

**Final Report for**

**The Royal Children's Hospital  
Foundation**

**for the period 1 July 2011 to 10 February 2012**

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## **Introduction**

The Royal Children's Hospital Foundation was established in 1986, by Order in Council under the *Hospitals Foundations Act 1982*, to help raise much-needed funds to support groundbreaking research to find faster diagnoses, better treatments and ultimately cures for some of the most devastating childhood illnesses. Funds have also supported services within the Royal Children's Hospital and wider Health Service District to ease the lives of sick kids and their anxious families every day.

The Royal Children's Hospital Foundation has reached some extraordinary milestones, not only during the period of this report, but also over the past 26 years. A total of \$6.4 million was raised through fundraising during this reporting period. Over the life of the Foundation, the total amount raised has reached an incredible \$200 million and over \$113 million has been awarded in grants.

This report covers the reporting period 1 July 2011 to 10 February 2012. On 10 February 2012, under the *Hospitals Foundations Amendment Regulation (No. 1) 2012*, the Royal Children's Hospital Foundation amalgamated with the Children's Health Foundation Queensland. The Royal Children's Hospital Foundation was dissolved immediately following the amalgamation and the Children's Health Foundation Queensland now survives as the continuing body corporate. As a consequence of these events, this is the final report prepared for the Royal Children's Hospital Foundation.

## **Chairman's Report**

On 10 February 2012, the Royal Children's Hospital Foundation amalgamated with the newly established Children's Health Foundation Queensland, beginning the next chapter in a long and proud history of working wonders for Queensland children.

The Royal Children's Hospital Foundation was established in 1986 and throughout its 26-year existence more than \$100 million, comprising generous donations from individuals, businesses and groups, was invested into paediatric medical research, infrastructure, hospital and laboratory equipment, clinical projects, and entertainment and family services.

Just some of the highlights of the past 26 years have included:

- Completion of the Woolworths Medical Building and the Coles Health Services Building at the Royal Children's Hospital, Herston. These buildings were and remain representative of the extraordinary support of Woolworths and Coles, and other retailers like Big W, for sick children.
- Establishment and management of the Wonder Factory, an entertainment space that has provided endless fun, distraction and delight for patients and their siblings.
- Management of the selfless volunteers who inform, assist and support children and families within the Hospital every day.
- Establishment of the B105 Christmas Appeal, which has raised funds for much-needed hospital equipment and research over 17 years.
- Significant support for children's medical research in Queensland, culminating in the establishment of the Queensland Children's Medical Research Institute in 2009.

These achievements and the many others like them have been made possible by the generosity of our supporters, and by the leadership and dedication of the Foundation's Board.


Colin Ryan and Kerry Prior were members of the inaugural Board of the Royal Children's Hospital, formed in 1982, and joined the Foundation Board when it was created, going on to become Chairman and Deputy Chairman respectively.

Kerry's 29 years of voluntary service to the Royal Children's Hospital were formally recognised in 2011 when he was presented with the Foundation's Medal of Excellence.

I would like to extend my thanks to Colin, Kerry, and their fellow Board members:

- Ray Weekes, who served on the Foundation Board for 16 years from 1996 to 2012.
- Professor Alan Isles, who in addition to his many years of service to the Royal Children's Hospital was on the Foundation Board for 15 years from 1997 to 2012.
- John Lyons, who gave 12 years of service to the Board from 2000 to 2012.
- Adrian Di Marco, who served for eight years from 2004 to 2012.

- Jenny Hutson, Eileen Jones and Andrea Staines, who all served on the Board for five years from 2007 to 2012.
- Melissa Watter, who contributed her time to the Foundation's Marketing Sub-Committee before becoming a Board member for three years from 2009 to 2012.

A handwritten signature in black ink, appearing to read 'Bruce Cowley', with a long horizontal flourish extending to the right.

**Bruce Cowley**  
Chairman

## **Chief Executive Officer's Report**

During 2011-2012, supporters of the Royal Children's Hospital Foundation have once again worked wonders for sick kids by funding medical research and equipment, clinical projects, and family and entertainment services.

Funding was allocated to the Queensland Children's Medical Research Institute for a range of research projects. Some of the highlights from the year include:

- Contributions to the development and publication of national and international guidelines on the treatment of lung conditions like cough and asthma in children.
- The commencement of new research projects targeting the respiratory health of Indigenous children.
- The expansion of the paediatric oncology research area to include new work on the development of drugs to treat acute myeloid leukaemia.
- The expansion of the burns and trauma research area to include more work on identifying children at risk from serious injuries, preventing them, and helping those children who do suffer injuries to heal and cope afterwards.
- The launch of a world-first trial of telehealth in critical care situations – using internet technology to transmit medical information in real time between doctors treating seriously ill kids in regional and rural areas, and specialists at the Royal Children's Hospital.
- Australian-first identification of viruses and bacteria that may cause illnesses in children.

Throughout the past year, our selfless supporters have also funded much-needed equipment for the Royal Children's Hospital, and have allowed us to continue running the Wonder Factory and the entertainment services within the Hospital, bringing joy and distraction to sick kids and their siblings all year round.

For these and the many other achievements your support has created over the past year, and indeed over the past 25 years, thank you.



**Tracey Hunter**  
Chief Executive Officer

## **Related Entity – Children’s Hospital Foundations Australia**

Children's Hospital Foundations Australia (CHFA) is the partnership of five of Australia’s most well-known children’s hospitals, raising funds nationally to achieve excellence in children’s health locally.

2011-2012 has been another tremendous year for the national partnership. Fundraising exceeded the \$1 million mark for the first time: a result which is testament to the wonderful work undertaken by CHFA supporters.

Some highlights this year included the efforts of Bank of Queensland, who reached the amazing milestone of raising \$1 million for CHFA since the “Banking on our Kids” appeal began in 2004. Likewise CHFA’s wonderful supporters at Partylite reached \$250,000 in total funds raised since they first came on board.

This year saw CHFA establish a significant partnership with Amalgamated Holdings Limited (AHL), becoming a charity partner for a three-year period. AHL’s charity screening of “The Lion King in 3D” last year was immensely successful, and AHL went on to raise over \$320,000 for direct funding of essential equipment and services throughout the five hospitals.

CHFA has worked hard this year to actively involve supporters at the hospitals, and through the five Foundations has coordinated many groups of volunteers across the country to take part in festivities and major fundraising events.

CHFA’s contribution to the Royal Children’s Hospital Foundation in 2011-2012 has helped to fund respiratory research conducted at the Royal Children’s Hospital, as well as three telemedicine units that will help more sick kids from regional areas have checkups with doctors in Brisbane without having to leave their local communities.

## **Corporate Governance**

The corporate governance framework of the Royal Children's Hospital Foundation encouraged the efficient use of resources across the Foundation and maintained a balance between financial and social goals. Our Board guided and protected the development of the Royal Children's Hospital Foundation to best enhance the quality of outcomes for sick children.

### **The Role of the Board**

The Royal Children's Hospital Foundation was incorporated as a statutory body under the *Hospitals' Foundations Act 1982* by Order-in-Council dated 18 July 1985 and held Public Benevolent Institution status for Commonwealth Income Tax purposes.

The Board membership was up to 12 members. Board members elected to serve in an honorary capacity and therefore received no fees for their services on the Board or Committees.

The Royal Children's Hospital Foundation was subject to the provisions of the *Financial Accountability Act 2009* and, in accordance with relevant acts, appointed the Queensland Audit Office as external auditor and maintained a register of Board members' pecuniary interests and any areas of activity that may have led to a conflict of interest.

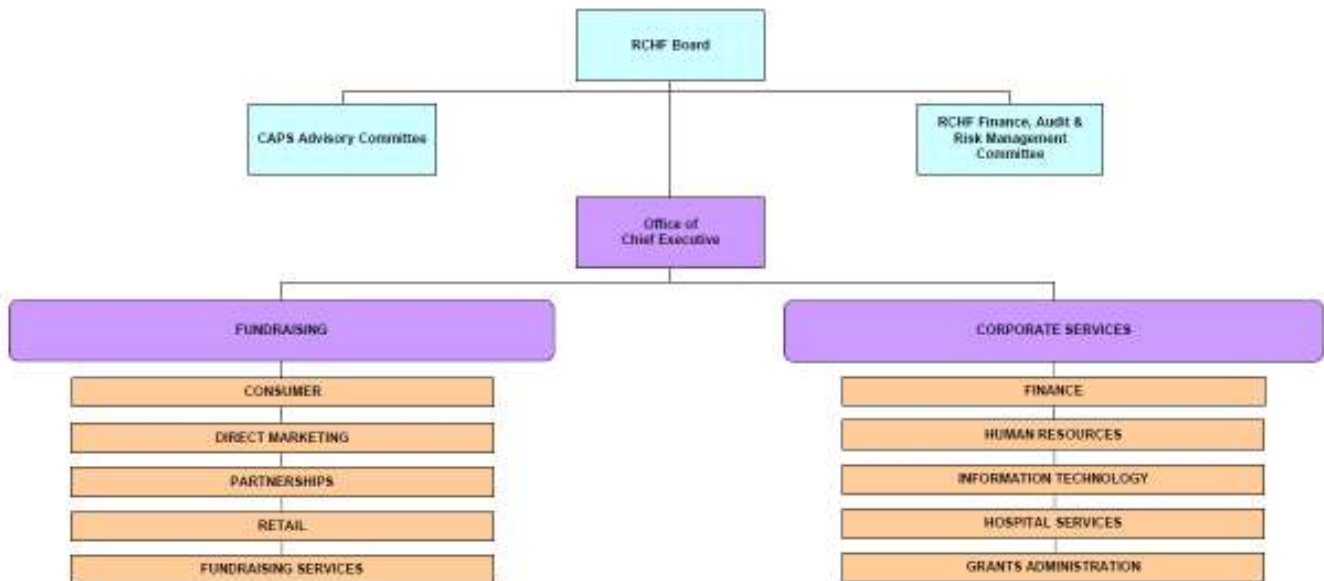
The Board met on four occasions during the period 1 July 2011 to 10 February 2012. The Board was accountable to the general public and to all Foundation stakeholders to ensure that operations and affairs of the Foundation were in line with the expectations of the community and our supporters.

The role of the Board included:

- maintaining high levels of accountability to our stakeholders and external regulators
- monitoring the performance of the CEO
- raising organisational awareness of the external environment
- ensuring compliance with statutory, financial, social and corporate governance responsibilities
- providing strategic direction, and developing, examining and approving strategies, policies, plans and budgets
- monitoring risk and ensuring the presence of adequate risk management controls and reporting procedures
- ensuring the Foundation acts legally, ethically, responsibly and openly.



## Royal Children's Hospital Foundation



### Executive Management

The Board delegated responsibility for implementing strategies approved by the Board and day-to-day management to the Chief Executive Officer, who in turn was accountable to the Board.

### ***Board Attendance 1 July 2011 – 10 February 2012***

<b>Board Member</b>	<b>No. of Meetings</b>	<b>No. Attended</b>
K.P. Prior	4	4
A. Di Marco	4	2
J.J. Hutson <sup>2</sup>	-	-
A.F. Isles	4	2
E.D. Jones <sup>1</sup>	-	-
J.C. Lyons <sup>5</sup>	4	4
A.J.P. Staines	4	2
M.J. Watter	4	3
R.K. Weekes <sup>4</sup>	4	3
S.M. Forrester <sup>3</sup>	2	1
B.C. Cowley <sup>3</sup>	2	2
A.D. Thomas <sup>3</sup>	2	2
P.A. Steer <sup>3</sup>	2	2
L. Hardy <sup>3</sup>	2	2

<sup>1</sup> E.D. Jones resigned on 8 July 2011

<sup>2</sup> J. J. Hutson resigned on 12 July 2011

<sup>3</sup> Member appointed on 29 September 2011

<sup>4</sup> R.K. Weekes resigned on 31 December 2011

<sup>5</sup> J.C. Lyons resigned on 31 January 2012

## **Board Committees**

Committees established directly by the Board were used to bring additional attention and guidance to areas the Board considered appropriate. Committee members included members of the Board and/or invitees from outside the Foundation who had specific skill sets that were relevant to the aims of the Committees.

### ***Finance, Audit and Risk Management Committee***

Chairman: Ray Weekes

Members: Alison De Groot, Jenny Hutson, Celia Swales, Brendon Hulcombe, Bruce Cowley, Karenlee Spillane, Beth Chapman, Tracey Hunter

As an independent Statutory Corporation responsible to the Minister for Health, the Royal Children's Hospital Foundation operated within the Department of Health Children's Health Services District and therefore had, in practical terms, a duty to keep the management of the District informed of any relevant Foundation activities.

The Royal Children's Hospital Foundation was not specifically subject to Public Service or Queensland Health administrative and staff regulations and therefore adopted its own policies, procedures and guidelines. In order to attract and retain appropriate executive staff and to operate freely in the marketplace, maintaining the Foundation's independence and flexibility was deemed important.

The role of the Committee was to ensure that the Royal Children's Hospital Foundation's administration independence was maintained; the administrative and financial reporting responsibilities of the Foundation were being complied with; that the general administrative structure was appropriate; and that the Foundation's financial administration relationships with State Government Departments of Queensland Health and Treasury were appropriate and efficient. The Committee had due regard to Queensland Treasury's Audit Committee Guidelines.

#### *Terms of Reference:*

1. To provide advice and recommendations to the Board on the financial affairs of RCHF.
2. To monitor, review and provide advice and recommendations on the Foundation's investments
3. To review the RCHF annual budgets prior to submission to the Board and make recommendations in accordance with broad guidelines provided by the Board.
4. To undertake broad review, monitor performance and report to the Board on the following compliance matters:
  - compliance with statutory and other legal requirements;
  - compliance with appropriate accounting standards;
  - the management of risks that arise from the operations of the Foundation;
  - the occupational safety of the employees of the Foundation; and

- the environmental impact of the operations of the RCHF.
5. To undertake broad review, monitor performance and report to the Board on any matters contained in the RCHF Finance Management & Risk Audit Committee Terms of Reference.
  6. Review and monitor the implementation of performance measurement systems including the reporting of actual performance against Key Performance Indicators.
  7. To ensure an appropriate internal audit program is conducted, consider the major findings of any internal audit reports and to advise the Board of the outcomes of any internal audit investigations.
  8. To receive the report of the external auditors and to monitor measures taken by the CEO and the Director of Corporate Services to rectify any areas of concern.
  9. Monitoring the performance evaluation and remuneration processes administered at the Royal Children's Hospital Foundation.
  10. To ensure that a suitable risk management system exists and is actively utilised by Foundation management.
  11. To ensure that a proper crisis management plan is in place with adequate contingency planning.

### ***Clinical and Patient Services Committee***

Chairman: Karenlee Spillane

Members: Linda Hardy, Beth Chapman, Alan Isles and Eileen Jones

The purpose of this Committee was to set the grants program and monitor the disbursement of Royal Children's Hospital Foundation funds for non-research initiatives.

The Committee ensured that the disbursement of funds for grants reflected the intentions of specific donors and that the Foundation's fundraising strategies and marketing opportunities were properly considered in the selection process.

#### ***Terms of Reference:***

1. Applications for funding that are research in nature will not be considered at this committee and will be referred to the Queensland Children's Medical Research Institute, an entity funded by the Royal Children's Hospital Foundation.
2. To provide advice and recommendations to the Board on the projects, programs and other areas of support for investment by RCHF.
3. Where necessary and practicable the committee will call on the services of specialists to provide advice to assist in analysis and decision making.
4. To undertake broad review, monitor performance and report to the Board on the following compliance matters:

- Any ethical, statutory and legal issues that may arise in relation to current and/or potential programs;
  - The efficiency, effectiveness and appropriateness of programs the RCHF is investing in;
  - Benefits for the Foundation and the RCH of investing in new projects and supporting certain programs; and
5. To undertake broad review, monitor performance and report to the Board on any significant matters pertaining to Clinical and Patient Services grants.
  6. At all times maintaining flexibility to consider any relevant matters that may arise in the course of discussion.
  7. To ensure appropriate reporting is received and prepared for feedback to donors and other interested parties.
  8. To ensure that objectivity is always maintained and that there is adequate representation in decision making.
  9. To act as a forum to consider and coordinate relationships with external funding bodies and NFPs on behalf of the Royal Children's Hospital.

## **Risk and Accountability**

### ***Risk Management***

The Board, through the Finance Audit and Risk Management Committee, monitored and addressed all risks pertaining to the Foundation. Operationally, the Foundation's Risk Management Committee met regularly to discuss, review and identify actions required to manage risks in many areas including reputation, investment, security, information technology and many more. The Foundation developed a Crisis Management Plan outlining all steps to be followed and actions to be taken in the event of a crisis.

### ***Audit Committee and Internal Audit***

The Finance Audit and Risk Management Committee ensured auditing was performed both internally and externally each financial year. Internal audits were conducted by an independent third-party accounting firm and the external audit was conducted by the Queensland Audit Office, or its designate.

## **Human Resources**

### ***Workforce planning, attraction and retention***

The Foundation operated as an equal opportunity employer. People of all ages, genders, ethnicities and cultural backgrounds had equal opportunity within the organisation with regard to recruitment, promotion, remuneration, and responsibilities.

Attraction and recruitment of talented candidates to the Foundation was vital to ensuring fundraising and service delivery objectives were met. To assist in this process, the Foundation advertised through recruitment media, established an online recruitment centre and used social networking technology. The recruitment team provided an excellent service to all the applicants and responded to their queries with urgency, building on the

organisational reputation and assisting in attraction of candidates for various Foundation employment opportunities.

A fundraising internship program, introduced in 2010, allowed the organisation to recruit highly talented individuals following completion of their undergraduate degree.

The Foundation reviewed all reasonable requests from employees regarding flexible start and finish times and flexible hours, so that they could balance their priorities at work and privately.

The Foundation ran an employee wellness program for the mental and physical wellbeing of all staff members. Staff members had the opportunity to purchase two additional weeks of annual leave and had access to pro-rata long service leave following seven years of continuous service.

### ***Early retirement, redundancy and retrenchment***

During any period of organisational restructure, all efforts were made to accommodate the affected staff members in alternative positions within the Foundation. In situations where redundancy became unavoidable, all required steps were taken according to the Fair Work Act, keeping affected staff involved in the entire process.

### ***Public Sector Ethics Act 1994***

The Foundation set strong vision and mission statements as well as organisational values in line with which all employees were required to operate. These values were integrity, excellence, respect, flexibility and innovation.

## **Financial Summary**

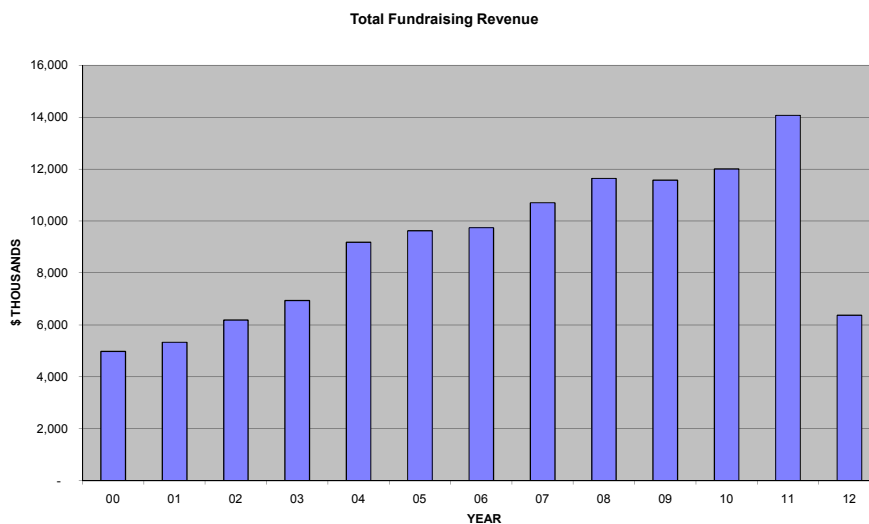
### **Key Financial Highlights**

- Total fundraising revenue of \$6.4 million
- Over \$113 million has been awarded in grants since 1986
- Fundraising and administration expenses under budget

### **Result Overview – for the period 1 July 2011 to 10 February 2012**

It was, again, another challenging and yet rewarding year for the Foundation as we operated in an economic climate that remains uncertain. This uncertainty impacted the Foundation through its investment portfolio and in the mix of fundraising activities undertaken.

Thanks to the ongoing commitment of many generous donors, the Foundation was able to achieve fundraising revenue of \$6.4 million to 10 February 2012 (refer Figure 1).



*Figure 1.*

### **Where the money comes from**

The Foundation received no government funding. All funds raised were through the generous support of the community. Fundraising income comes from a number of sources, each of which were staffed by dedicated personnel who facilitated and met the needs of donors. Other income came from Foundation investments. The following graph (Figure 2) displays the contribution to overall revenue in 2011/2012 of each of the fundraising income areas.

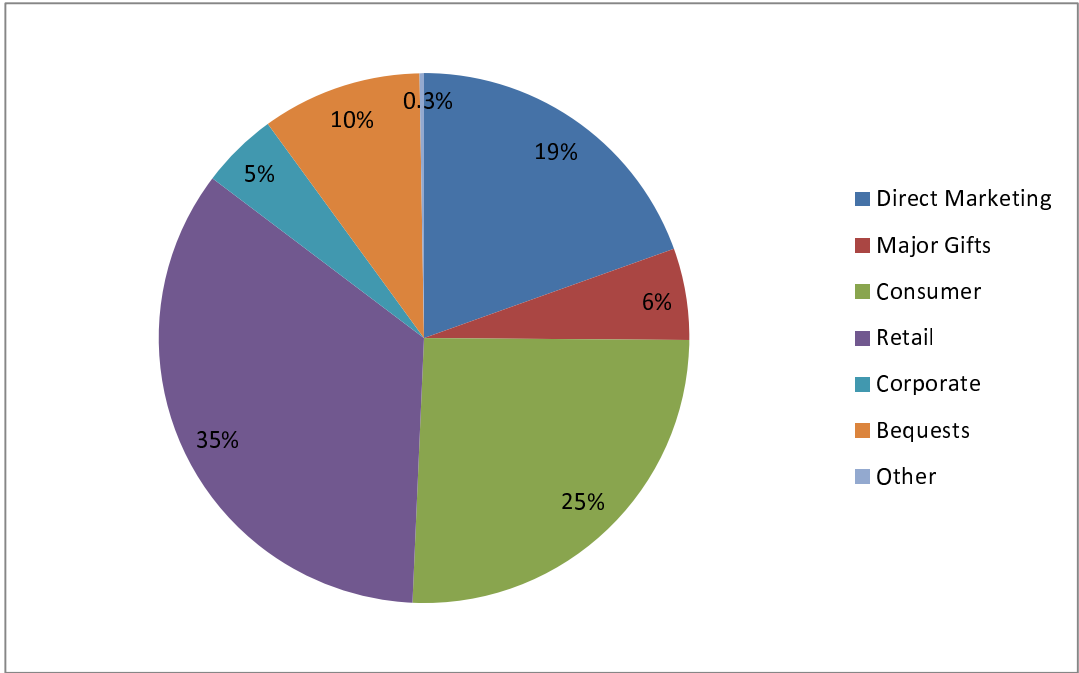


Figure 2.

### Where the money goes

This year the Foundation funded \$3.0 million in grants for research, specialised equipment, and clinical and patient services.

During the 26 years since the Foundation was incorporated, over \$113 million has been awarded in grants.

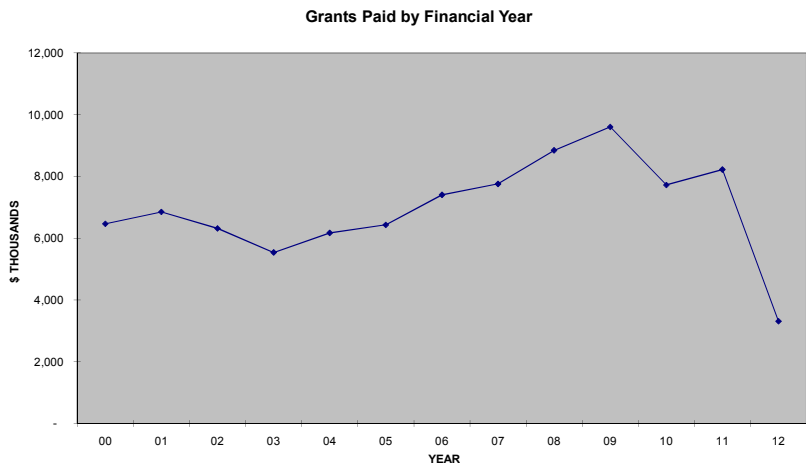


Figure 3.

## Financial Outcomes

Total revenue, including income from the Foundation's investment portfolio, reached \$7.1 million for the period 1 July 2011 to 10 February 2012.

The Foundation was able to pay all debts as and when they fell due.

Fundraising costs were under budget for the period 1 July 2011 to 10 February 2012. The graph below (Figure 4) shows a historical comparison between fundraising revenue and fundraising costs.

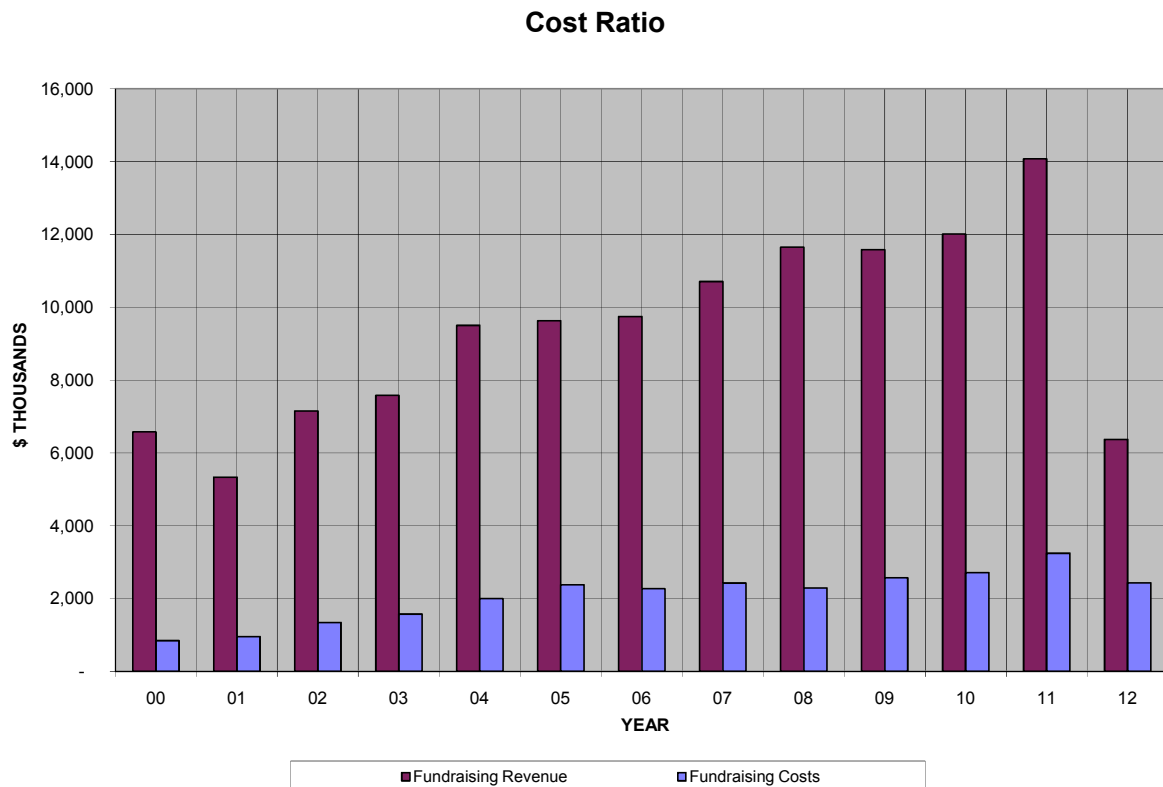


Figure 4.

## Investments

A volatile financial market contributed to a \$1.2 million decrease in the value of investments during the reporting period. The investment portfolio produced a positive return of \$259k in income in the form of interest and dividends.

The investment portfolio was managed by JB Were in accordance with the Foundation's investment policy.

## Net Assets

Immediately prior to amalgamation with the Children's Health Foundation on 10 February 2012, the accumulated funds of the Royal Children's Hospital Foundation were \$17.7 million, a decrease of \$1.1 million from 30 June 2011.



## **Full Financial Statements**

A full copy of The Royal Children's Hospital Foundation's final financial statements for the period 1 July 2011 to 10 February 2012 can be found at [workingwonders.com.au](http://workingwonders.com.au) or requested on 1300 368 327.

All enquiries relating to this Final Report should be directed to the Chief Executive Officer,  
The Children's Health Foundation Queensland

Mail: PO Box 99, Royal Brisbane Hospital QLD 4029

Phone: +61 7 3852 1199

Fax: +61 7 3252 1989

Email: [contactus@workingwonders.com.au](mailto:contactus@workingwonders.com.au)

A copy of this Final Report can be accessed at [www.workingwonders.com.au](http://www.workingwonders.com.au)  
Refer to this website for additional reporting disclosures.

Interpreter services can be provided by arrangement.

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Lady Norman Wing  
Royal Children's Hospital  
Bramston Terrace  
Herston QLD 4006

## Appendix 1: Compliance Checklist

### Compliance checklist – annual report

The characteristics of a quality annual report are that it:

- complies with statutory and policy requirements
- presents information in a concise manner
- is written in plain English
- provides a balanced account of performance – the good and not so good.

FAA *Financial Accountability Act 2009* FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

Summary of requirement	Basis for requirement	Annual report reference	
<b>Accessibility</b> <ul style="list-style-type: none"> <li>• <b>Table of contents</b></li> <li>• <b>Glossary</b></li> </ul>	ARRs – section 8.1	P 2	
	<ul style="list-style-type: none"> <li>• <b>Public availability</b></li> </ul>	ARRs – section 8.2	P 18
	<ul style="list-style-type: none"> <li>• <b>Interpreter service statement</b></li> </ul>	<i>Queensland Government Language Services Policy</i> ARRs – section 8.3	P 18
	<ul style="list-style-type: none"> <li>• <b>Copyright notice</b></li> </ul>	<i>Copyright Act 1968</i> ARRs – section 8.4	P 18
	<ul style="list-style-type: none"> <li>• <b>Government Information Licensing Framework (GILF) Licence</b></li> </ul>	<i>Government Information Licensing Framework (GILF) QGEA Policy</i> ARRs – section 8.5	n/a
<b>Letter of compliance</b> <ul style="list-style-type: none"> <li>• <b>A letter of compliance from the accountable officer or statutory body to the relevant Minister(s)</b></li> </ul>	ARRs – section <b>Error!</b> <b>Reference source not found.</b>	P 21	
<b>General information</b> <ul style="list-style-type: none"> <li>• <b>Introductory Information</b></li> <li>• <b>Agency role and main functions</b></li> <li>• <b>Operating environment</b></li> <li>• <b>External scrutiny</b></li> <li>• <b>Machinery of government changes</b></li> <li>• <b>Review of proposed forward operations</b></li> </ul>	ARRs – section 10.1 ARRs – section 10.2 ARRs – section 10.3 ARRs – section 10.4 ARRs – section 10.5 ARRs – section 10.6	P 3-6 P 3-6 P 3-6 P 12 P 3 & 21	
<b>Non-financial performance</b> <ul style="list-style-type: none"> <li>• <b>Government objectives for the community</b></li> <li>• <b>Other whole-of-government plans / specific initiatives</b></li> <li>• <b>Council of Australian Government (COAG) initiatives</b></li> <li>• <b>Agency objectives and performance indicators</b></li> <li>• <b>Agency service areas, service standards and other measures</b></li> </ul>	ARRs – section 11.1	n/a	
	ARRs – section 11.2	n/a	
	ARRs – section 11.3	n/a	
	ARRs – section 11.4	P 14-17	
	ARRs – section 11.5	n/a	

Summary of requirement	Basis for requirement	Annual report reference	
Financial performance	• Summary of financial performance	ARRs – section 12.1	P 14-17
	• Chief Finance Officer (CFO) statement	ARRs – section 12.2	n/a
Governance – management and structure	• Organisational structure	ARRs – section 13.1	P 9
	• Executive management	ARRs – section 13.2	P 9
	• Related entities	ARRs – section 13.3	P 7
	• Schedule of statutory authorities or instrumentalities	ARRs – section 13.4	n/a
	• Boards and committees	ARRs – section 13.5	P 8-12
	• <i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs – section 13.6	P 13
Governance – risk management and accountability	• Risk management	ARRs – section 14.1	P 12
	• Audit committee	ARRs – section 14.2	P 12
	• Internal Audit	ARRs – section 14.3	P 12
Governance – human resources	• Workforce planning, attraction and retention	ARRs – section 15.1	P 12
	• Early retirement, redundancy and retrenchment	Directive No.17/09 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	P 13
	• Voluntary Separation Program	ARRs – section 15.3	n/a
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 16.1	P 17
	• Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 16.2	P 17
	• Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 16.3	P 17
Disclosure of additional information	• Additional information to be reported online	ARRs – section 17	P 18

27 July 2012

The Honourable Lawrence Springborg MP  
Minister for Health  
GPO Box 48  
BRISBANE QLD 4001

Dear Minister,

I am pleased to present the Final Report and final financial statements for the period 1 July 2011 to 10 February 2012 for The Royal Children's Hospital Foundation.

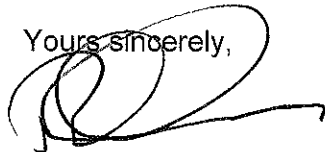
The functions of The Royal Children's Hospital Foundation were transferred to the Children's Health Foundation Queensland on 10 February 2012. This Report outlines the activities and achievements of The Royal Children's Hospital Foundation.

I certify that this Final 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 at page 19 of the Report.

Yours sincerely,



Bruce Cowley  
**Former Chairman**  
**The Royal Children's Hospital Foundation**

***The Royal Children's Hospital  
Foundation***

***ABN: 38 936 879 794***



***Final Financial Statements  
1 July 2011 to 10 February 2012***

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## **General Information**

These financial statements cover The Royal Children's Hospital Foundation.

The Royal Children's Hospital Foundation is established by Order in Council under the Hospitals Foundations Act 1982 and is a statutory body within the meaning given in the Financial Accountability Act 2009.

The principal place of business of The Royal Children's Hospital Foundation is:  
Lady Norman Wing  
Royal Children's Hospital  
Bramston Terrace  
Herston Qld 4006

For information in relation to the Foundation's financial statements, please call (07) 3852 1199, email [info@workingwonders.com.au](mailto:info@workingwonders.com.au) or visit the Foundation's website [www.workingwonders.com.au](http://www.workingwonders.com.au).

# The Royal Children's Hospital Foundation

## **Statement of Comprehensive Income**

*for the period 1 July 2011 to 10 February 2012*

	Notes	2012 \$	2011 \$
<b>Income</b>			
Grants and other contributions	2	6,369,365	14,106,677
Financial income	3	259,310	1,995,392
Share of profit of jointly controlled entity	19	97,307	149,765
Other income	4	423,957	178,493
<b>Total Income</b>		<b>7,149,939</b>	<b>16,430,327</b>
<b>Expenses</b>			
Employee expenses	5	2,097,937	3,130,144
Fundraising and promotional expenses	6	1,055,105	1,325,444
Supplies and consumables	7	745,154	1,307,270
Distribution of grants	8	3,029,576	7,779,802
Finance expenses	3	1,197,573	136,017
Depreciation and amortisation	9	28,583	67,085
Other expenses	10	113,184	267,770
Net asset expensed on transfer to CHFQ	22	17,707,315	-
<b>Total Expenses</b>		<b>25,974,427</b>	<b>14,013,532</b>
<b>Total Comprehensive Income</b>		<b>(18,824,488)</b>	<b>2,416,795</b>



**The Royal Children's Hospital Foundation**  
**Statement of Financial Position**  
*as at 10 February 2012*

	Notes	2012 \$	2011 \$
<b>Current Assets</b>			
Cash and cash equivalents	11	-	3,108,265
Receivables	12	-	2,092,392
Prepayments		-	20,135
<b>Total Current Assets</b>		<u>-</u>	<u>5,220,792</u>
<b>Non-Current Assets</b>			
Investment in jointly controlled entity	19	-	66,257
Financial assets	13	-	16,964,040
Property, plant and equipment	14	-	93,715
Intangible assets	15	-	50,358
<b>Total Non-Current Assets</b>		<u>-</u>	<u>17,174,370</u>
<b>Total Assets</b>		<u><u>-</u></u>	<u><u>22,395,162</u></u>
<b>Current Liabilities</b>			
Payables	16	-	3,301,237
Accrued employee benefits	17	-	164,942
<b>Total Current Liabilities</b>		<u>-</u>	<u>3,466,179</u>
<b>Non-Current Liabilities</b>			
Accrued employee benefits	17	-	104,495
<b>Total Non-Current Liabilities</b>		<u>-</u>	<u>104,495</u>
<b>Total Liabilities</b>		<u><u>-</u></u>	<u><u>3,570,674</u></u>
<b>NET ASSETS</b>		<u><u>-</u></u>	<u><u>18,824,488</u></u>
<b>Equity</b>			
Accumulated surplus		-	18,824,488
<b>TOTAL EQUITY</b>		<u><u>-</u></u>	<u><u>18,824,488</u></u>

## The Royal Children's Hospital Foundation

### *Statement of Changes in Equity*

*for the period 1 July 2011 to 10 February 2012*

	<i>Accumulated Surplus</i>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Balance as at 1 July	18,824,488	16,407,693
Total comprehensive income		
Total comprehensive income	(18,824,488)	2,416,795
Balance as at period end	-	<b>18,824,488</b>

**The Royal Children's Hospital Foundation**  
**Statement of Cash Flows**

*for the period 1 July 2011 to 10 February 2012*

	Notes	2012 \$	2011 \$
<b>Cash Flows from operating activities</b>			
<i>Inflows:</i>			
Receipts from donations		7,133,837	12,219,601
Distributions from joint venture		-	200,000
GST collected from customers		150,174	159,652
GST input credits from the Australian Taxation Office		793,722	1,041,521
<i>Outflows:</i>			
Payments to suppliers and employees		(7,087,471)	(6,511,670)
Payments to research grants		(2,971,239)	(7,458,323)
Management fees paid		(73,896)	(82,267)
GST paid to suppliers		(487,309)	(988,997)
GST remitted to the Australian Taxation Office		(166,622)	(171,724)
<b>Net cash provided by (used in) operating activities</b>	<b>18</b>	<b><u>(2,708,804)</u></b>	<b><u>(1,592,207)</u></b>
 <b>Cash Flows from investing activities</b>			
<i>Inflows:</i>			
Proceeds from sale of motor vehicles		11,818	53,775
Interest and dividends		245,033	438,942
Proceeds from sale of investments		574,695	1,865,062
<i>Outflows:</i>			
Acquisition of motor vehicles		(46,604)	(97,369)
Purchase of investments		-	-
Acquisition of intangibles		-	(20,388)
<b>Net cash provided by (used in) investing activities</b>		<b><u>784,942</u></b>	<b><u>2,240,022</u></b>
 Net increase/(decrease) in cash and cash equivalents		 (1,923,862)	 647,815
Cash and cash equivalents at beginning of financial year		<u>3,108,265</u>	<u>2,460,450</u>
Transfer of cash to CHFQ	22	(1,184,403)	-
<b>Cash and cash equivalents at end of financial year</b>	<b>11</b>	<b><u>-</u></b>	<b><u>3,108,265</u></b>

# **The Royal Children's Hospital Foundation**

## ***Notes to and forming part of the Financial Statements 2011/2012***

Note 1:	Summary of significant accounting policies
Note 2:	Grants and other contributions
Note 3:	Financial income
Note 4:	Other income
Note 5:	Employee expenses
Note 6:	Fundraising and promotional expenses
Note 7:	Supplies and consumables
Note 8:	Distribution of grants
Note 9:	Depreciation and amortisation
Note 10:	Other expenses
Note 11:	Cash and cash equivalents
Note 12:	Receivables
Note 13:	Financial assets
Note 14:	Property, plant and equipment
Note 15:	Intangible assets
Note 16:	Trade and other payables
Note 17:	Accrued employee benefits
Note 18:	Reconciliation of operating surplus to net cash from operating activities
Note 19:	Investment in joint venture
Note 20:	Financial instruments
Note 21:	Key executive management personnel and remuneration
Note 22:	Transfer of net assets to the Children's Health Foundation Queensland

## Notes to the financial statements

for the period 1 July 2011 to 10 February 2012

### Objectives and Principal Activities of the Foundation

These are the final financial statements for The Royal Children's Hospital Foundation. The Royal Children's Hospital Foundation was established by Order of Council under the *Hospitals Foundations Act 1982* with the principal activity of acting as the fundraising arm of the Royal Children's Hospital – Queensland. The Foundation provided funds for groundbreaking medical research and equipment, to find faster diagnoses, better treatments and ultimately cures for childhood illnesses. Funds also support services within the Royal Children's Hospital and wider Health Service District to ease the lives of sick kids and their anxious families every day.

On 10 February 2012, under the *Hospitals Foundations Amendment Regulation (No. 1) 2012*, The Royal Children's Hospital Foundation amalgamated with the Children's Health Foundation Queensland. The Royal Children's Hospital Foundation was dissolved immediately following the amalgamation and the Children's Health Foundation Queensland is the continuing body corporate.

*The Hospitals Foundations Amendment Regulation (No. 1) 2012* provides that all assets and liabilities of The Royal Children's Hospital Foundation immediately before the amalgamation become the assets and liabilities of the Children's Health Foundation Queensland.

As a consequence of the above events, these final financial statements for The Royal Children's Hospital Foundation have been prepared for the period 1 July 2011 to 10 February 2012.

At the reporting date, the Foundation was not considered a going concern on the basis that all of its assets and liabilities had been transferred to the Children's Hospital Foundation Queensland. Therefore, for the purpose of this report, the going concern basis has not been applied. Transactions for the period and the balances at 30 June 2011 are presented in accordance with the following accounting policies.

### 1. Summary of Significant Accounting Policies

#### (a) Statement of compliance

The Royal Children's Hospital Foundation has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Treasury's Minimum Reporting Requirements and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, The Royal Children's Hospital Foundation has applied those requirements applicable to not-for-profit entities. The Royal Children's Hospital Foundation is a not-for-profit statutory body as stipulated in the *Financial Accountability Act 2009*. Except where stated, the historical cost convention is used.

#### (b) The reporting entity

The financial statements of the Foundation as at and for the period ended 10 February 2012 comprise of the Foundation and the Foundation's interest in a joint venture.

#### (c) Grants and other contributions

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Foundation and the revenue can be reliably measured. The Foundation is a not-for-profit organisation and receives the principal part of its income from donations. Amounts donated by their nature can be recognised only when they are received by the Foundation.

Other income represents revenue that is not a part of the ordinary operations of the Foundation.

**Notes to the financial statements continued**

Direct marketing , retail fundraising, community fundraising and all other donations are recognised only when received by the Foundation.

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Foundation obtains control over them. Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements.

Grants paid by the Foundation are recognised as an expense and in trade creditors at the completion of each quarter. The payment for the grants are paid in the month following.

**(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 10 February 2012 or 30 June 2011 as well as deposits at call with financial institutions. It also include investments with short periods to maturity (less than 3 months) that are readily convertible to cash on hand at the Foundation's option and that are subject to a low risk of changes in value.

**(e) Receivables**

Trade debtors are recognised at the amounts due at the time of sale or service delivery. Settlement of these amounts is required within 30 days from invoice date. The collectability of receivables is assessed periodically. All known bad debts and doubtful debts were written-off as at balance date. Other receivables generally arise from transactions outside the usual operating activities of the Foundation and are recognised at their fair value. Terms are a maximum of three months, no interest is charged and no security is obtained.

**(f) Financial instruments**

**Recognition**

The Foundation initially recognises receivables on the date they are originated. All other financial assets and liabilities (including financial assets at fair value through profit or loss) are recognised initially on the trade date at which the Foundation becomes a party to the contractual provisions of the instrument.

The Foundation derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in which substantially all the risks and rewards of ownership of the financial assets are transferred.

The Foundation derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Foundation has the following non-derivative financial assets: financial assets at fair value through profit or loss and receivables.

The Foundation has the following non-derivative financial liabilities: trade and other payables.

**Classification**

**Financial assets at fair value through profit or loss**

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

**Notes to the financial statements continued**

*Held-to-maturity financial assets*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Foundation's intention to hold these investments to maturity.

Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

*Receivables*

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Receivables comprise cash and cash equivalents and, trade and other receivables.

Cash and cash equivalents comprise cash balances with original maturities of three months or less.

*Trade and other payables*

Trade and other payables are financial liabilities recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, trade and other payables are measured at amortised costs using the effective interest method.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Foundation are included in Note 20.

**(g) Acquisition of assets**

Actual cost is used for the initial recognition of all non-current tangible and intangible 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 to use. However, any training costs are expensed as incurred.

**(h) Property, plant and equipment**

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

Plant and equipment	\$5,000
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Items with a lesser value are expensed in the year of acquisition.

Plant and equipment is measured at cost in accordance with Treasury's Non-Current Asset Policies.

**(i) Intangibles**

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Costs associated with the purchase of software has been capitalised and is being amortised on a straight line basis over the period of the expected benefit to the Foundation, namely 5 years.

The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

All items of computer software which are purchased with a cost in excess of \$100,000 are capitalised in the year of acquisition, items with a lesser value being expensed.

It has been determined that there is not an active market for any of the Foundation's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

**Notes to the financial statements continued**

**(i) Intangibles continued**

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

**(j) Amortisation and Depreciation of intangibles and property, plant and equipment**

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

Property, plant and equipment is depreciated on a straight line basis so as to allocate the net cost or re-valued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Foundation. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

Depreciation and amortisation rates and the related asset classes are outlined below:

<b>Class</b>	<b>Rate</b>
Plant and equipment	20-33%
Computer software	20%

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Comprehensive Income.

**(k) Joint venture**

The Foundation has an interest in an unincorporated joint venture. The joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and requires unanimous consent for the strategic financial and operating policy decisions.

The interest of the Foundation in the unincorporated joint venture is brought to account through equity accounting in its financial statements.

Further details of the Foundation's interest in the joint venture are contained in Note 19.

**(l) Payables**

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

**(m) Employee benefits**

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

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

**Wages, salaries and sick leave**

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



**Notes to the financial statements continued**

**(m) Employee benefits continued**

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

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.

**Superannuation**

Superannuation contributions made by the Foundation to an employee superannuation fund are charged as an expense when incurred.

**(n) Finance Costs**

Finance costs are recognised as an expense in the period in which they are incurred.

Finance costs of the Foundation are management fees for investment funds.

**(o) Insurance**

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

**(p) Taxation**

The Foundation has been endorsed by the Commissioner of Taxation as an income tax exempt charity pursuant to section 24AK of the Income Tax Assessment Act 1936 with the exception of Fringe Benefits Tax ('FBT') and Goods and Services Tax ('GST'). FBT and GST are the only taxes accounted for by the Foundation. GST credits receivable from and GST payable to the Australian Taxation Office (ATO), are recognised as other receivable and payable in the Statement of Financial Position.

**(q) Issuance of financial statements**

The financial statements are authorised for issue by the former Chairman and the former Chief Executive Officer at the date of the signing of the Management Certificate.

**(r) Judgements**

In the application of the Foundation's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Notes to the financial statements continued**

**(r) Judgements continued**

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

Property, plant and equipment – note 14

Intangible assets – note 15

Estimates and assumptions are in respect of property, plant and equipment's useful life and the amortised period for intangibles.

**(s) Impairment**

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 department 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, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(t) Rounding and comparatives**

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

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period. The comparative period is for a full financial year and the current period is only seven months and ten days and therefore may not provide a valid comparison.

**(u) New and revised accounting standards**

As the Foundation has been dissolved and these are the final financial statements, no new or amended standards have been early adopted.

	2012	2011
<b>2. Grants and other contributions</b>	<b>\$</b>	<b>\$</b>
Direct marketing donations	1,243,265	1,524,398
Major gifts donations	186,298	737,355
Retail fundraising	2,204,428	3,711,971
Corporate fundraising	296,822	699,450
Consumer fundraising	1,240,305	2,088,841
Other fundraising	17,631	31,576
Bequest income	621,223	4,207,086
Community partnership grants	389,063	780,000
Trusts and foundations grants	99,420	274,500
Grants other	70,910	51,500
<b>Total</b>	<b><u>6,369,365</u></b>	<b><u>14,106,677</u></b>
<b>3. Financial income</b>		
Interest received from bank deposits	80,167	23,180
Dividends received from financial assets	179,143	789,584
Increase in fair value of financial assets	-	1,182,628
<b>Total</b>	<b><u>259,310</u></b>	<b><u>1,995,392</u></b>
<b>Finance expenses</b>		
Management and professional fees	33,896	82,207
Realised losses on disposal of financial assets	-	53,810
Decrease in fair value of financial assets	1,163,677	-
<b>Total</b>	<b><u>1,197,573</u></b>	<b><u>136,017</u></b>
<b>4. Other income</b>		
Accounting, HR and administrative assistance	33,000	66,116
Dividend franking credit received	390,957	112,377
<b>Total</b>	<b><u>423,957</u></b>	<b><u>178,493</u></b>
<b>5. Employee expenses</b>		
Wages and salaries	1,633,475	2,470,669
Annual leave expense	181,035	266,066
Employer superannuation expense	166,411	264,018
<b>Employee related expenses</b>		
Workers compensation premium	15,122	12,887
Other employee related expenses	101,894	116,504
<b>Total</b>	<b><u>2,097,937</u></b>	<b><u>3,130,144</u></b>

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

Number of employees	43	47
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	2012	2011
<b>6. Fundraising and promotional expenses</b>	<b>\$</b>	<b>\$</b>
Advertising and promotional costs	464,633	678,491
Event expenses	542,813	641,480
Other	47,659	5,473
<b>Total</b>	<b><u>1,055,105</u></b>	<b><u>1,325,444</u></b>
<b>7. Supplies and consumables</b>		
Supplies and consumables	463,391	779,533
Travel and accommodation costs	38,812	40,082
Consultancies and contractors	234,484	320,177
Legal, professional and insurance costs	7,943	26,086
Other	524	141,392
<b>Total</b>	<b><u>745,154</u></b>	<b><u>1,307,270</u></b>
<b>8. Distribution of grants</b>		
Grants from RCHF general fund	3,029,576	7,679,802
Grants from RCHF Sasakawa Memorial fund	-	100,000
<b>Total</b>	<b><u>3,029,576</u></b>	<b><u>7,779,802</u></b>
<b>9. Depreciation and amortisation</b>		
Depreciation and amortisation were incurred in respect of:		
Plant and equipment	20,878	45,661
Intangibles	7,707	21,262
Impairment	-	162
<b>Total</b>	<b><u>28,583</u></b>	<b><u>67,085</u></b>
<b>10. Other expenses</b>		
Audit related costs*	30,800	39,411
(Profit)/loss on disposal of asset	3,023	115,632
Insurance premium	17,652	37,574
Bank charges	39,732	44,717
Other administrative expenses	21,977	30,436
<b>Total</b>	<b><u>113,184</u></b>	<b><u>267,770</u></b>
* Audit and review of financial report Qld Audit Office \$30,500 (2011: \$22,420)		
Internal audit services PKF Chartered Accountants \$0 (2011: \$15,491)		
Audit of fundraising art union by Priestley's Chartered Accountants \$300 (2011:\$1,500)		
<b>11. Cash and cash equivalents</b>		
Petty cash and floats	-	700
Cash at bank	-	2,265,372
Financial asset – cash	-	842,193
<b>Total</b>	<b><u>-</u></b>	<b><u>3,108,265</u></b>

	2012	2011
<b>12. Receivables</b>	<b>\$</b>	<b>\$</b>
Trade debtors	-	73,308
GST Receivable	-	338,645
GST Payable	-	(40,406)
	<u>-</u>	<u>298,239</u>
Accrued revenue	-	969,804
Accrued dividends	-	452,164
Financial asset - fixed interest	-	298,877
<b>Total</b>	<u>-</u>	<u><b>2,092,392</b></u>

Fixed interest financial assets had interest rates of 6.3% to 8.67% and terms of 4 to 9 months.

### 13. Financial assets

#### Non-current financial assets

Financial assets designated at fair value through profit & loss	-	16,964,040
<b>Total</b>	<u>-</u>	<u><b>16,964,040</b></u>

Returns from these investments are used to help cover administrative costs.

The Foundation's financial assets designated at fair value through profit or loss are held in a number of managed funds. Restricted funds have been identified separately because arrangements with donor parties require a minimum capital level to be maintained, detailed below.

#### Restricted funds

JB Were RCHF Sasakawa Fund Account	-	1,465,977
JB Were RCHF Efstathis Scholarship Fund Account	-	91,826
<b>Total restricted financial assets</b>	<u>-</u>	<u><b>1,557,803</b></u>

#### Sasakawa funds

The Sasakawa fund was created in 1994 with an endowment of US\$1,000,000 to the Foundation. The Sasakawa fund reflects the accumulated surplus of the Sasakawa Memorial Fund after investment and grant paying activities for the financial year.

#### Lola Efstathis funds

Lola Efstathis fund reflects the accumulated surplus of the Lola Efstathis Scholarship Fund after investment and grant paying activities for the financial year. This fund was created in 2005 and has a corpus of \$100,000, scholarships are paid from the interest earned.

### 14. Property, plant and equipment

#### Plant and equipment

At cost	-	408,284
Less accumulated depreciation	-	(314,569)
<b>Total</b>	<u>-</u>	<u><b>93,715</b></u>

**14. Property, plant and equipment continued**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Carrying amount at 1 July	93,715	145,911
Acquisitions	46,605	97,369
Disposal – transfer to CHFQ	(119,442)	(103,904)
Depreciation	(20,878)	(45,661)
<b>Carrying amount at end of period</b>	<b>-</b>	<b>93,715</b>

**15. Intangible assets**

Software purchased		
At cost	-	436,534
Less accumulated depreciation	-	(386,176)
	<b>-</b>	<b>50,358</b>
Carrying amount at 1 July	50,358	116,895
Acquisitions	-	20,388
Disposal – transfer to CHFQ	(42,653)	(65,663)
Amortisation	(7,705)	(21,262)
<b>Carrying amount at end of period</b>	<b>-</b>	<b>50,358</b>

**16. Trade and other payables**

Trade creditors	-	2,962,924
Sundry creditors and accruals	-	232,149
Grants payable	-	65,767
PAYG Payable	-	40,397
<b>Total</b>	<b>-</b>	<b>3,301,237</b>

**17. Accrued employee benefits**

Current		
Employee benefits - annual leave	-	100,111
Employee benefits - long service leave	-	24,516
Other employee benefits	-	40,315
<b>Total</b>	<b>-</b>	<b>164,942</b>
Non-current		
Employee benefits - long service leave	-	104,495
<b>Total</b>	<b>-</b>	<b>104,495</b>

### 18. Reconciliation of operating surplus to net cash from operating activities

	2012	2011
	\$	\$
Operating surplus/(deficit)	(1,117,173)	2,416,795
Depreciation and amortisation expense	28,583	66,923
Asset impairment	-	164
Loss/(gain) on sale of property, plant and equipment	3,023	115,632
Unrealised loss/(gain) on fair value of financial assets	1,163,678	(1,182,628)
Realised loss/(gain) on sale of financial assets	-	53,810
Interest on financial assets	(650,267)	(438,942)
Donated financial assets	-	(1,111,701)
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in receivables	982,871	(1,370,228)
(Increase)/decrease in joint venture	(97,307)	50,235
(Increase)/decrease in prepayments	(40,873)	83,260
(Increase)/decrease in payables	(3,037,228)	(289,420)
(Increase)/decrease in employee entitlements	55,889	13,893
<b>Net cash from operating activities</b>	<u>(2,708,804)</u>	<u>(1,592,207)</u>

### 19. Investment in jointly controlled entity

Children's Hospital Foundation Australia (CHFA), a separately established entity is a national federation of five children's hospital foundations including The Royal Children's Hospital Foundation Queensland, Royal Children's Hospital Foundation Victoria, Sydney Children's Hospital Foundation, Women's and Children's Hospital Foundation South Australia and the Princess Margaret Hospital and Children Foundation in Western Australia. CHFA aims to raise funds to achieve excellence in children's health.

The entity, along with the other venturers assists CHFA in the fundraising process. The Foundation holds 20% interest in CHFA by virtue of its founding member status and is entitled to receive 20% of net contributions and associated board representation. The Foundation has in accordance with AASB 131 *Interest in Joint Ventures* has accounted for its interest in CHFA using the equity method.

Elements of the Statement of Financial Position relating to the aforementioned joint venture comprise of:

#### Assets

Cash and cash equivalents	-	426,216
Trade debtors and other receivables	-	-
<b>Total Assets</b>	<u>-</u>	<u>426,216</u>

#### Liabilities

Trade creditors and other payables	-	87,545
Provisions	-	7,387
<b>Total Liabilities</b>	<u>-</u>	<u>94,932</u>

#### Net Assets

	<u>-</u>	<u>331,284</u>
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**20% of CHFA net assets attributable to the Foundation and shown on the Statement of Financial Position**

	<u>-</u>	<u>66,257</u>
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## 19. Investment in jointly controlled entity continued

The following disclosure is the revenue and expenses of the aforementioned joint venture and the amount of surplus attributable to the Foundation and shown on the Statement of Comprehensive Income:

Fundraising income	804,263	956,030
Wages and salaries	(123,063)	(109,495)
Employer superannuation expense	(9,354)	(9,837)
Other associated personnel costs	(1,498)	(1,854)
Fundraising and promotional costs	(2,973)	(10,830)
Supplies and consumables	(6,171)	(30,413)
Travel and accommodation costs	(5,196)	(8,020)
Legal, professional and insurance costs	(22,700)	(36,600)
Grants paid	(146,000)	-
Other	(770)	(157)
<b>Total</b>	<b>486,538</b>	<b>748,824</b>
20% of CHFA surplus attributable to the Foundation and shown on the Statement of Comprehensive Income	<b>97,307</b>	<b>149,765</b>

## 20. Financial Instruments

### (a) Categorisation of financial instruments

The Foundation has the following categories of financial assets and financial liabilities:

Financial assets		
Cash and cash equivalents	-	3,108,265
Receivables	-	2,092,392
Financial assets at fair value through profit or loss	-	16,964,040
<b>Total</b>	<b>-</b>	<b>22,164,697</b>
Financial liabilities		
Payables	-	3,301,237
<b>Total</b>	<b>-</b>	<b>3,301,237</b>

### (b) Financial risk management

The Royal Children's Hospital Foundation's activities expose it to a variety of financial risks - credit risk, liquidity risk, market risk and interest rate risk.

Financial risk management is implemented pursuant to The Royal Children's Hospital Foundation's policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Foundation.

All financial risk is managed by the Finance Audit and Risk Management Committee under policies approved by the Board. Royal Children's Hospital Foundation measures risk exposure using a variety of methods as follows:

Risk Exposure	Measurement Method
Credit risk	Ageing analysis
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis



**20. Financial Instruments continued**

**(c) Credit risk exposure**

Credit risk exposure refers to the situation where the Foundation may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

The following table represents the Foundation's maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum exposure to credit risk	2012	2011
Category	\$	\$
Financial assets		
Cash and cash equivalents	-	3,108,265
Receivables	-	2,092,392
Financial assets at fair value through profit or loss	-	16,964,040
<b>Total</b>	<b>-</b>	<b>22,164,697</b>

No collateral is held as security and no credit enhancements relate to financial assets held by the Foundation.

The Foundation manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Foundation invests in secure assets and monitors all funds owed on a timely basis. Exposure to a credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position. The method for calculating any provision for impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings.

No provision has been made in the current financial year. No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

Ageing of past due but not impaired are disclosed in the following tables:

**2012 financial assets past due but not impaired**

	Less than 30 days	30-60 days	61-90 days	Total
Receivables	-	-	-	-
	-	-	-	-

**2011 financial assets past due but not impaired**

	Less than 30 days	30-60 days	61-90 days	Total
Receivables	2,092,392	-	-	2,092,392
	<b>2,092,392</b>	-	-	<b>2,092,392</b>

## 20. Financial Instruments continued

### (d) Liquidity risk

Liquidity risk refers to the situation where the Foundation may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Foundation is exposed to liquidity risk in respect of its payables. The Foundation manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Foundation has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by Foundation. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date.

#### 2012 liquidity risk

	<1 year	1-5 years	>5 years	Total
Payables	-	-	-	-
Employee Benefits	-	-	-	-
	-	-	-	-

#### 2011 liquidity risk

	<1 year	1-5 years	>5 years	Total
Payables	3,235,470	65,767	-	3,301,237
Employee Benefits	164,942	76,150	28,345	269,437
	<b>3,400,412</b>	<b>170,262</b>	<b>28,345</b>	<b>3,570,674</b>

### (e) Market risk

Market risk is the risk that changes in market prices, interest rates and equity prices will affect the Foundation's future cash flows or the fair value of its holdings of financial instruments. These changes are largely due to demand and supply factors in each relative market that a particular financial instrument trades in. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

The Board has also established a policy which precludes active trading in financial instruments.

The Foundation is exposed to market risk on its managed fund investments which are designated at fair value through profit or loss. Such risk is managed through diversification of investments across industries and geographic locations.

The Foundation's investments were held in the following sectors at reporting date:

	\$	\$
Cash		
Domestic	-	3,102,342
Fixed Interest		
Domestic	-	1,250,545
International	-	1,763,796
Equities		
Domestic	-	14,236,890
Alternative Investments		
International	-	17,620
Total	-	<b>20,371,193</b>

## 20. Financial Instruments continued

### (f) Interest rate sensitivity analysis

The following interest rate sensitivity analysis depicts the outcome on profit or loss if interest rates would change by +/- 1% from the year-end rates applicable to the Foundation's financial assets and liabilities. With all other variables held constant, the Foundation would have a surplus and equity increase/(decrease) of \$0 (2011: \$169,640).

		2012 Interest rate risk			
		-1%		+1%	
Financial instrument	Carrying Amount	Profit	Equity	Profit	Equity
Financial assets at fair value through profit or loss	-	-	-	-	-
<b>Potential impact</b>		-	-	-	-

		2011 Interest rate risk			
		-1%		+1%	
Financial instrument	Carrying Amount	Profit	Equity	Profit	Equity
Financial assets at fair value through profit or loss	16,964,040	(169,640)	(169,640)	169,640	169,640
<b>Potential impact</b>		(169,640)	(169,640)	169,640	169,640

### (g) Fair value

The recognised fair values of financial assets and liabilities are classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements:

Level 1 - fair values that reflect unadjusted quoted prices in active markets for identical assets/liabilities;

Level 2 - fair values that are based on inputs that are directly or indirectly observable for the asset/liability (other than unadjusted quoted prices); and

Level 3 - fair values that are derived from data not observable in a market.

According to the above hierarchy, the fair values of each class of asset recognised at fair value are as follows:

		Classification according to fair value hierarchy			Total carrying Amount
		Level 1	Level 2	Level 3	
<b>2012 Financial assets</b>					
Financial assets at fair value through profit or loss		-	-	-	-
		-	-	-	-
<b>2011 Financial assets</b>					
Financial assets at fair value through profit or loss		16,964,040	-	-	16,964,040
		16,964,040	-	-	16,964,040

## 21. Executive remuneration

Key executive management personnel include those positions within the Foundation that have authority and responsibility for planning, directing and controlling the activities of the Foundation. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. Remuneration packages for key executive management personnel may comprise short term employee benefits, long term employee benefits, post employment benefits (superannuation) and performance bonuses. There are no non-monetary benefits or long term employee benefits.

Two Chief Executive Officers served the Foundation during the reporting period. The former Chief Executive Officer (CEO) was appointed under a common law contract. Her period of service was from 28 February 2006 to 31 December 2011. The new CEO commenced employment with the Foundation from 1 January 2012.

The CEO is responsible for the efficient, effective and economic administration of the Foundation.

### 1 July 2011 - 10 Feb 2012

Position	Short Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
Chief Executive Officer (resigned 31 Dec 2011)	\$96,129	\$12,270	\$99,148	\$207,547
Chief Executive Officer (commenced 1 Jan 2012)	\$14,602	\$1,314	\$0	\$15,917

### 1 July 2010 – 30 June 2011

Position	Short Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
Chief Executive Officer	\$178,032	\$24,925	-	\$202,957

## 22. Transfer of net assets to the Children's Health Foundation Queensland

As referred to in Objectives and Principal Activities of the Foundation (page 7), The Royal Children's Hospital Foundation was dissolved and net assets were transferred to the Children's Health Foundation Queensland on 10<sup>th</sup> February 2012, for nil consideration as at that date. The 2011 balances have been reported for comparative purpose only. Immediately prior to making any accounting adjustments relating to the transfer, the book values of the assets and liabilities transferred were recorded in The Royal Children's Hospital Foundation as follows:

### Statement of Financial Position

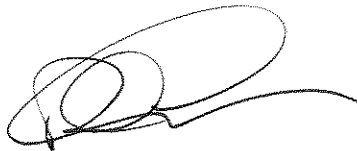
as at 10 February 2012

	2012	2011
	\$	\$
<b>Current Assets</b>		
Cash and cash equivalents	1,184,403	3,108,265
Receivables	497,113	2,092,392
Prepayments	61,008	20,135
<b>Total Current Assets</b>	<u>1,742,524</u>	<u>5,220,792</u>
<b>Non-Current Assets</b>		
Investment in joint venture	163,564	66,257
Financial assets	16,243,309	16,964,040
Property, plant and equipment	104,601	93,715
Intangible assets	42,653	50,358
<b>Total Non-Current Assets</b>	<u>16,554,127</u>	<u>17,174,370</u>
<b>Total Assets</b>	<u>18,296,651</u>	<u>22,395,162</u>
<b>Current Liabilities</b>		
Payables	264,010	3,301,237
Accrued employee benefits	211,064	164,942
<b>Total Current Liabilities</b>	<u>475,074</u>	<u>3,466,179</u>
<b>Non-Current Liabilities</b>		
Accrued employee benefits	114,262	104,495
<b>Total Non-Current Liabilities</b>	<u>114,262</u>	<u>104,495</u>
<b>Total Liabilities</b>	<u>589,336</u>	<u>3,570,674</u>
<b>NET ASSETS</b>	<u>17,707,315</u>	<u>18,824,488</u>
<b>Equity</b>		
Accumulated surplus	17,707,315	18,824,488
<b>TOTAL EQUITY</b>	<u>17,707,315</u>	<u>18,824,488</u>

**Management Certificate of The Royal Children's Hospital Foundation**

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

- (a) the prescribed requirements for establishment 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 Royal Children's Hospital Foundation for the final period 1 July 2011 to 10 Feb 2012 and of the financial position as at the end of that final period.



Bruce Cowley  
Former Chairman



Tracey Hunter  
Former Chief Executive Officer

Date 12 June 2012

## INDEPENDENT AUDITOR'S REPORT

To the former Minister of the Royal Children's Hospital Foundation

### Report on the Final Financial Report

I have audited the accompanying final financial report of the former The Royal Children's Hospital Foundation, which comprises the statement of financial position as at 10 February 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the final period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the former Chairperson and former Chief Executive Officer.

#### *The Former Board's Responsibility for the Final Financial Report*

The former Board is responsible for the preparation of the final financial report in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The former Board's responsibility also includes such internal control as the former Board determines is necessary to enable the preparation of the final financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the final financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the final financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the final financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the final financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the final financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the former Board, as well as evaluating the overall presentation of the final financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

#### *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

### *Opinion*

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the final financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the former Royal Children's Hospital Foundation for the final period 1 July 2011 to 10 February 2012 and of the financial position as at the end of that final period.

### *Emphasis of Matter – Dissolution of The Royal Children's Hospital Foundation*

Without modifying my opinion, attention is drawn to the Objectives and Principal Activities disclosure (page 7) and Note 22 in the final financial report which identify that pursuant to the *Hospitals Foundations Regulation 2005*, the former The Royal Children's Hospital Foundation was dissolved and subsumed into the Children's Health Foundation Queensland on 10 February 2012. In accordance with the requirements of the Regulation, all assets and liabilities of the former statutory body immediately prior to amalgamation were transferred to Children's Health Foundation Queensland, at the values disclosed in Note 22. As a consequence of these events, the final financial report has not been prepared on a going concern basis.

### **Other Matters - Electronic Presentation of the Audited Final Financial Report**

This auditor's report relates to the financial report of the former Royal Children's Hospital Foundation for the period ended 10 February 2012. Where the financial report is included on the former Royal Children's Hospital Foundation's website the former Board is responsible for the integrity of the website and I have not been engaged to report on the integrity of the website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited final financial report in other electronic media including CD Rom.



P BRAHMAN CPA  
Assistant Auditor-General  
As Delegate of the Auditor-General of Queensland



Queensland Audit Office  
Brisbane