2016 ANNUAL REPORT

The Prince Charles Hospital Foundation

© The Prince Charles Hospital Foundation 2016
Level 1, Administration Building
The Prince Charles Hospital
627 Rode Road Chermside Qld 4032
GPO Box 3175
Brisbane QLD 4001

Phone (07) 3139 4636   Fax (07) 3139 4002
Email info@tpchfoundation.org.au

The Queensland Government 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) 3139 4636 and we will arrange an interpreter to effectively communicate the report to you.

ISSN print: 2200-6362
ISSN online: 2206-5326

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

Table of Contents

1. Letter of Compliance 1
2. General information 2
   - 2.1 Chief Executive Officer (CEO) report 2
   - 2.2 Agency roles and main functions 4
   - 2.3 Operating environment 5
3. Non-financial performance 6
   - 3.1 Government's objectives for the community 6
   - 3.2 Agency objectives and performance indicators 8
4. Financial performance 10
5. Governance – management and structure 11
   - 5.1 Organisation structure 11
   - 5.2 Executive management 11
   - 5.3 Public sector ethics act 1994 14
   - 5.4 Queensland public service values 14
6. Governance – risk management and accountability 15
   - 6.1 Risk management 15
   - 6.2 Audit committee 15
   - 6.3 Internal audit 16
   - 6.4 External scrutiny 16
   - 6.5 Information systems and recordkeeping 16
7. Governance – human resources 16
   - 7.1 Workforce planning 16
   - 7.2 Early retirement, redundancy and retrenchment 16
8. Open data 16
   - 8.1 Consultancies 16
   - 8.2 Overseas travel 16

Schedule of grants ..... Appendix 1
Annual Financial Statements ..... Appendix 2
Compliance Schedule ..... Appendix 3

Glossary

Term	Definition
A/Prof	Associate Professor
CEO	Chief Executive Officer
COO	Chief Operating Officer
FAR	Finance, Audit and Risk Committee
FTE	Full time equivalent
HLI	Heart Lung Institute
HMR	Health Medical Research
HNWI	High net worth individuals
HR	Human Resources
Hrs	Hours
k	Thousand
KPI	Key Performance Indicators
M	Million
MNHHS	Metro North Hospital and Health Service
MP	Member of Parliament
NFP	Not for Profit
Organisational KPI	Refers to one of 8 KPIs determined and agreed by the Board which are to run across years and across the whole of the organisation
OH&S	Occupational Health & Safety
pa	Per annum
p/h	Per hour
PPF	Private Practice Fund
PSEA	Public Sector Ethics Act 1994
Purpose	The overall aim of the agency
QCF	Queensland Community Foundation
QPS	Queensland Public Service
Strategic Goal	Specific metric for achievement

Term	Definition
Strategic Objective	Agreed main theme to inform all action: from Board to operational levels
Target	Statement of operational activity to be undertaken for achievement towards a strategic goal
TCG	The Common Good
TPCH	The Prince Charles Hospital
TPCHF	The Prince Charles Hospital Foundation
Vision	Statement by the Foundation as to how It wishes to be perceived by clients, stakeholders and the community
yrs	Years

1. Letter of Compliance

5 September 2016

The Honourable Mr. Cameron Dick MP
Minister for Health and Minister for Ambulance Services
GPO Box 48
Brisbane QLD 4000

Dear Minister,

I am pleased to present the Annual Report 2015-2016 and financial statements for The Prince Charles Hospital Foundation.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act2009* and the *Financial and Performance Management Standard 2009*,and

- the detailed requirements sent out in the Annual Report Requirements for Queensland Government agencies.

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

Yours sincerely,

Bernard Curran
Chair of Board
The Prince Charles Hospital Foundation

2. General information

2.1 Chief Executive Officer (CEO) report

For the second consecutive year our total allocations to medical research exceeded $3.4M – and importantly we have also been able to increase our funds held for future research to help sustain our efforts. Our strategic objective is to distribute $5M pa by 2018 and we are building nicely towards this target.

We reviewed our Strategic Plan this year to lay a pathway to achieve our objective, but also to identify a range of new initiatives which will help increase our efficiency and effectiveness for our research community.

There is no doubt that TPCHF, through our initiative "The Common Good", has built a strong platform. The recruitment of a number of high profile and reputable Ambassadors, the expansion of our support nationally, the establishment of our digital fundraising programs and through the ongoing generosity of our donors – has enabled this Foundation to build its reputation as a charity which is driven by social outcomes.

We are proud to have launched the careers of 24 young researchers and have contributed significantly to 65 projects across the spectrum of heart disease, lung disease, arthritis, dementia, patient safety, organ transplant and allied health.

We now know the cost of research averages to be $44 per hour, based on average funding over the past 5 years. It is a low cost, high value proposition. And this year an amazing 77,360hrs of research were supported.

The funding provided by all our donors is critical. To sustain major works or to seed new initiatives relies not only on the dedication and passion of brilliant medical teams and researchers it mostly relies on the community. During the year we have been able to increase the support to almost 1300 donors who contribute monthly, an increase of 50% on the previous year and we have also seen an increase in single gift donors by 42%.

The ability to apply 100% of individual donations to the research is something we are very proud of, and I am sure is appreciated by our donors. This is only possible through a number of commercial activities and investments which cover the charity's administration costs.

Our café of course is the stand out, and what an amazing year! Even though we have gone through some refurbishments, the interruption to our business was minimised. The café, our front of hospital coffee cart and our commercial catering demonstrates our ability to sustain the charity but more importantly delivers over 7 times the return in research funding; Queensland Health I am sure would be delighted to see these kind of returns. The refurbishment of the café has been generously donated by Shape and Arkhefield Architects, with support from Armstrong Flooring.

During the year we achieved a number of "best-ever" results. The Cycle of Giving charity bike ride achieved its highest fundraising generating almost $130,000. The Strawberry Sundae Stalls at the Ekka achieved our highest ever sales and our coordination of a number of medical conferences netted over $120,000.

We also delivered the bi-annual Woolcock Oration which featured mountain climber and conqueror of Mt Everest Michael Groom and travelling from Kenya was our researcher Professor Kath Maitland whose 10 year study of children's emergency medicine has the potential to change how we deal with sepsis globally.

Through our campaign The Common Good we were supported in a number of unexpected ways. We were introduced to Richard Bettles, an ultra-marathon trail runner, who competed in the world's toughest footrace in France during the year – raising over $50,000 for research into dementia. We also became the official charity of the French World Festival in Sydney.

The year also saw the introduction of support from Terry White Chemists who supported a New Investigator grant and also contributed to Richard Bettles run. We were also supported by McAndrew Property Group as a beneficiary of their re-branding and subsequently becoming partners of the Cycle of Giving. Merlo Coffee continued their wonderful generosity across our services,

Kedron-Wavell services Club continued the support of the Volunteer Programs and we also received significant support from Harvey Norman Aspley.

The major contribution to this Foundation has again come from gifts in wills. As a beneficiary of estates we are able to deliver a lasting legacy to improve the quality of life of so many people into the future. We are grateful and humbled to be supported from the life of such caring people.

Throughout the year we also partnered with some major research initiatives that has enabled our commitment to be leveraged and achieve significant funding through the National Health Medical Research Fund, the Australian Research Fund and Advance Queensland – contributing an additional $4M into research programs at The Prince Charles. Our Foundation does not report on these financial results through our accounts, but nonetheless it is pleasing to know that our contributions can lead to longer term opportunities.

I would like to pay tribute to the other research centres and institutes around Australia and globally who work so closely with our researchers. Through these formal and often informal collaborations we know that the funding being supplied is enlisting some of the leading experts in their field.

Finally I want to acknowledge our Board under the Chair Bernard Curran, who have not only been diligent in guiding us but when appropriate, brave enough to make decisions that challenge the status quo to achieve better outcomes for our purpose. Our staff in the charity office and in our café has worked so hard. A small team who punch well above their weight to deliver the results needed.

To our Ambassadors Kerry O'Brien, Bill McDonald, Michael Groom, Sterling Nasa and Richard Bettles – you give your reputation and your contacts to help advance this cause. And most importantly to every one of our donors; you are the fuel that drives the research – you make it happen. Through our Foundation and The Common Good initiative it is an absolute pleasure to introduce our benefactors to the researchers that are tackling the chronic disease they hold most interest – it is this partnership that will make the world better, one discovery at a time.

Michael Hornby
Chief Executive Officer
The Prince Charles Hospital Foundation

2.2 Agency roles and main functions

The Prince Charles Hospital Foundation was established in 1986 under the *Hospital Foundations Act (1982)*.

The Foundation's mission is to fund cures and save lives.

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

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

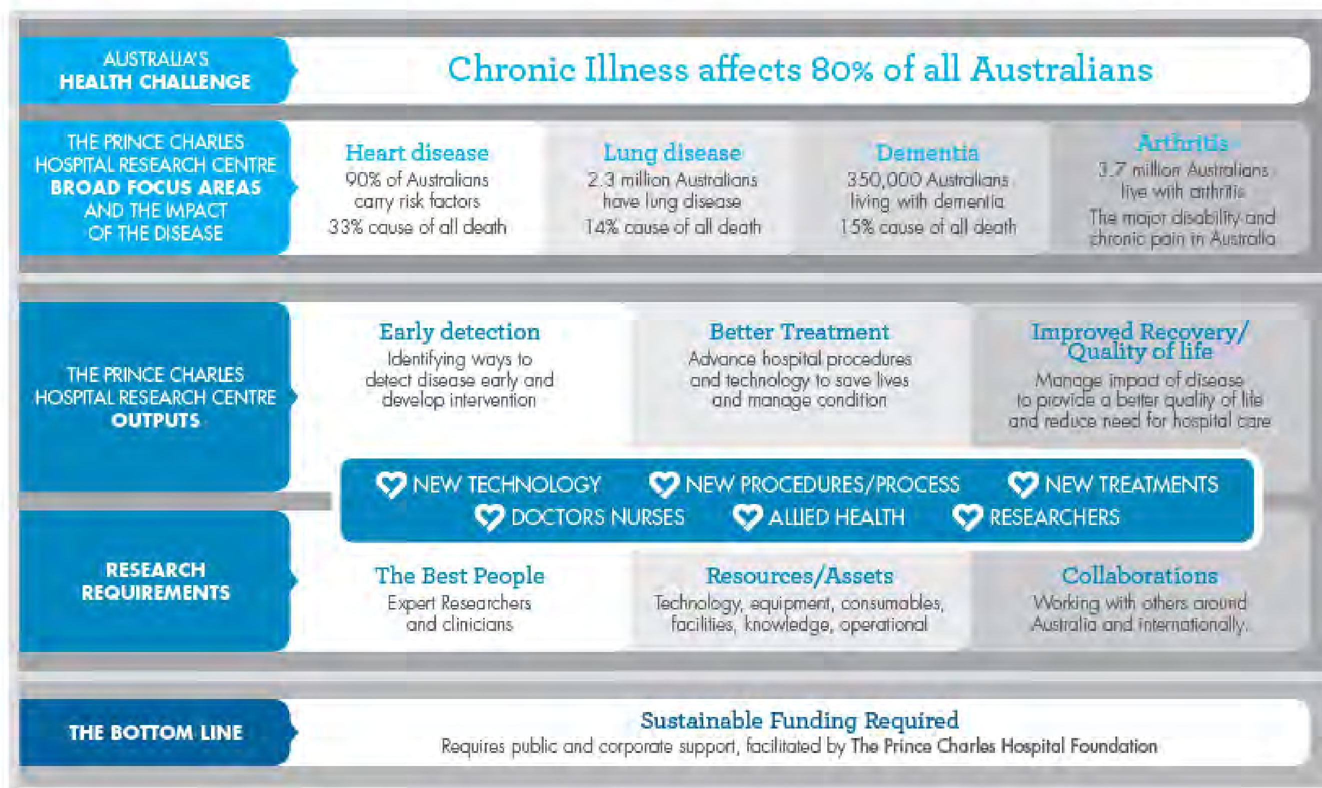
Secondly it is an administrator and facilitator of health and medical research by the effective and efficient administration of research funding distribution and acquittals.

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

The Foundation is governed by a volunteer Board of Directors which delegates day to day operations to the CEO.

The Prince Charles Hospital Foundations formally reports to the Queensland Minister for Health through the Office of Health Statutory Agencies.

PEOPLE POWERING MEDICAL DISCOVERIES



2.3 Operating environment

The Prince Charles Hospital Foundation continued to extend the support to advancing health and medical research through the distribution of grants and scholarships to specific medical research programs, research equipment, research career pathways, innovation and capacity building grants and collaborating with external funding bodies to increase the funding and ultimately sustainability of effective health and medical research. During the year $3.4M was allocated, and a further $7.8M is committed as funding allocations for following years.

The Foundation seeks community and corporate donations and sponsorships to support specific areas of health that the donors and benefactors connect. In addition to philanthropic programs the Foundation operates a commercial business through the hospital café and catering to underpin the charitable costs and allow public funding to be applied entirely to the research programs and researchers.

As a charity, the Foundation experiences a number of risks, opportunities and challenges. The Foundation 'competes' for public support with the estimated 60,000 or so registered charities in Australia. The Foundation can be impacted from donor fatigue within the community however we have not seen any negative results so far as we continue to expand our donor acquisition.

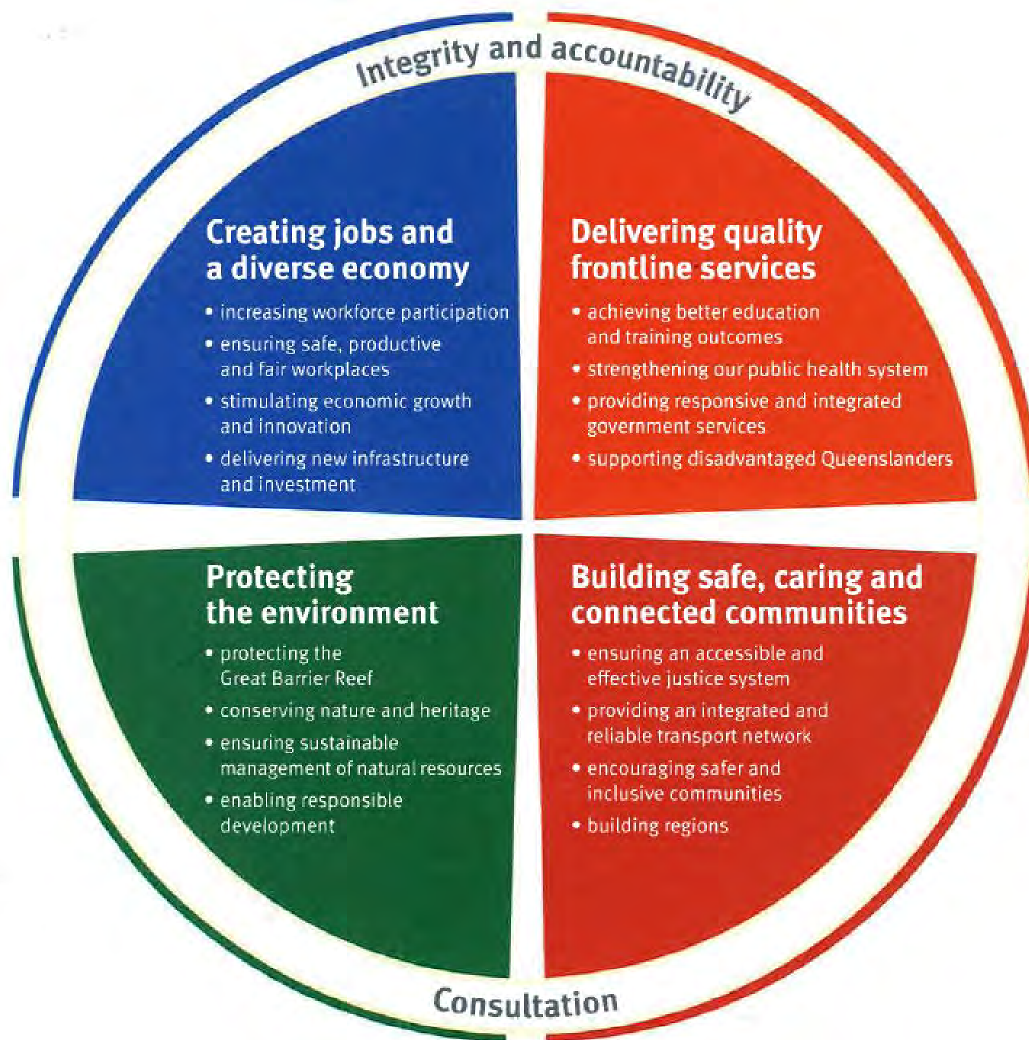
The Foundation also relies on a positive and transparent relationship with The Prince Charles Hospital and Metro North Hospital and Health Service to assist in the delivery of research benefits. The operation of the café, and partial benefits from co-location funding of the car park and Holy Spirit North-side, provide a level of financial certainty which enables effective planning for the Foundation. This certainty delivers strong results for the hospital based research community with the Foundation able to deliver a significant multiplied return.

During the year the Foundation developed a comprehensive risk policy and framework which is now a core operating practice and is monitored by a Finance and Risk Committee with the ultimate responsibility to the volunteer Board.

There were no significant changes to the organisation during the year although the Strategic Plan was reviewed and updated.

3. Non-financial performance

3.1 Government's objectives for the community



Creating jobs and a diverse economy

Increasing workforce participation:

- Through our Research Grants Program we give young and inexperienced researchers an opportunity to pursue a career in a health research area they are passionate about.
- Our New Investigator Grants give first-time researchers a unique opportunity to begin their research careers.

Stimulating economic growth and innovation:

- The research programs we support continue to deliver innovative outcomes. Our researchers are constantly developing better ways to deliver healthcare through new devices and treatments.
- As we do not receive any government funding we place no expenditure burden on the Queensland community, but add value by funding comprehensive health and medical grants across a diverse spectrum of disciplines, ultimately providing innovative solutions to healthcare problems now and into the future.

Delivering quality frontline services

As the researchers we fund must be associated with The Prince Charles Hospital, the research is primarily focused on health challenges facing patients. Many of these researchers work within a clinical setting or have access to a clinical setting. This is a significant advantage for both the researchers, clinicians and more importantly the patients. Decreasing the timeframe between bed to bench so that innovation through research leads to better front-line health services.

Achieving better education and training outcomes:

- A large amount of our research support is for clinicians working on the frontline of hospital care. These research projects aim to address a clinical issue and give practitioners the opportunity to become more educated in their health area.
- This research helps inform education programs and determine clinical best practice.

Strengthening our public health system:

- We support medical research that aligns with The Prince Charles Hospital's key health priorities. The research we support directly addresses the specific health care issues clinicians and their patients face within the local public health system.

Supporting disadvantaged Queenslanders:

- Thanks to medical research health care continues to become more accessible and less expensive. The research we support helps deliver faster, less expensive and more efficient treatment options for some of Queensland's most unwell patients.

Protecting the environment

- The Prince Charles Hospital Foundation office aims to be environmentally responsible throughout our operational activities.

Building safe, caring and connected communities

Encouraging safer and inclusive communities:

- The research programs we support aim to deliver safer treatment and care options to patients. Through vital medical research Queenslanders are receiving safer and more effective treatments which continue to be lifesaving and life changing.

3.2 Agency objectives and performance indicators

The Prince Charles Hospital Foundation's strategic goal is by 2018 to be distributing $5M pa to health and medical research aligned with The Prince Charles Hospital. This objective was set in 2014 at a time when we had achieved a record distribution of $2.7M.

In response to our 4 year Strategic Plan we have achieved 19 out of the 24 objectives tabled, with key milestones being:

- Multi-year grants introduced, including 3 year Program Grants and 3 year PhD Scholarships
- Innovation grants introduced to foster new initiatives or seed funding that generally support early translational benefits to patient care.
- Doubling annual distributions for research equipment
- More than 50% of new investigator applications funded, up from 30% previously.
- Increasing digital media presence with new web site and social media platforms
- Donor base has increased beyond projected 10% annually to now 40% growth.
- Reporting research beyond the funding and explaining the health outcomes that are being delivered.

The major area of work to be carried out is now on the establishment of a major gifts program to inspire benefactors to fund legacy programs or scholarships on an annual basis for multiple years or in perpetuity.

Donor acquisition costs are tracking 20% below the fundraising industry average. This further highlights the effectiveness and good governance of the charity.

Retention rate of regular donor is 85%, which is 10% better than the industry average.

Effective altruism is a term becoming more widely used globally within the charitable sector. Issues around administration fees, the cost of fundraising and ultimately the net distribution 'for purpose' are important issues for our donors. The Prince Charles Hospital Foundation benchmarks performance against the charitable sector in terms of costs of fundraising and effectiveness of public appeals. The operation of a social venture through the management of the hospitals café, catering services and also coordination of conferences provides a unique positioning for this charity. Through the ability to self-fund the operating costs of the charity through this commercial operation means that public donations are able to be applied entirely towards the funding of medical research.

Revised Strategic Plan

As a result of our achievements over the past 2 years we have subsequently revised the Strategic Plan, which was published in July 2016. The strategic objective remains unchanged, to be distributing $5M pa by 2018.

http://www.tpchfoundation.org.au/about/transparency

Strategic Goal: By 2018 TPCHF will be distributing $5M per annum to competitive Health & Medical Research (HMR) aligned with TPCH

1. To increase HMR distributions (to $5 Million by June 2018)

	Key Actions	Response
Support research excellence	Introduce multi-annual research funding via Program Grants (new in 2014) & PhD Scholarships (new in 2014)	Achieved, in place
	Introduce Board grants for Innovations (new in 2014)	Achieved, in place
	Support HLI & other health & medical specialists through joint working b/w Foundation and hospital (new in 2014)	Achieved, in place
Sustain and grow existing research progress	Retain financial commitment to high-level project seed funding for established researchers at a minimum of $900k pa	Achieved, in place
	Double small equipment grants (from 4/yr to 6/yr)	Achieved, in place.2015/16 9 grants
	Increase funding for large equipment grants by 50%.	Achieved, in place
	By June 2018, fund 50% of the New Investigator applicant pool (up from 30%).	Achieved, in place. 2015/16 60% success
	Increase specified funding from colocation.	Achieved, in place
	Retain commitment to capacity building grants	Achieved, in place

2. To drive knowledge and support for TPCHF

	Key Actions	Response
Increase awareness	Introduce and retain 'drip-feed' marketing (additional to current marketing actions).	Achieved, in place
	Measure brand awareness every year.	Strategic Plan review amendment– no further need to measure awareness, more focus on impact.
	Achieve recognition levels of 100% staff; 75% patients; 40% community recognition. (Up from 2011 recognition levels of 91% staff; 15% patient: 30% community)	Ongoing
	Increase social media activity.	Achieved. Digital media traffic increase by 100%
	Refresh and improve hospital communications (with plan)	Ongoing through news updates and regular meetings
	Develop and use tailored health & medical research messaging	Ongoing
	Promote to Northside businesses	Partially achieved, more to be done.
	Retain marketing achievements of prior 3 years.	Achieved. The Common Good strategy has increased activity.
Build relationships with new audiences	Increase direct mailshots from x2/yr to same 62k h/holds to bi-monthly to 100k different h/holds.	Achieved, in place. Electronic mail to 800k prospects.
	Increase donor acquisition by 10%/yr so doubling database in 5 years from 10k to 15k and achieving average gift per donor of $50.	Achieved, in place. Currently 40% growth. Year on year growth 40%.
	Attract new audiences and increased support at events.	Achieved, in place. Achieved through events and crowd funding projects
	Use Board contacts, to ensure the 'right people' are at key events.	Partially achieved. More activity planned. Change of Board members impacted.
Drive significant new income	Introduce (in 2014) and sustain new model of multi-year support: via driving income aligned to specific health strands eg: HLI, Women's heart health, Orthopaedics.	Achieved, in place. The Common Good specifies key health projects and researchers.
	Increase trusts and foundations income.	Achieved, in place. Achieved budget
	Each year, seek expertise to identify new sources of funding eg: government money/untapped PPF (new in 2014)	Achieved, in place. Grant seeking project in place.
	Write and implement a bequest strategy including building relation- ships with lawyers & estate planners (new in 2014)	Achieved, in place. Bequest survey and strategy implemented
	Devise and implement HNWI process for escalating existing donors (new in 2014)	In progress
	Devise and implement a Major Gifts process so securing external prospective high-end donors	Endowment Fund to be launched
	Achieve capability to articulate research benefits not just inputs of dollars (ROI)	Achieved, in place. Delivered through editorial, direct communications and video content.

4. Financial performance

The Prince Charles Hospital Foundation has had a very positive year not only recording research funding support of $3.4M but also increasing its future funding to sustain critical projects and programs, to just over $7.8M. We hope this becomes the tipping point for future success. Our strategic objective is to be distributing $5M pa by 2018 and while annual allocations are important the ability to sustain research beyond single year activity is the way to achieve real health outcomes faster.

The Foundation has been able to create funding programs across three different revenue areas, philanthropy, commercial operations, and leveraging.

Philanthropy has grown thanks to the increase in public donations which has seen an 88% increase in monthly donors, a 44% increase in appeal donors and overall a 20% increase in donation revenue.

Gifts through estates have again provided a significant portion of our philanthropic support. Two notable estates have been quarantined at the benefactors request towards cardiac and end of life care – which will form part of the specified endowment fund.

Our major events which include the annual Cycle of giving achieved its biggest participation rate and recorded its highest fundraising, while the famous Ekka Strawberry Sundae stalls had the most successful year in history recording a net profit of $178k.

Our commercial operations covering the retail café at the hospital, catering and conferences achieved growth of 6.5%.

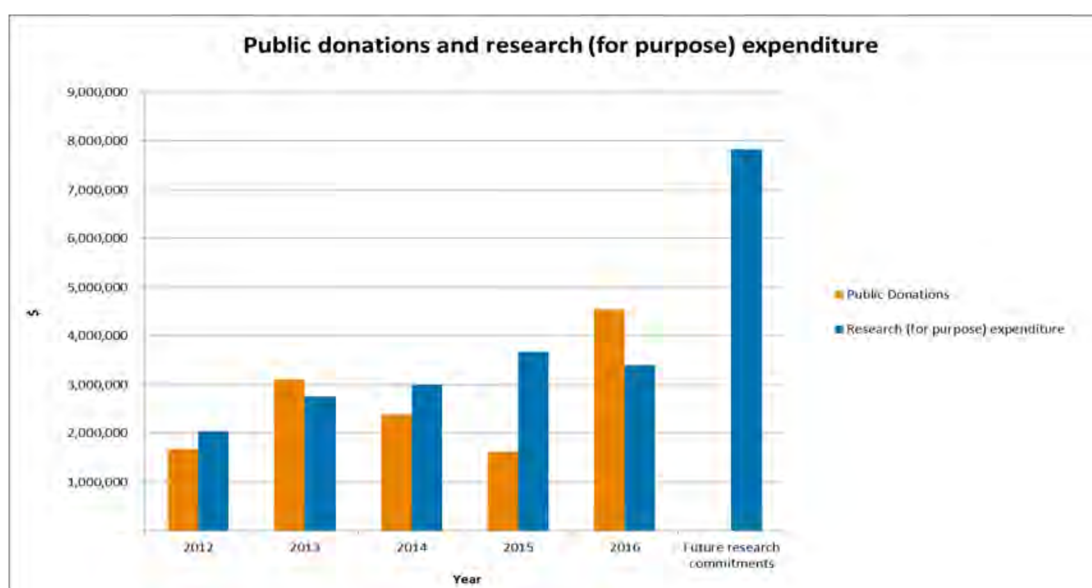
The Commercial operations not only provide sustainable revenue but the ability to self-fund our administration costs also appeals to the public by ensuring donated funds have the greatest impact on research.

What is not recorded in our Financials is the leveraging of support from third party funders in support of approved research programs. This Foundation's contributions have been matched with success through Advance Queensland Grants, the National Health and Medical Research Fund, Australian Cancer Research Fund, and universities. In future years we will begin to track the overall impact – allowing donor funds to be multiplied by partnerships with like-minded organisations.

We have also been able to maintain our charitable office running expenses at the same level as the previous year even though our operating profit increased to $2.8M, further highlighting the drive to be efficient and effective.

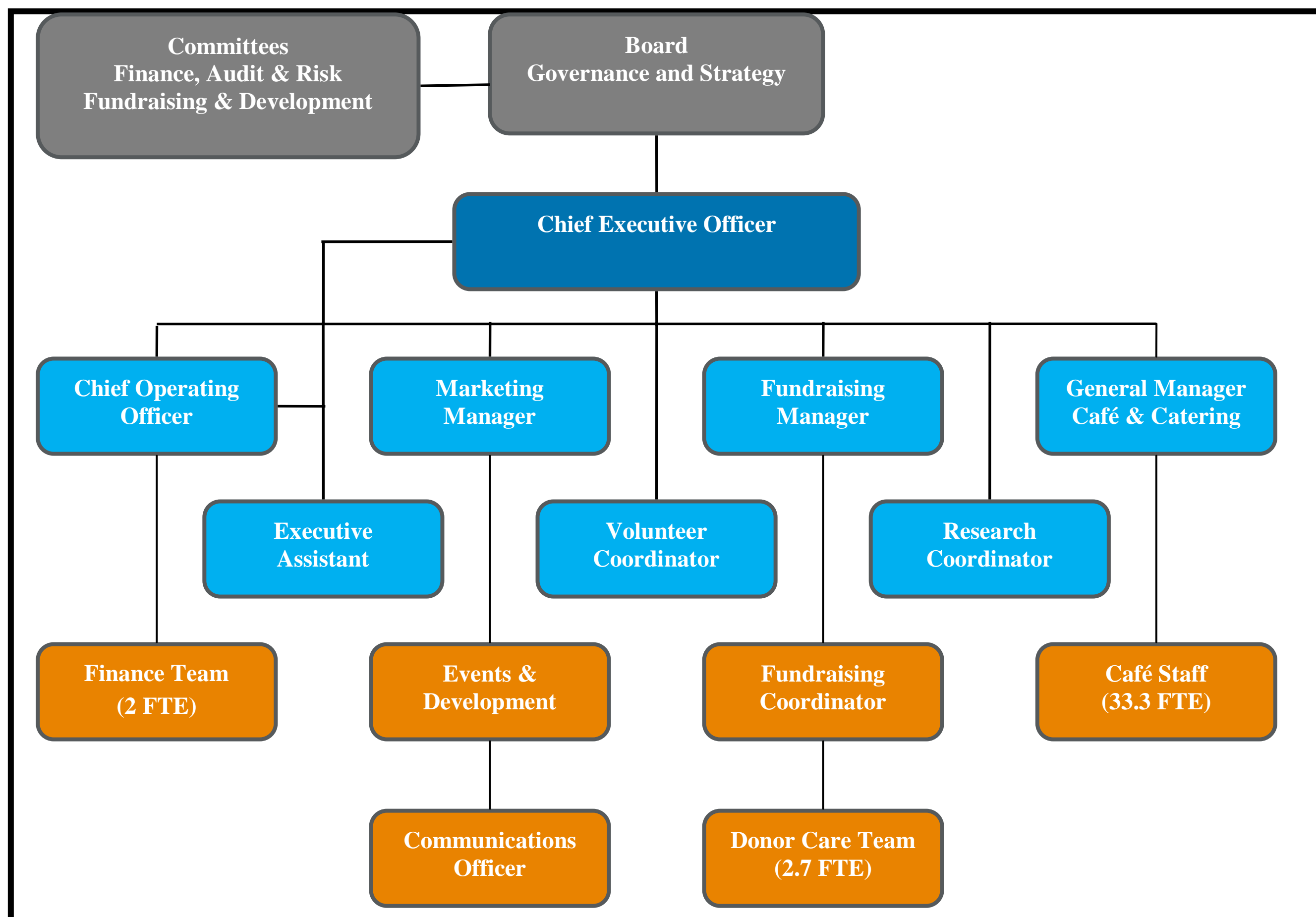
Part of the $7.8M held aside for research requirements will establish an Endowment Fund with an opening balance of $3.9M. This fund will be an opportunity for benefactors to contribute larger donations that deliver annual returns for grants and scholarships. This Fund will be formally launched during 2016/17.

The Foundation is in a financially healthy position however the allocations for annual and future research funding will require increased support to ensure that vital programs do not lose their momentum and discoveries can be made sooner for the benefit of those who will suffer chronic disease



5. Governance – management and structure

5.1 Organisation structure



5.2 Executive management

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

The CEO, Michael Hornby, has extensive experience in non-profit organisations with over 24 years of leading some of Australia's largest NFPs.

Key responsibilities include:

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

Board of Directors

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

The role of TPCH Board includes:

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

Board members serve in an honorary capacity and therefore do not receive any remuneration. This

applies to all costs. Board members contribute their time, skills, travel costs and all additional attendance at sub-committees and relevant Foundation functions.

The Board sets the Foundation's organisational strategic direction in consultation with the CEO. The Foundation has a five-year strategy with one goal, that by 2018 we will be distributing $5M pa to competitive health and medical research aligned with TPCH.

The operational plan for 2015-2016, based on the strategic plan, contains the connections between organisational vision, purpose, organisational Key Performance Indicators, goals activities, and clearly identified KPIs.

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

Board of Directors Information

Mr Bernard Curran

Partner, BDO
Type of Appointment: Chair of the Board
Current Expiry Date: 30 September 2018
Board meetings attended: 6 of 6

Bernard is a Partner with BDO Australia specialising in Tax and Advisory services working with Private Business Clients and their families in this area. Bernard has served with the Board since 2008 and has been Chair of the Foundation Board since 2012. Bernard brings a strong track record in strategic thinking, organisational development, governance and financial acumen.

Ms Veronica (Bonny) Barry

Member, MNHHS Board
Type of Appointment: Board Member
Board meetings attended: 1 of 1 (Commenced in June 2016)

Bonny is a registered nurse with over 28 years' experience in community, hospice, hospital and clinical settings in Queensland and Victoria. In 2001, she was elected State Member for Aspley and served on several parliamentary committees including Chair of Caucus, Chair of Health Estimates and the Assistant Minister for Education, Training and the Arts from (2006 -2009). Bonny is a member of the Metro North Hospital and Health Service (MNHHS) Board and connects the strategic goals of the Foundation with its key external stakeholders.

Capt. Jan Becker

CEO, Becker Helicopters
Type of Appointment: Board Member
Current Expiry Date: 9 July 2017
Board meetings attended: 2 of 6

Jan is the CEO of Becker Helicopters, an award winning international aviation training organisation located in South East Queensland with clients including the Australian Defence Force. She is also a registered nurse and midwife and annually donates her time to support patients in Tanzania where 100 babies a delivered per day. With over eleven years in senior leadership positions, Jan brings a wealth of knowledge in financial management, strategy development, regulatory compliance and safe management systems.

Ms Cherie Franks

Director of Nursing, TPCH
Type of Appointment: Board Member
Current Expiry Date: 30 September 2018
Board meetings attended: 3 of 3 (Commenced in April 2016)

Cherie has been a registered nurse for over 30 years and has held a number of senior nursing leadership positions within The Prince Charles Hospital. She is passionate about patient centred care and holds a Clinical Associate Professor position with the Australian Catholic University. In 2015 Cherie was appointed Director of Nursing within The Prince Charles Hospital connecting her leadership, finance, governance and human resource skills with the work of the Foundation.

Mr Toby Innes

Head of Retails & Commercial, Brisbane Airport Corporation

Type of Appointment: Board Member

Current Expiry Date: 9 July 2019

Board meetings attended: 2 of 6

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

Mr Paul McMahon

Director

Type of Appointment: Board Member

Current Expiry Date: 9 July 2017

Board meetings attended: 6 of 6

Paul has over 33 years' experience within the new and media industry having held a number of senior leadership positions within leading Queensland print media organisations. He also has a strong agricultural administration background and manages the operations of Kial Gorra, a 900-acre farming operations located in Warwick. Having held other Queensland hospital board positions, Paul brings a wealth of experience in management, funding and governance.

Ms Cathryn Proberts

Principle, CP Events

Type of Appointment: Board Member

Current Expiry Date: 9 July 2017

Board meetings attended: 4 of 6

Cathryn has built an extensive career in event management with over 30 years' experience in senior leadership positions. She was Director of Operations for Intermedia Conventions and Events Management until establishing CP Events a leading event management organisation with clients including Brisbane City Council and Brisbane Catholic Education. Using her extensive knowledge in event management, public relations and promotion experience, Cathryn assists the foundation in achieving its fundraising and engagement goals.

Ms Jacqueline Ryan

Executive Director & State Head, Consumer & Agribusiness

ANZ International & Institutional Banking

Type of Appointment: Board Member

Current Expiry Date: 30 September 2018

Board meetings attended: 6 of 6

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

Mr James Stewart

Co-founder, ReachTEL

Type of Appointment: Board Member

Current Expiry Date: 9 July 2017

Board meetings attended: 3 of 6

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

Mr Terry Sullivan

Former State Member of Parliament
Current Expiry Date: 30 September 2018
Board meetings attended: 5 of 6

Terry was a Queensland Member of Parliament for 15 years, during which time he worked on the Ministerial Health Policy Committee. He was Chair of TPCH Health Community Council and a Member of the TPCH District Health Council. Terry is well versed in matters of the local community, and brings a wealth of experience in understanding the complexities of the hospital's relationship with the community and the Foundation's role in strengthening productive relationships with all stakeholders.

Mr Peter Tyquin

Director, GOA Billboards
Type of Appointment: Board Member
Current Expiry Date: 30 September 2018
Board meetings attended: 4 of 6

Peter has 32 years of professional experience in diverse communications businesses, with a track record in newsprint, digital and outdoor. He is a great asset at Board level in supporting the Foundation's strategic work in communicating to potential supporters. Increasingly intimate knowledge of communications, media and PR is important for the Foundation.

Mr Anthony White

CEO, Terry White Chemist Group
Type of Appointment: Board Member
Current Expiry Date: 9 July 2017
Board meetings attended: 1 of 6

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

Board Directors terms ended in 2015

Lyndon Broome – stepped-down September 2015

Vaughan Howell – retired May 2015

5.3 Public sector ethics act 1994

TPCHF employees are expected to behave ethically and in accordance with The Foundation's Behaviour and Code of Conduct Policy and the Queensland Public Service.

This Foundation policy reflects the ethics and principles outlined in section 4 of *PSEA*. Following these guidelines The Foundation develops strategies, objectives and processes that demonstrate integrity and accountability under the ***PSEA.*** This is applicable for TPCHF employees, and includes volunteers, contractors, consultants and students.

5.4 Queensland public service values

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

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

Our Values

People

People are at the heart of everything we do. They're who we are, why we're here and what empowers us to make a difference.

Innovation

We believe true breakthroughs come through innovation. Through daring to think outside the box, taking a chance and trying something new.

Discovery

Like modern day explorers, we thrive on challenge and embrace the unknown. We believe the greatest discoveries are found on untrodden paths.

Community

We believe when people work together as a community, they can make things happen faster, more efficiently and for the benefit of all of us.

6. Governance – risk management and accountability

6.1 Risk management

Risk is a standing item on the Foundation Board agenda. In relation to risk reporting, the Board are presented with a risk dashboard, high level risks from the risk register and proposed risk mitigation strategies.

Per 6.2 below, responsibility for risk management falls under the Foundation FAR Committee charter. The Foundation risk framework is intrinsic within the organisation. It encompasses the following live documents:

- Risk management procedure;
- Context map;
- Risk matrix;
- Risk register;
- Event risk register;
- Risk dashboard report;
- Event risk dashboard report;

Risk is a standing agenda item at staff management meetings. All members of Foundation staff in management positions are members of the risk action team and responsible for identifying, evaluating, assessing and implementing agreed risk treatment or mitigation strategies. The COO of the Foundation is the Risk Champion and responsible for reporting to the FAR Committee and the Board.

6.2 Audit committee

The Foundation FAR Committee is a committee of The Board and key staff of the Foundation.

The FAR Committee has due regard to its charter outlined by the Board approved document: "Terms of Reference for TPCHF FAR Committee".

The Foundation FAR Committee responsibilities per this document are as follows:

a) Financial oversight and reporting;

b) Management and execution of investment strategy and investment oversight;

c) Oversight of audit processes;

d) Risk Management Policy and Risk Management Framework;

e) Occupational Health and Safety Policies and OHS Framework;

f) Delegation of Authority Policy & Schedule;

g) Procurement; and

h) Management of suspected fraud & corruption.

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

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

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

Any reported audit findings and recommendations are given priority and acted on in a timely manner by The Foundation. All audit findings and any resulting actions are reported to The Foundation Board.

6.3 Internal audit

The Foundation has not been directed by The Minister to establish an internal audit function.

The functions of internal audit are governed by the FAR Committee.

6.4 External scrutiny

There was one external agency audit conducted on The Foundation during the reporting period. The independent audit on the financial report is in Appendix 2 of this document.

6.5 Information systems and recordkeeping

The Foundation complies with the provisions of the *Public Records Act 2002*, Information Standard 40: Record Keeping, Information Standard 31: Retention and Disposal of Public Records and Australian Standard Metadata 5044 AGLS Meta Data Element Set.

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

7. Governance – human resources

7.1 Workforce planning

The Board makes a specific commitment in relation to employee satisfaction with a focus on employee motivation, goal achievement and the maintenance of positive morale in the workplace. Foundation staff have regular pop up meetings, team and management meetings. Foundation staff interact and anonymously rate their work week online to track morale, identify trends and workload. Issues and trends are reviewed by staff, management and the Board.

Detailed role descriptions in conjunction with regular performance reviews track employees progress, achievements and identify any relevant needs. Staff are supported to attend relevant and inspiring training opportunities including leadership development to ensure the capability of managers and supervisors.

Role descriptions and interactive practical interviews are used during recruitment to ensure we are employing skilled and capable staff that integrate well within our team. New staff members are orientated through the Foundation on-boarding and induction framework.

Periodically staff are offered the opportunity to work from home when suitable for particular projects.

The full-time equivalent was 40 and the permanent separation rate was 14% for the reporting period.

7.2 Early retirement, redundancy and retrenchment

No early retirement, redundancy or retrenchment packages were paid during the period.

8. Open data

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

8.1 Consultancies

During the 2016 financial year, there were no payments made to consultants by the Foundation.

8.2 Overseas travel

During the 2015 – 2016 financial year there was no overseas travel costs in relation to Foundation staff.

Appendix 1: Schedule of annual grants

Experienced researcher project grants are for researchers with established careers and provide funding up to $100,000 for a discrete project. *Total allocation: $902,242.*

A/Prof Daniel Chambers: Fixing broken lungs: Next generation ex-vivo lung perfusion.

Dr Petrea Cornwell: Profiling the communication impairment arising from right hemisphere stroke: A preliminary investigation of linguistic, extra-linguistic, and neurocognitive correlates.

Dr Shaun Gregory: Using a bioengineering approach to develop an infection-resistant ventricular assisted device driveline coating.

Prof Scott Bell: Strategies to limit Pseudomonas aeruginosa acquisition and antimicrobial resistance in patients with CF.

A/Prof Peter Molenaar: Beta-blocker control of human ventricular arrhythmias in patients with heart failure through Phosphodiesterases.

A/Prof Daniel Chambers: Idiopathic Pulmonary Fibrosis - A disease of stem cell dysfunction?

Prof Mahinda Vilathgamuwa: Efficient wireless power transfer system for ventricular assist devices (VADs).

Prof John Croese: Adjuvant hookworm and gluten micro-challenge therapy for Coeliac Disease: A randomised placebo-controlled clinical trial.

Prof Ian Yang: Mobile health for COPD.

Dr Tony Rahman: Hepatic encephalopathy: mechanisms, diagnosis and improving treatment.

Large equipment grants are matched funding up to $50,000 to purchase essential specialised equipment. *Total allocation: $30,078.*

Ms Janet Shaw: NIOX VERO Test Kit & 1000 Filters for Niox Vero Australian Version

Dr Stephanie Yerkovich: Isothermal liquid nitrogen storage freezer with internal racking and filler tank

Mr Sam Liao: Melt electrospinner

Small equipment grants are to fund essential research equipment up to $5,000. Equipment is available for each other researchers to use as well. *Total allocation: $42,891.*

A/Prof Peter Molenaar: Julabo He-4 Heating Circulator

Dr Felicia Goh: Thermomixer C

Miss Jemima Boyd: FloTrac Sensor Cuff

Dr Luke Knibbs: MicroAeth portable aethalometer

Dr Deepika Nandakumar: Free-Radical Analyzer Sensors for the Detection of Nitric Oxide (NO) Levels in Blood

Mr Andrew Stephens: Fujikura FSM-20RSII12 ARC Fusion Splicer and 1Q59 - Anritsu VFL650 Visual Fault Locator

Miss Annalicia Vaughan: IKA Orbital Shaker - MS 3 Digital plus universal, PCR plate, Microtitre plate and test tube attachments

Ms Lizanne Dalgleish: Microdialysis Syringe pump

Mrs Elissa Robins: Software (OMNIA) and hardware (FlowRee) upgrade for existing Quark RMR Metabolic Cart (Indirect Calorimeter)

Miss Margaret Passmore: Microplate washer

New investigator project grants provide funding up to $10,000 for a one-year project to help kick-start the researchers career; as it can be difficult for inexperienced researchers to successfully compete for funding against researchers with established careers. *Total allocation: $239,133.*

Miss Tiffany Jong: Safe and effective dosing and therapeutic monitoring of intravenous tobramycin: a challenge for the ageing adult cystic fibrosis population

Ms Nicoletta Balletti: Characterisation of the interaction between blood and an LVAD used for right ventricular support

Miss Hannah O'Farrell: Changes in the lung microbiome during acute exacerbations of chronic obstructive pulmonary disease

Mr Trent Donnelly: Extracorporeal Membrane Oxygenation and Development Of Diaphragm Atrophy.

Mr William Crawford: Impact of fluid volume resuscitation on nitric oxide-induced oxidative stress and cardiac dysfunction in an ovine septic shock model

Dr Kristopher Jon Skeggs: Endothelin Blockade in an Ovine Model of Brainstem Death (BD) using Ex-Vivo Lung Perfusion (EVLP)

Ms Sanne Engkilde: Development of methods to manufacture and characterise cold stored and cryopreserved sheep platelets for use in transfusion models to inform improvements in clinical practice

Dr Cheng He: Development of an ovine model of dilated left ventricle heart failure to expand research capabilities in the field of cardiology and mechanical assist devices.

Mr Giuliano Giacoppo: The OpenHeart Project

Ms Angela Girnghuber: The effect of varying rotary blood pump speed by modulating frequency on blood-compatibility

Ms Sandra Miles: Fast screening of patients that present to the emergency department following a fall: a feasibility and prevalence study

Miss Jemima Boyd: When is it safe to exercise mechanically ventilated patients in Intensive Care?

Mr Stefan Jentsch: In-Vitro Optimization of Inflow Cannula Impact to Improve Blood Compatibility

Mrs Alison Mahoney: Effects of pre-operative inspiratory muscle and physical exercise training on cardiac surgical outcomes in high risk elders

Mr Paul McCormack: Does percutaneous Neuromuscular Electrical Stimulation application to the Quadriceps muscle in critically ill patients undergoing Extra Corporeal Membrane Oxygenation (ECMO) via femoral cannulation potentially affect vascular viability of the foot

Ms Rozanne Visbalingam: Gastrointestinal and hepatic function during extracorporeal membrane oxygenation in adults and association with feeding intolerance

Ms Weilan Mo: Phosphodiesterase (PDE) protection against ventricular arrhythmias in heart failure patients

Mrs Nicole Bartnikowski: Functional and morphological changes occurring in the left and right ventricles following chronic left ventricular assist device implantation in an ovine model.

Dr Brooke Tang: Changes in myocardial function and microcirculation under different resuscitation strategies in a sepsis ovine model

Miss Kristin Kirwan: Determining the pressure relieving properties of selected commercial and custom made products to reduce the incidence of pressure injury development on the head

Mr Andrew Stephens: Low Drift Fibre Bragg Grating Pressure Transducer for use with Physiological Controllers.

Dr Liam Byrne: Investigation of sepsis and fluid resuscitation effects upon sarcolemmal composition, stability, and membrane-dependent signalling mechanisms

Miss Madeline Keenan: Cardiovascular Haemodynamics in an ovine model of Brain Stem Death

Mr Joseph Hwang: Characterisation of neurohormonal patterns in a model of ovine cardiac transplantation - Comparison of current vs. novel donor heart storage methods

Innovation & Capacity Building Grants awarded at Board discretion. *Total allocation: $130,384.*

Craig Elliot: Optimising patient & staff safety

Prof. Kwun Fong: Australian Cancer Research Foundation

Prof. John Fraser: The Bionic Project

Dr. Jonathon Fanning: The Tavi Study

Program Grants are now in year three of their funding. These provide up to $200,000 per program per year for three years to a program of research with a defined health outcome. *Total allocation: $752,091.*

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

Doctor Eamonn Eeles, Associate Professor Stephen Rose, A/Prof Elizabeth Coulson: Predicting response to cognitive enhancing drugs in patients with dementia.

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

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

PhD Scholarships are now in their third year of funding. The multi-year grants support researchers through their higher research degree for a maximum of three years. *Total allocation: $105,152.*

Miss Anna-Liisa Sutt: Towards an improved understanding of the effect of a speaking valve on lung volumes and communication in the critically ill tracheostomised patient.

Dr Maruf D.S. Abdullah-Al: Effects of anti-angiogenic factors in an anterior cruciate ligament transection+menisectomy-induced rat model of osteoarthritis.

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

Miss Annalicia Vaughan: The lung's response and defense to the environment and ageing.

Appendix 2: Annual Financial Statements

The Prince Charles Hospital Foundation

Annual Financial Statements

For the year ended 30 June 2016

THE PRINCE CHARLES HOSPITAL FOUNDATION

FINANCIAL STATEMENTS 2015-16

Contents

Statement of Profit or Loss and Other 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
Management Certificate	24
Audit Report	25

General Information

These financial statements cover The Prince Charles Hospital Foundation (the Foundation).

The Foundation is a Statutory Body established under the Hospital Foundations Act 1982.

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

For information in relation to The Foundation's financial statements, please call (07) 3139 4636, e-mail **finance@tpchfoundation.org.au**, or visit The Foundation's internet site **www.tpchfoundation.org.au**

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2016

	Notes	2016 $	2015 $
Income from Continuing Operations			
Revenue			
Sales		4,018,119	3,822,400
Collocation car park income	2	548,967	544,946
Collocation funding income		589,993	581,699
Donations and bequests		5,404,498	2,438,182
Functions and special events		1,136,903	990,152
Administration income		124,095	116,848
Investment income		203,188	196,131
Interest income		363,449	442,546
Gain on sale of assets		-	1,110,402
Total Income from Continuing Operations		**12,389,212**	**10,243,306**
Expenses from Continuing Operations			
Amortisation	12	16,616	4,100
Depreciation	11	50,972	51,430
Employee expenses	3	2,469,847	2,230,537
Collocation funding research expenses	16	675,608	528,834
Cost of goods sold		1,821,166	1,770,039
Functions and special events		656,371	654,829
General and administration expenses		1,057,024	977,604
Research grants expenditure		2,149,024	2,135,546
Other research expenditure		579,194	1,008,718
Decrease in fair value of available for sale financial assets		25,289	184,586
Total Expenses from Continuing Operations		**9,501,111**	**9,546,223**
Operating Result from Continuing Operations		**2,888,101**	**697,083**
Other Comprehensive Income			
Items that will be reclassified subsequently to operating result when certain conditions are met:			
Write back of financial asset reserve on disposal of investments		**-**	**(975,896)**
Total Other Comprehensive Income for the Year		**-**	**(975,896)**
Total Comprehensive Income		**2,888,101**	**(278,813)**

The accompanying notes form part of these statements

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Financial Position
As at 30 June 2016

	Notes	2016 $	2015 $
Current Assets			
Cash and cash equivalents	6	15,538,820	12,242,083
Receivables	7	1,035,817	781,780
Inventories	8	27,909	25,143
Other	9	308,540	166,479
Total Current Assets		**16,911,086**	**13,215,485**
Non Current Assets			
Other financial assets	10	5,081,422	4,941,133
Property, plant and equipment	11	518,743	529,469
Intangible assets	12	39,519	50,890
Total Non Current Assets		**5,639,684**	**5,521,492**
Total Assets		**22,550,770**	**18,736,977**
Current Liabilities			
Trade and other payables	13	987,664	706,611
Accrued employee benefits	14	110,926	96,867
Provision for research grant funding	15	3,910,566	3,434,299
Provision for collocation research	16	140,000	-
Total Current Liabilities		**5,149,156**	**4,237,777**
Non Current Liabilities			
Provision for employee benefits	17	34,335	20,022
Total Non Current Liabilities		**34,335**	**20,022**
Total Liabilities		**5,183,491**	**4,257,799**
Net Assets		**17,367,279**	**14,479,178**
Equity			
Accumulated surplus		10,920,727	12,065,658
Financial asset reserve		-	-
Specified hospital funds reserve		2,523,402	2,413,520
Endowment funds reserve	23	3,923,150	-
Total Equity		**17,367,279**	**14,479,178**

The accompanying notes form part of these statements

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Changes in Equity
For the Year Ended 30 June 2016

	Accumulated Surplus	Financial Asset Reserve	Specified Hospital Funds	Endowment Funds Reserve	Total
Changes in Equity for the Year 2015:	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2014	11,174,542	975,896	2,607,553	-	14,757,991
Operating result from continuing operations	697,083	-	-	-	697,083
Movement in Restricted Specified Hospital Funds	194,033	-	(194,033)	-	-
Other comprehensive income:					
Increase in fair value of available for sale financial assets	-	(975,896)	-	-	(975,896)
Balance at 30 June 2015	**12,065,658**	**-**	**2,413,520**	**-**	**14,479,178**
Changes in Equity for the Year 2016:					
Balance at 1 July 2015	12,065,658	-	2,413,520	-	14,479,178
Reallocation from accumulated surplus on setup of endowment fund	(2,000,000)	-	-	2,000,000	-
Operating result from continuing operations	2,888,101	-	-	-	2,888,101
Movement in Restricted Specified Hospital Funds	(109,882)	-	109,882	-	-
Movement in Restricted Endowment Funds	(1,923,150)	-	-	1,923,150	-
Balance at 30 June 2016	**10,920,727**	**-**	**2,523,402**	**3,923,150**	**17,367,279**

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

The accompanying notes form part of these statements

THE PRINCE CHARLES HOSPITAL FOUNDATION

Statement of Cash Flows
For the Year Ended 30 June 2016

	Note	2016 $	2015 $
Cash Flow from Operating Activities			
Inflows:			
Receipts from sale of goods		4,943,508	4,790,322
Donation and event income receipts		6,541,401	3,428,334
Dividends and managed funds distributions income		187,045	208,618
Interest receipts		463,221	400,543
GST collected from customers		566,818	543,701
Outflows:			
Payments of grants		(2,111,952)	(2,286,571)
Payments to employees		(2,441,474)	(2,234,479)
Payments to suppliers		(4,073,943)	(4,173,404)
GST paid to suppliers		(411,097)	(434,678)
GST remitted to ATO		(155,721)	(109,023)
Net cash provided by operating activities	21	**3,507,806**	**133,363**
Cash Flow from Investing Activities			
Inflows:			
Sales of investments		-	4,010,520
Outflows:			
Payments for property, plant and equipment		(40,246)	(4,224)
Payments for intangibles		(5,245)	(54,990)
Payments for investments		(165,578)	(5,125,718)
Net cash used in investing activities		**(211,069)**	**(1,174,411)**
Net increase / (decrease) in cash and cash equivalents		3,296,737	(1,041,049)
Cash and cash equivalents at beginning of year		12,242,083	13,283,132
Cash and cash equivalents at end of financial year	6	**15,538,820**	**12,242,083**

The accompanying notes form part of these statements

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 1: Summary of Significant Accounting Policies
Note 2: Car Park
Note 3: Employee Expenses
Note 4: Auditor’s Fees
Note 5: Key Executive Management Personnel and Remuneration
Note 6: Cash and Cash Equivalents
Note 7: Receivables
Note 8: Inventories
Note 9: Other Current Assets
Note 10: Other Financial Assets
Note 11: Property, Plant and Equipment
Note 12: Intangible Assets
Note 13: Trade and Other Payables
Note 14: Accrued Employee Benefits
Note 15: Provision for Research Grants
Note 16: Provision for Collocation Research
Note 17: Provision for Employee Benefits
Note 18: Capital Commitments
Note 19: Lease Commitments
Note 20: Commitments and Contingencies
Note 21: Reconciliation of Operating Surplus to Net Cash from Operating Activities
Note 22: Services Received Free of Charge or for Nominal Value
Note 23: Endowment Fund
Note 24: Events Occurring After Balance Date

OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE PRINCE CHARLES HOSPITAL FOUNDATION

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

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

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

Note 1: Summary of Significant Accounting Policies

(a) Statement of Compliance

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

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

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

(b) The Reporting Entity

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

(c) Revenue

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

Revenue from fundraising

Donations and Bequests

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

Fundraising from Events

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

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

Administration Income
Revenue from administration agreements is recognised when a tax invoice is created.

Collocation Income
Revenue from collocation agreements is recognised as it accrues based on estimates provided by external parties.

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

(d) Cash and Cash Equivalents

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

(e) Trade and Other Receivables

Trade receivables which comprise amounts due from sales of goods and services provided are recognised and carried at original invoice amount less any allowance for uncollectable amounts. Normal terms of settlement are 30 days from invoice date. The carrying amount of the receivable is deemed to reflect fair value. The collectability of receivables is assessed periodically with provision being made for impairment. Bad debts are written off when identified.

(f) Inventories

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

(g) Acquisitions of Assets

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

(h) Property, Plant and Equipment

Actual cost is used for the initial recording of all non-current physical asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition.
Assets with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

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

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

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

(i) Revaluations of Non Current Physical and Intangible Assets

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

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

(j) Intangibles

Actual cost is used for the initial recording of all intangible acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition.
Intangible assets 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:

Intangibles: Website Development	$2,000
Intangibles: Data Base Development	$2,000

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

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

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

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

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

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

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

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

(l) Impairment of Non Current Assets

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

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

(m) Payables

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

(n) Financial Instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit or loss
- Receivables – held at amortised cost
- Payables – held at amortised cost

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

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

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

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

(o) Employee Benefits

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

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

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

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

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

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

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

Annual and Long Service Leave

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

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

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

Superannuation

The default superannuation fund for the Foundation is Sunsuper. All employees are given a choice as to where their superannuation contributions are paid. Contributions to employee superannuation plans are charged as expenses as the contributions are paid or become payable.

Key Executive Management Personnel and Remuneration

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

Remuneration of Board Members

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

(p) Provisions

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

(q) Insurance

The Foundation's non current physical assets and other risks are insured through Arthur J Gallagher (2) Pty Ltd, premiums being paid on a risk assessment basis. In addition, the Foundation pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(r) Taxation

The Foundation has been endorsed by the Commissioner of Taxation as an income tax exempt charity pursuant to Section 50-5 of the *Income Tax Assessment Act 1997*. The Foundation is exempted from Fringe Benefits Tax under Section 57a of the *Fringe Benefit Tax Assessment Act 1986*. Accordingly, the Foundation is exempted from Commonwealth taxation with the exception of Goods and Services Tax (GST). GST is the only tax accounted for by the Foundation. GST credits receivable from, and GST payable to the ATO are recognised.

(s) Issuance of Financial Statements

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

(t) Accounting Estimates and Judgements

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

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:
Provisions for Employee Benefits – Note 17
Contingencies - Note 20

(u) Rounding and Comparatives

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

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

(v) New and Revised Accounting Standards

The Foundation did not voluntarily change any of its accounting policies during 2015-16. Australian Accounting Standard changes applicable for the first time as from 2015-16 that have had a significant impact on the Foundation's financial statements are described below.

AASB 9 Financial Instruments (December 2014). AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 15 Revenue from Contracts with Customers. AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. When this Standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments). Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation. The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment. When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15. AASB 2014-5 incorporates the consequential amendments arising from the issuance of AASB 15.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101. The amendments clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information. When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities. The amendments extend the scope of AASB 124 Related Party Disclosures to include not-for-profit public sector entities. The key impact of the amendments is to specify consistent related party disclosure requirements for the Australian Government, State Governments, local councils and other not-for-profit public sector entities. When these amendments are first adopted for the year ending 30 June 2017, there will be no impact on the financial statements.

AASB 16 The new standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. When this Standard is first adopted for the year ending 30 June 2020, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities – amends AASB13 Fair Value Measurement to provide relief to not-for-profit public sector entities. When this Standard is first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 2015-8 Amendments to Australian Accounting Standards – Effective date of AASB 15 – Amends the mandatory application date of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for reporting periods on or after 1 January 2018. There will be no material impact on the transactions and balances recognised in the financial statements.

Note 2: Car Park

The Prince Charles Hospital Car Park is operated under an agreement between Queensland Health and International Parking Group. Under the agreement the Foundation is entitled to a share of collocation revenue. For the year 2016 and in accordance with the collocation agreement this amount was $548,967 (2015: $544,946).

Note 3: Employee Expenses

	2016	2015
	$	$
Employee Benefits		
Wages and salaries	2,050,497	1,893,552
Annual leave expense *	124,414	103,176
Employer superannuation contributions *	196,852	178,325
Long service leave expense *	16,508	(1,078)
Employee Related Expenses		
Worker's compensation premium	23,447	19,996
Other employee related expenses	58,130	36,566
Total Employee Expenses	**2,469,847**	**2,230,537**

* Refer note 1(o)

	No.	No.
The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:	40	32

Note 4: Auditor's Fees	2016 $	2015 $
Audit of the financial statements	19,600	19,205

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

Note 5: Key Executive Management Personnel and Remuneration

(a) Key Executive Management Personnel
The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Foundation during 2015-16. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

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

(b) Remuneration

Remuneration policy for the Foundation's key executive management personnel is set by the Chair of the Board within his authority under the 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.

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

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

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

1 July 2015 – 30 June 2016					
Position (date resigned if applicable)	Short Term Employee benefits		Long Term Employee benefits	Post Employment benefits	Total Remuneration
	Base $	Non-monetary $	$	$	$
CEO	177,170	19,453	-	17,123	213,746

1 July 2014 – 30 June 2015					
Position (date resigned if applicable)	Short Term Employee benefits		Long Term Employee benefits	Post Employment benefits	Total Remuneration
	Base $	Non-monetary $	$	$	$
CEO	173,247	16,115	-	17,387	206,749

(c) Performance Payments

The basis for performance bonuses paid or payable in the 2015-16 financial year is set out below:

Position	Date Paid	Basis for payment
CEO	26-04-2016	The cash performance bonus was set by reference to satisfaction of key performance indicators and is set by the Chair of the Board

The basis for performance bonuses paid or payable in the 2014-15 financial year is set out below:

Position	Date Paid	Basis for payment
CEO	19-12-2014	The cash performance bonus was set by reference to satisfaction of key performance indicators and is set by the Chair of the Board

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

	2016 $	2015 $
CEO	$18,265	$18,265

Note 6: Cash and Cash Equivalents

	2016 $	2015 $
Cash on hand	5,600	5,600
Cash at bank	1,946,214	1,101,619
Cash on deposit	9,669,888	11,134,864
Cash on deposit - Endowment	3,917,118	-
	15,538,820	**12,242,083**

Note 7: Receivables

	2016 $	2015 $
Trade receivables	41,867	28,823
GST receivable	23,379	-
Sundry debtors – collocation payments	270,414	106,645
Other miscellaneous receivables	701,657	647,812
	1,037,317	783,280
Provision for impairment of receivables	(1,500)	(1,500)
	1,035,817	**781,780**

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

Note 8: Inventories

	2016 $	2015 $
Stock on hand - cafeteria - at cost	27,909	25,143
	27,909	**25,143**

Note 9: Other Current Assets

	2016	2015
	$	$
Prepayments	182,490	153,763
Deposits	126,050	-
Dividend imputation credits refundable	-	12,716
	308,540	**166,479**

Note 10: Other Financial Assets

	2016	2015
Available for sale financial assets at fair value:	$	$
Managed Funds Held Separated by Asset Class:		
Cash and Australian Fixed Interest	1,943,685	2,146,099
International Fixed Interest	333,933	343,363
Australian Equities	1,522,679	1,375,554
International Equities	755,522	673,909
Property	298,404	307,308
Infrastructure	227,199	94,900
	5,081,422	**4,941,133**

Note 11: Property, Plant and Equipment

	2016	2015
Leasehold Improvements:	$	$
At cost	570,001	545,752
Less: Accumulated amortisation	(131,590)	(101,131)
	438,411	444,621
Plant and Equipment:		
At cost	301,166	285,169
Less: Accumulated depreciation	(220,834)	(202,442)
	80,332	82,727
Motor Vehicle:		
At cost	23,818	23,818
Less: Accumulated depreciation	(23,818)	(21,697)
	-	2,121
Total	**518,743**	**529,469**

Movements in Carrying Values:	Leasehold Improvement	Plant and Equipment	Motor Vehicle	Total
	$	$	$	$
Carrying amount at 1 July 2015	444,621	82,727	2,121	529,469
Acquisitions	24,249	15,997	-	40,246
Disposals	-	-		
Depreciation	(30,459)	(18,392)	(2,121)	(50,972)
Written Off	-	-	-	-
Carrying Amount at 30 June 2016	**438,411**	**80,332**	**-**	**518,743**

Note 12: Intangible Assets

Website and CRM Database, Modules Development:	2016 $	2015 $
At cost	60,235	54,990
Less: Accumulated amortisation	(20,716)	(4,100)
Total	**39,519**	**50,890**

Movements in Carrying Values:

	Website $	CRM Database, Modules $	Total $
Carrying amount at 1 July 2015	15,913	34,977	50,890
Acquisitions	-	5,245	5,245
Disposals	-	-	-
Amortisation	(9,094)	(7,522)	(16,616)
Written Off	-	-	-
Carrying Amount at 30 June 2016	**6,819**	**32,700**	**39,519**

Note 13: Trade and Other Payables

Current	2016 $	2015 $
Trade Payables	766,786	425,025
GST Payable	-	17,882
Accrued Expenses and Other Payables	220,878	263,704
Total Payables	**987,664**	**706,611**

Note 14: Accrued Employee Benefits

Current	2016 $	2015 $
Annual (Recreational) Leave	91,316	71,969
Long Service Leave	19,610	24,898
	110,926	**96,867**

THE PRINCE CHARLES HOSPITAL FOUNDATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Note 15: Provision for Research Grants

	2016	2015
Current	**$**	**$**
Opening Balance	3,434,299	2,576,605
Grants Awarded	2,072,044	2,169,787
TPCH Capacity Building Grants Awarded	130,385	54,453
Additional funding received towards grants	20,000	-
Grants written back (unused provisions)	(53,404)	(88,694)
Innovation & capacity building Written back	(4,985)	-
Payments of grant expenditure	(1,648,505)	(1,277,852)
Payments innovation and capacity building	(39,268)	-
Closing Balance	**3,910,566**	**3,434,299**

Note 16: Provision for Collocation research	**2016**	**2015**
Current	**$**	**$**
Opening Balance	-	-
Collocation Funds allocated	675,608	528,834
Payments of Collocation research	(535,608)	(528,834)
	140,000	**-**

Note 17: Provision for Employee Benefits

	2016	2015
Non Current	**$**	**$**
Long Service Leave	34,335	20,022
	34,335	**20,022**

Note 18: Capital Commitments

There are no capital commitments.

Note 19: Lease Commitments

The Breeze café premises are leased from The Prince Charles Hospital. The current lease is a five year term commencing on the 1 June 2009 to 30 June 2014 with a further option of 5 years to expire on 30 June 2019. The renewal option has been confirmed in writing as per the lease agreement. The rent payable is $1.00 (GST-inclusive) per annum. The Foundation's remaining lease commitment is $1 payable over the next year.

Operating Lease Commitments	**2016**	**2015**
Payable – minimum lease payments:	**$**	**$**
- not later than 12 months	915	3,661
- between 12 months and five years	-	915
	915	**4,576**

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

Note 20: Commitments and Contingencies

a. Contingent Liability

A payroll withdrawal limit for $100,000 (2015 $80,000 held with Westpac) per fortnight has been provided to National Australia Bank in respect of the outsourcing bureau payroll service provided by Automatic Data Processing Pty Ltd T/A Payline.

b. Contingent Asset

The Foundation is the beneficiary of an established fund held with the Queensland Community Foundation (QCF). All contributions made to this named fund within QCF are held in Trust and invested in perpetuity with net income distributed to the Foundation at the discretion of the Trustee, in accordance with the Queensland Community Fund Declaration of Trust. The Prince Charles Hospital Foundation received a distribution of $127,521 in 2016 (2015 $216,213).

c. Other Commitments – Collocation Funds

Balance of Collocation and Car Park Funding as of 30 June 2016 amounting to $2,375,676 (2015 $3,914,522) is to be expended in future years on Research Projects of The Prince Charles Hospital.

d. Contingent Liability – Specified Hospital Funds Held

As at 30 June 2016, The Foundation held funds available for Specified Hospital Research of $2,523,402 (2015 $2,413,520) which are yet to be drawn down by recipients.
The balance of the Specified Hospital Research contingent liability is recorded as a Specified Hospital Research reserve account in order to reflect the quarantined nature of these funds.

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

	2016 $	2015 $
Surplus from Continuing Operations	2,888,101	697,083
Amortisation expense	16,616	4,100
Depreciation expense	50,972	51,430
Loss (Gain) on disposal of investments	-	(1,110,402)
Decrease in market value of units/shares	25,289	184,585
Changes in assets and liabilities:		
Decrease / (Increase) in receivables	(254,037)	(287,540)
Decrease / (Increase) in inventories	(2,766)	10,067
Decrease/ (Increase) in other current assets	(142,061)	(17,921)
(Decrease) / Increase in payables	281,053	(251,790)
(Decrease) / Increase in accrued employee benefits	28,373	(3,942)
(Decrease) / Increase in research provision	616,266	857,693
Net cash provided by operating activities	**3,507,806**	**133,363**

Note 22: Services Received Free of Charge or for Nominal Value

During the financial year, The Foundation received in-kind contributions from external parties that assisted with the operation of The Foundation. Where possible the fair value of these services has been estimated below:

	2016	2015
	$	$
Provision of office building	85,800	79,300
Provision of Café area – under peppercorn lease	150,770	150,770
Pro Bono goods and services provided by external parties	140,000	9,781
	376,570	**239,851**

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

Note 23: Endowment Fund

	2016	2015
	$	$
Opening Balance	-	-
Bequests received allocated for endowment fund	1,917,118	-
Reallocation of funds from accumulated collocation reserves	2,000,000	-
Earnings allocated to endowment assets	6,032	-
	3,923,150	**-**

The Endowment Fund has been established to deliver sustainable scholarships and individual grants through the general fund while health specific projects will be funded through the specified endowment allocations at the direction of our benefactors.

Note 24: Events Occurring after Balance Date

There were no events affecting the financial position of the Foundation subsequent to 30 June 2016.

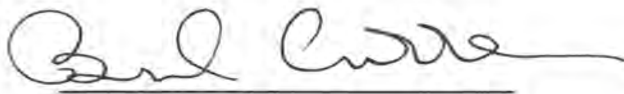
CERTIFICATE OF THE FOUNDATION

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

(a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

(b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of The Foundation for the financial year ended 30 June 2016 and of the financial position of the Foundation at the end of that year.

(c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the period.



Bernard Curran
Chairperson
Date 24/8/16

Michael Hornby
Chief Executive Officer
Date 24/8/16

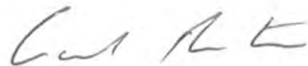
Grant Thornton

Level 18
King George Central
145 Ann Street
Brisbane QLD 4000
Correspondence to:
GPO Box 1008
Brisbane QLD 4001

T + 61 7 3222 0200
F + 61 7 3222 0444
E info.qld@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration
To the Board of The Prince Charles Hospital Foundation

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of The Prince Charles Hospital Foundation for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Simon Hancox
Partner - Audit & Assurance

Brisbane, 24 August 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

Grant Thornton

Level 18
King George Central
145 Ann Street
Brisbane QLD 4000
Correspondence to:
GPO Box 1008
Brisbane QLD 4001

T + 61 7 3222 0200
F + 61 7 3222 0444
E info.qld@au.gt.com
W www.grantthornton.com.au

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

We have audited the accompanying financial report of The Prince Charles Hospital Foundation (the "Foundation"), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Certificate of the Foundation of The Prince Charles Hospital Foundation.

Responsibility of the Board of the financial report

The Board of the Foundation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Australian Charities and Not-for-profits Commission Act 2012 and the Financial Accountability Act 2009. This responsibility also includes such internal control as the Board determine 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

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

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

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

In making those risk assessments, the auditor considers internal control relevant to the Foundation'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 Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

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

Independence

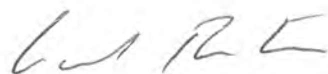
In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

Auditor's opinion

In our opinion the financial report of The Prince Charles Hospital Foundation is in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and the Financial Accountability Act 2009, including:

a a giving a true and fair view of the Foundation's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards, the Australian Charities and Not-for-profits Commission Regulation 2013, and the Financial and Performance Management Standard 2009.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Simon Hancox
Partner - Audit & Assurance

Brisbane, 24 August 2016

Appendix 3: Compliance Schedule

Summary of requirement		Basis for Requirement	Annual report reference Page
Letter of Compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister	ARRs – section 8	1
Accessibility	Table of Contents	AARs – section 10.1	ii
	Glossary	AARs – section 10.1	iii
	Public availability	AARs – section 10.2	i
	Interpreter service statement	Queensland Government Language Services Policy ARRs - section 10.3	i
	Copyright notice	Copyright Act 1968 AARs – section 10.4	i
	Information licensing	QGEA – information licensing AARs – section 10.5	N/A
General Information	CEO Report/Introductory Information	AARs – section 11.2	2
	Agency role and main functions	AARs – section 11.2	4
	Operating Environment	AARs – section 11.3	5
Non-Financial performance	Government's objectives for the Community	ARRs – section 12.1	6
	Other whole-of-government plans/specific initiatives	ARRs – section 12.2	N/A
	Agency objectives and performance indicators	ARRs – section 12.3	8
	Agency service areas, and service standards	AARs-section 12.4	N/A
Financial Performance	Summary of financial performance	ARRs – section 13.1	10
Governance – Management and structure	Organisational structure	AARs – section 14.1	11
	Executive management	AARs – section 14.2	11
	Government bodies (Statutory bodies and other Entities	ARRs – section 14.3	N/A
	Public Sector Ethics Act 1994	Public Sector Ethics Act 1994 ARRs – section 14.4	14
	Queensland Public Service Values	ARRs – section 14.5	14
Governance – Risk Management & Accountability	Risk Management	ARRs – section 15.1	15
	Audit Committee	ARRs – section 15.2	15
	Internal audit	ARRs – section 15.3	16
	External scrutiny	ARRs – section 15.4	16
	Information systems and recordkeeping	ARRs – section 15.5	16
Governance – Human Resources	Workforce planning and performance	ARRs – section 16.1	16
	Early retirement, redundancy and retrenchment	Directive No. 11/12 *Early Retirement, Redundancy and Retrenchment* AARs section 16.2	16

Summary of requirement		Basis for Requirement	Annual report reference Page
Open Data	Consultancies	ARRs – section 17	16
	Overseas Travel	ARRs – section 17 ARRs – section 34.2	16
	Queensland Language service policy	ARRs – section 17 ARR's – section 34.3	N/A
Financial Statements	Certification of financial statements	FAA – section 62 FPMS – sections 42,43 & 50 ARRs – section 18.1	Appendix 2
	Independent Auditor's report	FAA – section 62 FPMS – section 50 ARRs – section 18.2 August	Appendix 2