehensive income:			
Increase in fair value of available for sale financial assets	-	114,990	114,990
Balance at 30 June 2017	**18,001,844**	**114,990**	**18,116,834**
Balance at 1 July 2017	18,001,844	114,990	18,116,834
Operating result from continuing operations	(2,068,456)	-	(2,119,863)
Other comprehensive income:			
Increase in fair value of available for sale financial assets	-	77,411	128,818
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**

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

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Cash Flows
For the Year Ended 30 June 2018

	Note	2018 $	2017 $
Cash Flow from Operating Activities			
Inflows:			
Receipts from cafe sales		5,178,523	4,585,497
Receipts from collocation income		1,299,562	1,357,370
Donation and event income receipts		5,150,104	5,211,474
Dividends and managed funds distributions income		309,496	226,802
Interest receipts		368,565	429,378
GST collected from customers		765,141	768,732
Outflows:			
Payments of grants		(3,043,591)	(1,718,060)
Payments to employees		(3,287,535)	(2,698,009)
Payments to suppliers		(5,216,660)	(5,362,821)
GST paid to suppliers		(600,845)	(500,822)
GST remitted to ATO		(164,296)	(267,910)
Net cash provided by operating activities	21	**758,464**	**2,031,631**
Cash Flow from Investing Activities			
Inflows:			
Sales of investments		1,677,554	287,853
Net proceeds from other financial assets		86,428	-
Outflows:			
Payments for property, plant and equipment		(127,160)	(92,306)
Payments for intangibles		-	(9,441)
Payments for investments		(1,958,660)	(2,489,563)
Payments for other financial assets		-	(80,773)
Net cash used in investing activities		**(321,838)**	**(2,384,230)**
Net increase / (decrease) in cash and cash equivalents		436,626	(352,599)
Cash and cash equivalents at beginning of year		11,269,103	11,621,702
Cash and cash equivalents at end of financial year	7	**11,705,729**	**11,269,103**

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 2018

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

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 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, 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.

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) Receivables

Trade receivables, which comprise amounts due from sales of goods, are recognised and carried at original invoice amount less any allowance for uncollectable amounts. Normal terms of settlement are 30 days from invoice date.

The carrying amount of the receivable is deemed to reflect fair value. The collectability of receivables is assessed periodically with provision being made for uncollectable amounts. Bad debts are written off when identified.

(f) Inventories

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

(g) Acquisitions of Assets

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

(h) Recognition of Property, Plant and Equipment

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

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

(i) Revaluations of Non Current Physical and Intangible Assets

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

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

(j) Intangibles

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

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

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

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

All intangible assets of the Foundation have finite useful lives and are amortised on a straight line basis.
The depreciable amount of leasehold improvements, plant and equipment and the motor vehicle is depreciated on a straight line basis, commencing from the time the asset is held ready for use.

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

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

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

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

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

(l) Impairment of Non Current Assets

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

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

(m) 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.

(n) Financial Instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

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

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

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

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

(o) Employee Benefits

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

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

Wages, Salaries, 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, annual leave and long service leave liabilities are accounted for as 'other long-term employee benefits' in accordance with AASB 119, and split between current and non current components.

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

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

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 includes 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.

(p) Provisions

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

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

(q) Insurance

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

(r) Taxation

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

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

(s) Issuance of Financial Statements

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

(t) 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
Provisions for Employee Benefits – Note 17
Contingencies - Note 20

(u) Rounding and Comparatives

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

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

(v) New and Revised Accounting Standards

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

AASB 9 *Financial Instruments (December 2014). AASB 9* introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of *AASB 139 Financial Instruments: Recognition and Measurement*. It is expected that when *AASB 9* comes into effect for the first time in the period ending 30 June 2019, the Foundation will make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments. This is not a substantially different accounting treatment to that currently applied by the Foundation.

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 a material impact on the financial statements, due to the peppercorn lease held with Metro North Hospital and Health Services. A specific quantification of this impact has not yet been determined.

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 a material impact on the financial statements, due to the peppercorn lease held with Metro North Hospital and Health Services. A specific quantification of this impact has not yet been determined. The additional impact of changes in the revenue standards are also to be considered with the issue of *AASB 15*. As with the impact of *AASB 1058*, the Foundation is yet to undertake a detailed assessment of the impact of this standard, which will first some into effect in the period ending 30 June 2020.

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 2018 and in accordance with the collocation agreement this amount was $690,583 (2017: $646,998).

Note 3: Donations and other contributions

	2018 $	2017 $
Donations	2,238,544	1,629,591
Bequests	1,318,596	765,955
Research income	971,712	1,935,086
Total donations and other contributions	**4,528,852**	**4,330,632**

Note 4: Employee Expenses

Employee Benefits		
Wages and salaries	2,720,611	2,249,000
Annual leave expense	175,878	129,419
Employer superannuation contributions	263,035	215,793
Long service leave expense	37,292	18,447
Employee Related Expenses		
Worker's compensation premium	33,520	26,023
Other employee related expenses	130,789	76,236
Total Employee Expenses	**3,361,125**	**2,714,918**
	No.	**No.**
The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:	49	43

Note 5: Auditor's Fees

	2018 $	2017 $
Audit of the financial statements	22,000	20,100

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

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 2017-18.

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 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

1 July 2016 – 30 June 2017					
Position (date resigned if applicable)	Short Term Employee benefits		Long Term Employee expenses	Post Employment benefits	Total Remuneration
	Base $	Non-monetary $	$	$	$
CEO	171,037	30,038	-	18,643	219,718

(c) Performance Payments

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

Position	Date Paid	Basis for payment
CEO	10-10-2016	The cash performance bonus was set by reference to satisfaction of key performance indicators and is set by the 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:

	2018 $	2017 $
CEO	$18,265	$10,000

Note 7: Cash and Cash Equivalents

	2018 $	2017 $
Cash on hand	22,460	22,230
Cash at bank	1,019,071	1,771,730
Cash on deposit	10,664,198	9,475,143
	11,705,729	**11,269,103**

Note 8: Receivables

Trade receivables	191,961	49,058
GST receivable	22,562	35,848
Collocation debtors	482,018	479,991
Accrued interest and investment income	347,906	195,243
Other miscellaneous receivables	1,093	87,444
	1,045,540	847,584
Provision for impairment of receivables	(1,500)	(1,500)
	1,044,040	**846,084**

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 9: Other Current Assets

	2018 $	2017 $
Prepayments	61,456	35,689
	61,456	**35,689**

Note 10: Other Financial Assets

Available for sale financial assets at fair value:		
Managed Funds Held Separated by Asset Class		
Cash	798,710	2,360,008
Fixed Interest	1,799,078	1,932,082
Australian Equities	2,007,456	1,745,836
International Equities	1,680,704	860,201
Property	513,115	245,085
Infrastructure/Utilities	451,266	248,693
Alternative Assets	484,804	-
	7,735,133	7,391,905
Cash Held on Deposit		
Endowment fund cash held on deposit	3,911,463	3,997,891
Total	**11,646,596**	**11,389,796**

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 2018, the endowment fund restricted fund balance includes accrued interest on the deposits of $22,458 (2017: $14,642) 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	601,537	577,501
Less: Accumulated amortisation	(190,773)	(160,814)
	410,764	416,687
Plant and Equipment:		
At cost	413,191	365,955
Less: Accumulated depreciation	(289,734)	(243,694)
	123,457	122,261
Motor Vehicle:		
At cost	99,723	43,834
Less: Accumulated depreciation	(29,274)	(23,982)
	70,449	19,852
Total	**604,670**	**558,800**

Movements in Carrying Values:	Leasehold Improvement	Plant and Equipment	Motor Vehicle	Total
	$	$	$	$
Carrying amount at 1 July 2017	416,687	122,261	19,852	558,800
Acquisitions	24,036	47,236	55,888	127,160
Depreciation	(29,959)	(46,040)	(5,291)	(81,290)
Carrying Amount at 30 June 2018	**410,764**	**123,457**	**70,449**	**604,670**

Note 12: Intangible Assets

	2018	2017
	$	$
Website and CRM Database, Modules Development:		
At cost	69,676	69,676
Less: Accumulated amortisation	(62,381)	(36,086)
Total	**7,295**	**33,590**

Movements in Carrying Values:	CRM Database, Modules	App Development	Brand Development	Total
	$	$	$	$
Carrying amount at 1 July 2017	24,305	5,655	3,630	33,590
Amortisation	(24,305)	(93)	(1,897)	(26,295)
Carrying Amount at 30 June 2018	**-**	**5,562**	**1,733**	**7,295**

Note 13: Payables

	2018	2017
Current	$	$
Accounts Payable	566,425	726,178
Unearned revenue	153,439	17,577
Accrued expenses	294,390	316,335
	1,014,254	**1,060,090**

Note 14: Accrued Employee Benefits

Current		
Annual (Recreational) Leave	138,840	96,798
Long Service Leave	31,623	14,769
	170,463	**111,567**

Note 15: Provision for Research Grants

Current		
Opening Balance	3,559,323	3,910,566
TPCH Grants Awarded	4,425,630	1,662,176
TPCH Capacity Building Grants Awarded	-	43,900
Caboolture Grants Awarded	7,995	-
Endowment Grants Awarded	180,000	-
Grants written back (unused provisions)	(73,930)	(100,177)
Payments of grant expenditure	(1,775,050)	(1,894,019)
Payments innovation and capacity building	(24,646)	(63,123)
Closing Balance	**6,299,322**	**3,559,323**

Note 16: Provision for Collocation research	2018	2017
Current	**$**	**$**
Opening Balance	1,265,500	140,000
Collocation funds allocated	1,148,572	1,732,139
Write back unused provision funds	-	(30,000)
Payments of Collocation research	(933,572)	(576,639)
	1,480,500	**1,265,500**

Note 17: Accrued Employee Benefits

Non Current		
Long Service Leave	65,297	50,603
	65,297	**50,603**

Note 18: Capital Commitments
There are no capital commitments.

Note 19: Lease Commitments
The Common Good Cafe premises are leased from The Prince Charles Hospital. The current lease is a five year term commencing on the 1 June 2014 to 30 June 2019. The rent payable is $1 (GST-inclusive) per annum. The Foundation's remaining lease commitment is $1 payable over the next year.

Operating Lease Commitments		
Payable – minimum lease payments:		
- not later than 12 months	27,269	27,269
- between 12 months and five years	5,296	32,565
	32,565	**59,834**

Lease of Goodness Sake Café located at Kedron Emergency Services Complex commenced July 2017 and has a two year term.
The printer operating lease which commenced in 2017 is a 5 year lease. The equipment is being leased through Canon Finance with lease payments paid monthly in arrears.

Note 20: Commitments and Contingencies

a. Other Commitments – Collocation Funds
Collocation funds are required, under the agreement with Metro North Hospital and Health Service, to be spent on research grants and other projects, in line with the requirements of the agreement. Balance of Collocation and Car Park Funding as of 30 June 2018 amounting to $2,038,903 (2017 $1,888,212) is to be expended in future years on research projects and health initiatives of The Prince Charles Hospital.

b. 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 2018 was $3,464,132 (2017 $3,725,137)

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

	2018 $	2017 $
Surplus/(Deficit) from Continuing Operations	(2,068,456)	634,565
Amortisation expense	26,295	15,370
Depreciation expense	81,290	52,249
(Gain) / loss on disposal of investments	36,117	6,218
Changes in assets and liabilities:		
Decrease / (Increase) in receivables	(197,956)	189,732
Decrease / (Increase) in inventories	(3,577)	(2,946)
Decrease/ (Increase) in other current assets	(25,767)	272,851
(Decrease) / Increase in payables	(45,837)	72,426
(Decrease) / Increase in accrued employee benefits	73,590	16,909
(Decrease) / Increase in research provisions	2,954,999	774,257
Net cash provided by operating activities	**758,464**	**2,031,631**

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	96,460	83,200
Provision of Café area – under peppercorn lease	210,647	178,339
Pro Bono goods and services provided by external parties	108,950	126,750
	416,057	**388,289**

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	4,012,532	3,923,150
Reallocation of funds from accumulated surplus	(180,000)	-
Earnings allocated to endowment assets	101,389	89,382
	3,933,921	**4,012,532**

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.

Note 24: Financial Assets Reserve

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

Note 25: Events Occurring after Balance Date

There were no events affecting the financial position of the Foundation subsequent to 30 June 2018.

Note 26: 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 2018 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.

Bernard Curran
Chairperson
Date 29 August 2018

Michael Hornby
Chief Executive Officer
Date 29 August 2018

Queensland Audit Office
Better public services

INDEPENDENT AUDITOR'S REPORT

To the Board of The Prince Charles Hospital Foundation

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

a) gives a true and fair view of the entity's financial position as at 30 June 2018, 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 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

Queensland Audit Office
Better public services

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

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.

31 August 2018

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 Language Services Policy ARRs - section 9.3	i
	Copyright notice	Copyright Act 1968 AARs – section 9.4	i
	Information licensing	QGEA – information licensing AARs – section 9.5	N/A
General Information	CEO Report/Introductory Information	AARs – section 10.1	2
	Agency role and main functions	AARs – section 10.2	4
	Operating Environment	AARs – section 10.3	5
Non-Financial performance	Government's objectives for the Community	ARRs – section 11.1	7
	Other whole-of-government plans/specific initiatives	ARRs – section 11.2	N/A
	Agency objectives and performance indicators	ARRs – section 11.3	8
	Agency service areas, and service standards	AARs-section 11.4	N/A
Financial Performance	Summary of financial performance	ARRs – section 12.1	10
Governance – Management and structure	Organisational structure	AARs – section 13.1	12
	Executive management	AARs – section 13.2	12
	Government bodies (Statutory bodies and other Entities	ARRs – section 13.3	N/A
	Public Sector Ethics Act 1994	Public Sector Ethics Act 1994 ARRs – section 13.4	16
	Queensland Public Service Values	ARRs – section 13.5	16
Governance – Risk Management	Risk Management	ARRs – section 14.1	18
	Audit Committee	ARRs – section 14.2	19
	Internal audit	ARRs – section 14.3	19
	External scrutiny	ARRs – section 14.4	19
	Information systems and recordkeeping	ARRs – section 14.5	20
Governance – Human Resources	Strategic workforce planning and performance	ARRs – section 15.1	21
	Early retirement, redundancy and retrenchment	Directive No. 11/12 *Early Retirement, Redundancy and Retrenchment* *Directive No. 16.16 Early Retirement, Redundancy*	22

Summary of requirement		Basis for Requirement	Annual report reference Page
		and Retrenchment (from 20 May 2016) AARs section 15.2	
Open Data	Statement advising publication of information	AARs – section 16	22
	Consultancies	ARRs – section 33.1	22
	Overseas Travel	ARRs – section 33.2	22
	Queensland Language service policy	ARRs – section 33.3 ARR's – section 33.4	N/A
Financial Statements	Certification of financial statements	FAA – section 62 FPMS – sections 42,43 and 50 ARRs – section 17.1	Appendix 2
	Independent Auditor's report	FAA – section 62 FPMS – section 50 ARRs – section 17.2	Appendix 2