

Royal Brisbane and Women's Hospital Foundation

2014 Annual Report



Contact Information

RBWH Foundation
Block 20
Royal Brisbane and Women's Hospital
Herston QLD 4006
Phone: 07 3646 7588
Fax: 07 3646 1768
Email: info@rbwhfoundation.com.au
Web: www.rbwhfoundation.com.au
Mail: PO Box 94
Royal Brisbane and Women's Hospital
Qld 4029

ISSN: 2203-6954 print
ISSN: 2203-6962 online

This Annual Report is available to download from RBWH Foundation's website, www.rbwhfoundation.com.au under 'Publications' or hard copies are available by calling 07 3646 7588.

Interpreter Service

RBWH Foundation is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on 07 3646 7588 and we will arrange an interpreter to effectively communicate the report to you.



Copyright Notice

© (RBWH Foundation) 2014

Table of Contents

	Page
Glossary	4
1. Background	5
2. Regulatory Framework	5
3. Operating Environment	5
4. Current Year Strategic Goals	6
5. Achievement of Current Year Strategic Goals	6
6. Future Strategic Goals	7
7. Financial Performance	9
8. Key Achievements	12
9. Success Principles	13
10. Governance and Internal Control	14
11. Mission Support	24
12. Funding of Mission	26
13. External Scrutiny	27
14. Machinery of Government Changes	27
15. Review of Proposed Forward Operations	27
16. Workplace Planning, Attraction and Retention	27
17. Information Systems and Record Keeping	28
18. Open Data – Consultancies and Overseas Travel	28
<i>Attachments</i>	
One: Compliance Letter	29
Two: Charter for Growth 2013/14-2017/18	30
Three: Charter or Growth 2013/14-2017/18 (revised)	31
Four: Compliance Checklist	32
Five: Annual Financial Statements for the year ended 30 June 2013	34

Glossary

Active donor data base:	Anyone who has made a donation, purchased merchandise or event tickets in the previous two years (1/7/2012 – 30/6/2014).
Charter for Growth:	Strategic Plan.
Key Strategic Goals:	Outcomes we will achieve.
KPI:	Specific metric for achievement of target.
MBA:	Master of Business Administration.
PESTEL Framework:	Provides a comprehensive list of influences on the possible success or failure of particular strategies. PESTEL stands for Political, Economic, Social, Technological, Environmental and Legal.
Porter's Five Forces Framework:	Was originally developed as a way of assessing the attractiveness (profit potential) of different industries. The five forces are: the threat of entry into an industry; the threat of substitutes or services; the power of buyers of the industry's products or services; the power of suppliers in the industry; and the extent of rivalry between competitors in the industry. Porter's essential message is that where these five forces are high, then industries are not attractive to compete in.
Quaternary Care	An extension of Tertiary Care in reference to medicine of advanced levels which are highly specialised and not widely accessed. Experimental medicine and some types of uncommon diagnostic or surgical procedures are considered quaternary care.
RBWH:	Royal Brisbane and Women's Hospital.
The Foundation:	Royal Brisbane and Women's Hospital Foundation.
Tertiary Hospital:	Major hospital that usually has a full complement of services including pediatrics, obstetrics, general medicine, gynaecology, various branches of surgery and psychiatry.
Untied/Undirected Income	Income to be used at the discretion of the Foundation in support of mission.
Tied/Directed Income	Income to be used in accordance to a direction provided by a donor in support of mission.

1. Background

The objective of Royal Brisbane and Women's Hospital Foundation (the Foundation) is to raise money for Royal Brisbane and Women's Hospital (RBWH) in order to provide better treatment methods and improve patient outcomes. Money raised is primarily used to fund world class clinical research, purchase medical equipment and promote disease awareness and prevention.

RBWH is a quaternary and tertiary referral teaching hospital located in the Metro North Hospital and Health Service. Apart from providing high quality medical care, it fulfils a significant teaching and research role with links to Queensland's major tertiary institutions.

The Foundation is funded for the services it delivers through investment and commercial activities, donations, and sponsorship, with support generated from individuals, businesses and community groups.

Generational longevity of the Foundation's mission is being constructed on a solid foundation of business acumen and a robust balance sheet. ***Year on year record income and year on year strengthening of its balance sheet is resulting in significantly increased support of its mission. The Foundation is building an organisation which has the financial capacity to support the Queensland community for generations to come.***

The Foundation supports the Queensland Government's "Getting Queensland back on track" objectives for the community. Particularly the revitalisation of front-line health services for families.

2. Regulatory Framework

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

The Foundation's financial statements are prepared in accordance with Australian Accounting Standards and the Financial and Performance Management Standard 2009.

3. Operating Environment

In 2009, the Foundation embarked on a nine year strategy which was designed to stabilize its operations, grow its balance sheet sufficient to protect these operations, and provide increasing mission support. This is summarized as follows:

Stage One (Two years) (completed financial year ended 30 June 2011)

- Priority – Stabilization.
- Build the balance sheet sufficient to allow stage two expansion.

Stage Two (Two years) (completed financial year ended 30 June 2013)

- Strategic direction – Drive revenue growth through diversification and financial accountability.
- Build a structure to accommodate future growth.
- Stabilize and expand traditional fundraising.
- Focus on building commercial business.

Stage Three (Five years) (financial years 2013/14 – 2017/18)

- Growth driven by sound financial management (including appropriate growth of corpus), and stable commercial and fundraising income.

The Foundation's thinking has been influenced by an earlier strategic management review which revealed the following critical success factors after juxtaposing a Porter's five forces analysis and a PESTEL analysis:

- Supplier power (donor) is the greatest threat to the Foundation's future activities. As suppliers' ability to continue support is irrevocably tied to the economic imperatives of the time, so too will the Foundation be affected by the ebbs and flows of supplier whims and economic circumstances.
- As the threat of substitutes (other charitable activities at RBWH) remains constant in an ever changing political, social and legal environment, ensuring good working relationships and trust with the Hospital will be critical in mitigating this.
- Barriers of entry (of other charitable enterprises) are somewhat tied to supplier power in that if the suppliers continue to trust and support the Foundation, this will reduce any threat posed by new sector incumbents. Maintaining relevancy and value to suppliers is a critical success factor.

Against this background, the Foundation's strategic planning recognized that it needs to seek differentiation of its second product level (the products which the Foundation uses to attract support such as events, direct mail programs, and excellence in relationship management) by use of its strengthened balance sheet, and provide products and services which are different to its competitors and sought after by suppliers.

4. Current Year Strategic Goals

For the year ended 30 June 2014, the Charter for Growth's key strategic goals (refer attachment two) were to:

1. seek opportunities for alliances with other hospital foundations, hospitals, donors and stakeholders, which drives expansion of commercial opportunities and revenue growth;
2. grow the Foundation's corpus through excellence in fundraising practice;
3. apply a sound financial model which ensures the Foundation meets its mission;
4. position the Foundation as a major hospital based charity in Queensland;
5. ensure high Corporate Governance standards are maintained at all levels of the Foundation; and
6. create an environment where employee and volunteer contributions are valued, recognised and rewarded.

5. Achievement of Current Year Strategic Goals

The Foundation measures and reports progress to plan via bimonthly strategic mapping which includes tracking of progress within four major categories: Stakeholder Engagement, Internal Processes, Learning and Growth, and Finance.

Taking each key strategic goal in turn, the following has been achieved:

1. A number of business opportunities were examined and rejected. The focus this year has been on improvement of the Foundation's TV business.
2. Record income has been achieved, together with record funds available for mission support.
3. The balance sheet has been strengthened which allows the Foundation to increase its mission support. A key component of the Foundation's strategy during the period was to

- seek commercial opportunities which provided a better return than cash and equities.
4. The Foundation is currently a major Hospital Foundation in Queensland due to its continuing successes.
 5. The Foundation has witnessed rapid growth over the previous four years (a 191% increase in gross revenue from \$4.7m to a gross revenue of \$13.7m and a 208% increase in balance sheet equity from \$8.1m to \$25m) (pre accounting adjustment). This has been achieved at a pier best operational cost base of 17%. However, the development of appropriate governance has not kept pace with this growth. A feature of the 2014/15 plan will be a focus on the establishment of appropriate governance structures.
 6. Minimal turnover of staff achieved and high job satisfaction confirmed from discussion.

The availability of a strengthened balance sheet enabled the Foundation to safely increase its revenues by building its fundraising team and increasing its commercial activity. This in turn enabled the Foundation to increase its mission support.

6. Future Strategic Goals

In June 2014, the Foundation reviewed its Charter for Growth for a five year period (2013/14 – 2017/18) with the Public Sector Renewal Program firmly in mind (attachment three refers). Its key strategic goals are to:

1. seek opportunities for alliances with other Hospital Foundations, Area Health Services, donors and stakeholders, which drives expansion of commercial opportunities and revenue growth;
2. grow the Foundation's corpus through excellence in fundraising practice;
3. apply a sound financial model which ensures the Foundation meets its mission;
4. position the Foundation as a major hospital-based charity in Queensland;
5. ensure high Corporate Governance standards are maintained at all levels of the Foundation; and
6. create an environment where employees' and volunteers' contributions are valued, recognised and rewarded.

As mentioned under Achievement of Current Year Strategic Goals (Point 5), the Foundation's aim of improving its governance standard will be a feature of next year's activities. The Foundation has employed an appropriate resource to assist with policy and process development. It's been agreed with the Office of Health Statutory Agencies that these developments will be shared across all Qld Hospital Foundations.

Our business pillar structure has been reduced to three to enhance synergies between marketing and fundraising and to focus our energies, via a new corporate services pillar, on policy and procedure development, management and system improvement and commercial income growth.

Revenue growth will continue to be driven through:

- sound financial management, including focused growth of corpus;
- stable commercial income;
- an expanded stakeholder base;
- increased fundraising revenue; and
- financial accountability.

We will continue to reposition the Foundation and increase its profile with all stakeholders including the establishment of appropriate working relationships with the Hospital and Health Service via a Heads of Agreement.

We will also continue to maintain the Foundation's solvency, via a continued focus on untied income producing activities or appropriate administration fees, equity build and critical examination of all expenses and distributions. It is anticipated the next five years will witness growth by stable commercial and fundraising income. In line with our success, the Foundation will continue to increase its financial and other support for the hospital to assist it with a variety of initiatives. As the Foundation continues its search for excellence, built on a foundation of business stability, it will play its part in the creation of a successful government.

6.1 Strategy to 2020 and Beyond

To position the Foundation whereby we can improve the mission we deliver on, as measured by:

- increasing distributions from \$4m to \$7.5m per annum;
- developing the distribution program whereby world class research can be supported in a greater number of research fields; and
- assembling a corpus of \$50m, so that the following research program attributes can be supported by the Foundation (without government assistance):
 - Annual research Fellowships increased from three to six.
 - Metro North Hospital and Health Service health priorities can be supported in a meaningful way.
 - Number and amount of general research grants to be significantly expanded.
 - Meaningfully support the operation of an "Academic Health Science Centre" where RBWH is the centre of excellence in Queensland.

7. Financial Performance

7.1 New Accounting Treatment

In terms of Accounting Standard AASB 118 Revenue it's been agreed with the Foundation's auditors that the accounting treatment of the following income items will be changed as detailed below:

- Clinical trials – all income is to be recognised through a liability account on the balance sheet rather than via the profit and loss statement.
- Grants – those grants with payback clauses will be initially recognised on the balance sheet as a liability until all terms of the agreement are met.
- Grants – those grants for which the Foundation acts as a custodian will be recognised as a liability on the balance sheet.
- Pledges – which are not legally enforceable will be recognised upon receipt per the standard.

This new accounting treatment will impact the presentation of results for the Foundation and make it difficult to compare year on year results. **Accordingly, it has been decided to add back the adjustments as regards the following commentary.**

Adjustments are:

- Income: \$3,510,693
- Distribution: \$734,629

The Statutory Accounts reflect the accounting adjustments.

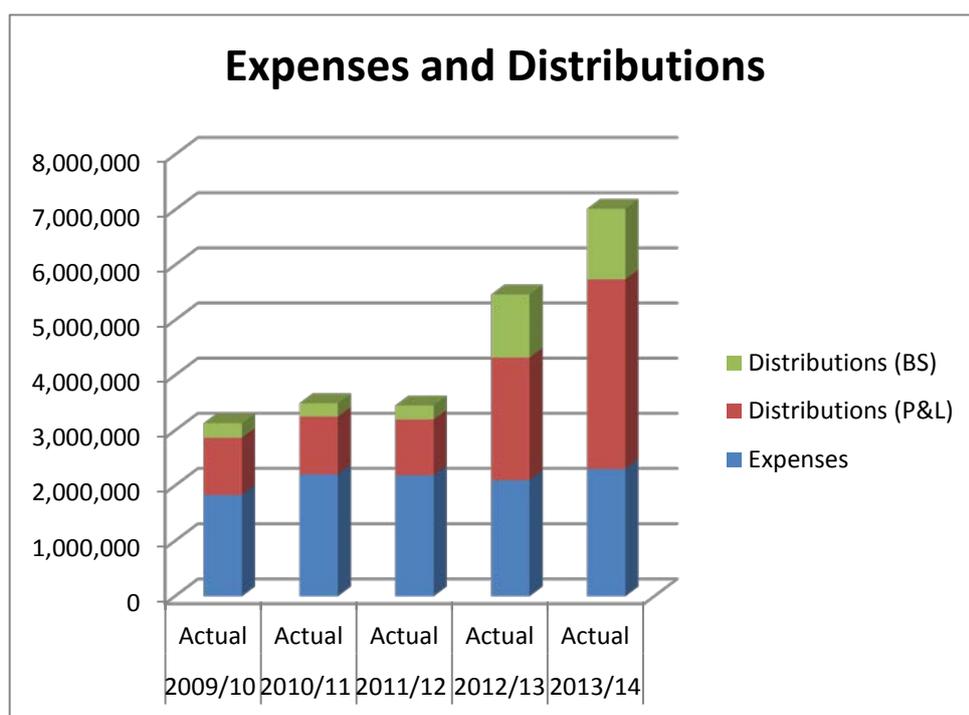
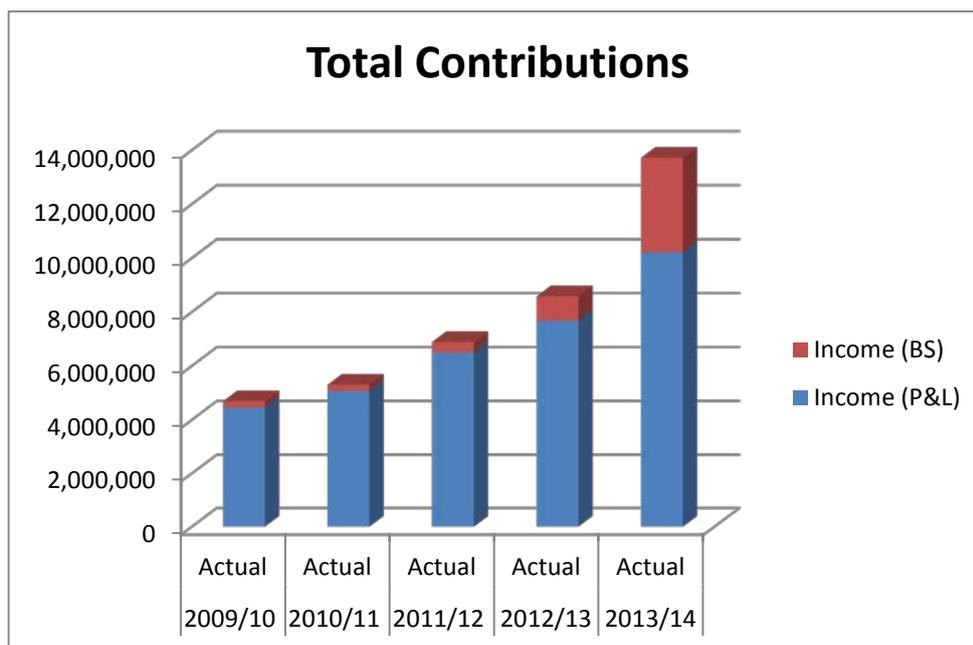
7.2 Historical and Future Profit and Loss Summary

The following summarises the historical and anticipated 2013/14 performance of the Foundation as extracted from the audited financial statements:

Overall Summary

	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual
Income (P&L)	4,458,526	5,072,463	6,504,989	7,645,682	10,207,546
Income (BS)	233,696	229,353	382,846	904,390	3,510,693
Expenses	1,831,856	2,203,655	2,186,782	2,067,040	2,302,973
Distributions (P&L)	1,037,921	1,046,878	1,013,890	2,224,430	3,438,208
Distributions (BS)	261,757	242,933	252,935	1,142,320	1,278,037
Net Surplus (P&L)	1,588,749	1,821,930	3,304,317	3,354,212	4,466,365
Net Surplus (BS)	-28,061	-13,580	129,911	-237,930	2,232,656

Note: The net surplus does not include gain/losses on equities and the fair value movement in equities.



For the year ended 30 June 2014, the Foundation has achieved record cash receipts of \$13.7m (a 60% increase on prior year) which comprise of:

- ordinary fundraising income of \$10.2m (per the profit and loss); plus
- clinical trial and grant funds received by the Foundation of \$3.5m, for which the Foundation acts as treasurer (but not principal). Hence cash receipts cannot be recorded as income.

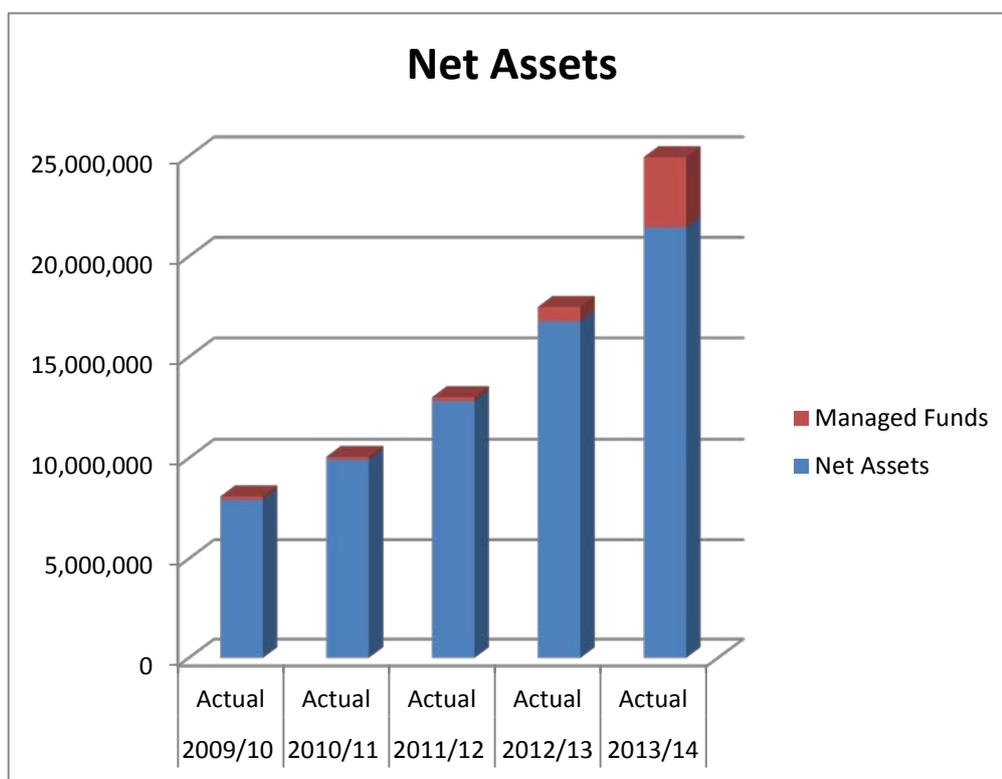
This is an excellent result and reflective of achievement of the Foundation's strategic goals. These funds have been apportioned as 34% to mission (clinical and medical research activities of RBWH), 49% to balance sheet (with the aim of ensuring a strong and viable Foundation for the future, ensuring sufficient capital is available for expansion and investment activities, and retention of tied funds for their eventual intended purpose) and the remainder (17%) to operational costs. The total operational costs are covered by revenue from our commercial and investment activities.

7.3 Historical and Future Equity Position

The following summarises the historical and anticipated 2014/15 equity position of the Foundation as extracted from the audited financial statements:

Equity Position

	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual
Net Assets	7,934,456	9,928,765	12,803,945	16,768,764	21,437,094
Managed Funds (held for clinical trials)	166,369	138,311	198,773	723,783	3,499,847



As mentioned elsewhere, a key component of ensuring the generational viability of the Foundation is a continuing strengthening of its balance sheet. As the balance sheet grows in the future, so does its ability to increase the quantum of its support to mission.

It ensures the Foundation's continued solvency and provides the Foundation with the flexibility to make strategic business investments with a better internal rate of return than cash or equities. The combination of balance sheet and commercial income also cover all operating expenses, thus ensuring that all fundraising income is applied as requested by the donor.

Approximately 39% of the equity held is for a variety of special purpose funds which are earmarked to support numerous medical research projects and other initiatives. There is a large flow through of these funds as money is used for its intended purposes and replaced by further fundraising income.

8. Key Achievements

- Strong staff morale continues to be feature of the Foundation which is considered a preferred place of employment.
- The Foundation continues to increase its support of RBWH to further medical research and provide optimal health care and services. \$4.7m was distributed to RBWH in support of its health initiatives. The Foundation is aligned with the Queensland Government's "Getting Queensland back on track" objectives for the community, particularly the revitalisation of front-line health services for families.
- Record cash receipts (pre accounting adjustment) of \$13.7 m (a 60% increase on prior year and 191% increase since 2010). This is the sixth record year in a row.
- A record equity position (pre accounting adjustment) of \$25m (a 43% increase on prior year and 208% increase since 2010). This will allow the Foundation to comfortably fund its planned expansion of commercial activities (see our strategic goals). This is the sixth record year in a row.
- The Foundation's total expenditures are a very acceptable 17% of gross revenue, with fixed costs being totally covered by income from the Foundation's commercial and investment activities.
- Achieved an unqualified audit report for the sixth year in row.
- These results have placed the Foundation in a very strong financial position. They ensure the Foundation is able to self-fund through its balance sheet and investments.
- The Foundation has been restructured to reflect Three Pillars of Business – Fundraising, Marketing, Communications and Administration, and Finance, and Corporate Services. This has resulted in greater autonomy and accountability of all team members.
- Successfully completed the first full year of managing the Hospital Volunteers Program.
- Board reporting continues to be improved, as has IT infrastructure and the team's working environment.
- The Strategic and Operational Plan and Budget cycle has been developed and approved.
- The Foundation's brand and messaging (including electronic branding) has been refined in support of the above objectives.
- Close working relationships have been developed with Hospital Executive with greater support from the wider hospital community. This has led to a re-direction and/or creation of new income streams to the Foundation, most notably in the area of clinical trials. An example is the fundraising/committee set up with Cancer Care Services which has resulted in sizeable clinical trials income being entrusted to the Foundation.
- Staff have been provided with educational support in order to assist with career development.
- A major joint fundraising initiative with QIMR Berghofer, "The Weekend to End Women's Cancers", was a great success for both organisations in support of biomedical and clinical aspects of women's cancers.
- Achieved positive publicity and media coverage to enhance the reputation of the hospital as

a provider of high quality patient care and a champion of internationally-recognised research.

9. Success Principles

The Foundation's continuing success and ability to support RBWH is based on two simple principles:

9.1 The Team

We recognise that our staff and volunteers are our most valued asset and we have created a work environment that brings out the best in each of us, where we:

- believe in ourselves, each other, our services and our organisation;
- respect and serve each other and internal and external stakeholders equally;
- own our actions, promises and professional behaviours;
- value innovation and creativity as it helps to reinvent ourselves and our business;
- model best practice and ethical behaviour in business, management and governance;
- concentrate on our strengths rather than our weaknesses; and
- create a flexible work environment where everyone enjoys coming to work.

9.2 Our Donors and Stakeholders

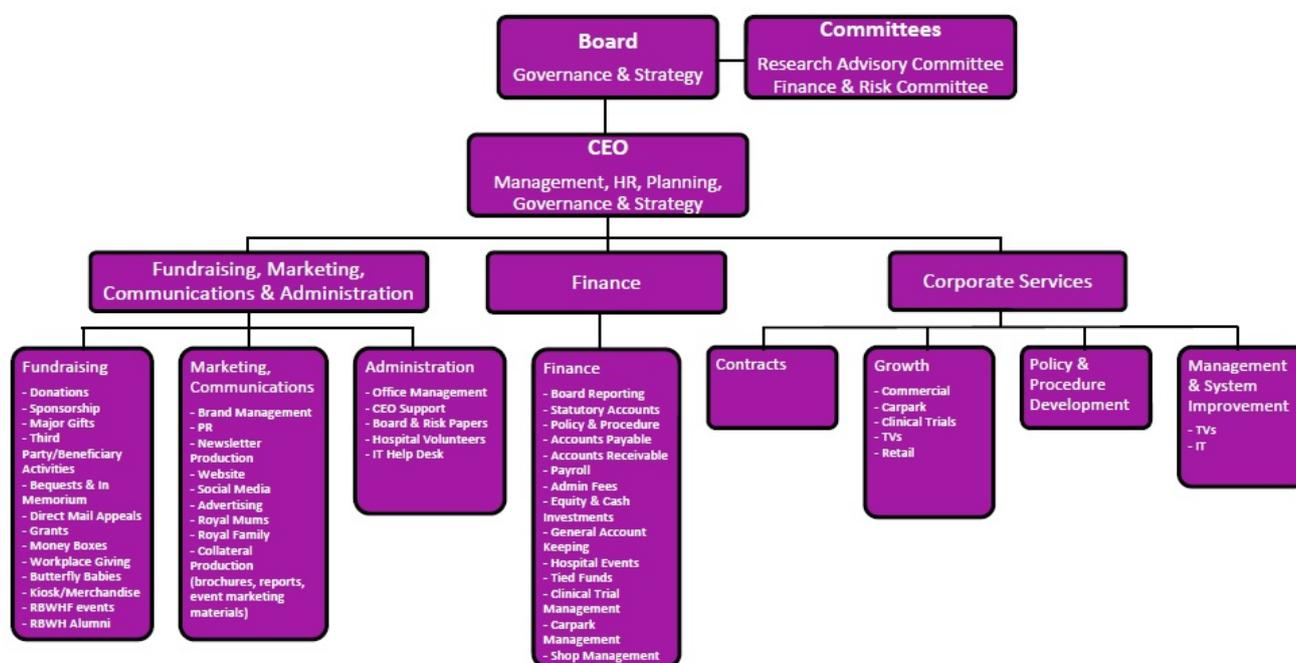
We practice a simple philosophy that at every interaction we aim to delight the donor/stakeholder. We recognise that professional, friendly relationship management is the cornerstone of our business. Our experience is that if we do this well, our business grows by word of mouth.

We thank our many donors, stakeholders, and volunteers for their generous support and friendship.

10. Governance and Internal Control

10.1 Pillars of Business

During the financial year, we adopted the following operating structure:



10.2 Our Patron

RBWH Foundation is honoured to have Her Excellency, Ms Penelope Wensley AC, Governor of Queensland, as our patron.

We thank her for her endorsement and ongoing support.

10.3 Our Board

It's with great sadness that we acknowledge the passing of The Hon Warwick Parer AM and it's with great pride we record our debt of gratitude for having the opportunity of working with Warwick and for his enormous life time commitment to our community.

Name	Term of Appointment	Number of meetings attended out of five.
Warwick Parer	7 April 2015 (1)	2
Hamish JL Doley	6 September 2016	5
Lawrie W Powell	6 September 2016	4
Scott McMullen	7 April 2015 (2)	Nil
Peter Fardoulis	6 September 2016	4
John George	7 April 2015	5
Bruce Humphrys	6 September 2016	3
Laura Perkins	7 April 2015	3
Cass George	7 April 2015	4

Vaughan Howell	New appointment in terms of recent amendments to the Hospital Foundations Act 1982. (3)	2
Paul Alexander	New appointment in terms of recent amendments to the Hospital Foundations Act 1982. (4)	2
Edward Lin	6 April 2015 (5)	4
Mark Butterworth	New appointment in terms of recent amendments to the Hospital Foundations Act 1982 (6)	2

Notes

- (1) Mr Parer passed away on 15 March 2014
- (2) resigned 27 February 2014
- (3) appointed 27 February 2014
- (4) resigned 27 February 2014
- (5) appointed 14 March 2014
- (6) appointed 27 February 2014

Board Profiles

Hamish Doley BSc, BComm, CA

Acting Chair (from 15 March 2014), **Chair of the Finance and Risk Committee**

Hamish is a Partner of KPMG and a member of the Institute of Chartered Accountants Australia, focusing on providing audit and advisory services to private and family businesses through the KPMG Private Enterprise Practice based in Brisbane.

Prior to joining KPMG, Hamish attained a Bachelor of Commerce and a Bachelor of Science at University of Queensland, which led to his interest and support for medical research.

Hamish has provided support and pro-bono advisory services to Boards of other not-for-profit organisations through community initiatives such as the Australia Business Arts Foundation.

Professor Lawrie Powell AC, MD, PhD, FRCP, FRACP

Member of the Research Advisory Committee, and University of Queensland representative

Professor Powell originally undertook his postgraduate training at the then Royal Brisbane Hospital before heading overseas to undertake further study and various positions at hospitals in London, America and Denmark.

Back in Australia, he was awarded a personal Chair by the University of Queensland in 1978 and then, in collaboration with Professor June Halliday and Professor Graham Cooksley, he established an internationally recognised liver research group.

In 1990, Professor Powell was appointed Director of Queensland Institute of Medical Research (QIMR) where, amongst other achievements, he was instrumental in the successful development and planning of the \$64m Cancer Research Centre.

Professor Powell has received numerous national and international awards in recognition of his research contributions and has held many prestigious positions including President of the International Association for the Study of Liver (1986 to 1988). Professor Powell is currently Director of Research at RBWH, honorary Senior Principal Research Fellow of QIMR and Professor Emeritus at University of Queensland.

Peter Fardoulis AM, LFAIB, JP, Dip Mech & Eng, Chartered Builder, Hon Prof Building & Construction Central Queensland University)

Peter has been the Managing Director of Peter Fardoulis Constructions since 1976. He was a Board member of Opera Queensland (1981 to 2008) and the Crèche & Kindergarten Association of Queensland (1967 to 2008). He is also a past National President of the Australian Institute of Building.

In 2005, Peter was appointed Member of the Order of Australia (AM) for services to the building industry and to the community through arts, medical, children's and church organisations.

John J George

John George has owned and operated a number of retail and wholesale businesses in the Australian fresh food sector since 1980, but is best known for his role as Managing Director and Co-Founder of Australia's largest supplier and manufacturer of fresh chilled foods, Mrs Crocket's.

Since the mid-1990s, John and his brothers have been involved in expanding the family's property investment, management and development business which is known as The George Group. John has also served as Director and Chair for the Board of the Centre for Food Technology and was on the Board of the Queensland Institute of Technology as well as holding various other educational advisory positions.

Bruce Humphrys

Bruce Humphrys is the Managing Partner of Brisbane and Perth-based law firm HopgoodGanim. Bruce began his legal career with the firm in 1979 and has been the Managing Partner since 2001. He is responsible for leading the firm's 30 partners and over 200 employees.

Under Bruce's leadership, HopgoodGanim has experienced significant growth to become one of Queensland's largest independent law firms and is consistently recognised by independent adjudicators as one of Australia's most successful legal practices.

In November 2012, HopgoodGanim merged with Perth firm QLegal to create a presence on both sides of the country. Before his current role, Bruce was one of the firm's lead partners within the commercial property group. During his career as a property lawyer, he was involved in many of South-East Queensland's largest property development projects.

Laura Perkins

Laura Perkins was born and educated in the United States and obtained a Bachelor of Business degree from California State University. Since then she has worked as a financial analyst and training specialist and has owned several businesses.

Cass George

Cass George had a career in early childhood education and is a speech and drama teacher. Cass is also on the Australian Youth Orchestra National Advisory Council.

Vaughan Howell

Vaughan Howell has a career spanning more than 30 years working in the health service industry, and has held senior executive roles for public and private sector organisations in Australia and the UK. Vaughan most recently was a specialist health consultant for Queensland Treasury Corporation, advising on all commercial and financial issues in relation to the new \$1.1 billion Queensland

Children's Hospital at South Brisbane. Vaughan is an experienced board member having served on health and welfare boards in Australia and the UK. Vaughan is a graduate of the University of Queensland with major interests apart from health service redesign incorporating the innovative use of technologies, in bio-ethics, research ethics, knowledge and skills transference.

Mark Butterworth

Mark Butterworth is the current Executive Director of Allied Health Services for the Metro North Hospital and Health Service. Prior to his appointment he held the same role at the Prince Charles Hospital and the Northside Health Service District. Mark is a graduate of Queensland University of Technology and holds a graduate diploma in Business Administration and a diploma of Applied Science (Diagnostic Radiography).

Edward Lin CPA, BBus, MBus

Edward is a Principal and Director of CEL Accountants and CEL Consulting - two firms he set up in 2006 which provide accounting, taxation, business advisory, migration and education consulting services to private businesses. Prior to that, Edward attained a Master of Business (Professional Accounting) and a Bachelor of Business (International Business/Economics) at Queensland University of Technology. He also worked for two well-known accounting firms, The Peak Partnership and HLB Mann Judd, prior to setting up his own businesses. Edward is Honorary President of the Australian Taiwanese Chamber of Commerce (QLD) Inc, a Senior Advisor of both the Taiwanese Chambers of Commerce in Oceania and the World Taiwanese Chambers of Commerce. He was also appointed as an Honorary Business Ambassador of the Ipswich City Council since 2009 in acknowledgment of his business advisory expertise and contribution towards community services.

CEO Profile

Peter Treseder AM, KSJ, CCEO, JP, DipFm, GradCertBus (Philanthropy & Npst), EMFIA, FAICD, FAIM, FIIDM, CFRE, MBA (Distinction)

Peter joined RBWH Foundation as CEO in July 2009. He gained experience in fundraising for the hospital sector through his six-year role as Executive Director of The Millennium Foundation Ltd, which is the fundraising arm of Westmead Hospital and Westmead Millennium Institute. Peter's responsibilities include strategic direction and leadership of the team. Peter is committed to creating a viable long term charity based on a solid foundation of business strength and acumen.

10.4 Our Committees

The Board and management of the Foundation are extremely grateful to the many people who give generously of their time, knowledge, resources, advice, contacts and energy to not only assist in raising funds for RBWH but to ensure the Foundation continues to operate efficiently and invest prudently in projects that will provide the most benefit to the health and wellbeing of our patients.

We are truly indebted to these individuals for their support and generosity.

Finance & Risk Committee

The purpose of the Finance and Risk Committee (the Committee) is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the Foundation's investment strategy, the audit process, strategic and annual planning, and the Foundation's process for monitoring compliance with laws and regulations and the code of conduct.

The Foundation has adopted the single '**Code of Conduct for the Queensland Public Service**' which was brought in on 1 January 2011. The Code is based on the public sector principles as outlined in the *Public Sector Ethics Act 1994* (PSEA):

- Integrity and impartiality.
- Promoting the public good.
- Commitment to the system of government.
- Accountability and transparency.

The Public Service Commission confirmed on 16 June 2014 that it will seek the necessary approvals to amend the *Public Sector Ethics Regulation 2010* to apply the Code of Conduct for the Queensland Public Service to the Foundation. This is anticipated to occur in October 2014.

All employees are expected to uphold the Code by committing to and demonstrating the intent and spirit of the ethics principles and values. The Foundation's Charter for Growth reflects the ethics principles in section 4 of PSEA and demonstrates that integrity and accountability are integrated into the Foundation's strategies, objectives and actions. The Code is applicable to employees of the Foundation and includes volunteers, students, contractors, consultants and anyone employed in any other capacity. Regular training is provided to all team members in order to ensure that the Code is fully understood and enacted.

The Committee has observed the terms of its charter and had due regard to Treasury's *Audit Committee Guidelines*. The Committee is pleased to confirm that each audit recommendation by QAO is being taken seriously and dealt with appropriately in order to improve the Foundation's business. All of the prior year recommendations have been dealt with satisfactorily.

The Committee meets six times a year and systems are in place to ensure the effective, efficient and economical operation of its function. The Committee is independent of management and the authorised auditors. Financial advice is provided by JB Were in relation to the equities portion of the Foundation's investment portfolio. The internal audit function has had due regard to Treasury's *Audit Committee Guidelines*.

Risk is a standing item on the Committee's agenda and headline risks are reported to each Board meeting. During 2014/15, the Committee intends to commission the development of a new Risk Framework for implementation during that year. It also intends to oversee an extensive redevelopment of all Foundation policies which will be distributed to all Queensland Hospital Foundations.

Committee serves voluntarily without remuneration. Members include:

- Hamish Doley (Chair), BSc, BCom, CA (Board member)
- John George (Board member)
- John McFarlane (independent member)

The Foundation has no formal internal audit function as there is no regularity obligation to do this and the size of the Foundation does not warrant it.

Research Advisory Committee

The purpose of the Research Advisory Committee is to assist the Board in fulfilling its oversight responsibilities for the administration of funding health science research at the Hospital.

Committee members include:



- Professor Gerard Byrne BSc (Med) MBBS (Hons) PhD FRANZCP (Chair)
 - Head, Academic Discipline of Psychiatry, UQ
- Professor Lawrie Powell, AC, FTSE, MD, PhD, DUniv (Griff), FRACP, FRCP (Lond), FRCPT
 - Director of Research, RBWH
- Professor Murray Mitchell, DPhil, DSc, FRSNZ
 - Director, UQ Centre for Clinical Research
- Professor Robert Tindle PhD
 - Professor Emeritus UQ
 - Director (Retired) Sir Albert Sakzewski Virus Research Centre, RCH and Clinical Medical Virology Centre, UQ
- Dr Peter Roeser MD, FRACP, FRCPA
 - Retired Physician, UQ Department of Medicine
- Dr Roger Allison MBBS, D Obst, MRCP, FRCR, FRACR, FACHPM
 - Cancer Care Services, RBWH
- Professor Ron Dickinson BSc Hons, PhD
 - Professorial Research Fellow, Director, Centre for Studies in Drug Disposition, UQ
- Dr Jacobus Ungerer, MBChB, MMed (chem pat), MBL, FRCPA
 - A/Director Chemical Pathology, Pathology Queensland
- Dr Ian Wilkey, MBBS BSc FRCPA FAFPHM.
 - Retired, formerly Medical Superintendent, RBH.
- Professor Joan Webster
 - Director of Nursing Research, RBWH
- Professor Grant Ramm
 - Group Leader, Hepatic Fibrosis Laboratory, QIMR
- Professor Michele Clark PhD
 - Executive Director Nursing, RBWH
- Professor Claire Rickard PhD
 - NHMRC Centre for Research Excellence in Nursing Interventions
 - Griffith Health Institute Centre for Health Practice Innovation

Royal Dinner Do Committee

The purpose of the Royal Dinner Do Committee is to organise the annual dinner which raises funds for Motor Neurone Disease research at RBWH.

Committee members for the September 2013 and May 2014 Royal Dinner Do events include:

- Nicole Hutchinson (September 2013 only)
- Leeanne O'Grady Woods (September 2013 only)
- Deborah Henderson
- Robert Henderson
- Karen Gallagher
- Rita Grice
- Emily Penfold

Master Stroke Business Lunch Committee

The purpose of the Master Stroke Business Lunch Committee is to organise the annual Master Stroke Business Lunch which raises money for stroke research at RBWH.

Committee members for the October 2013 Master Stroke Business Lunch include:

- Elaine Campbell

- Gopal Sinh
- Archana Sinh
- Tracy Roxbury
- Andrew Wong
- Genevieve Skinner
- Karen Gallagher
- Emily Penfold
- Dan Crowley

International Women's Day Committee

The Committee organised the inaugural International Women's Day Indoor Picnic held at Brisbane City Hall.

Committee members for the March 2014 Indoor Picnic include:

- Jacqui Conias (Chair)
- Lisa Newman
- Julie Tengdahl
- Veronica Tsiros
- Aileen Tan
- Susan Blackshaw
- Romy Turkington
- Gail Headley

Butterfly Babies Committee

Butterfly Babies is an initiative of RBWH Foundation focussed on raising funds for the Perinatal Research Centre. There is an overarching committee for Butterfly Babies which oversees a variety of fundraising activities and there is a separate sub-committee of Butterfly Babies which has assumed responsibility for the annual Butterfly Ball.

Butterfly Babies committee members include:

- Cally Lyons (Chair)
- Paul Colditz
- Amanda Barnett
- Tracey Bjorkman

Committee members for the 2013 Butterfly Ball include:

- Kathryn O'Connor (Chair)
- Kaley Butten
- Amanda Barnett
- Tracey Bjorkman
- Lyna Chen
- Johnson Chen
- Paul Colditz
- Toni Dougall
- Janet Hamill
- Cally Lyons
- Judy Ward
- Ralph Smith

- Melinda Butterfield
- Troy Williams
- Diane Mace
- Helen Donovan
- Annie Boyd
- Cathy Yang

Right Royal Affair Committee

The purpose of the Right Royal Affair Committee is to organise the annual Right Royal Affair black tie dinner which raises untied funds for the Foundation's research grants program.

Committee members for the June 2014 Right Royal Affair include:

- Raewyn Bailey (Chair)
- Lisa Moricz
- Bianca Baron
- Helen Debenham
- Cass George
- Laura Perkins
- Emily Penfold
- Kylie Hancock

goa 7 Pillars Ride Committee

The purpose of the goa 7 Pillars Ride Committee is to organize the annual goa 7 Pillars Ride which raises money for MND research.

Committee members for the May 2014 goa 7 Pillars Ride include:

- John Tyquin
- Emily Davies
- Rachell Buckley
- Daniel Corbett

Clothing Support Group

The purpose of the Clothing Support Group is to provide clothing support for the RBWH Sexual Assault Unit.

Members include:

- Laura Perkins
- Cass George
- Rosemary Walsh
- Boo Brett
- Karla Martin
- Nina Gill
- Christine Dauber
- Louise Forde

10.5 Our People

The Foundation has a small but dedicated team of people who believe in RBWH and are committed to ensuring the hospital is able to provide the best care possible to its patients, ensuring the best outcomes for them and their families. Our staff work tirelessly to raise funds for research, equipment and other services. Staff are regularly supported in their efforts by their own family and friends, and to them we are also grateful.

Our team includes:

CEO

Peter Treseder AM, KSJ, CCEO, JP, DipFm, GradCertBus (Philanthropy & Npst), EMFIA, FAICD, FAIM, FIIDM, CFRE, MBA (Distinction)

Fundraising, Marketing, Communications and Administration Pillar

Karen Gallagher BA, MFIA
Fundraising, Marketing & Communications Manager

Rita Grice
Administration & Data Manager

Polly Brown BBus (Communications)
Marketing & Communications Officer (part-time)

Emily Penfold
Marketing and Events Officer (part-time)

Suellen Hinde
Grants & Media Strategist (part time)

Kylie Hancock
Business Development Manager

Rachell Buckley BBus
Business Development Manager

Cathy Yang BA, MPhil
Business Development Manager (part time)

Ross Birkett
Planned Giving Manager (part time)

Gail Headley
Community Development & Engagement Manager

Simone Cooper
Hospital Volunteers Manager (part-time)

Corporate Services Pillar

Kelvin Andrews B.Bus (Management), Grad Cert. App Law, Assoc Dip. Aviation
Director Corporate Services



Diana Christie
Commercial Officer – TVs

Megha Ahuja
Commercial Officer – TVs

Andrew Christie
MATV Maintenance and relief Casual TV Sales

Apple Valentine
Casual TV Sales

Todd Manion
Casual TV Sales

Finance Pillar

Kaelah Bosanquet B Bus (Accounting & Banking & Finance), Grad Cert (Bus Admin), CA
Financial Controller (part time)

Julie Wright B.Com, CA
Finance Manager (part time)

Cathy Johnstone
Financial Assistant (part-time)

Erin Barry
Financial Assistant (part time)

We express our gratitude and thanks to our long term colleague Ari Panagiotou for his passion and commitment to the Foundation over many years. Ari resigned during the year to pursue some personal goals.

10.7 Our Volunteers

Foundation

There are many individuals who volunteer their time and energy to help the Foundation staff at various events throughout the year. There are also volunteers who regularly report for duty in the Foundation's shop at the hospital. We are extremely grateful to those volunteers who return time and again to assist us whenever they can. These include:

Leanne Barron
Linalinda Eichin
Anne Gallagher
Nicola Hooper
Ruby Hooper
Musitapa Kamalijiang
Mike Norman
Chloe Parker
Christine Pererra
Lesley Waugh

Hospital

The Hospital Volunteers workforce joined the Foundation in May 2013. There are over 100 dedicated individuals in the team who all carry out significant duties across RBWH. They are an inspirational group from varied backgrounds, with some members having volunteered their services for many decades.

The Hospital Volunteers form an integral role in the hospital by providing warmth and personality to such a large environment. They generously devote their time and talents to assisting patients and hospital visitors with directions at various points of the Hospital, staffing the Intensive Care Unit reception desk, entertaining Oncology and Geriatric patients, manning the Foundation kiosk, patient laundry service and various administrative duties throughout the Hospital.

More recently, we have expanded the volunteer duties to include weekly morning teas with Oncology patients, a Book Cart service offering discounted second hand books, chocolates and various other toiletries, and various market-type stalls throughout the year to raise the money and the profile of the Foundation.

11. Mission Support

Total mission support was \$4,716,245 composed of:

- Research Grants, Donations \$3,665,721
- Hospital TV Operations \$507,116
- Hospital TV Asset Purchases \$543,409

11.1 Research

The Foundation's primary method of distributing funds raised for clinical research conducted at the hospital is through its annual Research Grant Awards program.

Grant submissions are received from across the hospital campus for a diverse range of proposed research projects. Each of these submissions is reviewed by the Foundation's Research Advisory Committee which then awards the grants based on merit. The grants are designed to enable projects to get off the ground and establish a basis from which the researchers can apply for more substantial grants from larger external bodies. The grants include Research Initiative Grants, Nursing and Allied Health Research Grants and Patricia Dukes Fellowship Grants.

The Foundation also provides funding to a number of research centres based at RBWH for ongoing projects. Some examples of this ongoing research funding include:

- Burns, Trauma & Critical Care Research Centre – This Centre boasts one of the most active research programs at the hospital and its research to date has had a significant impact on patient care and outcomes. As a direct result of this research and expertise, RBWH's burn mortality has decreased to a low two per cent and international medical publications have acknowledged RBWH has having the best burns outcomes in the world. The Centre conducts a vast range of research ranging from the application of antibiotic therapy to critically-ill patients to studying the consequences of bleeding on cerebral microcirculation after head injury. A major sponsor of this Centre for the past three years has been Epoca Constructions and the Foundation has successfully renewed this support for another year.
- Motor Neurone Disease Research – This research area has developed significantly over the last five years due to increased funding raised by the Foundation through events, donations and community activities. The research group's primary focus continues to be the

development of reliable markers for the disease's progression, however, in the past 12-24 months the group has also participated in three international clinical trials. Other projects include a collaboration with Prince of Wales Hospital to investigate the novel concept of "handedness" to determine how the disease starts and spreads; a study to evaluate the effectiveness of injecting Botulinum Toxin (Botox) into major salivary glands to reduce drooling; and a collaboration with the School of Biomedical Science to assess linkages in metabolic factors such as reduction in growth hormone secretion.

- Stroke Research – As this group lost its primary funding support from Atlantic Philanthropies in 2012/13, RBWH Foundation commenced working with the group to fill that funding gap so that it could continue its research activity. In 2013/14 this activity included research into areas such as the use of MRI technology to identify Stroke locations in the brain and the use of 'clot busting' medications to reopen blocked arteries. The group are also focussed on stroke rehabilitation programs to prevent long-term disability and secondary stroke prevention.
- Perinatal Research Centre – This Centre is committed to improving perinatal health through world-class biomedical and clinical research. Its multidisciplinary research team aims to translate research advances into clinical practice and better health outcomes for mothers and babies. This Centre is conducting a range of research projects including testing a new protocol to provide an effective antiepileptic treatment for neonatal seizures in the clinical setting in order reduce brain injury and improve long-term neurodevelopmental outcomes and a collaboration with University of Qatar to produce 'wiring maps' of the developing brain using a Neonatal Compatible MRI Incubator. Butterfly Babies, an initiative of RBWH Foundation, is focussed on raising money for this Centre through a range of activities including the annual Butterfly Ball.

In 2013/14, RBWH launched the Diamond Care Grants Program using funds raised through the inaugural Weekend to End Women's Cancers. Over \$760,000 was awarded in the first grant round for a mix of research, programs and equipment focussed on improving outcomes and quality of care for patients with female-specific cancers.

Programs to receive Diamond Care Grants in 2013/14 include:

- Research into the use of a conservative hormone treatment in women with early stage **endometrial cancer** to reduce the need for unnecessary surgery and assist women in retaining fertility.
- Purchase of special breast board cushions to improve treatment accuracy, reproducibility and comfort for **breast cancer** patients undergoing radiation.
- Development of an internet-based Wellness after Cancer Program for women under 40 which will provide ongoing advice and support after they have undergone treatment for **breast or gynaecological cancers**.
- Research to validate a nomogram that can quantify a woman with **uterine cancer's** risk of recurrence. This enables doctors to predict a patient's prognosis and individualise treatment. By validating this nomogram, the plan is to establish it internationally.
- Study to better understand and improve social support amongst women with cancer to foster resilience, enhance quality of life and influence treatment adherence. This will be the first examination of comparative social support across diverse disease, socio-economic and geographical contexts as experienced by women themselves.
- Expansion of the RBWH/QIMR Berghofer Brisbane Breast Bank to enable the testing and development of circulating biomarkers to monitor treatment response as well as tumour recurrence and metastasis in order to advance **breast cancer** management.
- Purchase of an additional chemotherapy isolator to reduce waiting times for patients with **breast cancer**, enabling them to return home faster to carry on with their lives.
- Research into neo-adjuvant chemotherapy to treat early **cervical cancer** with the aim of

preserving fertility, improving quality of life during remission and reducing other sexual and psychological dysfunctions.

11.2 Other Activities

Throughout 2013/2014 financial year, the Foundation has raised money and provided funding for a number of items and activities at the hospital that are not necessarily research related. A sample of these activities include:

- Purchase of additional equipment for the RBWH Milk Bank in the Grantley Stable Neonatal Unit
- Launch of Gym Program pilot study in the Adolescent Mental Health Unit (a collaboration with the Physiotherapy department)
- Introduction of the “I Hear You” music therapy pilot program in the Adolescent Mental Health Unit
- Sponsorship of the inaugural Youth Mental Health Conference with the theme “Optimising Outcomes”
- Continuation of funding for the Prevent Alcohol-Related Trauma in Youth (P.A.R.T.Y.) Program.
- Purchase of specialised equipment for the launch of the Queensland Motion Analysis Centre
- Purchase of a wheelchair for Cancer Care Services
- Purchase of a recliner for Intensive Care
- Purchase of a new lounge suite for the Birth Suite
- Support of the Indigenous Mental Health Symposium
- Development of the Queensland Skin Culture Centre (scheduled to be officially opened in late 2014)
- Funding of one Therapy Dog to visit patients in the hospital's Geriatric Evaluation and Management Unit and one Therapy Dog to visit patients at the RBWH Mental Health Treatment and Rehabilitation facility at Somerset Villas in Windsor.
- Purchase of Connex vital signs monitors for Cancer Care Services
- Purchase of a Glidescope for the Grantley Stable Neonatal Unit
- Funding of medical staff to attend various international conferences and training programs.
- Sponsorship of the annual RBWH Health Care Symposium and associated awards.

12. Funding of Mission

The core means by which this has been achieved is via relationship fundraising, commercial and investing activities:

- Developing long term relationships with supporters.
- Growth and diversification of the Foundation's community of supporters.
- Ensuring the means of communicating with the Foundation's community – excellence in communication and data base management are the key.
- Using all appropriate fundraising tools, techniques and resources, including events, direct mail, bequest programs, and community engagement programs, amongst other activities.
- A dominant aspect of the fundraising plan is that it should be a lifelong process of building support, based on long-term, positive and mutually beneficial relationships between donors, prospective donors, the community at large and the Foundation. If done well, a very personal relationship will be created between donors and the Foundation, one in which basic values and purposes are reinforced over time and in which regular communication and

- stewardship are critical ingredients.
- The establishment of financially viable commercial and investment activities.

The success of this plan is evidenced by the increasing availability of funds and resources to support the hospital, its staff and patients in areas not otherwise funded by Queensland Health.

13. External Scrutiny

There have been two external agency reviews or audits conducted on the Foundation during the reporting period.

1. A financial audit which is disclosed in the attached statutory accounts.
2. The Board referred a matter to the Crime and Misconduct Commission (from 1 July 2014, changed to the Crime and Corruption Commission) in May 2014 in relation to official misconduct of a former employee of the Foundation. Subsequent to an independent review commissioned by the Board, recommendations from the review have been implemented to improve internal policies and procedures. The matter continues to be progressed with the CCC as at the time of publication.”

14. Machinery of Government Changes

There has been no machinery of government changes which have affected the Foundation during the reporting period.

As at 1 July 2012, the Hospital and Health Boards Act 2011 provides local control of hospitals and health services via the Hospital and Health Boards that have been established. In accordance with a recent amendment to the Hospital Foundations Act 1982, the Chairperson or that person's nominee of the local Hospital and Health Board is now a member of the Foundation's Board.

Moving forward, the Foundation will work closely with Metro North Hospital and Health Service to ensure that front line health services are delivered in a coordinated and strategic manner.

15. Review of Proposed Forward Operations

Plans and priorities are reviewed continuously by the Board and management team to ensure that these remain consistent to the strategic plan.

16. Workforce Planning, Attraction and Retention

We have created a flexible working environment (in terms of flexible hours and working from home arrangements) and have improved the work space. Workforce planning is continuously reviewed depending upon the daily needs of the Foundation. We have a performance management framework which includes induction processes, educational opportunities (for example, the CEO recently completed an MBA), performance management (including a KPI structure linked to job descriptions and budgets), and a recognition and rewards program.

Much use is made of volunteer assistance on our committees and in relation to organisation of our

various fundraising initiatives. We also seek the support of a professional recruitment agency when hiring permanent employees to the team. This assists us in attracting the brightest and best and ensures that we maintain a professional approach to every aspect of our operations. Our workforce profile is included under point 10.5.

As a result of these initiatives, we have experienced a stable workforce and high job satisfaction confirmed from discussion.

17. Information Systems and Record Keeping

The Foundation has implemented a new Documents and Records Management Policy in May 2014. In conjunction with this policy, the Foundation is also developing a new general Retention and Disposal Schedule (RDS) and a new Business Classification Scheme (BCS). These are being developed concurrently and these are both currently under development. This is a significant body of work it is expected that this will take several months to complete.

Once the BCS and the RDS are complete, the Foundation is looking at implementing a new electronic Document and Records Management Software (eDRMS) solution. This solution is yet to be chosen and implemented.

The Foundation has appointed the Director – Corporate Services as the responsible officer for record keeping. Several training sessions are being undertaken to make all staff aware of the importance of public records.

A schedule for the transition from paper to digital records is being developed and once completed, will be implemented.

18. Open Data – Consultancies, and Overseas Travel

The Foundation's annual reporting requirements in relation to consultancies and overseas travel are published on the Queensland Government Open Data website (qld.gov.au/data).

No consultancies were used by the Foundation and no overseas travel was conducted by the Foundation during the reporting period.

Attachment One Compliance Letter

The Honourable Lawrence Springborg MP
Minister for Health
Parliament House
Brisbane Qld 4000

5 August 2014

Dear Minister

I am pleased to present the Annual Report 2013-2014 and financial statements for Royal Brisbane and Women's 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
- 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 32 of this Annual Report or accessed at www.rbwhfoundation.com.au.

Yours sincerely

Hamish Doley
Acting Chair

Attachment Two

Charter for Growth – Royal Brisbane and Women’s Hospital Foundation: 2013/14 – 2017/18

MISSION

The perfect world

Supporting Royal Brisbane & Women’s Hospital and related health facilities to further medical research and provide optimal health care and services for Queenslanders.

KEY GOALS

Outcomes we will achieve

- | | | | | | |
|--|--|---|---|--|---|
| 1. To seek opportunities for alliances with other hospital foundations, hospitals, donors and stakeholders, which drives expansion of commercial opportunities and revenue growth. | 2. To grow the Foundation’s corpus through excellence in fundraising practice. | 3. To apply a sound financial model which ensures the Foundation meets its mission. | 4. To position the Foundation as the major hospital based charity in Qld. | 5. To ensure high Corporate Governance standards are maintained at all levels of the Foundation. | 6. To create an environment where employees’ and volunteers’ contributions are valued, recognised and rewarded. |
|--|--|---|---|--|---|

KEY STRATEGIES

How we will achieve our success

- | | | | | | |
|---|---|--|---|---|---|
| <ul style="list-style-type: none"> We will ensure that each of our commercial initiatives is operating successfully. We will continually seek out and evaluate business and alliance opportunities. | <ul style="list-style-type: none"> We will continue to develop a best practice and sustainable fundraising model using traditional and innovative techniques. We will develop a diverse portfolio of revenue streams. We will focus our efforts on the achievement of undirected monies in order to ensure the Foundation’s liquidity. We will explore the strategic use of online techniques to keep pace with change. | <ul style="list-style-type: none"> We will grow the corpus and distribute its earnings as appropriate annually. We will conservatively manage the balance sheet via appropriate investment strategies. | <ul style="list-style-type: none"> We will review and amend the brand as appropriate to reflect changing market circumstances. | <ul style="list-style-type: none"> We will ensure that senior staff and the Board have a clear understanding of corporate governance and that this is actively pursued at all levels of the Foundation. We will actively engage the Finance and Risk Committee. | <ul style="list-style-type: none"> We will ensure that the needs and contributions of employees and volunteers receive high level attention. |
|---|---|--|---|---|---|

PERFORMANCE MEASURES

How will we measure our success

- | | | | | | |
|--|---|--|--|---|---|
| <ul style="list-style-type: none"> New commercial opportunities and alliances adding value to the business via positive revenues. | <ul style="list-style-type: none"> Pre Distribution Annual Surplus (PDAS) increased to \$9m by 2018. Annual undirected net income increased to 50% of PDAS by 2018. Mission support to be 35% of (PDAS) by 2018. | <ul style="list-style-type: none"> Balance sheet equity to reach \$35m by 2018. | <ul style="list-style-type: none"> Active donor data bases increased from 10,000 to 50,000 by 2018. | <ul style="list-style-type: none"> Unqualified annual financial audit reports received. All Finance and Risk Committee meetings have a defined purpose and agenda. Effective working relationship between the Board and senior Foundation staff. | <ul style="list-style-type: none"> Top quartile performance in annual staff satisfaction survey. |
|--|---|--|--|---|---|

FINANCIAL OBJECTIVE

How we will fund our goals

Create a long – term, sustainable fundraising revenue stream.

GUIDING VALUES

How we work together

- | | | | | |
|---|---|---|---|---|
| <p>COMMITMENT
We believe in ourselves, each other, our services and our organisation.</p> | <p>RESPECT
We respect and serve each other and internal and external stakeholders equally.</p> | <p>RESPONSIBILITY
We all own our actions, promises and professional behaviours.</p> | <p>INNOVATION
We value innovation and creativity as it helps to reinvent ourselves and our business.</p> | <p>PROFESSIONALISM
We model best practice and ethical behaviour in business, management and governance.</p> |
|---|---|---|---|---|

CONTRIBUTION TO GOVERNMENT OBJECTIVES FOR THE COMMUNITY

The Foundation supports the Queensland Government’s “Getting Queensland back on track” objectives for the community. Particularly, revitalisation of front line health services for families.

Attachment Three

Charter for Growth – Royal Brisbane and Women’s Hospital Foundation: 2013/14 – 2017/18

(Reviewed in 2014 and re-published at that time)

MISSION

The perfect world

Supporting Royal Brisbane & Women’s Hospital and related health facilities to further medical research and provide optimal health care and services for Queenslanders.

KEY GOALS

Outcomes we will achieve

- | | | | | | |
|---|--|---|---|--|---|
| 1. To seek opportunities for alliances with other hospital foundations, Area Health Services, donors and stakeholders, which drives expansion of commercial opportunities and revenue growth. | 2. To grow the Foundation’s corpus through excellence in fundraising practice. | 3. To apply a sound financial model which ensures the Foundation meets its mission. | 4. To position the Foundation as a major hospital based charity in Qld. | 5. To ensure high Corporate Governance standards are maintained at all levels of the Foundation. | 6. To create an environment where employees’ and volunteers’ contributions are valued, recognised and rewarded. |
|---|--|---|---|--|---|

KEY STRATEGIES

How we will achieve our success

- | | | | | | |
|---|---|--|---|---|---|
| <ul style="list-style-type: none"> We will ensure that each of our commercial initiatives is operating successfully. We will continually seek out and evaluate business and alliance opportunities. | <ul style="list-style-type: none"> We will continue to develop a best practice and sustainable fundraising model using traditional and innovative techniques. We will develop a diverse portfolio of revenue streams. We will focus our efforts on the achievement of undirected monies in order to ensure the Foundation’s liquidity. We will explore the strategic use of online techniques to keep pace with change. | <ul style="list-style-type: none"> We will grow the corpus and distribute its earnings as appropriate annually. We will conservatively manage the balance sheet via appropriate investment strategies. | <ul style="list-style-type: none"> We will review and amend the brand as appropriate to reflect changing market circumstances. | <ul style="list-style-type: none"> We will ensure that senior staff and the Board have a clear understanding of corporate governance and that this is actively pursued at all levels of the Foundation. We will actively engage the Finance and Risk Committee. | <ul style="list-style-type: none"> We will ensure that the needs and contributions of employees and volunteers receive high level attention. |
|---|---|--|---|---|---|

PERFORMANCE MEASURES

How will we measure our success

- | | | | | | |
|--|--|---|--|---|---|
| <ul style="list-style-type: none"> New commercial opportunities and alliances adding value to the business via positive revenues. | <ul style="list-style-type: none"> Pre Distribution Annual Surplus (PDAS) to grow by 10% annually. Annual undirected PDAS income increased to 50% of PDAS by 2018. Mission support to be 35% of PDAS by 2018. | <ul style="list-style-type: none"> Balance sheet equity to reach \$35m by 2018 (a minimum of 50% is to be undirected). | <ul style="list-style-type: none"> Active donor data bases increased from 10,000 to 50,000 by 2018. | <ul style="list-style-type: none"> Unqualified annual financial audit reports received. Full review of policy and procedures complete. Management letter resolution. High level of priority year 2. | <ul style="list-style-type: none"> Top quartile performance in annual staff satisfaction survey. |
|--|--|---|--|---|---|

FINANCIAL OBJECTIVE

How we will fund our goals

Create a long – term, sustainable fundraising revenue stream.

GUIDING VALUES

How we work together

- | | | | | |
|---|---|---|---|---|
| <p>COMMITMENT
We believe in ourselves, each other, our services and our organisation.</p> | <p>RESPECT
We respect and serve each other and internal and external stakeholders equally.</p> | <p>RESPONSIBILITY
We all own our actions, promises and professional behaviours.</p> | <p>INNOVATION
We value innovation and creativity as it helps to reinvent ourselves and our business.</p> | <p>PROFESSIONALISM
We model best practice and ethical behaviour in business, management and governance.</p> |
|---|---|---|---|---|

CONTRIBUTION TO GOVERNMENT OBJECTIVES FOR THE COMMUNITY

The Foundation supports the Queensland Government’s “Getting Queensland back on track” objectives for the community. Particularly, revitalisation of front line health services for families.

ATTACHMENT FOUR – Compliance Checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister 	ARRs – section 8	29
Accessibility	<ul style="list-style-type: none"> Table of contents 	ARRs – section 10.1	3
	<ul style="list-style-type: none"> Glossary 		4
	<ul style="list-style-type: none"> Public availability 	ARRs – section 10.2	2
	<ul style="list-style-type: none"> Interpreter service statement 	Queensland Government Language Services Policy ARRs – section 10.3	2
	<ul style="list-style-type: none"> Copyright notice 	Copyright Act 1968 ARRs – section 10.4	2
	<ul style="list-style-type: none"> Information Licensing 	QGEA – Information Licensing ARRs – section 10.5	2
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 11.1	5
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 11.2	5
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 11.3	5
	<ul style="list-style-type: none"> Machinery of government changes 	ARRs – section 11.4	27
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community 	ARRs – section 12.1	5
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 12.2	-
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 12.3	6
	<ul style="list-style-type: none"> Agency service areas, and service standards 	ARRs – section 12.4	-
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 13.1	9
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 14.1	14
	<ul style="list-style-type: none"> Executive management 	ARRs – section 14.2	22
	<ul style="list-style-type: none"> Related entities 	ARRs – section 14.3	-
	<ul style="list-style-type: none"> Government bodies 	ARRs – section 14.4	-
	<ul style="list-style-type: none"> Public Sector Ethics Act 1994 	Public Sector Ethics Act 1994 (section 23 and Schedule) ARRs – section 14.5	18
Governance –	<ul style="list-style-type: none"> Risk management 	ARRs – section 15.1	17

ATTACHMENT FOUR – Compliance Checklist

Summary of requirement	Basis for requirement	Annual report reference	
risk management and accountability	• External scrutiny	ARRs – section 15.2	27
	• Audit committee	ARRs – section 15.3	17
	• Internal audit	ARRs – section 15.4	-
	• Public Sector Renewal	ARRs – section 15.5	-
	• Information systems and recordkeeping	ARRs – section 15.6	28
Governance – human resources	• Workforce planning, attraction and retention, and performance	ARRs – section 16.1	27
	• Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	-
Open Data	• Open Data	ARRs – section 17	28
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	34
	• Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	34
	• Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3	34

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

ARRs *Annual report requirements for Queensland Government agencies*



Royal Brisbane & Women's Hospital Foundation
(ABN 37 882 212 480)

Financial Statements

For the year ended 30 June 2014

Royal Brisbane & Women's Hospital Foundation Financial Statements 2013-14

Contents

	Page No.
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to and Forming Part of the Financial Statements	7 - 24
Management Certificate	25
Independent Auditor's Report	26

General Information

These financial statements cover Royal Brisbane & Women's Hospital Foundation (the Foundation).

The foundation is established by Order in Council under the *Hospital Foundations Act 1982* and is a statutory body within the meaning given in the *Financial Accountability Act 2009*.

To the best of the knowledge of the Board of Royal Brisbane & Women's Foundation, during the course of the last financial year there have been no breaches by the Foundation of the *Hospital Foundations Act 1982* (the Act).

The principal place of business of Royal Brisbane & Women's Hospital Foundation is:

Block 20
Royal Brisbane and Women's Hospital
Butterfield Street
Herston
QLD 4006

A description of the nature of the Foundation's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the Foundation's financial statements, please call (07) 3636-7588, email info@rbwhfoundation.com.au or visit the Foundation's Internet site www.rbwhfoundation.com.au

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

Royal Brisbane & Women's Hospital Foundation
Statement of Comprehensive Income for the year ended 30 June 2014

	Notes	2014 \$	Restated 2013 \$
Income from Continuing Operations			
Fundraising Activities, Special Events, Donations and Bequests	2	6,318,570	3,773,054
Merchandising Activities		86,962	55,472
Research and Hospital Administration Grants	3	324,671	673,285
Financial Income	4	876,638	712,381
Carpark Rental Income		1,366,242	1,393,638
Gain on Sale of Available-for-Sale Financial Assets		384,106	111,196
Hospital TV Operations Income		532,956	659,911
Other Revenue	5	317,401	266,765
Total Income from Continuing Operations		10,207,546	7,645,682
Expenses from Continuing Operations			
Operating Expenses			
Foundation Employee Expenses	6	946,956	1,010,838
Event Expenses		625,417	614,157
Fundraising Expenses		115,005	107,921
Merchandising Expenses		47,325	31,052
Depreciation	7	278,565	53,526
Finance / Borrowing Costs	4	104,019	88,742
Other Expenses	8	185,686	160,804
Hospital and Research Distributions			
Research and Hospital Administration	9	663,691	366,253
Research Grants and Donations		2,267,401	1,415,190
Hospital TV Operations Expenses	10	507,116	442,987
Total Expenses from Continuing Operations		5,741,181	4,291,470
Operating Result from Continuing Operations		4,466,365	3,354,212
Other Comprehensive Income			
<u>Items that will be reclassified subsequently to Operating Result when certain conditions are met:</u>			
Net gain on available-for-sale financial assets		201,965	610,605
Total Other Comprehensive Income		201,966	610,605
Total Comprehensive Income		4,668,330	3,964,817

The accompanying notes form part of these financial statements.

Royal Brisbane & Women's Hospital Foundation
Statement of Financial Position as at 30 June 2014

	Notes	2014	Restated 30 June 2013	Restated 1 July 2012
		\$	\$	\$
Current Assets				
Cash and Cash Equivalents	11	1,291,819	1,566,911	5,596,018
Trade and Other Receivables	12	1,144,686	1,185,075	1,171,433
Inventories	13	5,512	19,855	26,209
Held-to-Maturity Financial Assets	14	17,377,103	9,934,829	2,835,408
Other Current Assets		16,514	14,243	519
Total Current Assets		19,835,634	12,720,913	9,629,587
Non Current Assets				
Available-for-Sale Financial Assets	14	5,915,293	5,374,359	4,007,587
Property, Plant and Equipment	15	1,029,555	764,711	55,295
Total Non Current Assets		6,944,848	6,139,070	4,062,882
Total Assets		26,780,482	18,859,983	13,692,469
Current Liabilities				
Trade and Other Payables	16	1,464,947	1,004,286	464,254
Accrued Employee Benefits	17	247,347	266,772	177,997
Managed Funds	18	3,499,847	723,783	198,773
Income In Advance		81,930	42,950	-
Other Current Liabilities	19	21,779	22,014	47,498
Total Current Liabilities		5,315,850	2,059,805	888,522
Non Current Liabilities				
Accrued Employee Benefits	17	27,538	31,414	-
Total Non Current Liabilities		27,538	31,414	-
Total Liabilities		5,343,388	2,091,219	888,522
Net Assets		21,437,094	16,768,764	12,803,947
Equity				
Accumulated Surplus		20,611,061	16,144,696	12,790,484
Fair Value Reserve		826,033	624,068	13,463
Total Equity		21,437,094	16,768,764	12,803,947

The accompanying notes form part of these financial statements.

Royal Brisbane & Women's Hospital Foundation
Statement of Changes in Equity for the year ended 30 June 2014

	Notes	Accumulated Surplus \$	Fair Value Reserve \$	TOTAL \$
Balance as at 1 July 2012		13,139,257	13,463	13,152,720
Adjustment on correction of error	23	(348,773)	-	(348,773)
Restated Balance as at 1 July 2012		12,790,484	13,463	12,803,947
Operating Result from Continuing Operations		3,354,212	-	3,354,212
<i>Other Comprehensive Income</i>				
Increase in Fair Value of Available-For-Sale Financial Assets		-	610,605	610,605
Total Comprehensive Income for the Year		3,354,212	610,605	3,964,817
Balance as at 30 June 2013		16,144,696	624,068	16,768,764
Balance as at 1 July 2013		16,144,696	624,068	16,768,764
Operating Result from Continuing Operations		4,466,365	-	4,466,365
<i>Other Comprehensive Income</i>				
Increase in Fair Value of Available-For-Sale Financial Assets		-	201,965	201,965
Total Comprehensive Income for the Year		4,466,365	201,965	4,668,330
Balance as at 30 June 2014		20,611,061	826,033	21,437,094

The accompanying notes form part of these financial statements.

Royal Brisbane & Women's Hospital Foundation
Statement of Cash Flows for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Cash flows from Operating Activities			
<i>Inflows:</i>			
Fundraising Activities, Special Events, Donations and Bequests		6,319,142	3,802,803
Merchandising Activities		86,982	73,464
Research and Hospital Administration Grants		512,750	530,487
Car Park Rental Income		1,377,103	1,404,629
Hospital TV Operations Income		461,448	649,226
Managed Funds Income		3,510,694	942,261
GST Collected From Customers		619,828	395,393
Other Income		143,337	216,262
<i>Outflows:</i>			
Employee Expenses		(958,450)	(894,640)
Event Expenses		(622,427)	(652,888)
Fundraising Expenses		(124,816)	(107,287)
Research and Hospital Administration		(560,127)	(350,199)
Managed Funds Distributions		(535,922)	(315,824)
Merchandising Expenses		(32,137)	(23,883)
Research Grants		(1,971,581)	(937,661)
Hospital TV Operations		(499,985)	(434,941)
GST Paid to Suppliers		(360,181)	(298,442)
GST Remitted to ATO		(245,931)	(119,817)
Other Expenses		(186,870)	(141,820)
Net Cash Provided by Operating Activities		<u>6,932,837</u>	<u>3,737,123</u>
Cash flows from Investing Activities			
<i>Inflows:</i>			
Interest Income		423,418	459,000
Dividend Income		259,110	207,475
Proceeds from Sales of Available-For-Sale Financial Assets		3,482,772	2,765,977
Proceeds from Sales of Held-to-Maturity Financial Assets		3,185,136	590,000
<i>Outflows:</i>			
Payments for Property, Plant and Equipment		(582,386)	(739,534)
Payments for Available-For-Sale Financial Assets		(3,432,150)	(3,404,981)
Payments for Held-to-Maturity Financial Assets		(10,440,912)	(7,557,553)
Management Fees		(102,917)	(86,614)
Net Cash Used in Investing Activities		<u>(7,207,929)</u>	<u>(7,766,230)</u>
Net Cash Provided by / (Used in) Financing Activities		<u>-</u>	<u>-</u>
Net Increase / (Decrease) in Cash and Cash Equivalents		(275,092)	(4,029,107)
Cash and Cash Equivalents at Beginning of Financial Year		1,566,911	5,596,019
Cash and Cash Equivalents at End of Financial Year	11	<u><u>1,291,819</u></u>	<u><u>1,566,911</u></u>

The accompanying notes form part of these financial statements.

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

Objectives and Principal Activities of the Foundation

Note 1:	Summary of Significant Accounting Policies
Note 2:	Fundraising Activities, Special Events, Donations and Bequests
Note 3:	Research Grants
Note 4:	Financial Income and Finance Costs
Note 5:	Other Revenue
Note 6:	Employee Expenses
Note 7:	Depreciation
Note 8:	Other Expenses
Note 9:	Research and Hospital Administration
Note 10:	Hospital TV Operations
Note 11:	Cash and Cash Equivalents
Note 12:	Trade and Other Receivables
Note 13:	Inventories
Note 14:	Financial Assets
Note 15:	Property, Plant and Equipment
Note 16:	Trade and Other Payables
Note 17:	Accrued Employee Benefits
Note 18:	Managed Funds
Note 19:	Other Current Liabilities
Note 20:	Commitments for Expenditure
Note 21:	Contingencies
Note 22:	Key Executive Management Personnel and Remuneration
Note 23:	Correction of Error

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

Objectives and Principal Activities of the Foundation

The objective of the foundation is to raise money to help fund clinical research, purchase vital pieces of equipment and enable key health professionals to attend additional training programs, conferences and seminars.

The Foundation is funded for the services it delivers through donations, sponsorship and support from the broader community, including individuals, businesses, community groups and commercial activities.

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

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

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

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 public sector entity.

Except where stated, the historical cost convention is used.

The financial statements' presentation currency is the Australian Dollar.

(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 for the Foundation as an individual entity.

(c) Fundraising Activities, Special Events, Donations and Bequests

Revenue from fundraising activities, special events, donations and bequests are recognised as income when received. The amount and timing of receipts is dependent on a number of fundraising activities including direct mail donations, personal and corporate donations and special events. Revenue from registrations for conferences and tickets sales for events are recognised on an accruals basis.

Bequest income varies from year-to-year depending on the number and value of bequests received.

(d) Research Grants and Clinical Trials

Income from research grants administered by the Foundation that are non-reciprocal in nature are recognised as revenue when they are received. Income from research grants administered by the Foundation that are reciprocal in nature are recognised as services are rendered and / or contract milestones are completed.

Research grants payable are accounted for when grants are awarded and accepted.

(e) Car Park Rental Income

Car park rental income is recognised on a straight-line basis over the term of the lease.

(f) Hospital TV Operations Income

Hospital TV operations income is recognised on an accruals basis. The amount and timing of receipts is dependent on the number of patients occupying beds, the reliability of the television at the bedside and the uptake of the service by the patients.

(g) Financial Income

Dividend Income is recognised when the shareholder's right to receive payment is established. Interest income is recognised using the effective interest method.

(h) Merchandising Sales

Income from sales of merchandise are recognised when goods are supplied.

Revenue is shown exclusive of GST.

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

(i) 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 received but not banked at 30 June as well as short term deposits at call with financial institutions that are readily convertible to known amounts of cash with an original maturity of three months or less.

(j) Trade and Other Receivables

Trade debtors are recognised at amortised cost. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June.

Other debtors generally arise from transactions outside the usual operating activities of the Foundation and are recognised at amortised cost. Terms are a maximum of 30 days, no interest is charged and no security is obtained.

(k) Inventories

Inventories held for sale are valued at the lower of cost and net realisable value.

Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is determined on the basis of the Foundation's normal selling pattern. Expenses associated with selling costs are deducted to determine net realisable value.

(l) Financial Instruments

Classification

The Foundation classifies and measures its financial assets in the following categories:

- Cash and cash equivalents – held at fair value through profit and loss
- Receivables - held at amortised cost
- Held to maturity investment - held at amortised cost
- Available-for-sale financial assets – held at fair value through profit and loss
- Payables - held at amortised cost

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(i) Financial assets at fair value through profit or loss are financial assets held for trading.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 12) in the Statement of Financial Position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Foundation's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

The held-to-maturity financial assets are term deposits held with financial institutions with an original maturity date of greater than three months.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

(l) Financial Instruments (cont'd)

Classification (cont'd)

The Foundation's investment in equity securities and managed funds are classified as available-for-sale financial assets. These investments are managed by JBWere Pty Ltd and the performance of such is monitored by the Foundation's Risk and Audit Committee which meets at least bi-monthly.

Recognition and Derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit and loss as gains and losses from investment securities.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the group's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Impairment

The Foundation assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(m) Property, Plant and Equipment

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. However, any training costs are expensed as incurred.

Where assets are received free of charge from another Queensland public sector entity (usually via an involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland government agency, are recognised at their fair value at date of acquisition in accordance with AASB 116 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
---------------------	---------

Items with a lesser value are expensed in the year of acquisition unless they form a network of assets.

Items capitalised for the television project are initially classified as work in progress until the TV unit is complete and ready for use. At such time when the TV unit is ready for use the capital cost is transferred from work in progress to completed TV Operations Equipment and starts being depreciated.

(n) Depreciation of Property, Plant and Equipment

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Foundation.

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

(n) Depreciation of Property, Plant and Equipment (continued)

The estimation of the useful lives of assets is based on historical experience with similar assets as well as considerations such as manufacturers' warranties, asset turnover practices and the Foundation's strategic asset plan. Reassessments of useful lives are undertaken annually by the Foundation. Any consequential adjustments to remaining useful life estimates are implemented prospectively. Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Foundation.

Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

For each class of depreciable asset the following depreciation and amortisation rates are used:

Class	Rate %
Plant and equipment:	
Furniture & fittings	20.00
Computer equipment	33.33
TV operations equipment	12.5 - 33.33
Work in Progress	Nil

Assets classified as work in progress are not depreciated until they are completed and deemed ready for use.

(o) 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 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.

(p) Prepayments

Prepayments are recognised on a straight-line basis over the period covered by the invoice, from the date of purchase of goods or delivery of service.

(q) Leases

Operating lease payments are recognised on a straight-line basis over the period of the lease.

(r) 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.

(s) Employee Benefits

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

Workers' 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 current salary rates.

As the Foundation expects such liabilities to be wholly settled within 12 months of 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.

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

(s) Employee Benefits (cont'd)

Annual and Long Service Leave

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

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

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

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

Bonus Payments

A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Foundation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The maximum bonus an employee is entitled to is 5% of their total remuneration package. The bonus is only payable upon firstly meeting financial criteria as set by the Board of the Foundation and thereafter upon successfully achieving individual KPI's as set by the Chief Executive Officer on a year by year basis.

Superannuation

Employer superannuation contributions are expensed in the period in which they are paid or payable to a superannuation provider of the employee's choice.

Key Executive Management Personnel and Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to note 22 for the disclosures on key executive management personnel and remuneration.

Remuneration of Board Members

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

(t) Managed Funds

The Foundation acts as financial administrator for and manages a number of clinical trials and grants.

As the Foundation performs only a custodial role in respect of these transactions and balances they are recognised as a liability on the Statement of Financial Position when received instead of income through the Statement of Comprehensive Income. As these funds are expended the liability is reduced.

Managed funds also include grants of a reciprocal nature with payback clauses awarded to the Foundation whereby the income is recognised once the funds have been expended. Until such time as the funds are expended the income remains a liability as there is a probability that the funds may have to returned to the granting body.

(u) Provisions

Provisions are recorded when the Foundation has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

(v) Insurance

The Foundation's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, 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.

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

(w) 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 Royal Brisbane & Women's Hospital Foundation. GST credits receivable from, and GST payable to the ATO, are disclosed at note 12.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(x) Issuance of Financial Statements

The financial statements are authorised for issue by the Acting Chairman and Chief Executive Officer of Royal Brisbane & Women's Hospital Foundation at the date of signing the Management Certificate.

(y) 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 the 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:

Valuation of Property, Plant and Equipment - Note 1(m) and Note 15; and
Depreciation and Amortisation - Note 1(n) and Note 7.
Accrued Employee Benefits - note 17
Contingencies - note 21

The Australian government passed its Clean Energy Act in November 2011 which resulted in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

The flexible market-based price phase of the carbon pricing mechanism will commence on 1 July 2015. It will be preceded by a three-year period during which the price of permits will be fixed at \$23 per tonne of carbon dioxide equivalent in year one, \$24.15 in year two and \$25.40 in year three.

Section 4.3.4 of Queensland Treasury and Trade's report 'Carbon Price Impacts for Queensland' dated August 2011 indicates that, for non-residential construction activities, costs may increase by between 0.7 per cent and 0.8 per cent over the period 2012-13 to 2015-16.

From 1 July 2014, the government plans to abolish the carbon tax. The withdrawal of the carbon pricing mechanism is not expected to have a significant impact on the Foundation's critical accounting estimates, assumptions and management judgements.

(z) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1.

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

The restatement of comparatives due to the change in accounting treatment for managed funds and non-reciprocal funding has been disclosed in note 23.

(aa) New and Revised Accounting Standards

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

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

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

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

(aa) New and Revised Accounting Standards (continued)

A revised version of AASB 119 Employee Benefits became effective for reporting periods beginning on or after 1 January 2013. The most significant implication for the Foundation is that the revised accounting standard includes changed criteria for accounting for employee benefits as 'short-term employee benefits'. As a result, any class of employee benefit not expected to be wholly settled within 12 months after the reporting date is to be accounted for as 'other long-term employee benefits'. The recognition and measurement of the Foundation's obligations for 'other long-term employee benefits' follows most of the requirements for defined benefit plans. This affects the Foundation's annual leave and long service leave liabilities. Therefore, the measurement of those liabilities, and the measurement and presentation of changes in those liabilities, now reflect employee benefit accounting.

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

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

	2014	2013
	\$	\$
2. Fundraising Activities, Special Events, Donations and Bequests		
Bequests & memorial gifts	1,193,261	911,879
Donations received	1,507,296	1,177,237
Sponsorships	575,806	17,992
Non-tax deductible gifts	35,232	29,117
Hospital & university events	171,536	201,199
Fundraising projects	2,835,439	1,435,630
Total	<u>6,318,570</u>	<u>3,773,054</u>
3. Research and Hospital Administration Grants		
Research Grants	194,487	256,412
Hospital Administration Grants	130,184	416,853
Total	<u>324,671</u>	<u>673,265</u>
4. Financial Income and Finance Costs		
Interest income on managed funds	36,194	43,926
Interest income on bank deposits	581,748	440,841
Dividend income on Australian equity funds	258,696	227,614
Total Finance Income	<u>876,638</u>	<u>712,381</u>
Bank Charges	19,156	15,117
Management fees on managed funds	84,863	73,625
Total Finance Costs	<u>104,019</u>	<u>88,742</u>
5. Other Revenue		
Administration Fee Income	118,784	63,555
Reimbursement of Bancroft Centre rental *	181,818	181,818
Other	16,800	21,392
Total	<u>317,401</u>	<u>266,765</u>

* Refer note 9 and note 20 (a).

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

	Note	2014 \$	2013 \$
6. Employee Expenses			
Foundation Employee Benefits			
Wages and salaries		865,894	837,529
Annual leave expense*		4,287	52,555
Employer superannuation contributions*		79,979	75,462
Long service leave expense*		(9,551)	41,148
Employee Related Expenses			
Workers compensation premium*		6,347	4,144
Total Foundation Employee Benefits		946,956	1,010,838
Hospital On Hire Employee Benefits (Managed Fund Liability)			
	18		
Wages and salaries		196,879	132,557
Annual leave expense*		(4,942)	1,728
Employer superannuation contributions*		18,200	11,935
Long service leave expense*		3,902	2,360
Total On Hire Employee Benefits (Managed Fund Liability)		214,039	148,580
Hospital On Hire Employee Benefits (Research and Administration Expenses)			
	9		
Wages and salaries		181,956	7,561
Annual leave expense*		2,248	641
Employer superannuation contributions*		16,579	686
Total Hospital On Hire Employee Benefits (Research and Administration Expenses)		200,783	8,888
Volunteer Manager Employee Benefits			
	9		
Wages and salaries		45,226	5,449
Employer superannuation contributions*		4,191	466
Total Volunteer Employee Benefits		49,417	5,915
Hospital TV Staff Employee Benefits			
	10		
Wages and salaries		308,378	275,757
Employer superannuation contributions*		26,582	24,846
Total Hospital TV Staff Employee Benefits		334,960	300,603
Total Employee Expenses funded by the Foundation		1,746,155	1,474,824

* Refer to Note 1 (s).

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

Number of Foundation employees	11	9
Number of Hospital & TV Staff	9	7
	20	16

Refer Note 22 for Key Executive Management Personnel and Remuneration

QAO
certified statements

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

	2014	2013
	\$	\$
7. Depreciation		
Depreciation was incurred in respect of:		
Furniture and fittings	11,532	10,952
Computer equipment	11,477	11,477
TV Operations equipment	255,556	31,097
Total	<u>278,565</u>	<u>53,526</u>

8. Other Expenses

Insurance premiums - QGIF	12,375	10,090
External audit fees*	17,900	17,900
Other administration expenses	155,411	132,814
Total	<u>185,686</u>	<u>160,804</u>

* Total audit fees paid to Queensland Audit Office relating to the 2013-14 financial statements are estimated to be \$17,900 (2013: \$17,900).

There are no non-audit services included in this amount.

9. Research and Hospital Administration

Bancroft Centre rental *	155,506	155,945
Hospital & Research Medical & Administration expenses **	508,185	210,308
Total	<u>663,691</u>	<u>366,253</u>

* Refer to note 5 and note 20 (a).

** Includes salaries for Hospital On Hire Staff of \$200,783 (2013: \$8,888) and Volunteer Manager of \$49,417 (2013: \$5,915)

10. Hospital TV Operations

Hospital TV salaries and wages	334,960	300,603
Hospital TV expenses and distributions	156,586	142,383
Hospital TV loss on disposal	15,570	*
Total	<u>507,116</u>	<u>442,987</u>

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

	2014	2013
	\$	\$
11. Cash and Cash Equivalents		
Current		
Petty cash and floats	1,645	1,920
Cash at bank	958,132	1,428,615
Cash management accounts and term deposits	332,042	136,376
Total	<u>1,291,819</u>	<u>1,566,911</u>

Cash at bank earns interest at variable rates between 1.91% and 2.4% at 30 June 2014, (2013: between 0.77% and 2.75%).

12. Trade and Other Receivables

Trade debtors	148,222	169,391
GST receivable	121,365	136,473
GST payable	(116,717)	(118,109)
	4,648	18,364
Accrued income *	925,628	938,704
Investment income receivable	60,742	58,616
Other receivables	5,446	-
Total	<u>1,144,686</u>	<u>1,185,075</u>

There was no provision made for impairment of receivables in 2013-14 (2012-13: Nil).

* Accrued income consists of the following:

Carpark income	894,728	905,590
TV Operations POLO income	30,000	25,978
Other Accrued Income	800	7,136
Total Accrued Income	<u>925,628</u>	<u>938,704</u>

13. Inventories

Inventory held for distribution - at cost	5,512	19,855
Total	<u>5,512</u>	<u>19,855</u>

14. Financial Assets

Current

Held-to-maturity financial assets, at amortised cost:

Term deposits	<u>17,377,103</u>	<u>9,934,829</u>
---------------	--------------------------	-------------------------

Non Current

Available-for-sale financial assets, at fair value:

Fixed interest corporate debt	1,570,376	1,569,355
Australian equity fund	4,331,535	3,793,561
Australian shares	13,382	11,443
Total	<u>5,915,293</u>	<u>5,374,359</u>

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

15. Property, Plant and Equipment	2014	2013
	\$	\$
Furniture & fittings		
At cost	126,716	126,716
Less: Accumulated depreciation	<u>(101,145)</u>	<u>(89,613)</u>
	25,571	37,103
Computer equipment		
At cost	48,171	48,171
Less: Accumulated depreciation	<u>(46,647)</u>	<u>(35,169)</u>
	1,524	13,001
TV operations equipment		
At cost	737,426	31,313
Less: Accumulated depreciation	<u>(286,869)</u>	<u>(31,313)</u>
	450,557	-
Work in Progress		
At cost	<u>551,903</u>	<u>714,607</u>
	551,903	714,607
Total	<u>1,029,555</u>	<u>764,711</u>

Property, Plant and Equipment Reconciliation

	Furniture & Fittings	Computer Equipment	TV Ops Equipment	Work In Progress	Total
	\$	\$	\$	\$	\$
Carrying Amount at 1 July 2013	37,103	13,001	-	714,607	764,711
Acquisitions	-	-	-	558,979	558,979
Depreciation	(11,532)	(11,477)	(255,556)	-	(278,565)
Transfers	-	-	706,113	(706,113)	-
Disposals	-	-	-	(15,570)	(15,570)
Carrying Amount at 30 June 2014	<u>25,571</u>	<u>1,524</u>	<u>450,557</u>	<u>551,903</u>	<u>1,029,555</u>

There was no impairment loss recorded on property, plant and equipment in 2013-14.

	2014	2013
	\$	\$
16. Trade and Other Payables		
Trade creditors	598,262	500,618
Accruals	308,672	134,668
Research grant creditors	558,013	369,000
Total	<u>1,464,947</u>	<u>1,004,286</u>
17. Accrued Employee Benefits		
	2014	2013
	\$	\$
Current		
Wages accrual	35,640	30,553
Bonus accrual	35,385	59,718
Annual leave payable	150,607	149,014
Long service leave payable	25,715	27,487
Total	<u>247,347</u>	<u>266,772</u>
Non-Current		
Long service leave payable	<u>27,538</u>	<u>31,414</u>
Total	<u>27,538</u>	<u>31,414</u>

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

	2014	2013
18. Managed Funds	\$	\$
Clinical Trials	2,110,449	232,237
Research Grants	1,389,398	491,546
	<u>3,499,847</u>	<u>723,783</u>
Managed Funds Reconciliation		
Opening Balance	723,783	198,772
Income	3,510,693	904,390
Distributions *	(734,629)	(379,379)
Closing Balance	<u>3,499,847</u>	<u>723,783</u>

* Includes salaries for Hospital On Hire Staff of \$214,039 (2013: \$148,580)

For further information regarding the nature of this account refer to note 23.

19. Other Current Liabilities

PAYG taxable payable	20,858	20,878
Superannuation payable	-	724
Other	921	412
	<u>21,779</u>	<u>22,014</u>

20. Commitments for Expenditure

(a) Cancellable Operating Lease

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

Not later than one year	<u>27,270</u>	<u>27,720</u>
Total	<u>27,270</u>	<u>27,720</u>

Operating Lease represents a 75 year lease of half a floor in the Bancroft Centre of the Queensland Institute of Medical Research (QIMR) which requires two months notice in writing to terminate. The Foundation currently leases out this space for the use of researchers.

(b) TV System Commitments

The Foundation is committed to completing the installation of televisions to all hospital areas. The expected amount payable to complete this project over the next year is between \$340,311 and \$441,594.

(c) Directed Funds Commitment

\$7,919,575 (2013:\$5,958,500) of equity is held for a variety of special purpose funds which are earmarked to support numerous medical research projects and other initiatives. There is a large flow through of these funds as money is used for its intended purposes and replaced by further fundraising income.

21. Contingencies

Butterfield Street car park

During the 1997-98 financial year, Royal Brisbane Hospital Research Foundation entered into an agreement with Queensland Health to receive a fixed share of the car park income from the Butterfield Street car park. The agreement is for a period of 20 years and expires on 11 January 2018. The Butterfield Street car park was set up under a BOOT arrangement (Build, Own, Operate and Transfer) with the International Parking Group Pty Ltd.

In 1998, as part of the arrangement, Royal Brisbane Hospital Foundation received an upfront payment of \$2,425,511 (the initial rent). Under the Deed of Assignment dated 30 June 2000, the Foundation has agreed to the proportional refund of this initial rent in the event of the early termination of the lease.

As at 30 June 2014 the unexpired portion of this amount totalled \$424,466 (2013: \$545,742).

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

21. Contingencies (cont.)

Rental income from the Butterfield Street car park totalled \$1,366,242 for the year (2013: \$1,393,638).

The members of the Board are of the opinion that provisions are not required in respect of this matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

22. Key Executive Management Personnel and Remuneration

(a) Key Executive Management Personnel

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

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position
Chief Executive Officer	The Chief Executive Officer is responsible for the efficient, effective and economic administration of the Foundation.	Employment contract signed by the Chairman of the Board within his authority under the <i>Hospital Foundations Act 1982</i> .	20 July 2009

(b) Remuneration

Remuneration policy for the Foundation's key executive management personnel is set by the Chairman of the Board within his authority under the *Hospital Foundations Act 1982*. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts.

The contracts provide for the provision of performance-related cash bonuses.

For the 2013-14 year, remuneration of key executive management personnel increased by 2.2% (2013: 3.1%), in accordance with Board policy.

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

* Short term employee benefits which include:

Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expended in the Statement of Comprehensive Income.

* Long term employee benefits include long service leave accrued.

* Post employment benefits include superannuation contributions.

* Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

* Performance bonuses may be paid or payable annually depending upon satisfaction of key criteria. Performance payments of the key executive management are capped at 5% of total fixed remuneration. The amounts payable are tied to the achievement of pre-determined Foundation and individual performance targets as agreed by the Board.

Total fixed remuneration is calculated on a "total cost" basis and includes the base and long term employee benefits.

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

22. Key Executive Management Personnel and Remuneration (cont'd)

(b) Remuneration (cont'd)

1 July 2013 - 30 June 2014

Position	Short Term Employee Benefits	Post Employment Benefits	Total Remuneration
	Base \$'000	\$'000	\$'000
Chief Executive Officer	185.6	17.1	202.7

1 July 2012 - 30 June 2013

Position	Short Term Employee Benefits	Post Employment Benefits	Total Remuneration
	Base \$'000	\$'000	\$'000
Chief Executive Officer	182.0	16.4	198.4

(c) Performance Payments

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

Position	Date Paid	Basis for payment
Chief Executive Officer	N/A	N/A – No performance bonus was paid or payable in the 2013-14 financial year

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

Position	Date Paid	Basis for payment
Chief Executive Officer	9 July 2013	The cash performance bonus was calculated by reference to the incentive scheme approved by the Board on 3 May 2012. The bonus paid equated to 5% as compared to the maximum of 5% of the total fixed remuneration payable.

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

22. Key Executive Management Personnel and Remuneration (cont'd)

(c) Performance Payments (cont'd)

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

	2014	2013
Key Executive Management Personnel	-	\$9,895

23. Correction of Error

- a) After reviewing the supporting agreements for the Weekend to End Women's Cancer event and the Pat Dukes Foundation pledge it was discovered that the nature of the income received from these two agreements was non-reciprocal in nature and therefore should have been recognised upon receipt. In prior years the income has been incorrectly accrued for both the Weekend to End Women's Cancer June donations and the Pat Dukes pledge made in June. Furthermore the June grant payable for the Weekend to End Women's Cancer event was accrued incorrectly as it was not payable until the June donations were received.
- b) When reviewing the agreements which support the income received for both clinical trials and grants the following was found:
 - i. Clinical Trials (agency relationship) - an agency instead of principal relationship exists with the trials. The Foundation was found to not have control over the funds and is acting instead as a fund manager. All income and expenditure must be therefore recognised through a managed fund liability account on the Statement of Comprehensive Income rather than through the Statement of Comprehensive Income. In previous years all income and expenditure has been recognised through the Statement of Comprehensive Income.
 - ii. Grants (reciprocal) - grants awarded to the Foundation with payback clauses and are reciprocal in nature should be recognised on the Statement of Financial Position initially with revenue being progressively recognised through the Statement of Comprehensive Income as it is earned, according to the terms of the funding agreements. In previous years the income has been recognised immediately in full upon receipt.
 - iii. Grants (agency relationship) - An agency instead of a principal relationship exists for those grants awarded to individuals or departments which request the Foundation to manage the funds on their behalf. All income and expenditure must be therefore recognised through a managed fund liability account on the Statement of Financial Position rather than through the Statement of Comprehensive Income. In previous years all income and expenditure has been recognised through the Statement of Comprehensive Income.

The effects of the corrections described above are documented in the table below:

Statement of Comprehensive Income Impact

	30 June 2013 \$	Correction (a) \$	Correction (b) \$	Restated 30 June 2013 \$
Income from Continuing Operations				
Fundraising Activities, Special Events, Donations and Bequests				
Breakup	4,012,884	(257,572)	17,742	3,773,054
- Weekend to End Women's Cancers		(257,572)		
- Grants (donation adjustment)			(250)	
- Sponsorship reclassification			17,992	
Merchandise	73,464		(17,992)	55,472
Research and Hospital Administration Grants	2,085,922	-	(1,412,657)	673,265
Breakup				
- Clinical Trials			(865,787)	
- Grants			(546,870)	
Financial Income	713,471	-	(1,090)	712,381
Other Revenue	203,209	-	63,556	266,765
Expenses from Continuing Operations				
Finance / Borrowing Costs	(88,766)		24	(88,742)
Research Grants and Donations	(1,473,002)	57,812	-	(1,415,190)
- Weekend to End Women's Cancers		57,812		
Research and Hospital Administration	(682,055)	-	315,802	(366,253)
- Clinical Trials			313,529	
- Grants			2,273	
Surplus from Continuing Operations	4,588,591	(199,760)	(1,034,618)	3,354,212

Royal Brisbane & Women's Hospital Foundation

Notes to and forming part of the financial statements for the year ended 30 June 2014

23. Correction of Error (cont)

Statement of Financial Position Impact

	30 June 2013 \$	Correction (a) \$	Correction (b) \$	Restated 30 June 2013 \$
Current Assets				
Trade and Other Receivables	2,102,253	(407,571)	(509,607)	1,185,075
Current Liabilities				
Trade and Other Payables	(1,062,098)	57,812	-	(1,004,286)
Managed Funds	-	-	(723,783)	(723,783)
Equity				
Accumulated Surplus	(17,727,846)	349,759	1,233,390	(16,144,696)
<i>Breakdown:</i>				
- Retained Earnings		150,000	198,773	
- Current year surplus		199,759	1,034,617	

	30 June 2012 \$	Correction (a) \$	Correction (b) \$	Restated 1 July 2013 \$
Current Assets				
Trade and Other Receivables	1,321,433	(150,000)	-	1,171,433
Current Liabilities				
Managed Funds	-	-	(198,773)	(198,773)
Equity				
Accumulated Surplus	(13,139,257)	150,000	198,773	(12,790,484)

Certificate of the Royal Brisbane & Women's Hospital Foundation

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

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- 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 Royal Brisbane & Women's Hospital Foundation (the Foundation) for the financial year ended 30 June 2014 and of the financial position of the Foundation at the end of that year; and
- c) these assertions are based on appropriate systems of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



John Lawrence Hamish Doley
Acting Chairman
5 August 2014



Peter Treseder AM
Chief Executive Officer
5 August 2014

INDEPENDENT AUDITOR'S REPORT

To the Board of Royal Brisbane and Women's Hospital Foundation

Report on the Financial Report

I have audited the accompanying financial report of Royal Brisbane and Women's Hospital Foundation, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Acting Chairman and Chief Executive Officer.

The Board's Responsibility 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 prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards – Reduced Disclosure Requirements. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the 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 financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 Board *[or insert equivalent]*, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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 financial report presents a true and fair view, in accordance with the prescribed accounting standards – Reduced Disclosure Requirements, of the transactions of Royal Brisbane and Women's Hospital Foundation for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



D J OLIVE CPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane