



Annual Report 2014–2015

Ula, 13 years, acute myeloid leukaemia



Feedback is important for improving the value of our future annual reports. We welcome your comments which can be made by contacting us at:

**Children's Health Foundation Queensland
(trading as Children's Hospital Foundation)
ABN: 11 607 902 687**

Street Address

Children's Hospital Foundation
494 Stanley Street
South Brisbane QLD 4101

Postal Address

Children's Hospital Foundation
PO Box 8009
Woolloongabba QLD 4102

Phone: +61 7 3606 6100
Fax: +61 7 3606 6199
Email: info@childrens.org.au
www.childrens.org.au

Public availability statement

Copies of this publication can be obtained at www.childrens.org.au or contact the Children's Hospital Foundation via email: info@childrens.org.au or telephone +61 7 3606 6100 for a paper copy.

ISSN: 2204-0315 (Print), 2204-0323 (Online)

Interpreter service statement

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding this report, you can contact us on +61 7 3606 6100 and we will arrange an interpreter to effectively communicate the report to you.



Copyright Notice

© Children's Health Foundation Queensland 2015

Information Licencing

This Annual Report is licensed by the State of Queensland (Children's Health Foundation Queensland) under a Creative Commons Attribution (CC BY) 4.0 Australia licence.



CC BY Licence Summary Statement

In essence, you are free to copy, communicate and adapt this annual report, as long as you attribute the work to the State of Queensland (Children's Health Foundation Queensland). To view a copy of this licence, visit <http://creativecommons.org/licenses/by/4.0/>

Attribution

Content from this annual report should be attributed as: The State of Queensland (Children's Health Foundation Queensland) Annual Report 2014-15.

Refer to <https://data.qld.gov.au/> for additional information that the Children's Hospital Foundation is required to make available online.

Cover: Ula, 13 years, acute myeloid leukaemia

Contents

Letter of compliance	4
Chief Executive Officer's report	5
Overview	6
Children's Hospital Foundation	6
Lady Cilento Children's Hospital	6
Our Vision	6
Our Mission	6
Our Values	6
Alignment with Government's objectives for the community	6
Year in Review	7
Our strategic objectives	7
Key achievements in 2014-2015	8
Operating environment	9
Machinery of Government changes	9
Open data	9
Corporate governance	10
Our Board	10
Board member biographies	11
Executive management	14
Children's Hospital Foundations Australia	15
<i>Public Sector Ethics Act 1994</i>	15
Risk management and accountability	16
Information systems and recordkeeping	17
Human resources	18
Financial performance	20
Appendices	23
Appendix 1 – Compliance checklist	23
Glossary	24
Appendix 2 – Financial Statements 2014-2015	25

Letter of compliance

28 August 2015

The Honourable Cameron Dick MP
Minister for Health and Minister for Ambulance Services
Member for Woodridge (ALP)
Level 19, State Health Building, 147-163 Charlotte Street
Brisbane QLD 4000

Dear Minister Dick


I am pleased to present the Annual Report 2014-2015 and financial statements for the Children's Health Foundation Queensland (trading as Children's Hospital Foundation).

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found on page 23 of this annual report or accessed at www.childrens.org.au

Yours sincerely



Bruce Cowley
Chair
Children's Health Foundation Queensland

Chief Executive Officer's report

This year, the Children's Hospital Foundation has made significant progress toward achieving our goals and helping to improve the quality of life for sick children, wherever they live. With the opening of the new Lady Cilento Children's Hospital at the end of 2014, the Children's Hospital Foundation this year successfully relocated all our services and programs and embarked on a new era for children's health in Queensland.

In 2014-2015, the Children's Hospital Foundation generated \$16.7 million in total revenue, \$14.5 million of which was from generous donations from the community, through the support of our corporate partners and events, and from gifts in Wills. We are grateful to all of those people and organisations who have supported the Children's Hospital Foundation to enable us to continue our work to help sick kids and their families.

This year we relocated our hospital-based services and support to the new children's hospital, developed a new research grants framework, implemented a new grants management system to support our innovative grant applications, and continued to grow our fundraising so we can ensure we are delivering the greatest benefits for Queensland sick kids and their families.

Our 693 incredible volunteers committed more than 31,050 hours of support and provided over 73,000 positive interactions with sick kids and their families, including 44,538 families assisted through information desks and way finding, 13,303 fun interactions via Bedside Play and Pet Therapy programs, 9,461 kids borrowed books through the Book Bunker, 142 kids joined the Bravery Beads program, 3,633 families were supported through operating theatre, 670 family interactions through Community Child Health Centres, 263 patients supported in the Burns Clinic, and 1,270 cuddles were provided to babies through our Steggle's Cuddle Care program.

This year we also launched Juiced TV, a weekly TV show created and hosted by patients at the Lady Cilento Children's Hospital. Juiced TV is changing the way our kids experience hospital and over 300 kids have been involved this year in filming.

Our inaugural telethon held in conjunction with Channel Nine raised awareness and funds for research and services at the new children's hospital with more than 3,300 Queenslanders supporting the event.


We were able to invest more than \$5.2 million in research, clinical and patient services, and specialised hospital equipment. We also invested in our patient and family support programs and, with the support of our wonderful Children's Hospital Foundation volunteers, made a real difference to sick kids and their families.

We have invested significantly in growing our supporter base to make sure we can continue to support an even greater need in the future to fund more research and provide support for patients and their families at our new children's hospital and wherever they may live in Queensland.

Our Board and our team continued to improve the Children's Hospital Foundation's fundraising and general operations including reviewing our fundraising strategy, enhancing our supporter care, expanding our patient and family support and improving our business support functions. My sincere thanks and congratulations go to our team and volunteers who made these achievements possible – the Children's Hospital Foundation's successes continue to be a result of their talents, commitment and dedication.

While this Annual Report provides an opportunity to present the achievements to date of the Children's Hospital Foundation and the support we have been able to provide to Queensland's sick kids and their families, it is important to also highlight the exciting opportunities and challenges that continue to lie ahead. The new Lady Cilento Children's Hospital and soon to be officially opened Centre for Children's Health Research provide a unique opportunity to work with the Queensland community to make an even bigger difference to the lives of Queensland children, for this generation and many more into the future. The Lady Cilento Children's Hospital is the biggest children's health precinct in the southern hemisphere and we want it to be the best so that sick children anywhere in Queensland will receive high quality treatment and care.

With your help, we will continue to fund research to achieve faster diagnoses, better treatments and ultimately cures for some of the most devastating childhood illnesses and injuries.



Cameron Prout
Chief Executive Officer

Overview

Children’s Hospital Foundation

The Children’s Hospital Foundation helps to save lives and improve the treatment and care of sick children by raising funds for life-saving medical research, specialised equipment and providing comfort, entertainment, family support and care programs.

The Children’s Hospital Foundation is the charity of Children’s Health Queensland, the Lady Cilento Children’s Hospital, the Centre for Children’s Health Research, and for all sick kids throughout Queensland. It was also the charity of the Royal Children’s Hospital, after the dissolution of the Royal Children’s Hospital Foundation in 2012, until the hospital closed late in 2014.

Following the opening of the Lady Cilento Children’s Hospital, the Children’s Hospital Foundation re-located from the Royal Children’s Hospital to Stanley Street, South Brisbane.

The Children’s Hospital Foundation works with our supporters, corporate partners and the Queensland community to raise funds. Most of the funds raised are through the generosity of everyday Queenslanders who support us with donations, by participating in fundraising events and by leaving a gift to the Children’s Hospital Foundation in their Wills as a legacy for future generations.

The Children’s Hospital Foundation invests our supporters’ funds in research to find faster diagnoses, better treatments and ultimately cures for childhood illnesses; to purchase specialised hospital equipment that will improve patients’ quality of care; to provide support for children living with complex and chronic conditions throughout Queensland; and to help make the lives of sick kids and their families a little easier when they are in hospital.

Lady Cilento Children’s Hospital

Since its opening in November 2014, the Lady Cilento Children’s Hospital has taken centre stage in the biggest children’s health and research precinct in the southern hemisphere. The team at the new children’s hospital is committed to working with parents and carers to use their knowledge and experiences to help deliver the best possible care for sick kids.

Our Vision

For every sick child to have the best possible health care, with access to world-class research and clinical treatment in a healing environment.

Our Mission

We improve children’s health by supporting and funding world-class research and clinical treatment, and by providing care and entertainment for sick kids and their families.

Our Values

✓ Accountability

We aim to deliver high impact results, are accountable for our actions and resources and communicate this openly and honestly.

★ Recognition & Respect

We are respectful in all our interactions and committed to recognising others and valuing their contributions.

♥ Care

We care for everyone we impact – the children always come first.

🗨 Working Together

We selflessly support and trust each other and our teams, share our ideas and goals, work hard, have fun and celebrate our achievements.

💡 Excellence & Innovation

We strive for excellence, encourage innovation and develop our skills to achieve our best.

Alignment with Government’s objectives for the community

Two of the Queensland Government’s objectives for the community – delivering quality frontline services and building safe, caring and connected communities – are advanced by the strategic partnership between the Children’s Hospital Foundation and the Children’s Health and Hospital Service. The Children’s Hospital Foundation works wonders for sick kids by funding life-saving medical research, investing in vital new equipment, and providing comfort, entertainment, family support and care programs for sick kids.

Year in review

Our strategic objectives

The Children's Hospital Foundation's strategic plan includes a number of strategic objectives, each of which has a key performance indicator to measure its performance.

The Children's Hospital Foundation's focus in 2014-2015 was to position the foundation for future growth in long term net revenue, to develop a new research and grants framework and to prepare and then relocate to the new children's hospital precinct in early 2015.

Our objectives:

- Improve children's health across Queensland by funding research, vital medical equipment and improvements to clinical care that have a state-wide impact and lead to faster diagnoses, better treatments and ultimately cures for some of the most devastating childhood illnesses and injuries.
- Support patients and their families when they are in hospital by providing a range of programs and activities that complement and enhance clinical care, and provide distraction and entertainment for children and their families.
- Engage with our partners and the community to renew and grow our donor base to increase our net fundraising income.
- Be the best-known and most loved children's charity in Queensland.
- Strive to have great people, good financial management, good systems and sound governance to underpin our work and deliver on our core objectives.

Key achievements in 2014-2015

- We achieved total revenue for the year of \$16.7 million, which included \$14.5 million from donations from the community, through the support of our corporate partners and events, and from gifts in Wills. This result and future performance is supported by:
 - Our inaugural telethon held in conjunction with Channel Nine to raise awareness and funds for research and services at the new children's hospital with more than 3,300 Queenslanders supporting the event.
 - Retaining the ongoing support of 90 per cent of our corporate fundraising partners against a target of 80 per cent.
 - Ongoing campaigns to increase financial support and engage the community in the work of the Children's Hospital Foundation.
- We reviewed, developed and implemented a new research grants framework focused on delivering health outcomes across the state. This revised framework is designed to deliver improved governance and stewardship of our donor funds. Our new research grants framework will also help ensure that the work we fund has the greatest possible impact on the health of Queensland children.
- We launched a new website and brand to make it easier for our donors, supporters and the Queensland community to engage with us. We also increased our community awareness with an increase in mainstream media stories and significant growth in our social media engagement.
- We reviewed the Children's Hospital Foundation's key human resources policies and recruited a number of key staff to help support our growth into the future. This ongoing quality improvement framework includes:
 - Implementation of a competencies framework to support the recruitment, development and retention of staff.
 - Review of the remuneration framework to ensure staff are paid fairly and competitively.
- We conducted a review of all business processes and systems to ensure the Children's Hospital Foundation is run as efficiently and effectively as possible and to underpin accountability, compliance and continuous improvement.
- We continued to build and maintain strong relationships with our donors, partners and other stakeholders evidenced by the growth and retention of supporters and partners. In addition, we:
 - Built strong relationships with key leadership and staff at Children's Health Queensland as part of the move to the new hospital and to assist with the Children's Hospital Foundation's fundraising campaigns
 - Continued to develop relationships with key charities and support groups that will be operating in, and providing services at, the new children's hospital
- We invested \$5.2 million in research, clinical and patient services, and hospital equipment and in supporting, entertaining, distracting and caring for patients and their families with the support of our wonderful Children's Hospital Foundation volunteers.
- Our 693 volunteers committed 31,050 hours of support and provided over 73,000 positive interactions with patients and their families, including:
 - idesks and way finding
 - 13,303 fun interactions via Bedside Play and Pet Therapy programs
 - 9,461 kids borrowed books through the Book Bunker
 - 142 kids joined the Bravery Beads program
 - 3,633 families were supported through operating theatre
 - 670 family interactions through Community Child Health Centres
 - 263 patients supported in Burns Clinic
 - 1,270 cuddles provided to babies through our Steggle's Cuddle Care program.
- This year we also launched Juiced TV, a weekly TV show created and hosted by patients at the Lady Cilento Children's Hospital. Juiced TV is changing the way our kids experience hospital and over 300 kids have been involved this year in filming.

Operating environment

The Children's Hospital Foundation was established in 2011 by the *Hospitals Foundations Regulation 2005*, made under Section 7 of the *Hospitals Foundations Act 1982*. The Children's Hospital Foundation works to deliver on its mission across Queensland and its purpose is to be the charity for Children's Health Queensland, the new Lady Cilento Children's Hospital, and the Centre for Children's Health Research. The Children's Hospital Foundation was also the charity for the Royal Children's Hospital until it closed in late 2014.

Machinery of Government changes

There have been no machinery of government changes which have affected the Children's Hospital Foundation during the reporting period.

Open data

Annual reporting requirements for expenditure on Board and committee member remuneration, consultancy and overseas travel will be published on the Queensland government's open data website, available via <https://data.qld.gov.au/>

Corporate governance

Our Board

The role of our Board includes:

- Maintaining high levels of accountability to our stakeholders and external regulators
- Developing and protecting the integrity of the Children's Hospital Foundation
- Developing strategies and directions for the Children's Hospital Foundation
- Monitoring the performance of the Chief Executive Officer
- Approving the Children's Hospital Foundation's annual budget
- Monitoring the performance of the Children's Hospital Foundation against strategic and financial goals
- Identifying and managing areas of business risk
- Raising organisational awareness of the external environment
- Ensuring compliance with statutory, financial, social and corporate governance responsibilities
- Identifying fundraising opportunities for the Children's Hospital Foundation.

Board members elect to serve in an honorary capacity and therefore receive no fees for their services on the Board or Committees.

The following persons have been approved as current members of the Board by the Governor-in-Council, acting by and with the advice of the Executive Council, and under the provisions of the *Hospital Foundations Act 1982*:

For a term of four years commencing on 11 November 2011:

Mr Bruce Cowley (Chairperson) BCom, LLB (Hons), FAICD

Ms Bronwyn Morris (Deputy Chairperson) BCom, FCA, FAICD (resignation effective on 22 February 2015)

Dr Peter Steer MBBS, FRACP, FRCPC, FAAP, GAICD (resignation effective on 31 December 2014)

Mr Andrew Thomas (Deputy Chairperson) BBus (Acc), CPA, MBA

For a term of four years commencing on 29 November 2013:

Ms Helen Darch BA, Grad Dip Info Sci MEd, MAICD

Professor Stephen Gray BCom (Hons), LLB (Hons), PhD

Mr Luke McGrath CFP, ATIA, GAICD

Mr Shane O'Kane BCom, LLB (*resignation effective on 25 February 2015)

Ms Susan McKee RN, BSc (App), HMS, MBA, GAICD

For a term commencing 5 July 2013 to 10 November 2015:

Mr Richard Barker (resignation effective on 12 November 2014)

Ms Susan Johnston serves on the Board as ex-officio by virtue of her position as Chair of the Children's Health Queensland Hospital and Health Board. Ms Johnston was re-appointed to the Children's Health Queensland Hospital and Health Board for a term of three years commencing 18 May 2013.

Ms Susan McKee serves on the Board as an officer of the Children's Health Queensland Hospital and Health Board, as required by the *Hospital Foundations Act 1982*.

Dr Peter Steer served on the Board as an officer of the Children's Health Queensland Hospital and Health Board until his resignation, effective on 31 December 2014.

Board member biographies

Bruce Cowley BCom LLB (Hons) FAICD

Children's Hospital Foundation Chair Bruce Cowley is an eminent legal practitioner, adviser, author, speaker and director. After 30-plus years of legal practice, Bruce Cowley is national Chairman of one of Australia's largest law firms, Minter Ellison. Bruce has advised many public and private companies and government corporations. His interest in director's duties and crisis management is widely known and he is a popular speaker and respected author on corporate governance in Australia.

Bruce is a Fellow of the Australian Institute of Company Directors (FAICD) and a recent past member of the Queensland State Council of the AICD and sits on the AICD's Law Committee. He is Deputy Chancellor of the University of the Sunshine Coast, Chair of Griffith University's Business School Advisory Board, and currently Deputy Chair of the Cerebral Palsy League in Queensland. He is also Chair of the Queensland Children's Medical Research Institute and was formerly a non-executive Director of Talon Petroleum Limited.

He is national chair of the Corporations Committee of the Law Council of Australia.

Bruce joined the Board as Chair in November 2011. He is a member of the Finance, Audit and Risk Management Committee, the Fundraising Committee, the Grants Committee and the Remuneration and Nominations Committee.

Helen Darch BA Grad Dip Info Sci MEd MAICD

Helen Darch is a prominent consultant with wide-ranging experience across a variety of industry sectors. She established and is the Managing Director of the Nedhurst Consulting Group in Brisbane. Prior to this she was a partner at Niche Consultants, Group Manager, Communication Services at Rowland Communication Group, and consultant at SMS Management and Technology.

Helen has extensive strategic planning, corporate communication, market research, management consulting and project management experience. She has consulted widely in the education, health, government, not-for-profit and resources industries.

She currently chairs the Cerebral Palsy League, Queensland Board, and its Nominations Committee and Executive Appraisal Committee.

Helen joined the Board in November 2011. She chairs the Fundraising Committee and is a member of the Grants Committee and the Remuneration and Nominations Committee.

Professor Stephen Gray BCom (Hons), LLB (Hons), PhD

Stephen Gray is Professor of Finance at the University of Queensland and a Director of consulting firm Frontier Economics.

In his university role, Stephen teaches a range of courses in financial management, asset valuation, and corporate finance. He has received a national teaching award and a number of manuscript awards for his research.

Stephen is also an industry consultant on issues relating to valuation, cost of capital, and corporate financial strategy. Many of Australia's leading companies, government-owned corporations and regulatory bodies have benefited from his consultancy skills on projects such as corporate cost of capital reviews, asset valuation, independent valuation of executive stock options, and the development of corporate financial strategies. He has served as an independent expert for a number of courts and tribunals.

Professor Gray joined the Board in November 2011. He chairs the Finance, Audit and Risk Management Committee and is a member of the Grants Committee and the Remuneration and Nominations Committee.

Susan Johnston

Chair of the Children's Health Queensland Hospital and Health Services Board, lawyer, company director, adviser, assistant commissioner and consultant; Susan Johnston has more than 20 years in senior management and policy advisory roles, and over 10 years as a company director and member of industry advisory and funding bodies.

She was the inaugural Assistant Commissioner (Patient Safety) on the Queensland Health Quality and Complaints Commission. She has held national and international safety and health roles in the resources sector. Her expertise in governance is currently called upon as Director of the ASX listed civil construction company, Seymour Whyte Limited.

Susan is a consultant to private sector, union and government agencies. She specialises in corporate risk management, safety improvements and leading change in the workplace.

Board member biographies (cont)

Luke McGrath CFP AITA GAICD

In his 25-plus years as an investment and financial services professional, Luke McGrath has held senior positions with some of Australia's largest investment banks and financial services organisations. He has consulted to numerous companies and individuals.

Luke is the Managing Director of investment consultancy MyCFA Pty Ltd, Chair of the Merchant Charitable Foundation and a Director of a number of private companies.

Luke joined the Board in November 2011. He chairs the Grants Committee and is a member of the Finance, Audit and Risk Management Committee and the Fundraising Committee.

Sue McKee RN BSc(App) HMS, MBA, GAICD

Sue McKee is a leader in healthcare and nursing, with more than 30 years' experience in both the public and private sector.

Prior to joining West Moreton Hospital and Health Services as Chief Executive, Sue held key executive positions including General Manager Operations at Children's Health Queensland and Nursing Director at Mater Children's Hospital. In these roles, Sue successfully led significant strategic change, including transitioning service from the Royal Children's Hospital and the Mater Children's Hospital to the Lady Cilento Children's Hospital.

Sue has a strong track record in improving the performance of healthcare organisations in the core areas of patient safety, staff engagement and financial accountability and is committed to engaging with staff and the wider community to deliver excellence in healthcare.

Sue has been a member of the Children's Hospital Foundation Board since 2012. She has a Bachelor of Applied Science and Human Movements from the University of Queensland, a Masters degree in Business Administration and is a member of the Australian Institute of Company Directors.

Andrew Thomas BBus (Acc), CPA, MBA

Philanthropic specialist and former not-for-profit executive director, Andrew Thomas has extensive experience in charitable giving, funds management, and leading not-for-profit organisations in Australia.

In his professional career Andrew has been Perpetual's General Manager Philanthropy and an executive director of a national not-for-profit organisation with operations in every state and territory in Australia. He has a valuable hands-on view of the matrix of regulations and challenges faced by non-profit organisations.

Andrew joined the Board in November 2011 and is a member of the Finance, Audit and Risk Management Committee and the Fundraising Committee.

2014-2015 Board meeting dates



Board Committees

Through Committees established by the Board, the Children's Hospital Foundation can draw on the skills and expertise of Board members and other individuals to ensure that additional guidance and direction is provided in certain areas that the Board considers appropriate. Members of the Board donate their time and receive no payment.

Finance, Audit and Risk Management Committee

Purpose

To assist the Board in its governance role and in particular, in fulfilling its statutory and fiduciary duties relating to the internal control and risk management framework, the reporting of financial information to users of the financial reports, the oversight of the Children's Hospital Foundation's investments, the independence and effectiveness of audit and compliance with laws, regulations and internal policies.

Members

Bronwyn Morris (Chairperson) (resignation effective on 22 February 2014), Stephen Gray (Chairperson), Luke McGrath, Andrew Thomas and Bruce Cowley (ex-officio)

Fundraising Committee

Purpose

To provide strategic oversight and guidance of the Children's Hospital Foundation's fundraising activities and outcomes.

Members

Helen Darch (Chairperson), Luke McGrath, Peter Steer (resignation effective on 31 December 2014), Andrew Thomas, Bruce Cowley (ex-officio)

Remuneration and Nominations Committee

Purpose

To provide oversight and guidance around the Children's Hospital Foundation's remuneration policies and practices.

Members

Bruce Cowley (Chairperson), Helen Darch, Stephen Gray

Grants Committee

Purpose

To identify potential research projects suitable for Children's Hospital Foundation investment, recommend which projects to fund and report to the Board on outcomes from research funded by the Children's Hospital Foundation. The Committee will also identify potential equipment, clinical and innovation grants and make recommendations to the Board for funding in these areas.

Members

Luke McGrath (Chairperson), Helen Darch, Stephen Gray, Peter Steer (resignation effective 31 December 2014), Dr John Wakefield, Bruce Cowley (ex-officio)

Executive management

Chief Executive Officer

Cameron Prout BHMS, BA (Rec Mgt) (appointment term April 2013 – June 2016)

Cameron Prout commenced as Chief Executive Officer of the Children's Hospital Foundation in early 2013. With a background in health, sport, leadership and management, he brings 25 years' experience in not-for profit organisations, most recently as Chief Executive Officer of the Heart Foundation.

Cameron joined at an exciting time, with the opening of the Lady Cilento Children's Hospital in late 2014, bringing with it a new era for working wonders for sick kids. A great children's hospital needs a great foundation and Cameron's role is to ensure our work doesn't stop until all the sick kids have what they need to live the life they deserve.

Cameron leads a committed and passionate team who strive each day to save lives and give joy and hope to sick kids and their families. Through his stewardship, our valued supporters can be assured that their donations go to funding world-class research, equipping a state-of-the-future hospital and research institute, investing in the most advanced clinical programs and providing much needed support to sick children and their families.

Children's Hospital Foundations Australia

Established in 2004, Children's Hospital Foundations Australia is the national fundraising partnership of Australia's five major children's hospital foundations. Formed to foster stronger relationships with corporate Australia, it is the only organisation that offers direct access to a national network of children's hospitals.

Funds donated to Children's Hospital Foundations Australia are divided equally between the five partner foundations and directed into the areas of greatest need as determined by each hospital foundation and agreed with the partners.

In 2014-2015, Children's Hospital Foundations Australia distributed \$408,967 to the Children's Hospital Foundation. Children's Hospital Foundations Australia's support provided vital funding towards new hospital initiatives in Queensland in the areas of sub-acute and non-acute care for children, telemedicine in the paediatric intensive care unit, intervention support for children with cerebral palsy, training for clinicians delivering paediatric intensive care, developing a state-wide model of clinical care for children with high-dependency needs, and offering support to rural

and regional parents of babies with feeding difficulties. These are integral to the new Lady Cilento Children's Hospital and its support of Queensland's regional hospitals through telemedicine, outreach services, and new and expanded children's health services in the greater Brisbane metropolitan area.

Children's Hospital Foundations Australia and its partner foundations are dedicated to improving the quality of life of sick and injured children across Australia. The projects, initiatives and activities funded by the partnership create outcomes for children that are above and beyond the hospitals normal day-to-day activities. They ensure the highest standard of care and ongoing improvements in paediatric health care outcomes.

The Children's Hospital Foundation is proud to be a partner of Children's Hospital Foundations Australia, and to work together with the other partner foundations across the country to provide the best possible health care for all Australian children.

Public Sector Ethics Act 1994

The Children's Hospital Foundation is committed to upholding the values and standards of conduct outlined in the *Code of Conduct for the Queensland Public Service*. The Children's Hospital Foundation's Code of Conduct reflects the principles of integrity and impartiality, promoting the public good, commitment to the system of government, accountability and transparency.

As members of the Children's Hospital Foundation family, all employees, volunteers and representatives have an obligation to comply with the Code. Failure to do so, or behaviour not supporting our values, is unacceptable and may lead to disciplinary action up to and including dismissal. The Code of Conduct is supported by the Children's Hospital Foundation Employee Handbook and other associated Policies and Procedures documents.

All Children's Hospital Foundation employees are required to undertake training in the Code during orientation and to sign an acceptance upon appointment which states they will abide by the Code. Training provided relates to the operation of the Act; the application of ethics principles and obligations to all employees, volunteers and representatives; the contents of the Children's Hospital Foundation's Code; and the rights and obligations in relation to contraventions of the Code.

In April 2014, the Children's Hospital Foundation updated the Code of Conduct, with extensive consultation with staff, volunteers and members of the Board. Following Board endorsement, the revised Code was submitted to the Minister of Health for approval in accordance with the requirements of the *Public Sector Ethics Act 1994* and was approved in August 2014.

Risk management and accountability

Risk management

The Board, through the Finance, Audit and Risk Management Committee, monitors and addresses key risks for the Children's Hospital Foundation. Operationally, the Committee discusses, reviews, and identifies actions required to manage risks in areas including reputation, investment, security and information technology. The Children's Hospital Foundation's risk management philosophy is to identify, assess and control those risks that may prevent the Children's Hospital Foundation from achieving its strategic objectives. The Children's Hospital Foundation's risk management system incorporates a Risk and Crisis Management Plan and a Risk Register. The Finance, Audit and Risk Management Committee membership is outlined in the Board member biography section on page 13.

Internal audit

An internal audit was conducted by an independent, third-party accounting firm during the financial year. The internal audit review was designed to evaluate the effectiveness of the Children's Hospital Foundation's Information Communication Technology control environment. A number of weaknesses were identified as part of this review. As a result the Finance, Audit and Risk Management Committee has overseen the development of a prioritised audit action item register that is reported on and considered at each meeting. Significant progress on the implementation of the required changes has been made since this audit.

External audit

An external audit was conducted by a designate of the Queensland Audit Office. An unqualified audit opinion was issued on the 2014-2015 financial statements.

Audit Committee

The Finance, Audit and Risk Management Committee membership is outlined in the Board member biography section on page 13.

The Committee provides assurance and assistance to the Chief Executive Officer and the Board on:

- risk, control and compliance frameworks
- external accountability responsibilities as prescribed in the *Financial Accountability Act 2009*, *Auditor-General Act 2009*, *Financial Accountability Regulation 2009* and *Financial and Performance Management Standard 2009*.

The Committee met five times during 2014- 2015. The Committee adopted a Charter in 2013, including Terms of Reference and having due regard to the Queensland Treasury's Audit and Committee Guidelines. This was reviewed and updated in 2014.

Information systems and recordkeeping

Information systems

The Children's Hospital Foundation's Information and Communications Technology team is responsible for operating information systems and technologies so that Children's Hospital Foundation staff have access to the information needed to conduct and support the Children's Hospital Foundation's activities.

The Information and Communications Technology team provided:

- Reliable access to the Children's Hospital Foundation's major information systems through a variety of computers and telephones
- Leadership and guidance in identifying and resolving the information and technology implications of changes in the Children's Hospital Foundation's core functions
- Leadership in developing and implementing information management and information and communications technology strategies, policies and standards.

In addition to this, an external review of the information and communications technology governance and systems was conducted as a part of the internal audit plan of the Children's Hospital Foundation. This review identified a number of issues to be addressed and as a result the Finance, Audit and Risk Management Committee has overseen the development of a prioritised audit action item register that is reported on and considered at each meeting. Significant progress on the implementation of the required changes has been made since this audit.

Recordkeeping

The Children's Hospital Foundation is committed to improving record keeping practices to comply with the Public Records Act 2002, Information Standard 40: Record keeping and Information Standard 31: Retention and Disposal of Public Records.

A Recordkeeping Policy is endorsed by the Chief Executive Officer and fully implemented. Adherence to this policy in business activities and record keeping is implemented through recordkeeping procedures. The Chief Executive Officer is informed regularly of updated record keeping requirements via the Office of Health Statutory Agencies. The recordkeeping policy applies to all digital and paper records.

The Children's Hospital Foundation communicates roles and responsibilities for records management across the organisation via position descriptions, performance reviews, training and awareness activities.

Reliability and security of the Children's Hospital Foundation's record keeping systems is implemented via a number of mechanisms including firewalls, systems security, secure paper storage and secure destruction bins and all record systems are supported by information and communications technology.

The Children's Hospital Foundation complies with the principles as outlined in Information Standard 31: Retention and Disposal of Public Records. This applies to all digital and paper records. Staff are regularly updated and informed of the requirement to comply with these principles.

Human resources

The Children's Hospital Foundation is focused on managing and developing our people to have the greatest impact on the lives of sick kids and their families. Our people comprise both staff and volunteers who bring the Children's Hospital Foundation's vision, mission and strategic objectives to life. The Children's Hospital Foundation's values of Care, Respect and Recognition, Working Together, Excellence and Innovation and Accountability are embodied by staff and volunteers and underpin all of the Children's Hospital Foundation activities.

Recruitment

The attraction and recruitment of talented candidates to the Children's Hospital Foundation has been, and will continue to be, vital in ensuring its success. Over the last 12 months, the Children's Hospital Foundation has gone through a rebuilding phase as it plans to fund more research and programs and deliver more services to support sick children and their families in the new children's hospital and throughout Queensland. Staff numbers have remained steady at 38 FTE during this time. The Children's Hospital Foundation advertises directly for new positions and uses agencies to assist recruitment of specialist positions, where appropriate. A detailed selection process is adhered to, following the principles of equal opportunity and blue card suitability, ensuring an excellent match between the candidate, their skills and the needs of the Children's Hospital Foundation. Once appointed, rigorous workplace inductions are provided to all new employees to orientate them to their role and the Children's Hospital Foundation's culture and practices.

Workforce planning

The Children's Hospital Foundation's workforce is made up of people with a diverse range of qualifications, skills and experience. Staff are evenly spread between 25 years and 55 years of age. At 30 June 2015, 86 per cent of the workforce were women, which is not unusual for the not-for-profit sector. Due to the amount of change that occurred over previous years, the Children's Hospital Foundation has focused over the last 12 months on stabilising its workforce, enhancing engagement levels and retaining staff members. Currently, 55 per cent of staff have less than two years' service which is a ten percent improvement over the last year.

Performance planning and development

The Children's Hospital Foundation is committed to fostering a culture that focuses on performance, behaviour and accountability. The performance planning and review process and documentation has been reviewed and updated along with the development of guidelines. In addition, training and information sessions across all levels of the organisation have taken place to ensure a clear understanding.

Performance planning and development is undertaken annually by all staff with their managers. Individual and team performance plans are aligned with the Children's Hospital Foundation's strategy and team operational plans. Quarterly check-ins are conducted to ensure staff are on track to achieve success and are recognised for their performance. All new employees go through the Children's Hospital Foundation's induction process which includes the development of a six-month probation plan. Once completed, employees move onto the annual process.

Talent management and recognition

Staff at the Children's Hospital Foundation are recognised both informally and formally for their performance and tenure throughout the year. A formal recognition program will be developed over the next 12 months for both staff and volunteers.

Industrial and Employee Relations Framework

The Children's Hospital Foundation operates under the *Fair Work Act (2009)*. Employee relations issues are managed promptly and in accordance with the legislation and internal policies and procedures. The Children's Hospital Foundation continues to focus on reviewing its Human Resources policies and procedures to ensure organisational best practice and legal compliance. Any updated or new policies are implemented with employees through a dedicated training session or at team meetings.

Human resources (cont)

Learning and development

The Children's Hospital Foundation is committed to providing ongoing development opportunities for all employees to ensure a skilled, flexible and engaged workforce. The development philosophy has evolved to focus 70 per cent of the program content around 'on the job' training, recognising that this is the most effective way to develop new skills and behaviour. Coaching and mentoring opportunities make up 20 per cent of development programs, while the remaining 10 per cent is made up of formal training. A learning and development framework has been implemented based on this philosophy. All staff have access to professional development opportunities with a wide variety of courses attended across all levels of the Children's Hospital Foundation.

In addition, the Children's Hospital Foundation has a competency framework that outlines the core skills and abilities required across the entire organisation and at each level to achieve organisational success. This is providing targeted recruitment, development and succession planning.

Over the last 12 months the Children's Hospital Foundation has engaged an external provider to implement 360 degree reviews for its executive team. This feedback has been used to enhance individual and team awareness regarding key strengths and areas for development. The results were used to drive the development of the leadership development program. The leadership development program has been implemented, in conjunction with an external provider, at this stage focusing on the executive team. This program aims to build leadership capability and embed the values of the organisation.

Flexible work arrangements

The Children's Hospital Foundation has a rigorous process to review all reasonable requests from employees regarding ongoing flexible work requirements. This may involve altering start and finish times, returning from parental leave in a part-time capacity or compressing work hours. Each request is evaluated on a case by case basis, and is critical to the Children's Hospital Foundation's commitment to assist staff with balancing their work and personal commitments. Currently, 20 percent of staff are working in a part-time capacity.

In addition, the Children's Hospital Foundation recognises that ad hoc flexibility is a key benefit to staff to assist with juggling their personal and work balance. Over the last 12 months, the Children's Hospital Foundation has focused on developing and providing support to staff who require ad hoc flexibility regarding start and finish times, working from home arrangements and others. This has been received positively and had been taken up across the organisation and at all levels.

Staff wellbeing

The Children's Hospital Foundation makes every effort to create a safe and healthy working environment for its staff and volunteers.

To assist staff and their families, the Children's Hospital Foundation has an Employee Assistance Program that can be accessed at any time they require assistance. Staff are encouraged to establish and maintain an appropriate balance between their professional and private lives. To enhance staff members' work life balance, they are provided an additional three days of annual leave per year and have the option to purchase an additional two weeks annual leave. In addition, staff can access time off in lieu where appropriate for work completed outside of business hours.

The Children's Hospital Foundation recognises that both physical and mental wellbeing is important for its workforce. This year the Employee Assistance Program was engaged to provide training to staff regarding mental health awareness.

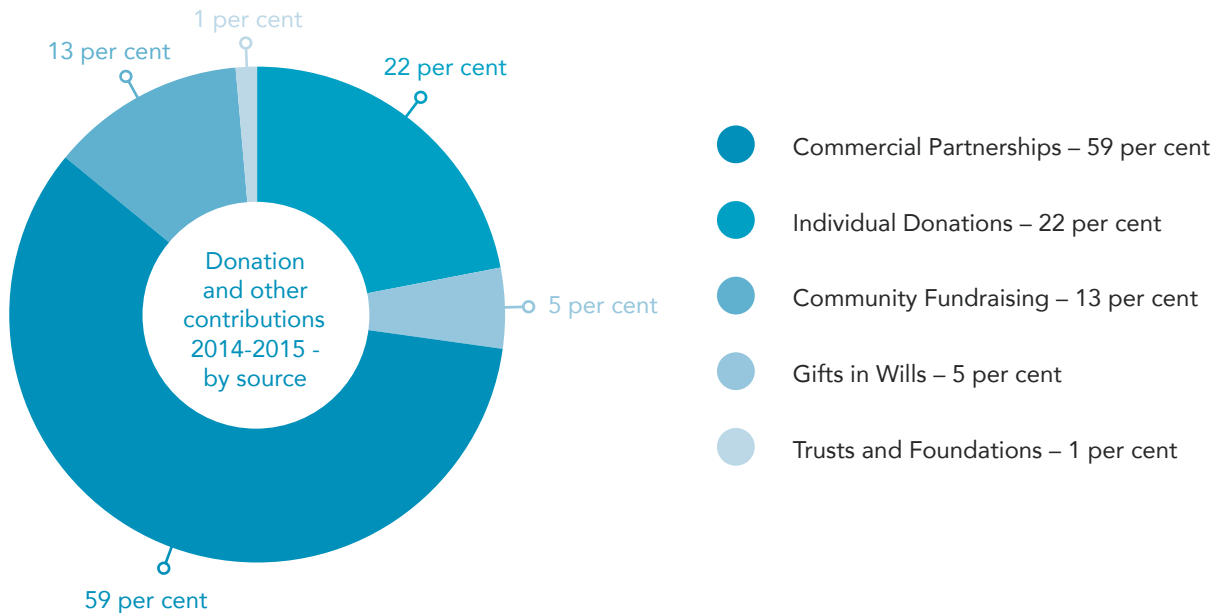
Early retirement, redundancy, retrenchment and voluntary separation

During the period, three employees received redundancy packages at a cost of \$48,953. Employees who did not accept an offer of a redundancy were offered case management for a set period of time, where reasonable attempts were made to find alternative employment placements.

Financial Performance

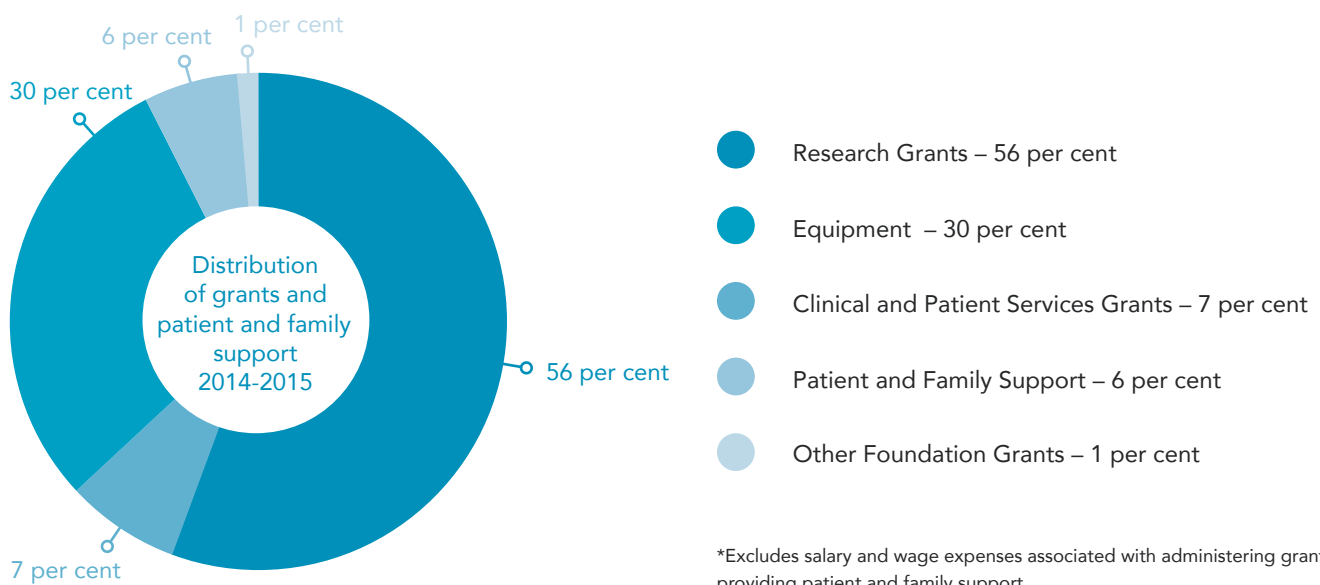
The Children’s Hospital Foundation’s revenue predominantly comes from funds raised through the generous support of the community. The Children’s Hospital Foundation generated \$16.7 million in total revenue for the 2014-2015 financial year of which \$14.5 million came from donations and other contributions, and \$2.2 million came from investments, financial and other income. The following graph provides a proportional breakdown of donations and other contributions revenue by source:

Donation and other contributions 2014-2015 - by source



Total investment in grants funding and patient and family support was \$5.2 million. The following graph provides a proportional breakdown of the areas where grant funds were allocated:

Investment in grants and patient and family support * 2014-2015



*Excludes salary and wage expenses associated with administering grants and providing patient and family support.

Net Assets

The Children's Hospital Foundation maintained a solid financial position throughout the reporting period and was able to pay its debts as and when they fell due. As at 30 June 2015, the Children's Hospital Foundation's net assets totalled \$25.7 million. The Children's Hospital Foundation's investment portfolio was managed by JB Were in accordance with the Children's Hospital Foundation's investment policy.

Financial Reserves

Financial reserves are funds retained by the Children's Hospital Foundation to ensure the Children's Hospital Foundation's sustainability and to help meet its future needs. Holding a certain amount of funds in reserve can help the Children's Hospital Foundation operate effectively in times of economic difficulty, cover unforeseen or unplanned future costs that may arise, and facilitate planning for major works or activities in the future. For the Children's Hospital Foundation, retaining an appropriate level of reserves is also an important factor in helping to meet the current and future needs of beneficiaries.

Comparison with previous period

The table below provides a comparison of actual results for the 2014-15 year with the previous period's results.

Financial Year	2014-15	2013-14
Total Revenue	\$16,692,903	\$17,039,111
Total Expenses	\$13,996,081	\$15,910,719
Net Assets	\$25,698,539	\$23,001,717

In the 2014-2015 financial year, the surplus was \$2.7 million. The 2014-2015 financial year surplus was primarily due to variances in the timing of grant payments falling due. Overall expenses were also lower than expected in the 2014-2015 financial year delivered through cost savings made across the organisation. The Children's Hospital Foundation has focussed on the transition to the new Lady Cilento Children's Hospital and the continuity of services through this financial year. Specifically, this focus has been on the development and implementation of a number of strategic initiatives that have seen the Children's Hospital Foundation:

- Review and redevelop our approach to the provision of research grants
- Expand the patient care, family support and volunteer programs
- Re-build the supporter base and donor care capacity
- Build capacity in major gifts
- Invest in the development of our people through leadership training
- Move offices and shift our volunteer services to the new Lady Cilento Children's Hospital
- Replace and upgrade outdated information and communications technology servers and related hardware.

In summary, the 2014-2015 financial year has seen the Children's Hospital Foundation deliver a strong financial result and build capacity that will help bolster the efficient and effective operation of the Children's Hospital Foundation into the future.

Full financial statements

The annual financial statements for Children's Health Foundation Queensland for the 2014-2015 financial year are included in Appendix 2 of this Annual Report.

Appendices

Appendix 1 - compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs - section 8	Page 4
Accessibility	Table of contents	ARRs - section 10.1	Page 3
	Public availability	ARRs - section 10.2	Page 2
	Interpreter service statement	Queensland Government Language Services Policy ARR - section 10.3	Page 2
	Copyright notice	Copyright Act 1968 ARRs - section 10.4	Page 2
	Information licensing	Queensland Government Enterprise Architecture - Information Licensing ARRs - section 10.5	Page 2
General information	Introductory information	ARRs - section 11.1	Page 6
	Agency role and main functions	ARRs - section 11.2	Page 6
	Operating environment	ARRs - section 11.3	Page 9
	Machinery of Government changes	ARRs - section 11.4	Page 9
Non-financial performance	Government's objectives for the community	ARRs - section 12.1	Page 6
	Other whole-of-government plans / specific initiatives	ARRs - section 12.2	Not applicable
	Agency objectives and performance indicators	ARRs - section 12.3	Page 7
	Agency service areas and service standards	ARRs - section 12.4	Not applicable
Financial performance	Summary of financial performance	ARRs - section 13.1	Page 20

Governance - management and structure	Organisational structure	ARRs - section 14.1	Page 10
	Executive management	ARRs - section 14.2	Page 14
	Government bodies (statutory bodies and other entities)	ARRs - section 14.3	Not applicable
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994 ARR - section 14.4</i>	Page 15
Governance - risk management and accountability	Risk management	ARRs - section 15.1	Page 16
	External scrutiny	ARRs - section 15.2	Page 16
	Audit committee	ARRs - section 15.3	Page 16
	Internal audit	ARRs - section 15.4	Page 16
Governance - human resources	Information systems and recordkeeping	ARRs - section 15.5	Page 17
	Workforce planning and performance	ARRs - section 16.1	Page 18
	Early retirement, redundancy and retrenchment	Directive No.11/12 Early Retirement, Redundancy and Retrenchment ARR - section 16.2	Page 19
	Open Data	Consultancies	ARRs - section 17 ARRs - section 34.1
Overseas travel		ARRs - section 17 ARRs - section 34.2	Page 9
Queensland Language Services Policy		ARRs - section 17 ARRs - section 34.3	Page 2
Government bodies		ARRs - section 17 ARRs - section 34.4	Page 9
Financial statements	Certification of financial statements	FAA - section 62 FPMS - sections 42, 43 and 50 ARRs - section 18.1	Appendix 2
	Independent Auditor's Report	FAA - section 62 FPMS - section 50 ARRs - section 18.2	Appendix 2
	Remuneration disclosures	Financial reporting requirements for Queensland Government Agencies ARRs - section 18.3	Appendix 2

Glossary

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

AARs *Annual Report Requirements for Queensland Government agencies*

Appendix 2 - financial statements

Children's Health Foundation Queensland

ABN: 11 607 902 687

Financial Statements

for the financial year 1 July 2014 to 30 June 2015

Contents	Page No.
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to and Forming Part of the Financial Statements	7
Management Certificate	27
Independent Audit Report	28

General Information

The Children's Health Foundation Queensland was established by the Hospitals Foundations Regulation 2005 and is a statutory body within the meaning given in the Financial Accountability Act 2009.

The head office and principal place of business is:

494 Stanley Street
South Brisbane Qld 4101

For information in relation to the Foundation's financial statements, please call (07) 3606 6100, email info@childrens.org.au or visit the Foundation's website www.childrens.org.au.

Children's Health Foundation Queensland
Statement of Comprehensive Income

for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Income			
Donations and other contributions	2	14,520,011	13,002,801
Financial income	3	843,552	594,158
Share of profit of jointly controlled entity	20	-	61,727
Other income	4	1,275,103	635,656
Increase in fair value of financial assets		54,237	2,744,769
Total Income		16,692,903	17,039,111
Expenses			
Employee expenses	5	3,644,685	2,927,506
Fundraising and marketing expenses	7	3,394,552	3,774,530
Supplies and services	8	760,606	532,515
Distribution of grants	9	5,174,164	8,459,782
Investment management fees		116,402	107,906
Depreciation and amortisation	10	94,340	45,868
Impairment losses	11	505,600	-
Share of loss of jointly controlled entity	20	88,013	-
Other expenses	12	217,719	62,612
Total Expenses		13,996,081	15,910,719
Operating Result for the Year		2,696,822	1,128,392
Other comprehensive income		-	-
Total Comprehensive Income		2,696,822	1,128,392

The accompanying notes form part of these statements

Children's Health Foundation Queensland Statement of Financial Position

as at 30 June 2015

	Notes	2015 \$	2014 \$
Current Assets			
Cash and cash equivalents	13	5,025,009	8,794,784
Trade and other receivables	14	716,543	1,059,354
Financial asset - fixed interest	15	1,076,653	114,464
Prepayments		93,758	392,799
Total Current Assets		6,911,963	10,361,401
Non-Current Assets			
Investment in jointly controlled entity	20	71,685	159,698
Financial assets	15	22,257,657	20,379,871
Plant and equipment	16	330,246	73,456
Intangible assets	17	91,930	302,091
Total Non-Current Assets		22,751,518	20,915,116
Total Assets		29,663,481	31,276,517
Current Liabilities			
Trade and other payables	18	3,636,303	8,011,266
Accrued employee benefits		294,603	229,213
Total Current Liabilities		3,930,906	8,240,479
Non-Current Liabilities			
Accrued employee benefits		34,036	34,321
Total Non-Current Liabilities		34,036	34,321
Total Liabilities		3,964,942	8,274,800
NET ASSETS		25,698,539	23,001,717
Equity			
Accumulated Surplus		25,698,539	23,001,717
TOTAL EQUITY		25,698,539	23,001,717

The accompanying notes form part of these statements

Children's Health Foundation Queensland
Statement of Changes in Equity

for the year ended 30 June 2015

	Accumulated Surplus 2015 \$	Accumulated Surplus 2014 \$
Balance as at 1 July	23,001,717	21,873,325
Total Comprehensive Income	<u>2,696,822</u>	<u>1,128,392</u>
Balance as at 30 June	<u>25,698,539</u>	<u>23,001,717</u>

The accompanying notes form part of these statements

QAO
certified statements

Children's Health Foundation Queensland Statement of Cash Flows

for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Cash Flows from operating activities			
<i>Inflows:</i>			
Donations, grants and other contributions		14,532,169	13,345,996
Other income		89,484	116,127
GST collected from customers		207,051	72,666
GST input credits from the Australian Taxation Office		758,606	519,762
<i>Outflows:</i>			
Payments to suppliers and employees		(6,928,154)	(7,617,269)
Grants		(8,766,073)	(3,129,586)
GST paid to suppliers		(738,662)	(623,473)
GST remitted to the Australian Taxation Office		(111,395)	(85,878)
Net cash provided by/ (used in) operating activities	19	(956,974)	2,598,345
Cash Flows from investing activities			
<i>Inflows:</i>			
Interest and dividends		835,345	572,786
Net movement of investment funds from financial assets		-	1,316,212
Franking credits received from the Australian Taxation Office		257,141	229,280
<i>Outflows:</i>			
Acquisition of intangible assets		(84,396)	(237,547)
Acquisition of plant and equipment		(305,321)	(8,135)
Net movement of investment funds from financial assets		(2,785,738)	-
Investment management fees paid		(115,013)	(113,997)
Net cash provided by/ (used in) investing activities		(2,197,982)	1,758,599
Cash Flows from financing activities			
<i>Outflows:</i>			
Transfer of funds to monies held in trust	18	(614,819)	-
Net cash provided by/ (used in) financing activities		(614,819)	-
Net increase/(decrease) in cash and cash equivalents		(3,769,775)	4,356,944
Cash and cash equivalents at beginning of the financial year		8,794,784	4,437,840
Cash and cash equivalents at end of the financial year	13	5,025,009	8,794,784

The accompanying notes form part of these statements

QAO
certified statements

INDEX TO NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Objectives and Principal Activities of the Foundation
Note 1:	Summary of Significant Accounting Policies
Note 2:	Donations and Other Contributions
Note 3:	Financial Income
Note 4:	Other Income
Note 5:	Employee Expenses
Note 6:	Key Management Personnel and Remuneration Expenses
Note 7:	Fundraising and Marketing Expenses
Note 8:	Supplies and Services
Note 9:	Distribution of Grants
Note 10:	Depreciation and Amortisation
Note 11:	Impairment Losses
Note 12:	Other Expenses
Note 13:	Cash and Cash Equivalents
Note 14:	Trade and Other Receivables
Note 15:	Financial Assets
Note 16:	Plant and Equipment
Note 17:	Intangible Assets
Note 18:	Trade and Other Payables
Note 19:	Reconciliation of Operating Surplus to Net Cash from Operating Activities
Note 20:	Investment in Jointly Controlled Entity
Note 21:	Financial Instruments
Note 22:	Commitments for Expenditure
Note 23:	Events Subsequent to Balance Date

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Objectives and Principal Activities of the Foundation

The Children's Hospital Foundation works wonders for sick kids by funding life-saving medical research, investing in vital new equipment, and providing comfort, entertainment, family and care programs. The work we do at the Children's Hospital Foundation supports every aspect of the healing environment needed to help sick kids get better and go home happy and healthy to their families.

The principal activities of the Foundation include fundraising, receiving bequests and donations from the public as well as providing volunteer and entertainment services within the Lady Cilento Children's Hospital (previously the Royal Children's Hospital).

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

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

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

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

(b) The Reporting Entity

The financial statements include the value of all income, expenses, assets, liabilities and equity of the Foundation and the Foundation's interest in a joint venture.

(c) Donations and Other Contributions

Contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Foundation obtains control over them (control is generally obtained at the time of receipt).

(d) Distribution of Grants

Where there is a present obligation under the funding agreement the Foundation recognises an expense and amounts owing that are not yet paid are taken up in trade and other payables at the completion of each quarter. Grant payments are paid in arrears on an acquittal basis. Types of grants paid by the Foundation include funding for research programs, PhD scholarships, volunteer and entertainment programs, equipment and clinical and patient services.

(e) Cash and Cash Equivalents

Cash and cash equivalents include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

(f) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June. Increases in the allowance for impairment are based on loss events that have occurred.

(g) Acquisition 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 to use, including architects' fees. However, any training costs are expensed as incurred.

(h) Plant and Equipment

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

Plant and equipment	\$5,000
Motor vehicles	\$5,000

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

(i) Intangibles

Intangible assets with a cost or other value equal to or greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the department. The residual value is zero for all the Foundation's intangible assets.

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

Purchased Software

The purchase cost of this software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the Foundation, namely 5 years.

Internally Generated Software

Costs associated with the development of computer software have been capitalised and are amortised on a straightline basis over the period of expected benefit to the department, namely 3 years.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

(j) Amortisation and Depreciation of Intangibles and Plant and Equipment

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

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

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

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

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

Class	Rate %
Plant and equipment:	
Motor vehicles	20-33
Other equipment	10-33
Intangible assets:	
Software purchased	20
Software (internally generated)	33

(k) Impairment of Non-Current Assets

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

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

(l) Joint Venture

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

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

Further details of the Foundation's interest in the joint venture are contained in Note 20.

(m) Trade and Other Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at 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. Grant payables are recognised once the Foundation has a contractual obligation based on the funding agreement with the recipient.

(n) Financial Instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

- Financial assets at fair value through profit or loss
- Receivables - held at amortised cost
- Held to maturity investment - held at amortised cost
- Payables - held at amortised cost

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

Any interest in transferred financial assets that is created or retained by the Foundation is recognised as a separate asset or liability.

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

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

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

Financial assets at fair value through profit or loss

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

(n) Financial Instruments continued

Trade and other receivables

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

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

Held to maturity financial assets

If the Foundation has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost, less any impairment losses.

Trade and other payables

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

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Foundation are included in Note 21.

(o) Employee Benefits

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

Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not an employee benefit and is recognised separately as an employee related expense.

Wages, Salaries and Sick Leave

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

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 Leave and Long Service Leave

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

Superannuation

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

(o) Employee Benefits continued

Key management personnel and remuneration

Key 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 and Trade. Refer to Note 6 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) Insurance

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

(q) Services Received Free of Charge or for Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

(r) Funds held in trust transactions and balances

Funds held in trust represent amounts obtained by the Children's Health Foundation Queensland and held on behalf of persons until called upon. As the Children's Health Foundation Queensland acts only in a custodial role in respect of these transactions and balances, they are not recognised in the financial statements but are disclosed in Note 13.

(s) Taxation

The Foundation has been endorsed by the Commissioner of Taxation as an income tax exempt charity pursuant to section 24AK of the Income Tax Assessment Act 1936 with the exception of Fringe Benefits Tax ('FBT') and Goods and Services Tax ('GST'). FBT, GST and franking credits on company dividends are the only taxes accounted for by the Foundation. Franking credits, GST credits receivable from and GST payable to the Australian Taxation Office (ATO) are recognised (refer to Note 14). No FBT was payable in respect of the current reporting period.

(t) Issuance of Financial Statements

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

(u) Accounting Estimates and Judgements

In the application of the Foundation's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets, liabilities, income and expenses that are not readily apparent from other sources.

Such estimates, judgments and underlying assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods if the revision affects both current and future periods.

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

Plant and Equipment – Note 1(h); and

Intangible Assets – Note 1(i)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

(v) Comparatives

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

(w) Other Presentation Matters

Amounts included in the financial statements are in Australian dollars.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period. In particular, the classification of certain expenses was reviewed during 2014-15, with certain comparative figures being restated. Further information on this can be found in note 14 (Receivables) and note 18 (Trade and other payables).

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes. Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Foundation does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

(x) New and Revised Accounting Standards

The Foundation did not voluntarily change any of its accounting policies during 2014-15. Australian Accounting Standard changes applicable for the first time for 2014-15 have had minimal effect on the Foundation's financial statements, as explained below.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014 –

- AASB 10 Consolidated Financial Statements ;
- AASB 11 Joint Arrangements ;
- AASB 12 Disclosure of Interests in Other Entities ;
- AASB 127 (revised) Separate Financial Statements ;
- AASB 128 (revised) Investments in Associates and Joint Ventures ; and
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] .

Of these new/revised standards, the most significant potential impacts would arise from AASB 10 and AASB 11. AASB 10 redefines and clarifies the concept of control of another entity, and is the basis for determining which entities should be consolidated into an entity's financial statements. AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangement that exists, which in turn dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.

The Foundation has reviewed the nature of its present relationships with other entities to determine the impact of AASB 10 and AASB 11. It has concluded that there is no impact to the financial report.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

	2015	2014
	\$	\$
2. Donations, grants and other contributions		
Individual donations	3,177,745	3,129,187
Gifts in wills	787,186	1,620,079
Commercial partnerships	8,492,465	6,511,343
Community fundraising	1,879,592	1,484,592
Trusts and foundations	183,023	257,600
Total	14,520,011	13,002,801
3. Financial income		
Interest received from bank deposits	139,863	65,005
Dividends received from financial assets	703,689	529,153
Total	843,552	594,158
4. Other income		
Dividend imputation tax credits on listed securities	244,714	270,800
Services received free of charge - at fair value	382,870	66,791
Grants unexpended by recipient	583,515	196,670
Service fees - Other	64,004	101,395
Total	1,275,103	635,656

Dividends received from financial assets does not include dividend income of \$569,562 (2014: \$531,708) earned in the Goldman Sachs managed funds within the JBWere investment portfolio. This is included in the increase in the fair value of financial assets in the Statement of Comprehensive Income.

Dividend imputation tax credits on listed securities:

Credits arising from dividends paid during the 2015 financial year of \$223,398 are recoverable from the Australian Tax Office after 30 June 2015 and have been included as a receivable in the Statement of Financial Position. Credits relating to dividends declared but not paid as at 30 June 2015 of \$34,976 have also been recognised as a receivable in the Statement of Financial Position.

Services received free of charge - at fair value:

Necessary services received free of charge that would have otherwise been purchased include rent, Telethon broadcast production expenses, legal fees, professional consulting fees and administration services. The fair value of these services has been reliably measured.

The State of Queensland (represented by the Department of Health) provides accommodation at 494 Stanley Street, South Brisbane (and previously at Royal Children's Hospital campus) free of charge. The benefit at 494 Stanley St South Brisbane is recognised in the Statement of Comprehensive Income.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

	2015 \$	2014 \$
5. Employee expenses		
Salaries and wages	3,306,952	2,642,274
Employer superannuation expense	296,684	229,522
<i>Employee related expenses</i>		
Workers compensation insurance	10,723	9,200
Other employee related expenses	30,326	46,510
Total	3,644,685	2,927,506

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

Number of employees	38	40
---------------------	----	----

6. Key Management Personnel and Remuneration Expenses

a) Key Management Personnel

The following details for key management personnel include those positions within the Foundation that have authority and responsibility for planning, directing and controlling the activities of the Foundation during 2014/2015.

Position and responsibilities	Current Incumbent	
	Contract classification and appointment authority	Date initially appointed to the position
Chief Executive Officer - responsible for the efficient, effective and economical administration of the Foundation.	CEO, Section s.37(2) Hospitals Foundations Act 1982	28 March 2013

b) Remuneration Expenses

The remuneration and other terms of employment for the key executive management personnel are set by the Board and specified in employment contracts. The contracts provide for the provision of benefits including motor vehicles.

The following disclosures focus on the expenses incurred by the Foundation during the respective reporting periods, that is attributable to key management positions. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

Remuneration expenses for key management personnel may comprise the following components:

- Short term employee benefits include salaries, allowances and leave entitlements earned and expensed for the entire year or that part of the year during which the employee occupied the specified position.
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits 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 are not paid under the contracts in place.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

6. Key Management Personnel and Remuneration Expenses (continued)

The Board of Directors are responsible for the governance of the Foundation. Their services are provided on an honorary basis.

1 July 2014 - 30 June 2015

Position (date resigned if applicable)	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$	\$				
Chief Executive Officer (CEO)	212,086	-	460	20,363	-	232,909
Total	212,086	-	460	20,363	-	232,909

1 July 2013 - 30 June 2014

Position (date resigned if applicable)	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$	\$				
Chief Executive Officer (CEO)	208,242	-	290	19,262	-	227,794
Total	208,242	-	290	19,262	-	227,794

c) Performance Payments

The remuneration package and other terms of employment for key management personnel do not include a provision for eligibility to performance payments.

	2015 \$	2014 \$
7. Fundraising and marketing expenses		
Marketing and communications	123,440	102,717
Fundraising expenses	3,264,142	3,665,695
Other	6,970	6,118
Total	3,394,552	3,774,530
8. Supplies and services		
Supplies and services	447,050	293,872
Travel and accomodation costs	11,100	10,618
Consultancies and contractors	240,997	173,093
Legal, professional and insurance costs	61,459	54,932
Total	760,606	532,515

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

	2015	2014
	\$	\$
9. Distribution of grants		
Research grants	2,873,900	5,369,645
Clinical and patient services grants	384,966	2,411,214
Equipment	1,532,832	429,122
Volunteer and patient entertainment expenses	321,559	132,147
Other Foundation grants	60,907	117,654
Total	5,174,164	8,459,782

Research grants:

Grants paid for the financial year ended 30 June 2014 included \$1,050,000 to fund infrastructure and equipment for the Queensland Children's Medical Research Institute (this funding ended on 30 June 2014) and \$1,000,000 to the University of Queensland to fund Cerebral Palsy research (funding of \$500,000 was received in June 2015 and is included in Commitments for expenditure (Note 22)).

Clinical and patient services grants:

Grants paid for the financial year ended 30 June 2014 included \$2,000,000 raised by Woolworths to fund the upgrade of the Patient Entertainment System at the Lady Cilento Children's Hospital.

10. Depreciation and amortisation

Depreciation and amortisation were incurred in respect of:

Plant and equipment	34,224	29,441
Intangibles	60,116	16,427
Total	94,340	45,868

11. Impairment losses

Receivable	259,610	-
Intangibles	245,990	-
Total	505,600	-

Receivables

Children's Health Queensland Hospital & Health Service reported unexpended grant funding at 30 June 2013 of \$259,610 relating to the XStrata program which was recognised as a receivable in the Foundation's accounts at 30 June 2014. During the current year, Children's Health Queensland Hospital & Health Service provided evidence to the Foundation that the unexpended grant funding on the program was in fact \$189,610, resulting in an impairment loss of \$70,000. As at 30 June 2015, this receivable remained unpaid. As a result of the uncertainty in recovering these funds, the receivable of \$189,610 was fully impaired.

Intangibles

During the year ended 30 June 2015, the supplier contracted by the Foundation for the development of Supporter360 (a cloud based fundraising CRM, grants and volunteer management software solution) changed their business model giving rise to concerns about the long term support for the software product. As a result, the Foundation made the decision not to proceed with the implementation of this software. The impairment loss relating to intangibles represents the costs for the fundraising and grant management modules which were recorded as part of work in progress software as at 30 June 2014.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

	2015 \$	2014 \$
12. Other expenses		
Audit related costs	33,550	35,000
Loss on disposal of plant and equipment	2,758	-
Rent	106,875	-
Other administrative expenses	74,536	27,612
Total	217,719	62,612

Total audit fees payable to the Queensland Audit Office relating to the 2014-2015 financial statements are quoted to be \$16,500 (2014: \$16,500).

Rent

The State of Queensland (represented by the Department of Health) provided accommodation free of charge at 494 Stanley St, South Brisbane from 1st January 2015. This has been recognised at fair value based on an independent market value appraisal.

13. Cash and cash equivalents

Petty cash and floats	1,000	400
Cash at bank	3,726,697	5,771,496
Short term deposits	1,297,312	3,022,888
Total	5,025,009	8,794,784

Funds held in trust payable:

Funds held in trust at 30 June 2014 included \$564,601 for development funds held on behalf of Children's Health Queensland Hospital & Health Service (a verbal agreement existed as at 30 June 2014 with Children's Health Queensland Hospital & Health Service to transfer the funds to them to manage) and \$65,291 held on behalf of Sophie Nance. The balance of these funds was transferred to a separate bank account in the year ended 30 June 2015 and will continue to be administered by the Foundation. However, as the funds are not controlled by the Foundation, they are not recorded on the Statement of Financial Position.

14. Trade and other receivables

Dividend imputation credits on listed securities	258,373	270,800
Dividend income receivable	125,899	166,542
Trade debtors	101,799	16,330
Other receivable	-	259,610
GST Receivable	331,848	351,792
GST Payable	(101,376)	(5,720)
	230,472	346,072
Total	716,543	1,059,354

Other Receivable

Children's Health Queensland Hospital & Health Service reported unexpended grant funding at 30 June 2013 of \$259,610 relating to the XStrata program which was recognised as a receivable in the Foundation's accounts at 30 June 2014. During the current year, Children's Health Queensland Hospital & Health Service provided evidence to the Foundation that the unexpended grant funding on the program was in fact \$189,610, resulting in an impairment loss of \$70,000. As at 30 June 2015, this receivable remained unpaid. As a result of uncertainty in recovering these funds, the receivable of \$189,610 was fully impaired.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

	2015	2014
	\$	\$
15. Financial assets		
<i>Current:</i>		
Financial assets designated at fair value through profit & loss	1,076,653	114,464
Total	1,076,653	114,464
<i>Non-current:</i>		
Financial assets designated at fair value through profit & loss	22,257,657	20,379,871
Total	22,257,657	20,379,871

The Foundation's financial assets designated at fair value through profit or loss are held in managed funds, listed securities, cash and cash equivalents. Restricted funds have been identified separately because arrangements with donor parties require the earnings from the fund to be applied to prescribed activities on an ongoing basis. To ensure perpetuity of these Funds the value of the endowment must be maintained, and is detailed below.

Restricted funds

The Sasakawa Memorial Fund	1,990,747	1,944,086
Lola Efstathis Scholarship Fund	121,806	117,647
Total restricted financial assets	2,112,553	2,061,733

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

Lola Efstathis fund was created in 2005 with an endowment of \$100,000. Medical scholarships are paid from the interest earned. The Lola Efstathis Scholarship Fund reflects the accumulated surplus after investment and grant paying activities for the financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

	2015	2014
	\$	\$
16. Plant and equipment		
Plant and equipment		
At cost	312,602	53,459
Less accumulated depreciation	(23,544)	(35,676)
	<u>289,058</u>	<u>17,783</u>
Motor Vehicles		
At cost	82,155	82,155
Less accumulated depreciation	(40,966)	(26,482)
	<u>41,189</u>	<u>55,673</u>
Total	<u>330,247</u>	<u>73,456</u>
Plant and equipment		
Carrying amount at 1 July 2014	17,783	24,605
Acquisitions	304,467	8,135
Disposal	(1,903)	-
Depreciation	(31,289)	(14,957)
Carrying amount at 30 June 2015	<u>289,058</u>	<u>17,783</u>
Motor Vehicles		
Carrying amount at 1 July 2014	55,673	70,157
Depreciation	(14,484)	(14,484)
Carrying amount at 30 June 2015	<u>41,189</u>	<u>55,673</u>
Total	<u>330,247</u>	<u>73,456</u>
The Foundation does not have plant and equipment with a written down value of zero being used in the provision of services.		
17. Intangible assets		
Software purchased		
At cost	159,861	340,959
Less accumulated amortisation	(67,931)	(38,868)
Total	<u>91,930</u>	<u>302,091</u>
Carrying amount at 1 July 2014	302,091	80,971
Acquisitions	85,251	237,547
Disposal	(855)	-
Impairment	(245,990)	-
Amortisation	(48,567)	(16,427)
Carrying amount at 30 June 2015	<u>91,930</u>	<u>302,091</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

	2015	2014
	\$	\$
18. Trade and other payables		
<i>Current:</i>		
Trade creditors	341,073	188,157
Sundry creditors and accruals	192,396	50,069
PAYG payable	66,723	57,635
Funds held in trust payable	-	629,892
Grants payable	3,036,111	7,085,513
Total	3,636,303	8,011,266
<i>Grants payable:</i>		
Grants payable at 30 June 2014 included \$2,000,000 to fund the upgrade of the Patient Entertainment System at the Lady Cilento Children's Hospital which was installed during the financial year ended 30 June 2014 and paid during the financial year ended 30 June 2015. The remaining balance of grants payable at reporting date relates to research projects where the criteria to activate funding payments occurred at reporting date which had not been expended or acquitted at reporting date.		
19. Reconciliation of operating surplus to net cash from operating activities		
Operating surplus/(deficit)	2,696,822	1,128,392
<i>Non-cash items:</i>		
Depreciation and amortisation expense	94,340	45,868
Impairment loss on intangibles	245,990	-
Impairment loss on receivables	259,610	-
Loss on disposal of plant and equipment	2,758	-
Unrealised loss/(gain) on fair value of financial assets	(54,237)	(2,744,769)
(Profit)/loss from joint venture	88,013	(61,727)
<i>Non-Operating Items:</i>		
Financial income	(843,552)	(594,158)
Dividend imputation tax credits on listed securities	(244,714)	(270,800)
Management fees paid	116,402	107,906
Transfer of funds held in trust	614,819	-
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in receivables	78,981	7,642
(Increase)/decrease in prepayments	299,041	(338,795)
Increase/(decrease) in payables	(4,376,352)	5,236,600
Increase/(decrease) in employee entitlements	65,105	82,186
Net cash inflow / (outflow) from operating activities	(956,974)	2,598,345

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

	2015 \$	2014 \$
20. Investment in jointly controlled entity		
Assets		
Cash and cash equivalents	454,425	872,181
Total Assets	<u>454,425</u>	<u>872,181</u>
Liabilities		
Trade creditors and other payables	96,000	62,671
Provisions	-	11,019
Total Liabilities	<u>96,000</u>	<u>73,690</u>
Net Assets	<u>358,425</u>	<u>798,491</u>

20% of CHFA net assets attributable to the Foundation and shown on the Statement of Financial Position

<u>71,685</u>	<u>159,698</u>
----------------------	-----------------------

20% of the movement in CHFA net assets attributable to the Foundation and shown on the Statement of Comprehensive Income

<u>(88,013)</u>	<u>61,727</u>
------------------------	----------------------

Children's Hospital Foundation Australia (CHFA) is the national fundraising organisation that engages with Australia-wide entities on to secure donations that it distributes to the state-based foundations. There is a Children's Hospital Foundation in each State, each having share in the net contributions received from national corporations. During the year ended 30 June 2015, the Foundation received contributions of \$408,967 (2014: \$243,695) from CHFA.

21. Financial Instruments

(a) Categorisation of financial instruments

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

Financial assets

Cash and cash equivalents	5,025,009	8,794,784
Receivables	716,543	1,059,354
Financial assets – fixed interest	1,076,653	114,464
Financial assets at fair value through profit or loss	22,257,657	20,379,871
Total	<u>29,075,862</u>	<u>30,348,473</u>

Financial liabilities

Payables	3,636,303	8,011,266
Total	<u>3,636,303</u>	<u>8,011,266</u>

QAO
certified statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

21. Financial Instruments (continued)

(b) Financial risk management

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

Financial risk management is implemented pursuant to Children's Health Foundation Queensland's investment policy. The focus of this policy is the unpredictability of financial markets and the minimisation of potential adverse effects on the financial performance of the Foundation.

All financial risk is managed by the Executive Management team under the oversight of the Finance Audit and Risk Management Committee, governed by policies approved by the Board.

The Foundation measures risk exposure using a variety of methods as follows:

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

(c) Credit risk exposure

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

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

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

Maximum exposure to credit risk	2015	2014
Category	\$	\$
<i>Financial assets:</i>		
Cash and cash equivalents	5,025,009	8,794,784
Receivables	716,543	1,059,354
Financial asset – fixed interest	1,076,653	114,464
Financial assets at fair value through profit or loss	22,257,657	20,379,871
Total	29,075,862	30,348,473

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

The Foundation aims to reduce the exposure to credit default by ensuring that it invests in secure assets under the terms of the Foundation's investment policy and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

21. Financial Instruments continued

(c) Credit risk exposure continued

The method for calculating any allowance for impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings.

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

Ageing of past due but not impaired financial assets are disclosed in the following table:

2015 financial assets past due but not impaired

	Less than 30 days	Overdue		Total
		30-60 days	61-90 days	
	\$	\$	\$	\$
Receivables	716,543	-	-	716,543
Financial asset – fixed interest	1,076,653	-	-	1,076,653
	1,793,196	-	-	1,793,196

2014 financial assets past due but not impaired

	Less than 30 days	Overdue		Total
		30-60 days	61-90 days	
	\$	\$	\$	\$
Receivables	1,059,354	-	-	1,059,354
Financial asset – fixed interest	114,464	-	-	114,464
	1,173,818	-	-	1,173,818

(d) Liquidity risk

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

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

The following table sets out the liquidity risk of financial liabilities held by the Foundation. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in these tables differ from the amounts included the Statement of Financial Position that are based on discounted cash flows.

2015 liquidity risk

	<1 year	1-5 years	>5 years	Total
	\$	\$	\$	\$
Trade and other payable	3,636,303	-	-	3,636,303
	3,636,303	-	-	3,636,303

2014 liquidity risk

	<1 year	1-5 years	>5 years	Total
	\$	\$	\$	\$
Trade and other payable	8,011,266	-	-	8,011,266
	8,011,266	-	-	8,011,266

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

21. Financial Instruments continued

(e) Market risk

Market risk is the risk that changes in market prices, interest rates and equity prices will affect the Foundation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

The Foundation does not trade in foreign currency and is not materially exposed to commodity price changes. The Foundation is exposed to interest rate risk through its cash deposited in interest bearing accounts. The Foundation does not undertake any hedging in relation to interest risk. It is exposed to market risk on its managed fund investments which are designated at fair value through profit or loss. Such risk is managed through diversification of investments across industries and geographic locations.

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

	2015	2014
	\$	\$
Cash		
Domestic	366,374	2,783,130
Fixed Interest		
Domestic	6,623,920	5,475,845
International	778,663	1,967,359
Equities		
Domestic	16,181,726	13,047,808
Alternative Investments		
International	-	3,322
Total	23,950,683	23,277,464

(f) Price risk sensitivity analysis

The following price risk sensitivity analysis depicts the outcome on profit or loss if prices of the security would change by +/-10% from the year-end rates applicable to the Foundation's financial assets and liabilities. With all other variables held constant, the Foundation would have a surplus and equity increase/(decrease) of \$2,225,766.

Financial instrument	Carrying amount	2015 Price risk			
		-10%		10%	
		Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$
Financial assets at fair value through profit or loss	22,257,657	(2,225,766)	(2,225,766)	2,225,766	2,225,766
Potential impact		(2,225,766)	(2,225,766)	2,225,766	2,225,766

Financial instrument	Carrying amount	2014 Price risk			
		-10%		10%	
		Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$
Financial assets at fair value through profit or loss	20,379,871	(2,037,987)	(2,037,987)	2,037,987	2,037,987
Potential impact		(2,037,987)	(2,037,987)	2,037,987	2,037,987

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

21. Financial Instruments continued

(g) Fair value

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

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

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

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

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

Classification according to fair value hierarchy

2015 Financial assets	Level 1	Level 2	Level 3	Total Carrying Amount
	\$	\$	\$	\$
Financial assets at fair value through profit or loss	22,257,657	-	-	22,257,657
Total	22,257,657	-	-	22,257,657

Classification according to fair value hierarchy

2014 Financial assets	Level 1	Level 2	Level 3	Total Carrying Amount
	\$	\$	\$	\$
Financial assets at fair value through profit or loss	20,376,549	3,322	-	20,379,871
Total	20,376,549	3,322	-	20,379,871

22. Commitments for expenditure

Grant commitments

At reporting date the Foundation had committed to external grant recipients to fund the following projects -

	2015	2014
	\$	\$
Payable in 2016 financial year:		
Research	2,317,308	2,436,300
Equipment	664,247	653,612
Innovation grants	549,004	199,623
Rehabilitation and Patient Care	125,000	197,000
Total committed funds 2016 financial year	3,655,559	3,486,535
Payable in 2017 financial year:		
Research	1,402,075	1,142,262
Total committed funds to 30 June 2017	5,057,634	4,628,797
Payable in 2018 financial year:		
Research	111,500	423,463
Total committed funds to 30 June 2018	5,169,134	5,052,260

There were no other commitments for expenditure at 30 June 2015.

23. Events subsequent to balance date

There are no material events subsequent to 30 June 2015 that require disclosure or adjustment to the financial results presented.

Management Certificate of Children's Health Foundation Queensland

These general purpose financial statements have been prepared pursuant to s.62(1)(a) 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 s.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 statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Children's Health Foundation Queensland for the financial year ended 30 June 2015 and of the financial position as at the end of that year; and
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the period.



Bruce Cowley
Chairman

24/8/15

Date



Cameron Prout
Chief Executive Officer

24/08/15.

Date

QAO
certified statements

INDEPENDENT AUDITOR'S REPORT

To the Board of Children's Health Foundation Queensland

Report on the Financial Report

I have audited the accompanying financial report of Children's Health Foundation Queensland, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairman and Chief Executive Officer.

The Board's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards – Reduced Disclosure Requirements, of the transactions of Children's Health Foundation Queensland for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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



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



Queensland Audit Office
Brisbane