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

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ABN: 11 607 902 687

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Attribution  
Content from this report should be attributed as: The State of Queensland (Children’s Health Foundation Queensland) Annual Report 2013/14.

Refer to www.qld.gov.au/data for additional information that the Children’s Hospital Foundation is required to make available online.

Cover: Xavier, 2 years, asthma and MCAD deficiency
Letter of compliance

The Honourable Lawrence Springborg MP
Minister for Health
Level 19, 147-163 Charlotte Street
Brisbane QLD 4000

Dear Minister Springborg

I am pleased to present the 2013/14 Annual Report and financial statements for the Children’s Health Foundation Queensland.

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 21 of this annual report or accessed at www.childrenshospitalfoundation.org.au.

Yours sincerely

[Signature]

Bruce Cowley
Chair
Children’s Health Foundation Queensland
Overview

Our Children’s Hospital Foundation

The Children’s Hospital Foundation ("the Foundation") helps to save lives and improve the treatment and care of sick children by raising funds for research, equipment and services at the Royal Children’s Hospital, for Queensland’s new Lady Cilento Children’s Hospital opening in late 2014, and for sick children throughout Queensland.

The 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 the Foundation with donations, by participating in fundraising events and by leaving a gift to the Foundation in their Will as a legacy for future generations.

The Foundation invests our supporters’ funds in research to find faster diagnoses, better treatments and ultimately cures for childhood illnesses; to purchase state-of-the-art 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 patients and their families a little easier when they are in hospital.

The Foundation was established in 2011 by the Hospitals Foundations Regulation 2005, made under Section 7 of the Hospitals Foundations Act 1982. Its purpose is to be the charity for the new Lady Cilento Children’s Hospital and Children’s Health Queensland, and for the Royal Children’s Hospital until it closes in late 2014.

On 10 February 2012, under the Hospitals Foundations Amendment Regulation (No.1) 2012, the Foundation amalgamated with The Royal Children’s Hospital Foundation, which was established in 1986 as the charity of the Royal Children’s Hospital. The Royal Children’s Hospital Foundation was dissolved immediately following the amalgamation.

Our Children’s Hospital

Our first children’s hospital, The Hospital for Sick Children, opened in Brisbane in 1878 after Mrs Mary McConnel, wife of early Brisbane Valley pioneer David McConnel, advocated for the hospital and established a volunteer committee to raise funds to build our first children’s hospital. The hospital functioned as a charity hospital for several decades and has enjoyed generous philanthropic support from the community for more than 135 years.

In 1943, the hospital’s name was changed to the Brisbane Children’s Hospital and in 1967 Her Majesty Queen Elizabeth II bestowed the “Royal” designation and the children’s hospital became the Royal Children’s Hospital.

Throughout its history, the Royal Children’s Hospital has been one of Australia’s most highly regarded hospitals, with a strong reputation in clinical care, teaching and research. The hospital has a special place in the hearts of many Queenslanders who have been patients or have had children treated and cared for at the hospital.

Our new Lady Cilento Children’s Hospital opens in late 2014 and will ensure Queensland remains at the leading edge of paediatric care and that all sick children, wherever they are in Queensland, receive the world-class treatment they deserve.

Our Vision

The best possible health for every child, in every family, in every community in Queensland.

Our Mission

We partner with the community to improve children’s health by supporting and funding clinical care, research and education.
Our Values

Our values were updated in August 2013.

<table>
<thead>
<tr>
<th>Accountability</th>
<th>We aim to deliver high impact results, are accountable for our actions and resources and communicate this openly and honestly</th>
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<tbody>
<tr>
<td>Recognition &amp; Respect</td>
<td>We are respectful in all our interactions and committed to recognising others and valuing their contributions</td>
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<tr>
<td>Care</td>
<td>We care for everyone we impact – the children always come first</td>
</tr>
<tr>
<td>Working Together</td>
<td>We selflessly support and trust each other and our teams, share our ideas and goals, work hard, have fun and celebrate our achievements</td>
</tr>
<tr>
<td>Excellence &amp; Innovation</td>
<td>We strive for excellence, encourage innovation and develop our skills to achieve our best</td>
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Alignment with Government’s Objectives for the Community

The Foundation’s Strategic Plan 2013–17 was informed by the Queensland Government health priorities, principles and key outcomes.

The Queensland Government's commitment to Queensland's future prosperity, through the delivery of five pledges, is outlined in the document *Getting Queensland Back on Track*:

1) We will grow a four pillar economy.
2) We will lower the cost of living.
3) We will invest in better infrastructure and use better planning.
4) We will revitalise front-line services for families.
5) We will restore accountability in government.
Chief Executive Officer’s Report

This year, the Children’s Hospital Foundation has continued to make 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 Foundation is also preparing to relocate our services and programs as we embark upon a new era for children’s health in Queensland.

In 2013/14, the Children’s Hospital Foundation generated $17 million in total revenue, $13 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 Foundation to enable us to continue our work to help sick kids and their families.

With this wonderful support, we were able to invest $8.5 million in research, clinical and patient services, and hospital equipment. We also invested in supporting, caring, entertaining and distracting patients and their families with the support of our wonderful volunteers.

During the year, we invested significantly in growing our supporter base as we will have even greater needs and opportunities 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 679 special volunteers committed more than 37,800 hours providing a range of services to help sick children and their families. This included seeing 12,024 children visit the Wonder Factory; providing 10,140 books from the Book Bunker to 2,347 children; and our Cuddle Carer volunteers cuddling 653 babies to help with their treatment and recovery. In total, our volunteers had 72,045 positive interactions with patients and families across all of our services, providing much needed distraction, entertainment and support for children and their families in traumatic times.

Our staff and Board continued to improve the Foundation’s fundraising and general operations including reviewing 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 staff and volunteers who made these achievements possible – the Foundation’s successes are a result of their talents, commitment and dedication.

While this Annual Report provides an opportunity to present the achievements of the 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 lie ahead. Our new Lady Cilento Children’s Hospital and research institute will 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 new children’s hospital will be 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.

In the next year, we will relocate our hospital-based services and support to the new hospital, re-launch our grants program to the children’s health research community, and continue to grow our fundraising so we can ensure we are delivering the greatest benefits for Queensland children.

The care never stops as we continue our work to make sure every sick child has the chance to lead the life they deserve.

Cameron Prout
Chief Executive Officer
Year in review

Our Strategic Objectives

The Foundation’s strategic plan includes a number of strategic objectives, each of which has a key performance indicator to measure its performance. The Foundation’s focus in 2013/14 was to rebuild the organisation to establish a foundation for future growth in long term net revenue and to prepare for the launch of a new era with the relocation to the new children’s hospital precinct in late 2014.

Our objectives:

- Growing fundraising income
- Building and enhancing the Foundation’s reputation
- Recruiting and retaining the best people for the job
- Fostering a culture of accountability, compliance and continuous improvement
- Building and maintaining strong donor and stakeholder relationships
- Maximising our capital investment
- Distributing funds responsibly and appropriately

Key Achievements 2013/14

- We achieved total revenue for the year of $17 million, which included $13 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:
  - Significant increase in the number of Queenslanders actively supporting the Foundation, from 11,888 at June 2013 to 25,224, against an annual target of 22,000
  - Retention of ongoing support from 85% of corporate partners and 80% of community fundraising partners, against a target of 80%
  - Involvement of six new corporate and community partners entering a relationship with the Foundation during the year which met the objective
  - Fundraising for the Foundation conducted by 262 individuals and community groups, against a target of 150
  - Commencement of a major gift campaign to coincide with the opening of the new Lady Cilento Children’s Hospital and Centre for Children’s Health Research
  - Reinvigoration of the Foundation’s gifts in Wills programs, encouraging Queenslanders to leave a gift in their will as a legacy for future generations of sick children
  - Commenced planning for our inaugural telethon to be held in conjunction with Channel Nine to raise awareness and funds for research and services at the new children’s hospital

- We improved our profile with an increase in mainstream media stories and significant growth in our social media engagement. In addition, the Foundation has been planning for the opening of the new children’s hospital and the launch of a new era with:
  - Development of a new brand in conjunction with Children’s Health Queensland, the Lady Cilento Children’s Hospital and the Queensland Children’s Medical Research Institute as part of the ‘brand family’
  - Planning for the development of a new website to launch in late 2014

- We reviewed the Foundation’s key human resources policies and recruited a number of key staff to help support the growth of the organisation 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 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:
  o Built strong relationships with key leadership and staff at Children’s Health Queensland in preparation for the move to the new hospital and to assist with the Foundation’s fundraising campaigns
  o Identified and developed relationships with key charities and support groups that will be operating in, and providing services at, the new children’s hospital
• We oversaw strong investment performance resulting in net investment income of $3.44 million and implemented a new Reserves Policy for the prudent management of funds and to guide decisions on future strategic investments.
• We invested $8.5 million in research, clinical and patient services, and hospital equipment and in supporting, caring, entertaining and distracting patients and their families with the support of our wonderful volunteers.
  o Our 679 volunteers committed more than 37,800 hours of support and provided 72,045 positive interactions with patients and their families, including:
    o 31,323 families assisted through Information Desks
    o 19,600 interactions via ward play/loans trolley/pet therapy
    o 4,263 families supported through Operating Theatre
    o 712 family interactions through Community Child Health Centres
    o 662 patients supported in Burns Clinic
    o 461 Hydrotherapy sessions supported

Operating Environment

The Blueprint for better healthcare in Queensland, released in early 2013, noted that the legislative and operating framework for Queensland’s 13 hospital foundations will be reviewed to ensure maximum benefit is achieved from resources within their control. A formal review of the Hospital Foundations Act 1982 formally commenced in 2013 to determine the best organisational structure for foundations into the future, with the Foundation participating in the consultation process during this review. The review has now concluded and the Minister has requested that the Department of Health start preparing proposed amendments to the Act, with the expectation that the revised Bill will be considered in parliament in late 2014.

Machinery of Government Changes

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

Open data

Annual reporting requirements for expenditure on consultancy and overseas travel will be published on the Queensland government’s open data website, available via: www.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 Foundation
- Developing strategies and directions for the Foundation
- Monitoring the performance of the CEO
- Approving the Foundation’s annual budget
- Monitoring the performance of the 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 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 Her Excellency the Governor, 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
Ms Susan Forrester BA, LLB (Hons), EMBA, FAICD (resignation effective on 12 June 2014)
Dr Peter Steer MBBS, FRACP, FRCPC, FAAP, GAICD
Mr Andrew Thomas 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
Mr Shane O’Kane BCom, LLB
Ms Sue McKee RN, Bsc(app)HMS, MBA, GAICD

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

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 and Dr Peter Steer serve on the Board as two officers of the Children’s Health Queensland Hospital and Health Board, as required by the Hospital Foundations Act 1982.

Board Member Biographies

Bruce Cowley BCom LLB (HONS) FAICD

As 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 member of the Queensland State Council of the AICD. He sits on the AICD’s Law Committee and the Council of the University of the Sunshine Coast. He is 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 non-executive Director of Talon Petroleum Limited.

Richard Barker

Richard Barker is an outstanding media industry representative and creative industries leader, and is the General Manager of Southern Cross Austereo in Brisbane, the home of Triple M and B105.

He has over 30 years’ experience in media and was instrumental in the Brisbane launch of B105 in 1990 and then the re-launch of Triple M in 2002.

Richard has contributed to the provision of funding and services through his guidance on community and charity committees.

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.

Professor Stephen Gray, UQ Business School, Director SFG Consulting

Stephen Gray is a highly awarded and published financial expert. He has an honours degree in Commerce and Law from the University of Queensland, and a PhD in financial economics from the Graduate School of Business at Stanford University.

As Professor of Finance at the University of Queensland, Stephen teaches a range of award and executive education courses in financial management, asset valuation, and corporate finance. He received a national award for his university business and economics course. His manuscripts, published in high-ranking journals, have also been awarded.

Stephen is 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.

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.

Luke McGrath, CFP AITA
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, Chairman of Plantic Technologies Limited, Chair of the Merchant Charitable Foundation and Director of a number of private companies.

Sue McKee RN, BSc(App) HMS, MBA, GAICD
General Manager of Operations, Children’s Health Queensland Sue McKee is a leader in healthcare and nursing, with more than 30 years’ experience in the public and private sectors.

Early in her career she completed an Applied Science Degree in Human Movements, resulting in several years as a nurse and exercise physiologist. Her leadership qualifications include an MBA and several senior leadership roles.

She is currently General Manager of Operations at Children’s Health Queensland.

Bronwyn Morris, BCom FCA FAICD
Chartered accountant, director, and experienced Chair, Bronwyn Morris’s board portfolio spans publicly-listed, government and not-for-profit sectors in a broad range of industries. She is a Director of Collins Foods Limited, RACQ, RACQ Insurance and Care Australia.

Bronwyn is a councillor of the Queensland Division of the Australian Institute of Company Directors and served on the winning Bid Team of the 2018 Gold Coast Commonwealth Games. She also chairs or is a member of the Audit and Risk Committees for a number of her board roles.

Bronwyn has previously served on the boards of QIC Limited, Spotless Group Limited, Colorado Group Limited, Stanwell Corporation Limited, Brisbane Marketing Pty Ltd, Bond University and Queensland Rail (which she Chaired from 1999 to 2006). She is a former Partner of KPMG, having worked in audit and corporate services in their Brisbane, London and Gold Coast offices.

Shane O’Kane, BCom LLB
Shane has over 25 years of experience in the finance sector. He has held board or advisory board positions with a number of not-for-profit organisations associated with charities and sporting bodies.

His current board positions include the Pyjama Foundation, Cherish The Children Foundation, CS Energy Limited, GIA Ltd and Cherish The Environment- Ipswich.

Dr Peter Steer, MBBS, FRACP, FRCPC FAAP, GAICD
Professor of the School of Medicine, Faculty of Health Sciences at UQ, Peter Steer was appointed Chief Executive of the Children’s Health Service in January 2009, and reappointed as Chief Executive of the newly formed Children’s Health Queensland Hospital and Health Services in July 2012.

He has a long and distinguished career as a neonatologist, senior medical administrator and academic in Australia and overseas; most recently as President of McMaster Children’s Hospital in Canada, where he was Chief of Paediatrics at the hospital and at St Joseph’s Healthcare in Hamilton. Peter was a Professor and Chair of the Department of Paediatrics at McMaster University.
He has held senior leadership roles at Mater Children’s Hospital and appointments with the School of Public Health at the University of Queensland and the Centre of Clinical Studies for Women’s and Children’s Health.

**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.

He is the General Manager Philanthropy, responsible for Perpetual’s total Philanthropic Services, including the management of more than 900 charitable trusts, private ancillary funds and The Perpetual Foundation.

In his professional career Andrew has been the 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.

**2013/14 Board meeting dates**

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<th>Date</th>
<th>Month</th>
<th>Year</th>
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<td>12 July 2013</td>
<td>July</td>
<td>2013</td>
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<td>22 August 2013</td>
<td>August</td>
<td>2013</td>
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<tr>
<td>31 October 2013</td>
<td>October</td>
<td>2013</td>
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<td>12 December 2013</td>
<td>December</td>
<td>2013</td>
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<td>26 February 2014</td>
<td>February</td>
<td>2014</td>
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<tr>
<td>30 April 2014</td>
<td>April</td>
<td>2014</td>
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<td>25 June 2014</td>
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<td>2014</td>
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**Board Committees**

Through Committees established by the Board, the 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.

**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 investments, the independence and effectiveness of audit and compliance with laws, regulations and internal policies.

*Members:* Bronwyn Morris (Chairperson), Stephen Gray, Luke McGrath, Andrew Thomas and Bruce Cowley (ex-officio)

**Fundraising Committee**

*Purpose:* To provide strategic oversight and guidance of the Foundation’s fundraising activities and outcomes.

*Members:* Helen Darch (Chairperson), Luke McGrath, Peter Steer, Andrew Thomas, Bruce Cowley (ex-officio)

**Remuneration Committee**

*Purpose:* To provide oversight and guidance around the Foundation’s remuneration policies and practices.

*Members:* Susan Forrester (Chairperson) (resignation effective on 12 June 2014), Bruce Cowley, Helen Darch
Grants Committee (formed 25 June 2014)

**Purpose:** To identify potential research projects suitable for Foundation investment, recommend which projects to fund and report to the Board on outcomes from research funded by the 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, Bruce Cowley (ex-officio)

Organisational Structure

Executive Management

**Chief Executive Officer**

Cameron Prout (appointment term April 2013 – June 2016)

Cameron Prout commenced as Chief Executive Officer of the Children’s Hospital Foundation in early 2013. He brings almost 25 years of experience in not-for profit organisations, most recently as Chief Executive Officer of the Heart Foundation. Cameron joined the Children’s Hospital Foundation at an exciting time in preparation for the opening of the new Lady Cilento Children’s Hospital in late 2014, signalling a new era of working wonders for sick kids. A great children’s hospital needs a great foundation and Cameron’s role is to ensure the Foundation doesn’t stop until all sick kids have the chance to lead the life they deserve. Cameron leads a committed and passionate team who strive each day to make a difference to the lives of sick kids, wherever they may live. Through his stewardship, the Foundation’s valued supporters can be assured that their donations go to funding world-class research and clinical care and providing much needed distraction, entertainment and support to sick kids and their families.
Established in 2004, Children’s Hospital Foundations Australia (“Children’s Hospitals”) is the national fundraising partnership of Australia’s five major children’s hospital foundations. Formed to address the gap in fostering stronger relationships with corporate Australia, Children’s Hospitals is the only organisation that offers direct support access to a national network of children’s hospitals through a single gateway.

Funds donated to ‘Children’s Hospitals’ are divided equally between the five partner foundations and directed into the areas of greatest need as determined by each hospital foundation.

In 2013/2014, Children’s Hospitals distributed $243,694 to the Foundation. Children’s Hospitals’ 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 statewide 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, which will support Queensland’s regional hospitals through telemedicine, outreach services, and new and expanded children’s health services in the greater Brisbane metropolitan area.

Children’s Hospitals 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 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 Foundation is committed to upholding the values and standards of conduct outlined in the Code of Conduct for the Queensland Public Service. The 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 Foundation family, all employees, volunteers and representatives of the Foundation 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 Foundation Employee Handbook and other associated Policies and Procedures documents.

All 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 by the Foundation relates to the operation of the Act; the application of ethics principles and obligations to all employees, volunteers and representatives; the contents of the Foundation’s Code; and the rights and obligations in relation to contraventions of the Foundation’s Code.

In April 2014, the 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, with approval pending.

Risk management and accountability

Risk management

The Board, through the Finance, Audit and Risk Management Committee, monitors and addresses key risks pertaining to the Foundation. Operationally, the Committee discusses, reviews, and identifies actions required to manage risks in areas including reputation, investment, security and information technology. The Foundation’s risk management philosophy is to identify, assess and control those risks that may prevent the Foundation from achieving its strategic objectives. The Foundation’s risk management system incorporates a Risk and Crisis Management Plan, a Risk Register and a Risk Dashboard.

External scrutiny

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 Foundation’s internal control environment. No significant weaknesses were identified as part of this review. An external audit was conducted by a designate of the Queensland Audit Office (QAO). An unqualified audit opinion was issued on the 2013/14 financial statements.

Audit Committee

The Foundation’s Finance, Audit and Risk Management Committee provides assurance and assistance to the Chief Executive Officer and the Board on:

- risk, control and compliance frameworks

The Committee met five times during 2013–14. The Committee developed a Charter, including Terms of Reference, with due regard to the Queensland Treasury’s Audit and Committee Guidelines.
Information Systems and Recordkeeping

Information Systems
The Foundation’s Information and Communications Technology (ICT) team are responsible for operating information systems and technologies so that Foundation staff have access to the information needed to conduct and support the Foundation’s activities.

The ICT team provided:
• Reliable access to the 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 Foundation’s core functions
• Leadership in developing and implementing information management and ICT strategies, policies and standards.

Recordkeeping
The 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 CEO and fully implemented. Adherence to this policy in business activities and record keeping is implemented through recordkeeping procedures. The CEO 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 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 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 ICT.

The 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 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 Foundation’s vision, mission and strategic objectives to life. The Foundation’s values of Care, Respect and Recognition, Working Together, Excellence and Innovation and Accountability are embodied by staff and volunteers and underpin all Foundation activities.

Recruitment

The attraction and recruitment of talented candidates to the Foundation has been, and will continue to be, vital in ensuring its success. Over the last twelve months, the Foundation has gone through a rebuilding phase as it plans to fund more research and programs and deliver more and better services to support sick children and their families in the new children’s hospital and throughout Queensland. Staff numbers have increased to 40 FTE during this time. The 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 Foundation. Once appointed, rigorous workplace inductions are provided to all new employees to orientate them to their role and the Foundation’s culture and practices.

Workforce Planning

The Foundation’s workforce is made of up 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 2014, 83% of the workforce were women, which is not unusual for the not for profit sector. Over the last 12 months, the Foundation has focused on rebuilding and growing its internal capacity, hence 63% of staff have less than two years’ service. Long term workforce planning will be considered over the next 12 months in the context of the Foundation’s strategic plan.

Performance Planning and Development

The Foundation is committed to fostering a culture that focuses on performance, behaviour and accountability.

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

Learning and Development

The Foundation is committed to providing ongoing development opportunities for all staff to ensure a skilled, flexible and engaged workforce. The development philosophy has evolved to focus 70% 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% of development programs, while the remaining 10% comprises 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 Foundation.

In addition, the Foundation has developed and implemented a competency framework with the involvement of all staff. The competency framework outlines the core skills and abilities required across the entire organisation and at each level to achieve organisational success. This will assist with recruitment, development and succession planning.

The Foundation is planning to implement a leadership development framework in 2014/15.

Flexible Work Arrangements

The Foundation has developed a rigorous process to review all reasonable requests from employees regarding 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 Foundation’s commitment to assist staff with balancing their work and personal commitments.

**Staff Wellbeing**

The Foundation makes every effort to create a safe and healthy working environment for its staff and volunteers. During 2013/14, the Workplace Health and Safety framework was developed and aims to prevent work-related mental and physical illness as well as accidents at work, while maintaining good working and functional ability of its employees.

To assist staff and their families, the 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.

**Employee Relations Framework**

Over the last 12 months, the Foundation has focused on reviewing its Human Resources policies and procedures to ensure organisational best practice and legal compliance. Any updated or new policies are implemented with staff through a dedicated training session or at team meetings.

**Early Retirement, Redundancy, Retrenchment & Voluntary Separation**

There were no cases of early retirement or voluntary separation. The Foundation had 40.3 FTEs, as at 30 June 2014. The permanent retention rate for the 2013/14 period was 71%. The permanent separation rate was 30%. There were two redundancies during 2013/14 at a cost of $16,512.
Financial Performance

Revenue
The Foundation’s revenue predominantly comes from funds raised through the generous support of the community. The Foundation generated $17 million in total revenue for the 2013/14 financial year of which $13 million came from donations and other contributions, $2.7 million came from an increase in the value of investments and $1.3 million came from financial and other income. The following graph provides a proportional breakdown of donations and other contributions revenue by source:

Donation and Other Contributions 2013-2014 - by source

Expenses
Total expenses for the 2013/14 financial year were $15.9 million. Included in total expenses was $8.5 million in grants funding. The following graph provides a proportional breakdown of the areas where grant funds were allocated:

Distribution of Grants and Volunteer Services 2013-2014
Net Assets
The 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 2014, the Foundation’s net assets totalled $23 million of which $20.5 million was tied in investments. The Foundation’s investment portfolio was managed by JB Were in accordance with the Foundation’s investment policy.

Financial Reserves
Financial reserves are funds retained by the Children’s Hospital Foundation to ensure the Foundation’s sustainability and to help meet its future needs. Holding a certain amount of funds in reserve can help the 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 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 2013/14 year with the previous period’s results.

<table>
<thead>
<tr>
<th></th>
<th>2013/14</th>
<th>2012/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$17,039,111</td>
<td>$16,047,948</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$15,910,719</td>
<td>$12,367,225</td>
</tr>
<tr>
<td>Net Assets</td>
<td>$23,001,717</td>
<td>$21,873,325</td>
</tr>
</tbody>
</table>

In the 2013/14 financial year, the surplus was $1.1 million. Whilst the overall expenses were higher in the 2013/14 financial year, the Foundation has focussed on rebuilding and preparing for the challenges and opportunities presented by the opening of the new children’s hospital and research centre. Specifically, this focus has been on the development and implementation of a number of strategic initiatives that have seen the Foundation:

- Expand the patient care, family support and volunteer programs;
- Re-build the supporter base and donor care capacity;
- Commence a major gift / capital fundraising campaign;
- Trial face to face monthly giving acquisition;
- Commence a process to rebuild the ICT systems;
- Rejuvenate the infrastructure; and
- Improve workforce capability.

In summary, the 2013/14 financial year has seen the Foundation deliver a strong financial result and build capacity that will help bolster the efficient and effective operation of the Foundation into the future.

Full Financial Statements
The annual financial statements for Children’s Health Foundation Queensland for the 2013/14 financial year are included in Appendix 2 of this Annual Report.
## Appendices

### Appendix 1 - Compliance Checklist

<table>
<thead>
<tr>
<th>Summary of requirement</th>
<th>Basis for requirement</th>
<th>Annual report reference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Letter of compliance</strong></td>
<td>• A letter of compliance from the accountable officer or statutory body to the relevant Minister</td>
<td>ARRs—section 8</td>
</tr>
<tr>
<td><strong>Accessibility</strong></td>
<td>• Table of contents</td>
<td>ARRs—section 10.1</td>
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<tr>
<td></td>
<td>• Glossary</td>
<td></td>
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<tr>
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<td>• Public availability</td>
<td>ARRs—section 10.2</td>
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<td></td>
<td>• Interpreter service statement</td>
<td>Queensland Government Language Services Policy ARRs—section 10.3</td>
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<tr>
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<td>• Copyright notice</td>
<td>Copyright Act 1968 ARRs—section 10.4</td>
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<tr>
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<td>• Information licensing</td>
<td>Queensland Government Enterprise Architecture—Information licensing ARRs—section 10.5</td>
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<td><strong>General information</strong></td>
<td>• Introductory information</td>
<td>ARRs—section 11.1</td>
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<tr>
<td></td>
<td>• Agency role and main functions</td>
<td>ARRs—section 11.2</td>
</tr>
<tr>
<td></td>
<td>• Operating environment</td>
<td>ARRs—section 11.3</td>
</tr>
<tr>
<td></td>
<td>• Machinery of Government changes</td>
<td>ARRs—section 11.4</td>
</tr>
<tr>
<td><strong>Non-financial performance</strong></td>
<td>• Government’s objectives for the community</td>
<td>ARRs—section 12.1</td>
</tr>
<tr>
<td></td>
<td>• Other whole-of-government plans / specific initiatives</td>
<td>ARRs—section 12.2</td>
</tr>
<tr>
<td></td>
<td>• Agency objectives and performance indicators</td>
<td>ARRs—section 12.3</td>
</tr>
<tr>
<td></td>
<td>• Agency service areas and service standards</td>
<td>ARRs—section 12.4</td>
</tr>
<tr>
<td><strong>Financial performance</strong></td>
<td>• Summary of financial performance</td>
<td>ARRs—section 13.1</td>
</tr>
<tr>
<td><strong>Governance management and structure</strong></td>
<td>• Organisational structure</td>
<td>ARRs—section 14.1</td>
</tr>
<tr>
<td></td>
<td>• Executive management</td>
<td>ARRs—section 14.2</td>
</tr>
<tr>
<td></td>
<td>• Related entities</td>
<td>ARRs—section 14.3</td>
</tr>
<tr>
<td></td>
<td>• Government bodies</td>
<td>ARRs—section 14.4</td>
</tr>
<tr>
<td><strong>Governance—risk management and accountability</strong></td>
<td><strong>Public Sector Ethics Act 1994</strong></td>
<td>Public Sector Ethics Act 1994 (section 23 and schedule)</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>• Risk management</td>
<td>ARRs—section 15.1</td>
<td>Pages 12 and 15</td>
</tr>
<tr>
<td>• External scrutiny</td>
<td>ARRs—section 15.2</td>
<td>Page 15</td>
</tr>
<tr>
<td>• Audit committee</td>
<td>ARRs—section 15.3</td>
<td>Pages 12 and 15</td>
</tr>
<tr>
<td>• Internal audit</td>
<td>ARRs—section 15.4</td>
<td>Page 15</td>
</tr>
<tr>
<td>• Public sector renewal</td>
<td>ARRs—section 15.5</td>
<td>Not applicable</td>
</tr>
<tr>
<td>• Information systems and recordkeeping</td>
<td>ARRs—section 15.6</td>
<td>Page 16</td>
</tr>
<tr>
<td><strong>Governance—human resources</strong></td>
<td>• Workforce planning, attraction and retention and performance</td>
<td>ARRs—section 16.1</td>
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<tr>
<td>• Early retirement, redundancy and retrenchment</td>
<td>Directive No.11/12 Early Retirement, Redundancy and Retrenchment ARRs—section 16.2</td>
<td>Page 18</td>
</tr>
<tr>
<td><strong>Open Data</strong></td>
<td>• Open Data</td>
<td>ARRs—section 17</td>
</tr>
<tr>
<td><strong>Financial statements</strong></td>
<td>• Certification of financial statements</td>
<td>FAA—section 62 FPMS—sections 42, 43 and 50 ARRs—section 18.1</td>
</tr>
<tr>
<td>• Independent auditor’s report</td>
<td>FAA—section 62 FPMS—section 50 ARRs—section 18.2</td>
<td>Appendix 2</td>
</tr>
<tr>
<td>• Remuneration disclosures</td>
<td>Financial reporting requirements for Queensland Government agencies ARRs—section 18.3</td>
<td>Appendix 2</td>
</tr>
</tbody>
</table>

FAA  Financial Accountability Act 2009  
FPMS  Financial and Performance Management Standard 2009  
ARRs  Annual Report Requirements for Queensland Government Agencies
Children's Health Foundation Queensland

ABN: 11 607 902 687

Financial Statements
for the financial year 1 July 2013 to 30 June 2014
Contents

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 28
Independent Audit Report 29

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:

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

For information in relation to the Foundation's financial statements, please call (07) 3852 1199, email info@childrenshospitalfoundation.org.au or visit the Foundation's website www.childrenshospitalfoundation.org.au.
## Children's Health Foundation Queensland

### Statement of Comprehensive Income

for the year ended 30 June 2014

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations and other contributions</td>
<td>2</td>
<td>13,002,801</td>
</tr>
<tr>
<td>Financial Income</td>
<td>3</td>
<td>594,158</td>
</tr>
<tr>
<td>Share of profit of jointly controlled entity</td>
<td>21</td>
<td>61,727</td>
</tr>
<tr>
<td>Other income</td>
<td>4</td>
<td>835,656</td>
</tr>
<tr>
<td>Increase in fair value of financial assets</td>
<td></td>
<td>2,744,769</td>
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<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td><strong>17,039,111</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee expenses</td>
<td>5</td>
<td>2,927,506</td>
</tr>
<tr>
<td>Fundraising and marketing expenses</td>
<td>7</td>
<td>3,774,530</td>
</tr>
<tr>
<td>Supplies and consumables</td>
<td>8</td>
<td>532,515</td>
</tr>
<tr>
<td>Distribution of grants</td>
<td>9</td>
<td>8,459,762</td>
</tr>
<tr>
<td>Management and professional fees</td>
<td>10</td>
<td>107,906</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>11</td>
<td>45,868</td>
</tr>
<tr>
<td>Other expenses</td>
<td>12</td>
<td>62,612</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td><strong>15,910,719</strong></td>
</tr>
</tbody>
</table>

Other comprehensive income

**Total Comprehensive Income**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td><strong>1,128,392</strong></td>
<td><strong>3,680,723</strong></td>
</tr>
</tbody>
</table>

*The accompanying notes form part of these statements*
Children's Health Foundation Queensland  
Statement of Financial Position  
as at 30 June 2014

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

Current Assets
- Cash and cash equivalents: 13 8,794,784 4,437,840
- Receivables: 14 1,069,354 1,060,977
- Financial Asset - Fixed interest: 16 114,464 519,360
- Prepayments: 362,799 54,004
- **Total Current Assets**: 10,361,401 6,072,181

Non-Current Assets
- Investment in jointly controlled entity: 21 159,898 97,971
- Financial assets: 15 20,379,871 16,489,546
- Plant and equipment: 16 73,456 94,762
- Intangible assets: 17 302,091 80,971
- **Total Non-Current Assets**: 20,915,116 18,763,259

**Total Assets**: 31,276,517 24,835,431

Current Liabilities
- Payables: 18 8,011,266 2,780,757
- Accrued employee benefits: 19 229,213 181,434
- **Total Current Liabilities**: 8,240,479 2,842,191

Non-Current Liabilities
- Accrued employee benefits: 19 34,321 19,914
- **Total Non-Current Liabilities**: 34,321 19,914

**Total Liabilities**: 8,274,800 2,962,106

**NET ASSETS**: 23,001,717 21,873,325

Equity
- Accumulated Surplus: 23,001,717 21,873,325
- **TOTAL EQUITY**: 23,001,717 21,873,325

*The accompanying notes form part of these statements*
Children's Health Foundation Queensland  
Statement of Changes in Equity  
for the year ended 30 June 2014

<table>
<thead>
<tr>
<th>Notes</th>
<th>Accumulated Surplus 2014</th>
<th>Accumulated Surplus 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balance as at 1 July</td>
<td>21,873,325</td>
<td>18,192,602</td>
</tr>
<tr>
<td>Total Comprehensive Income</td>
<td>1,128,392</td>
<td>3,680,723</td>
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<tr>
<td>Balance as at 30 June</td>
<td>23,001,717</td>
<td>21,873,325</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
**Children's Health Foundation Queensland**

**Statement of Cash Flows**

*for the year ended 30 June 2014*

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Cash Flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Inflows:</strong></td>
<td></td>
<td></td>
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<tr>
<td>Donations</td>
<td>13,345,996</td>
<td>11,611,316</td>
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<tr>
<td>Other income</td>
<td>116,127</td>
<td>-</td>
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<tr>
<td>GST collected from customers</td>
<td>72,666</td>
<td>228,776</td>
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<tr>
<td>GST input credits from the Australian Taxation Office</td>
<td>519,762</td>
<td>818,115</td>
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<tr>
<td><strong>Outflows:</strong></td>
<td></td>
<td></td>
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<tr>
<td>Payments to suppliers and employees</td>
<td>(6,670,155)</td>
<td>(4,687,983)</td>
</tr>
<tr>
<td>Payments of grants</td>
<td>(4,076,700)</td>
<td>(6,681,520)</td>
</tr>
<tr>
<td>GST paid to suppliers</td>
<td>(523,473)</td>
<td>(819,633)</td>
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<tr>
<td>GST remitted to the Australian Taxation Office</td>
<td>(85,873)</td>
<td>(252,501)</td>
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<tr>
<td><strong>Net cash provided by/ (used in) operating activities</strong></td>
<td>20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,598,345</td>
<td>16,570</td>
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<tr>
<td><strong>Cash Flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Inflows:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>572,786</td>
<td>399,608</td>
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<tr>
<td>Proceeds from sale of financial investments</td>
<td>1,316,212</td>
<td>-</td>
</tr>
<tr>
<td>Franking credits received from the Australian Taxation Office</td>
<td>229,280</td>
<td>244,765</td>
</tr>
<tr>
<td><strong>Outflows:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of intangible assets</td>
<td>(237,547)</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition of plant and equipment</td>
<td>(8,135)</td>
<td>(38,934)</td>
</tr>
<tr>
<td>Management fees paid</td>
<td>(113,957)</td>
<td>(66,087)</td>
</tr>
<tr>
<td><strong>Net cash provided by/ (used by) investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,758,599</td>
<td>539,352</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>4,356,944</td>
<td>555,022</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the financial year</td>
<td>4,437,840</td>
<td>3,881,918</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of the financial year</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td></td>
<td>8,794,784</td>
<td>4,437,840</td>
</tr>
</tbody>
</table>

*The accompanying notes form part of these 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 Consumables
Note 9: Distribution of Grants
Note 10: Management and Professional Fees
Note 11: Depreciation and Amortisation
Note 12: Other Expenses
Note 13: Cash and Cash Equivalents
Note 14: Receivables
Note 15: Financial Assets
Note 16: Plant and Equipment
Note 17: Intangible Assets
Note 18: Trade and Other Payables
Note 19: Accrued Employee Benefits
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Note 21: Investment in Jointly Controlled Entity
Note 22: Financial Instruments
Note 23: Commitments for Expenditure
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Objectives and Principal Activities of the Foundation
The objective of the Foundation is to improve children's health by funding and supporting clinical care, research and education.

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 Royal Children's Hospital.

1. Summary of Significant Accounting Policies

(a) Statement of Compliance
The Foundation has prepared these financial statements in compliance with section 43 of the Financial and Performance Management Standard 2009.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ended 30 June 2014, and other authoritative pronouncements.

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

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

Grants received, contributions, donations and gifts that are unconditional in nature are recognised as revenue in the year in which the Foundation obtains control over them, which is typically when received by the Foundation.

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

(d) Grants Paid
Grants paid by the Foundation are recognised immediately as an expense and amounts owing that are not yet paid are taken up in 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
For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June as well as deposits at call with financial institutions. It also includes investments with short periods to maturity (less than 3 months) that are readily convertible to cash on hand at the Foundation's option and that are subject to a low risk of changes in value.
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.
Other debtors generally arise from transactions outside the usual operating activities of the Foundation and are recognised at their assessed values. Terms are a maximum of three months, no interest is charged and no security is obtained.

(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
Plant and equipment, (that is not classified as major plant and equipment) is measured at cost in accordance with the Non-Current Asset Policies. The carrying amounts for such plant and equipment at cost should not materially differ from their fair value.
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 |
Items with a lesser value are expensed in the year of acquisition.
Plant and equipment includes motor vehicles.

(i) Intangibles
Intangible assets are measured at their historical cost, unless there is an active market for the assets concerned (in which case they are measured at fair value).
Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Costs associated with the purchase of software have been capitalised and are being amortised on a straight line basis over the period of the expected benefit to the Foundation, namely 5 years.
The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.
All items of computer software which are purchased with a cost in excess of $100,000 are capitalised in the year of acquisition, items with a lesser value being expensed.
It has been determined that there is not an active market for any of the Foundation's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.
No intangible assets have been classified as held for sale or form part of a disposal group held for sale.
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 useul 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.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes with property, plant and equipment.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

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

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:

<table>
<thead>
<tr>
<th>Class</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and equipment:</td>
<td></td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>20-33</td>
</tr>
<tr>
<td>Other equipment</td>
<td>10-20</td>
</tr>
<tr>
<td>Intangible assets:</td>
<td></td>
</tr>
<tr>
<td>Software purchased</td>
<td>20</td>
</tr>
</tbody>
</table>

(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 21.

(m) 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.

(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:
- Cash and cash equivalents - held 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

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

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

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

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 using the effective interest rate method 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 using the effective interest method.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Foundation are included in Note 22.

(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.

(p) Provisions

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

(q) 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.

(r) 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.

(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 the signing of 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 restated where necessary to be consistent with disclosures in the current reporting period.

(w) New and Revised Accounting Standards
The Foundation did not voluntarily change any of its accounting policies during 2013-14. Australian Accounting Standard changes applicable for the first time for 2013-14 have had minimal effect on the Foundation's financial statements, as explained below.

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

The Foundation reviewed its fair value methodologies for all assets to assess whether those methodologies comply with AASB 13. To the extent that the previous methodologies were not in compliance with AASB 13, valuation methodologies were revised accordingly to be in line with AASB 13. The revised valuation methodologies have not resulted in material differences from the previous methodologies as the Foundation does not have assets or liabilities to which AASB 13 applies.

AASB 13 has required an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. For those fair value measurements of assets or liabilities that substantially are based on data that is not 'observable' (i.e. accessible outside the Foundation), the amount of information disclosed has significantly increased.

The Foundation is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Queensland Treasury and Trade. Consequently, the Foundation has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The Foundation applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out 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;
- 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]; and
- AASB 2013-8 Amendments to Australian Accounting Standards - Australian implementation
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

(w) New and Revised Accounting Standards continued

Guidance for Not-for-Profit Entities - Control and Structured Entities

AASSB 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. AASSB 2013-8 applies the various principles in AASSB 10 for determining whether a not-for-profit entity controls another entity. The Foundation is yet to assess its current arrangements with other entities in relation to this Standard.

AASSB 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 AASSB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. The Foundation is yet to assess its arrangements with other entities to determine whether a joint arrangement exists in terms of AASSB 11. However, if a joint arrangement does arise in future, the Foundation will need to follow the relevant accounting treatment specified in either AASSB 11 or the revised AASSB 128, depending on the nature of the joint arrangement.

AASSB 9 Financial Instruments and AASSB 2010-7 Amendments to Australian Accounting Standards arising from AASSB 9 (December 2010) [AASSB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] will become effective for reporting periods beginning on or after 1 January 2017. The main impacts of these standards on the Foundation are that they will change the requirements for the classification, measurement and disclosures associated with the Foundation’s financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASSB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Foundation will commence a review of the measurement of its financial assets against the new AASSB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASSB 9 will depend on the facts and circumstances existing at that date, the Foundation’s conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Foundation enters into, it is not expected that any of the Foundation's financial assets will meet the criteria in AASSB 9 to be measured at amortised cost. Therefore, as from the 2017-18 financial statements, all of the Foundation’s financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in Notes 1(n) and 22). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the Foundation’s current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

(w) New and Revised Accounting Standards continued

The most significant impact of the new measurement requirements on the Foundation is that the 'held to maturity' investment described in Notes 1(n) and 22 will need to be measured at fair value. In addition, that investment will no longer be classified as 'held to maturity'. The Foundation is not yet able to reliably estimate what the fair value of this investment will be at the date of initial application of AASB 9. The difference between the carrying amount of this investment and its initial fair value will be recognised as an adjustment to the balance of Accumulated Surplus on initial application of AASB 9. AASB 9 allows an entity to make an irrevocable election at the date of initial recognition to present in 'other comprehensive income' subsequent changes in the fair value of such an asset. Queensland Treasury and Trade is currently considering mandating this accounting treatment when AASB 9 becomes effective.

The Foundation will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2017-18. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2017-18 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the Foundation enters into, the most significant ongoing disclosure impacts are expected to relate to investments in equity instruments measured at fair value through other comprehensive income (e.g. the 'held to maturity' investment described in Note 1(n)) and derecognition of these.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Foundation's activities, or have no material impact on the Foundation.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

<table>
<thead>
<tr>
<th>2. Donations and other contributions</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual donations</td>
<td>3,129,187</td>
<td>1,566,214</td>
</tr>
<tr>
<td>Gifts in wills</td>
<td>1,620,079</td>
<td>1,193,410</td>
</tr>
<tr>
<td>Commercial partnerships</td>
<td>6,511,343</td>
<td>6,407,483</td>
</tr>
<tr>
<td>Community fundraising</td>
<td>1,484,592</td>
<td>2,358,144</td>
</tr>
<tr>
<td>Trusts and foundations</td>
<td>257,800</td>
<td>792,984</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,002,801</strong></td>
<td><strong>11,318,235</strong></td>
</tr>
</tbody>
</table>

3. Financial income

| Interest received from bank deposits | 65,005      | 28,129     |
| Dividends received from financial assets | 629,153    | 314,907    |
| **Total**                            | **594,158** | **343,036** |

4. Other income

| Dividend imputation tax credits on listed securities | 270,800 | 492,233 |
| Services received free of charge - at fair value | 88,791  | 159,287 |
| Grants unexpended by recipient | 196,670 | 393,592 |
| Service fees - Other | 101,395 | 66,201 |
| **Total** | **635,856** | **1,109,283** |

**Dividend imputation tax credits on listed securities:**
Credits arising from dividends paid during the 2014 financial year of $235,734 are recoverable from the Australian Tax Office after 30 June 2014 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 2014 of $35,066 have also been recognised as a receivable in the Statement of Financial Position. Franking credits for the 2013 and 2012 financial years were recognised in the 2013 financial year and received during the course of the current financial year.

**Services received free of charge - at fair value:**
Necessary services received free of charge that would have otherwise been purchased include legal fees, professional consulting fees and administration services. The fair value of these services has been reliably measured.

Queensland Health provides accommodation and utilities at the Royal Children's Hospital campus free of charge. This benefit is not recognised in the Statement of Comprehensive Income.

5. Employee expenses

| Salaries and wages | 2,642,274 | 2,535,853 |
| Employer superannuation expense | 229,522 | 215,345 |
| **Employee related expenses** |     |          |
| Workers compensation insurance | 9,200  | 13,338   |
| Other employee related expenses | 46,510 | 79,964   |
| **Total** | **2,927,506** | **2,844,300** |
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

5. Employee expenses
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

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>40</td>
<td>25</td>
</tr>
</tbody>
</table>

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 2013/2014. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

<table>
<thead>
<tr>
<th>Position</th>
<th>Responsibilities</th>
<th>Current incumbents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer [CEO]</td>
<td>The CEO is responsible for the efficient, effective and economic administration of the Foundation.</td>
<td>Foundation Board</td>
</tr>
</tbody>
</table>

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 Remuneration Committee are yet to determine the increase in the remuneration packages of key management personnel for the 2014-15 year.

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.

01 July 2013 - 30 June 2014

<table>
<thead>
<tr>
<th>Position (date resigned if applicable)</th>
<th>Short Term Employee Expenses</th>
<th>Long Term Employee Expenses</th>
<th>Post-Employment Expenses</th>
<th>Termination Benefits</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer (CEO)</td>
<td>208,242</td>
<td>-</td>
<td>290</td>
<td>19,262</td>
<td>227,794</td>
</tr>
<tr>
<td>Total</td>
<td>208,242</td>
<td>-</td>
<td>290</td>
<td>19,262</td>
<td>227,794</td>
</tr>
</tbody>
</table>

01 July 2012 - 30 June 2013

<table>
<thead>
<tr>
<th>Position (date resigned if applicable)</th>
<th>Short Term Employee Expenses</th>
<th>Long Term Employee Expenses</th>
<th>Post-Employment Expenses</th>
<th>Termination Benefits</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer (CEO)</td>
<td>214,190</td>
<td>-</td>
<td>22</td>
<td>14,543</td>
<td>225,770</td>
</tr>
</tbody>
</table>

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.

2014 2013

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing and communications</td>
<td>227,473</td>
<td>189,894</td>
</tr>
<tr>
<td>Fundraising expenses</td>
<td>3,540,939</td>
<td>1,453,133</td>
</tr>
<tr>
<td>Other</td>
<td>6,118</td>
<td>9,085</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,774,530</strong></td>
<td><strong>1,651,112</strong></td>
</tr>
</tbody>
</table>

Fundraising expenses:

During the 2014 financial year various fundraising campaigns were undertaken to significantly increase income from donations and other contributions. A campaign to secure large donations was also undertaken to maximise the funding available for the Lady Cilento Children’s Hospital scheduled to open in November 2014. These campaigns proved to be successful and the full benefits of these undertakings are expected to materialise in subsequent reporting periods.

8. Supplies and consumables

<table>
<thead>
<tr>
<th>Supplies and consumables</th>
<th>293,872</th>
<th>163,565</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel and accommodation costs</td>
<td>10,618</td>
<td>5,891</td>
</tr>
<tr>
<td>Consultancies and contractors</td>
<td>173,093</td>
<td>208,760</td>
</tr>
<tr>
<td>Legal, professional and insurance costs</td>
<td>54,932</td>
<td>68,488</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>532,515</strong></td>
<td><strong>446,704</strong></td>
</tr>
</tbody>
</table>
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

9. Distribution of grants

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research grants</td>
<td>5,369,645</td>
<td>5,731,802</td>
</tr>
<tr>
<td>Clinical and patient services grants</td>
<td>2,411,214</td>
<td>487,951</td>
</tr>
<tr>
<td>Equipment</td>
<td>429,122</td>
<td>234,546</td>
</tr>
<tr>
<td>Volunteer and patient entertainment expenses</td>
<td>132,147</td>
<td>153,005</td>
</tr>
<tr>
<td>Development funds</td>
<td>-</td>
<td>554,601</td>
</tr>
<tr>
<td>Other Foundation grants</td>
<td>117,654</td>
<td>106,951</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,459,782</td>
<td>7,278,956</td>
</tr>
</tbody>
</table>

Clinical and patient services grants:
In the 2013 financial year, the Foundation had a commitment to Children's Health Queensland to contribute $2,000,000 to improve the quality of the Patient Entertainment System to be installed at the Lady Cilento Children's Hospital. The amount was contributed by our long term partner Woolworths for this purpose. As installation of this system was completed prior to 30 June 2014, the amount was recognised as a payable in the Statement of Financial Position.

Development funds:
The Foundation administers funds received from Queensland Health clinicians for third party payments including payment for clinical trials, presenting at conferences and seminars and for the review of theses. These funds are utilised by the recipients for approved purposes such as professional development. The Foundation recognised these balances at 30 June 2013 as a liability (and expensed them in the 2013 financial year) as the Foundation arranged to transfer the funds to Children's Health Queensland post year end. This transfer is now expected to occur in the financial year ending 30 June 2015.

10. Management and professional fees

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees paid to investment managers</td>
<td>107,906</td>
<td>73,443</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>107,906</td>
<td>73,443</td>
</tr>
</tbody>
</table>

11. Depreciation and amortisation

Depreciation and amortisation were incurred in respect of:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and equipment</td>
<td>29,441</td>
<td>23,601</td>
</tr>
<tr>
<td>Intangibles</td>
<td>16,427</td>
<td>16,427</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>45,868</td>
<td>40,028</td>
</tr>
</tbody>
</table>

12. Other expenses

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit related costs*</td>
<td>35,000</td>
<td>20,127</td>
</tr>
<tr>
<td>Other administrative expenses</td>
<td>27,612</td>
<td>12,555</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>62,612</td>
<td>32,682</td>
</tr>
</tbody>
</table>

* Total audit fees paid to the Queensland Audit Office relating to the 2013 - 2014 financial statements are estimated to be $16,500 (2013: $17,000)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

13. Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petty cash and floats</td>
<td>400</td>
<td>280</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>5,771,496</td>
<td>3,200,710</td>
</tr>
<tr>
<td>Short term deposits</td>
<td>3,022,886</td>
<td>1,236,850</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,794,784</strong></td>
<td><strong>4,437,840</strong></td>
</tr>
</tbody>
</table>

14. Receivables

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend imputation credits on listed securities</td>
<td>270,800</td>
<td>247,487</td>
</tr>
<tr>
<td>GST Receivable</td>
<td>351,792</td>
<td>248,081</td>
</tr>
<tr>
<td>GST Payable</td>
<td>(5,720)</td>
<td>(18,932)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>616,872</td>
<td>476,616</td>
</tr>
<tr>
<td>Trade debtors</td>
<td>10,330</td>
<td>31,062</td>
</tr>
<tr>
<td>Accrued revenue</td>
<td>426,152</td>
<td>553,299</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,059,354</td>
<td>1,060,977</td>
</tr>
</tbody>
</table>

15. Financial Assets

**Current:**

<table>
<thead>
<tr>
<th>Financial assets designated at fair value through profit &amp; loss</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>114,464</td>
<td>519,360</td>
</tr>
</tbody>
</table>

**Non-current:**

<table>
<thead>
<tr>
<th>Financial assets designated at fair value through profit &amp; loss</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>20,379,871</td>
<td>18,489,546</td>
</tr>
</tbody>
</table>

The Foundation's financial assets designated at fair value through profit or loss are held in a number of managed funds as listed securities and cash. 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**

<table>
<thead>
<tr>
<th>Fund</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Sasakawa Memorial Fund</td>
<td>1,944,086</td>
<td>1,644,748</td>
</tr>
<tr>
<td>Lola Efstathis Scholarship Fund</td>
<td>117,647</td>
<td>104,350</td>
</tr>
<tr>
<td><strong>Total restricted financial assets</strong></td>
<td><strong>2,061,733</strong></td>
<td><strong>1,749,098</strong></td>
</tr>
</tbody>
</table>

The Sasakawa Memorial Fund:

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 Scholarship Fund:

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)

16. Plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plant and equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>53,459</td>
<td>45,324</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(35,676)</td>
<td>(20,719)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>17,783</td>
<td>24,605</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Motor Vehicles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>82,155</td>
<td>82,155</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(26,482)</td>
<td>(11,998)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>55,673</td>
<td>70,157</td>
</tr>
</tbody>
</table>

**Plant and equipment**
- Carrying amount at 1 July 2013: 24,605
- Acquisitions: 8,135
- Depreciation: (14,957)
- **Carrying amount at end of period**: 17,783

**Motor Vehicles**
- Carrying amount at 1 July 2013: 70,157
- Acquisitions: -
- Depreciation: (14,484)
- **Carrying amount at end of period**: 55,673
- **Total**: 73,456

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: 340,959
- Less accumulated amortisation: (38,868)
- **Total**: 302,091

**Carrying amount at 01 July 2013**: 80,971
- Acquisitions: 237,547
- Amortisation: (16,427)
- **Carrying amount at 30 June**: 302,091
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

18. Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade creditors</td>
<td>188,157</td>
<td>150,760</td>
</tr>
<tr>
<td>Sundry creditors and accruals</td>
<td>50,069</td>
<td>217,091</td>
</tr>
<tr>
<td>PAYG payable</td>
<td>57,635</td>
<td>27,697</td>
</tr>
<tr>
<td>Grants payable</td>
<td>7,715,405</td>
<td>2,385,209</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,011,266</strong></td>
<td><strong>2,780,757</strong></td>
</tr>
</tbody>
</table>

Grants payable: Grants payable at reporting date increased due to (i) the $2,000,000 commitment to fund the upgrade of the Patient Entertainment System at the Lady Cilento Children's Hospital became payable at year end as installation was completed earlier than expected; and (ii) for many projects, the criteria to activate funding payments occurred at reporting date and certain amounts remain unpaid at year end whereas in the prior year the majority of funding payments due and payable during the year had been made prior to year end.

19. Accrued employee benefits

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary and wages outstanding</td>
<td>75,269</td>
<td>51,281</td>
</tr>
<tr>
<td>Annual leave payable</td>
<td>118,288</td>
<td>73,093</td>
</tr>
<tr>
<td>Long service leave payable</td>
<td>36,666</td>
<td>37,080</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>229,213</strong></td>
<td><strong>161,434</strong></td>
</tr>
</tbody>
</table>

Non-Current: Long service leave payable                                                                 |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>Long service leave payable</td>
<td>34,321</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34,321</strong></td>
</tr>
</tbody>
</table>

20. Reconciliation of operating surplus to net cash from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating surplus/(deficit)</td>
<td>1,126,392</td>
<td>3,680,723</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>45,895</td>
<td>40,028</td>
</tr>
<tr>
<td>Unrealised loss/(gain) on fair value of financial assets</td>
<td>(2,744,769)</td>
<td>(3,252,986)</td>
</tr>
<tr>
<td>Profit from joint venture</td>
<td>(51,727)</td>
<td>(24,398)</td>
</tr>
<tr>
<td><strong>Non-Operating items:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial income</td>
<td>(594,158)</td>
<td>(343,036)</td>
</tr>
<tr>
<td>Dividend imputation tax credits on listed securities</td>
<td>(270,800)</td>
<td>(492,233)</td>
</tr>
<tr>
<td>Management fees paid</td>
<td>107,906</td>
<td>73,443</td>
</tr>
<tr>
<td><strong>Changes in assets and liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase)/decrease in receivables</td>
<td>7,642</td>
<td>188,906</td>
</tr>
<tr>
<td>(Increase)/decrease in prepayments</td>
<td>(338,795)</td>
<td>48,160</td>
</tr>
<tr>
<td>Increase/(decrease) in payables</td>
<td>5,236,600</td>
<td>168,583</td>
</tr>
<tr>
<td>Increase/(decrease) in employee entitlements</td>
<td>82,186</td>
<td>(80,619)</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td><strong>2,598,345</strong></td>
<td><strong>16,570</strong></td>
</tr>
</tbody>
</table>
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

21. Investment in jointly controlled entity

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>872,181</td>
<td>489,853</td>
</tr>
<tr>
<td>Total Assets</td>
<td>872,181</td>
<td>489,853</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade creditors and other payables</td>
<td>62,671</td>
<td>-</td>
</tr>
<tr>
<td>Provisions</td>
<td>11,019</td>
<td>-</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>73,690</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets</td>
<td>798,491</td>
<td>489,853</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>159,698</td>
<td>97,971</td>
</tr>
</tbody>
</table>

20% of CHFA surplus attributable to the Foundation and shown on the Statement of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>61,727</td>
<td>24,398</td>
</tr>
</tbody>
</table>

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 a 20% share in the net contributions received from national corporations.

22. Financial Instruments

(a) Categorisation of financial instruments

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

Financial assets

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>8,794,784</td>
<td>4,437,840</td>
</tr>
<tr>
<td>Receivables</td>
<td>1,059,354</td>
<td>1,060,977</td>
</tr>
<tr>
<td>Financial assets – fixed interest</td>
<td>114,464</td>
<td>519,360</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>20,379,871</td>
<td>18,469,546</td>
</tr>
<tr>
<td>Total</td>
<td>30,348,473</td>
<td>24,507,723</td>
</tr>
</tbody>
</table>

Financial liabilities

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>8,011,266</td>
<td>2,780,757</td>
</tr>
<tr>
<td>Total</td>
<td>8,011,266</td>
<td>2,780,757</td>
</tr>
</tbody>
</table>

Children's Health Foundation Queensland
Financial Statements 2013 - 2014
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

22. 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:

<table>
<thead>
<tr>
<th>Risk Exposure</th>
<th>Measurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit risk</td>
<td>Ageing analysis</td>
</tr>
<tr>
<td>Liquidity risk</td>
<td>Sensitivity analysis</td>
</tr>
<tr>
<td>Market Risk</td>
<td>Price risk sensitivity analysis</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Maximum exposure to credit risk</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Financial assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>8,794,784</td>
<td>4,437,840</td>
</tr>
<tr>
<td>Receivables</td>
<td>1,059,364</td>
<td>1,060,977</td>
</tr>
<tr>
<td>Financial asset – fixed interest</td>
<td>114,464</td>
<td>519,360</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>20,379,871</td>
<td>18,469,546</td>
</tr>
<tr>
<td>Total</td>
<td>30,348,473</td>
<td>24,507,724</td>
</tr>
</tbody>
</table>

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)

22. Financial Instruments continued

(c) Credit risk exposure continued

The method for calculating any allowance for impairment is based on past experience, current and expected
differences 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:

2014 financial assets past due but not impaired

<table>
<thead>
<tr>
<th></th>
<th>Less than 30 days</th>
<th>30-60 days</th>
<th>61-90 days</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables</td>
<td>1,059,354</td>
<td>-</td>
<td>-</td>
<td>1,059,354</td>
</tr>
<tr>
<td>Financial asset - fixed interest</td>
<td>114,464</td>
<td>-</td>
<td>-</td>
<td>114,464</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,173,818</strong></td>
<td>-</td>
<td>-</td>
<td><strong>1,173,818</strong></td>
</tr>
</tbody>
</table>

2013 financial assets past due but not impaired

<table>
<thead>
<tr>
<th></th>
<th>Less than 30 days</th>
<th>30-60 days</th>
<th>61-90 days</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables</td>
<td>1,060,977</td>
<td>-</td>
<td>-</td>
<td>1,060,977</td>
</tr>
<tr>
<td>Financial asset - fixed interest</td>
<td>519,380</td>
<td>-</td>
<td>-</td>
<td>519,380</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,580,337</strong></td>
<td>-</td>
<td>-</td>
<td><strong>1,580,337</strong></td>
</tr>
</tbody>
</table>

(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. The Foundation 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 meet 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 related to the liabilities
at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the Statement
of Financial Position that are based on discounted cash flows.

2014 liquidity risk

<table>
<thead>
<tr>
<th></th>
<th>&lt;1 year</th>
<th>1-5 years</th>
<th>&gt;5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>$8,011,266</td>
<td>-</td>
<td>-</td>
<td>$8,011,266</td>
</tr>
</tbody>
</table>

2013 liquidity risk

<table>
<thead>
<tr>
<th></th>
<th>&lt;1 year</th>
<th>1-5 years</th>
<th>&gt;5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>$2,780,757</td>
<td>-</td>
<td>-</td>
<td>$2,780,757</td>
</tr>
</tbody>
</table>

[QAO certified statements]
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

22. 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:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>2,783,130</td>
<td>1,236,849</td>
</tr>
<tr>
<td>Fixed Interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>5,475,845</td>
<td>2,298,100</td>
</tr>
<tr>
<td>International</td>
<td>1,967,359</td>
<td>1,700,337</td>
</tr>
<tr>
<td>Equities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>13,047,808</td>
<td>15,007,447</td>
</tr>
<tr>
<td>Alternative investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International</td>
<td>3,322</td>
<td>3,021</td>
</tr>
<tr>
<td>Total</td>
<td>23,277,464</td>
<td>20,245,754</td>
</tr>
</tbody>
</table>

(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 $2,037,987.

<table>
<thead>
<tr>
<th>Financial instrument</th>
<th>Carrying amount</th>
<th>2014 Price risk</th>
<th>2013 Price risk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>-10%</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Profit</td>
<td>Equity</td>
<td>Profit</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>20,379,871</td>
<td>(2,037,987)</td>
<td>(2,037,987)</td>
</tr>
<tr>
<td>Potential impact</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2,037,987)</td>
<td>(2,037,987)</td>
<td>2,037,987</td>
</tr>
</tbody>
</table>

2013 Price risk

<table>
<thead>
<tr>
<th>Financial instrument</th>
<th>Carrying amount</th>
<th>Profit</th>
<th>Equity</th>
<th>Profit</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>18,489,546</td>
<td>(1,848,955)</td>
<td>(1,848,955)</td>
<td>1,848,955</td>
<td>1,848,955</td>
</tr>
<tr>
<td>Potential impact</td>
<td></td>
<td>(1,848,955)</td>
<td>(1,848,955)</td>
<td>1,848,955</td>
<td>1,848,955</td>
</tr>
</tbody>
</table>

QAC certified statements 25
22. 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

<table>
<thead>
<tr>
<th>2014 Financial assets</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total Carrying Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>$20,376,549</td>
<td>$3,322</td>
<td>$</td>
<td>$20,379,871</td>
</tr>
<tr>
<td>Total</td>
<td>$20,376,549</td>
<td>$3,322</td>
<td>$</td>
<td>$20,379,871</td>
</tr>
</tbody>
</table>

Classification according to fair value hierarchy

<table>
<thead>
<tr>
<th>2013 Financial assets</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total Carrying Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>$18,486,525</td>
<td>$3,021</td>
<td>$</td>
<td>$18,489,546</td>
</tr>
<tr>
<td>Total</td>
<td>$18,486,525</td>
<td>$3,021</td>
<td>$</td>
<td>$18,489,546</td>
</tr>
</tbody>
</table>

23. Commitments for expenditure

Grant commitments

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

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable in 2015 financial year</td>
<td>$</td>
</tr>
<tr>
<td>Research</td>
<td>$2,436,300</td>
</tr>
<tr>
<td>Equipment</td>
<td>$653,612</td>
</tr>
<tr>
<td>Innovation grants</td>
<td>$199,623</td>
</tr>
<tr>
<td>Rehabilitation and Patient Care</td>
<td>$197,000</td>
</tr>
<tr>
<td><strong>Total committed funds 2015 financial year</strong></td>
<td><strong>$3,486,535</strong></td>
</tr>
</tbody>
</table>

Payable in 2016 financial year:

| Research              | $1,142,262  |
| **Total committed funds to 30 June 2016** | **$4,628,797** |

Payable in 2017 financial year:

| Research              | $423,463    |
| **Total committed funds to 30 June 2017** | **$5,052,260** |

There were no other commitments for expenditure at 30 June 2014.

24. Events subsequent to balance date

There are no material events subsequent to 30 June 2014 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) of the Financial Accountability Act 2009 (the Act), relevant sections of the Financial and Performance Management Standard 2009 and other prescribed requirements. In accordance with 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 2014 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

27/8/14

Cameron Prout
Chief Executive Officer

27/08/14

Date

Date
INDEPENDENT AUDITOR’S REPORT

To the Board of the Children’s Health Foundation Queensland


I have audited the accompanying financial report of Children’s Health Foundation Queensland, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates 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. 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, of the transactions of the Children’s Health Foundation Queensland for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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

B R STEEL CPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane