

PA Research
Foundation

2018 Annual Report

This document is available in electronic format at www.pafoundation.org.au

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Hard copies of this report are available on request to the PA Research Foundation

If you have difficulty in understanding this report, please contact the PA Research Foundation on 07 3176 7301 and we will arrange to have it translated.

Open Data – No expenditure on overseas travel and implementation of the Queensland Language Services Policy was incurred during 2017-18. Information relating to consultancies has been published on the Queensland Government Open Data website (qld.gov.au/data).

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Glossary

Term	Definition
Foundation	PA Research Foundation
PARF	PA Research Foundation
Vision	Statement by the Foundation as to how it wishes to be perceived by clients, stakeholders and the community
Mission	The statement that drives us to achieve the vision
Strategic Objective	Agreed main theme to inform all action: from Board to operational levels
Strategic Goal	Specific metric for achievement
Key Performance Indicator (KPI)	Specific metric for achievement of target
PA Hospital, PAH	Princess Alexandra Hospital
NHMRC	National Health and Medical Research Council
ARC	Australian Research Council
CEO	Chief Executive Officer

Letter of Compliance



Compliance Letter

5 September 2018

The Honourable Steven Miles MP
Minister for Health and Minister for Ambulance Services
GPO Box 48
BRISBANE QLD 4001

Dear Minister Miles

I am pleased to present the Annual Report 2017-2018 and financial statements for the PA Research Foundation.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found on page 18 of this annual report.

Yours sincerely

A handwritten signature in black ink that reads 'Robert Bowen'.

Robert Bowen AO
Chairman

General information

CHAIRMANS REPORT

Raising funds for ground breaking medical research has been the key focus of the PA Research Foundation since its establishment over 30 years ago. Our support provides seed funding for projects and people who are building their research careers and gap funding to ensure significant projects can continue.

Over the past three years the Foundation has provided over \$3.5 million in funding for research and other activities at the PA. Our grants support has increased from \$700,000 in 2017 to \$800,000 for eight clinically lead collaborative projects in 2018.

Our significant surplus as at 30 June 2018 will enable us to make over \$3 million available to investment in research at the PA Hospital from January 2019. This will include \$2 million in awards and over \$1 million in tied projects.

Working with the Metro South Health Centres for Health Research 13 awards will be made including one \$350,000 three-year grant. In addition, specific projects have been funded to support research for a new Breast Cancer Institute and in investigate establishing a cancer wellness centre.

I am excited to say the Foundation's investment in donor acquisition has now resulted in over 10,000 new donors and more than 400 regular monthly donors. To each of our donors, thank you for your continued contribution to the great work and achievements of our research community. To our growing team of corporate partners and sponsors, thank you on behalf of the Foundation for your participation in our community fundraising activities.

In conclusion, I would like to thank our dedicated staff in the Foundation office and my fellow Board members for their time, dedication and guidance throughout the year.

With your support, I look forward to continuing to facilitate life-saving health and medical research and improvement in the health of our community.



Robert Bowen
Chairman

Agency role and main functions

Vision	Better health for all and a community free from disease
Mission	To build sustainable giving for the continuous funding of innovative and ground-breaking medical research discoveries. Accelerating new treatments, progressing patient care, preventing disease, saving lives and restoring quality of life for those battling chronic and debilitating disease.
Objectives	<ol style="list-style-type: none">1. Fund innovative clinical, collaborative, translational projects2. Direct funding based on donor wishes3. Develop relationship and build support from PA Hospital community4. Increase fundraising from national and international markets

The PA Research Foundation raises funds for ground-breaking, lifesaving research—to develop better diagnoses, treatments and preventions for some of Australia’s biggest health challenges. This research reduces human suffering and enhances quality of life; it reduces the burden on already stretched health care budgets and fosters Australian ingenuity and industry.

The Foundation was established in 1984 under the *Hospitals Foundations Act 1982*. Each year provides the Foundation with new opportunities to fund exceptional research projects proposed by the many talented and dedicated clinicians, scientists, nursing and allied health professionals on the Princess Alexandra Hospital campus.

Funds directly benefit the PA’s ground-breaking research projects in areas such as cervical cancer, prostate cancer, skin cancer, leukaemia, breast cancer, heart disease, immunology, kidney disease, diabetes, liver disease, transplantation and arthritis. All research funded by the Foundation goes through a rigorous selection process to ensure it is of genuine scientific merit and does not replicate any other research anywhere in the world. All funds raised therefore contribute to the highest calibre research, to tackle some of the most challenging health problems facing us as a nation.

Thanks to the donations of PA Hospital patients, staff, individuals, families, communities and businesses—millions of dollars have been raised—this research has improved the lives of literally millions of people around the world.

The PA Research Foundation would like to take this opportunity to thank the PA Hospital for their ongoing support and commitment to the Foundation. We look forward to working with you further in the future, as we continue to foster amazing medical discoveries.

Operating environment

During the 2017- 2018 financial year the Foundation provided over \$2,000,000 in research and other support to the PA Hospital. This included the presentation of eight \$100,000 awards for research projects under a new collaborative awards program.

Our aim is to provide research support that is an intrinsic part of our fundraising. Donors are demanding a more significant and active involvement in deciding on where their funds should be invested. An engaged donor is a life-long donor. The Foundation has the opportunity to bring ourselves and our donors closer to the research funding decisions and create significant promotional value through the process.

In order to fund health research that reflects and supports the Foundation's Vision, a newly created funding model is based on the two following principles.

1. DONOR DIRECTED APPROACH

The Foundation has a moral obligation to ensure that donor gifts are directed to the area of health research for which they are passionate. Donors want to fund the most innovative and ground-breaking research leading to improved patient care in preferred areas.

2. FUNDING OF INNOVATIVE AND GROUNDBREAKING RESEARCH

The PA Research Foundation has an impressive track record of supporting innovation and transformational research. We will continue to invest our funds in research that is innovative, novel and will give us the best opportunity of supporting the next big medical discovery or transformational health care project.

The collective quality of our clinicians, allied health practitioners and scientists is unrivalled. A capacity for innovative, translational research and transformational projects across the PA Campus has been well demonstrated. This is an opportunity for the Foundation to be the conduit between donors, innovative research and breakthrough health care projects.

Our current projects funded under our new program are listed below. A detailed summary is included as Appendix 1.

2018 Project Awards

- Improved Breast Cancer Prevention and Treatment
- Increasing the number of breast cancer therapeutic antibody possibilities, patient choices and success rates
- Testing a novel drug to inhibit a lethal subtype of prostate cancer
- A multifaceted precision approach to high risk prostate cancer
- Establishing a melanoma surveillance program using genetic sequencing and 3D imaging technology for people at high risk of melanoma
- Improving outcomes for patients with melanoma brain metastases using novel personalised and response-adapted treatment strategies
- Queensland Bladder Cancer Initiative (QBCI)
- Ab BRAIN Project – Antibodies and the Brain: Recent Advances in Immunology informing Neuroscience

Non-financial performance

Advancing Queensland's Priorities

Through contributing to the achievement of the Advancing Queensland's Priorities, the Foundation is committed to realising the government's objectives for the community. The Government has five priorities:

- Creating jobs in a strong economy
- Give all our children a great start
- Keep Queenslanders healthy
- Keep communities safe
- Protect the Great Barrier Reef
- Be a responsive government

The Foundation's efforts contribute primarily to the priority to **Keep Queenslanders healthy**.

PA Research Foundation's values reflect the Queensland public service five values—customers first, ideas into action, unleash potential, be courageous, and empower people.

A broad approach to funding research in clinical practice, allied health and basic science enables projects that influence health practice now and into the future. Recently funded projects demonstrate this commitment.

Through our newsletter and corporate fundraising campaigns, the Foundation provides health information to supporters in addition to promoting and garnering support for health and medical research.

Agency objectives and performance indicators

The 2014 – 2018 Strategic Plan has been the focus of the Foundation and governed our focus on four strategic areas:

1. Growing our donor database
2. Better stewardship of our supporters
3. Financial Sustainability
4. Increased awareness

This plan saw the organisation realise significant growth which now enables us to formulate a new strategy to guide a new direction under a revitalised board.

Strategic Direction

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
\$1Mill to mission				\$2Mill to mission					\$4Mill to mission
BUILDING					CONSOLIDATING		GROWTH		
2014-2018 Strategic Plan					2018 – 2023 Strategy Map				

Strategic Performance

Over the past four years the Foundation has diversified our fundraising focus. Moving to establish a solid donor centred fundraising program.

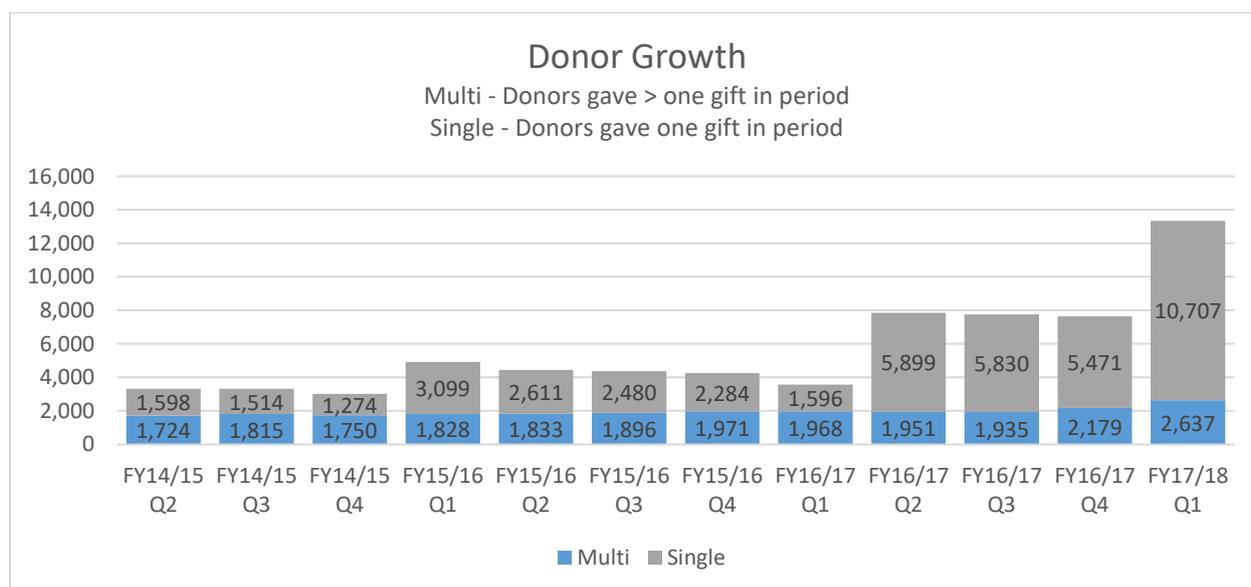
Key initiatives taken to transform our program:

- 2012-2014 - Implemented an endowment campaign with the aim to raise additional funds for sustainable support of medical research
- 2014 – Commenced an acquisition program to grow our database through investment in art union and donor acquisition
- Commitment to stewardship to build solid relationships with donors and corporate partners

Update on achievement of strategic target areas

Strategic Target Areas	1. Build database through acquisition of new donors	2. Exceptional donor stewardship	3. Create awareness	4. Financial sustainability and growth
Details	Board approved in 2014 to invest in donor acquisition. The ability to build sustainable giving in regular gifts, major gifts and bequests is a direct relationship between the number of records in our database	Relationships are paramount to sustainable fundraising. PARF will increase the frequency and quality of contacts with clinicians, major donors, bequestors and corporate partners	Work to increase awareness of the Foundation with staff at PAH. Build awareness through campaign promotions and messaging	Increase the funding available for research by 4 x by 2020 Invest in database growth to provide sustainability. Increase net income from July 2017. Increase income from outside of Queensland.
Update	Since 2014 we have grown from a total database of less than 50,000 records and 3,000 donors to over 90,000 records and 11,900 donors	Primary focus on clinicians, major donors and corporate campaigns. Substantial gifts of over \$1.8m received this year via clinician referral and corporate campaigns (Project Pink, ManDate) grown from \$350,000 in 2014 to over \$840,000	Attendance at PAH staff inductions. Regular meetings held with department heads. Standing one on one meeting organised with PAH Exec and Communications Manager. Increase in campaign mailings, social media and electronic communications	Income has continued to grow as has the support to research through awards and tied funds. Gross income 2017/18 forecast at over \$8million. Income from outside of Queensland increased from individuals and corporates

Since FY 2015 PARF has focussed on database growth. Using events to increase our awareness and a dedicated direct mail acquisition program has significantly increased our donors and donations.



2018 – 2023 Balance Scorecard and Strategy Map

The Foundation's next planning period will see investment in further growth in individual giving whilst maintaining current corporate and community fundraising income levels with increased net returns. All strategic and operational planning will be captured in a strategy map and balanced scorecard.

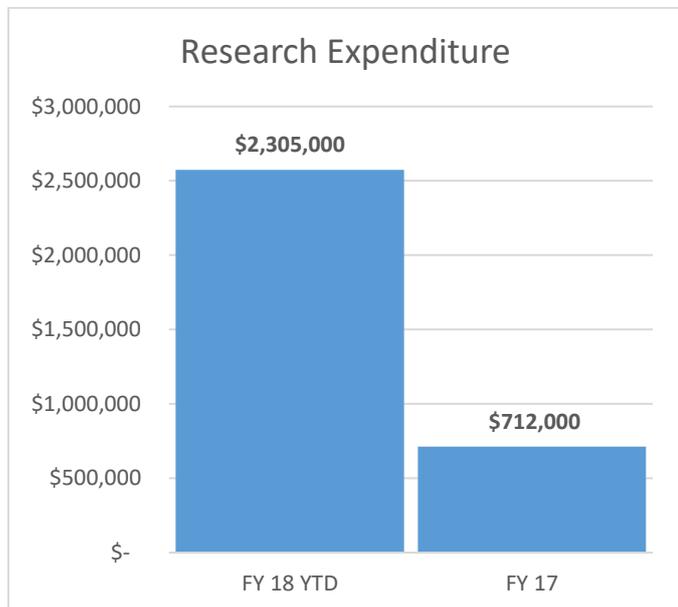
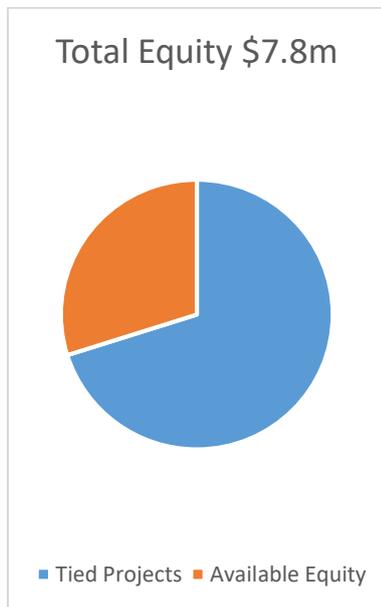
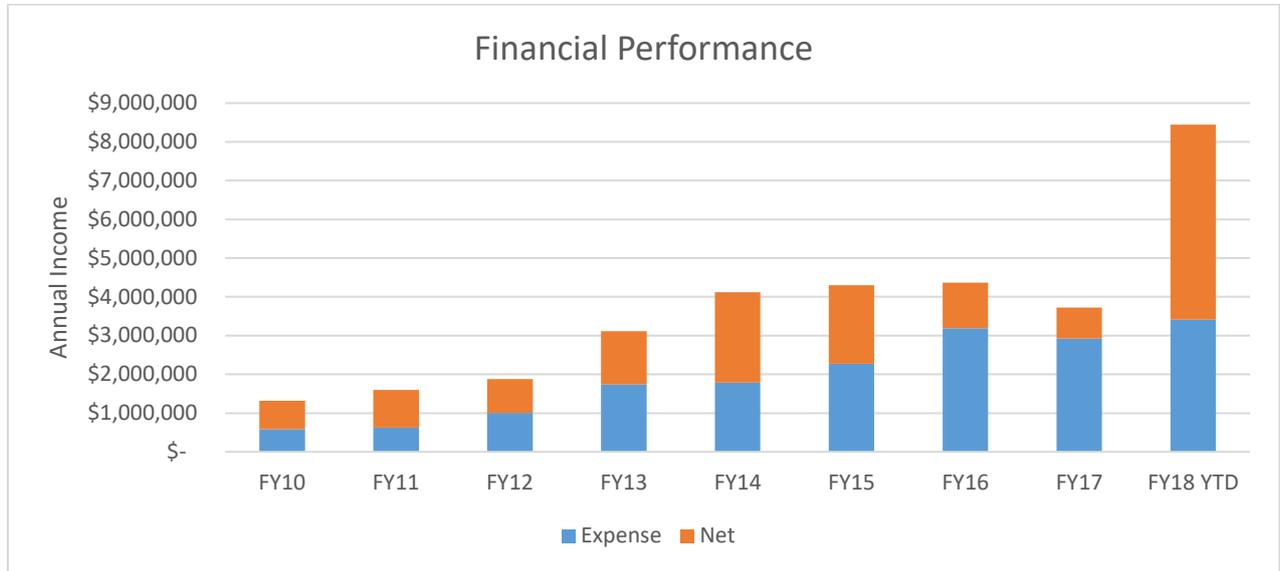
Key focus will be: Regular giving; Major Gifts; Bequests; PAH Collaborative communications; and dedicates patient communication.

Mission	To build sustainable giving for the continuous funding of innovative and ground breaking medical research discoveries. Accelerating new treatments, progressing patient care, preventing disease, saving lives and restoring quality of life for those battling chronic and debilitating disease.		
Impact	Increase % of net revenue dedicated to outcomes - \$4mill to impact by 2023		
	Fund and publicise transformational health and medical research		
	Support health and research education	Support patients and program implementation	
Financial Perspective	Increase net income	Leverage Assets	
Customer and Culture	Appreciate our donors	Be the Centre of a PA Community	
Internal Operations	Fundraising Excellence	Consistent internal and external communication	Benchmark and innovate
Learning and Growth	People and Structure	Technology and Knowledge	Financial Literacy

Financial performance

The 2017-18 Financial Year was the PARF's best on record. With a gross income of \$8.2million and an operating surplus (excluding research expenditure) of almost \$5million.

This result was a combination of significant income from bequests and major gifts and increased networking and support of PAH departments and activities.



Governance – management and structure

Organisation structure



Foundation Staff

Damian Topp	Chief Executive Officer
Sarina Di Sano	Administration Manager
Kerstin Petrick	Accounts Manager
Alex Gregg	Executive Manager - Marketing
Lauren Tot	Community Fundraising Manager
Simone Owens	Executive Manager – Individual Giving
Imogen Bennetts	Project Manager
Luke Cridland	Community Fundraising Coordinator
Kate Ryan	Corporate Partnerships Manager
Sharnie Cocks	Corporate Partnerships Executive
Sandra McInnis	Administration Officer
Ellan Dan	Administration Assistant

Executive management

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

Board members serve in an honorary capacity and therefore do not receive any remuneration. This applies to all costs. Board members contribute their time, skills, travel costs and all additional attendance at sub-committees and relevant Foundation functions. The Board sets the Foundation's organisational strategic direction in consultation with the CEO. The Foundation has a five-year strategy with one goal, that by 2018 we will be distributing \$5 million per annum to competitive health and medical research aligned with PARF.

Board of Directors

Name	Position	Appointed Until
Mr Robert Bowen	Chairman	September 2020
Mr Bill Deutrom	Deputy Chairman	September 2018
Mr Paul Venus		Statutory Appointment
Mr Andrew Griffiths		September 2018
Dr Michael Cleary		August 2020
Ms Dyls Bertelsen		August 2020
Ms Theresa Moltoni		August 2020
Dr Ruth McPhail		August 2020
Prof. Ken Ho	Chair – Research Committee	Resigned Dec 2017
Mr Mark Mazurkiewz	Chair – Finance and Risk Committee	Resigned May 2018
Dr Stephen Ayre		Resigned July 2017
Ms Alison Haly		Resigned July 2017
Honorary Solicitor Board Secretary	Mr Michael Back Ms Narelle Smith	

The PA Research Foundation is a statutory body incorporated under the *Hospitals Foundations Act 1982* (QLD). As a statutory body the Foundation is subject to the provisions of the *Financial Accountability Act 2009* (QLD). The Foundation is audited annually by external auditors representing the Queensland Audit Office and the Auditor General.

The Foundation is endorsed by the Australian Taxation Office as an Income Tax Exempt Charity (ITEC) and is a Deductible Gift Recipient (DGR) under the *Income Tax Assessment Act 1997* (Cth). It is endorsed for GST concessions under *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and it is exempted under the *Fringe Benefits Tax Assessment Act 1986* (Cth).

The Role of the Board

The Board and management have been entrusted with the responsibility of ensuring that monies provided by donors, sponsors and the general public are effectively and efficiently managed. Board members serve in a voluntary capacity and therefore receive no fees for their services on the Board or Committees. Board meetings are held four (4) times per year.

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

Sub-committees

Finance and Risk Committee

This committee meets two (2) weeks prior to each board meeting. The objectives of the committee are:

- Ensuring that the foundation operates to an agreed budget and that all liabilities and financial commitments are brought to account in the relevant year
- Monitor the status of investments
- Ensure there is an adequate internal control system to promote operational efficiency and to minimise financial risk
- Monitor the balance sheet and profit and loss statements quarterly and report to the Board

Strategic Partnerships Committee

This committee meets every three (3) months to develop new opportunities and provide access to networks that will grow the Foundation's recognition and income.

Research Committee

This committee meets prior to the annual call for research grant applications to develop the criteria and categories for the PA Research Support Scheme. It is then convened at regular intervals to assess and recommend grant recipients to the board

Public Sector Ethics Act 1994

PARF is committed to promoting and adhering to the guiding principles outlined in the Code of Conduct for the Queensland Public Service. The Foundation's board has elected to adopt the *Public Sector Ethics Act 1994* and Code of Conduct and advised the Minister.

Queensland public service values

PARF has a strong set of values that we adhere to. These are aligned with the five core values of the Queensland Public Service which are:

Customers first

Knowing our customers, delivery on what matters and making decisions with empathy

Ideas into action

Challenging the norm; encouraging and embracing new ideas and working across all boundaries

Unleash potential

Expect Greatness; lead and set clear expectations and seek and act on Feedback

Be courageous

Own your actions and mistakes; take calculated risks and act with transparency

Empower people

Lead and trust; play to everyone's strengths and develop yourself and those around you.

Governance – risk management and accountability

Risk management

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

Risk is a standing agenda item at staff management meetings. All members of Foundation staff in management positions are members of the risk action team and responsible for identifying, evaluating, assessing risk and design/ implementation of agreed risk treatment or mitigation strategies.

Audit committee

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

Internal audit

Should an internal audit be requested by the board a committee is convened comprising the Chairman and at least 2 other board members. For the 2018 financial year no internal audits were conducted.

External scrutiny

An external audit was conducted by a designate of the Queensland Audit Office (QAO). The independent audit on the financial report is included in this document.

Information systems and recordkeeping

The Foundation complies with the provisions of the *Public Records Act 2002*, Information Standard 40: Record Keeping, Information Standard 31: Retention and Disposal of Public Records.

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

Governance – human resources

Workforce planning

At the conclusion of the 2018 financial year the Foundation had 12.2 Full Time Equivalent (FTE) employees. The retention rate for the Foundation is 100 percent.

The Foundation invests time in ensuring all employees participate in performance development as part of their KPI's. Annual reviews are held with each employee that identify performance and development gaps and celebrate successes.

Assistance is provided to all employees to provide flexibility for return to work either after maternity/paternity leave or injury. Senior staff participate in planning and development meetings with the CEO on a monthly basis to develop their skills for future leadership.

All employees are engaged through individual agreements that represent conditions either in line with or greater than current industrial relations minimums.

Succession planning is in place with investments made in transitioning the Fundraising and Marketing Director to a Chief Operating Officer position with increased responsibilities for planning and strategy in preparation for a Chief Executive Officer role.

Early retirement, redundancy and retrenchment

During the financial year there were no early retirements, redundancies or retrenchments.

Open data

No expenditure on overseas travel and implementation of the Queensland Language Services Policy was incurred during 2017-18. Information relating to consultancies has been published on the Queensland Government Open Data website (qld.gov.au/data).

Compliance Checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	ARRs – section 7	5
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 9.1	3,4
	<ul style="list-style-type: none"> Public availability 	ARRs – section 9.2	2
	<ul style="list-style-type: none"> Interpreter service statement 	Queensland Government Language Services Policy ARRs – section 9.3	2
	<ul style="list-style-type: none"> Copyright notice 	Copyright Act 1968 ARRs – section 9.4	2
	<ul style="list-style-type: none"> Information Licensing 	QGEA – Information Licensing ARRs – section 9.5	2
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 10.1	6
	<ul style="list-style-type: none"> Machinery of Government changes 	ARRs – section 31 and 32	(if applicable)
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 10.2	7
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 10.3	8
Non-financial performance	<ul style="list-style-type: none"> Government’s objectives for the community 	ARRs – section 11.1	9
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 11.2	9
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.3	9
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 11.4	9
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1	12
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1	13
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2	14
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 13.3	
	<ul style="list-style-type: none"> Public Sector Ethics Act 1994 	Public Sector Ethics Act 1994 ARRs – section 13.4	15
	<ul style="list-style-type: none"> Queensland public service values 	ARRs – section 13.5	15
Governance – risk management and accountability	<ul style="list-style-type: none"> Risk management 	ARRs – section 14.1	16
	<ul style="list-style-type: none"> Audit committee 	ARRs – section 14.2	16
	<ul style="list-style-type: none"> Internal audit 	ARRs – section 14.3	16
	<ul style="list-style-type: none"> External scrutiny 	ARRs – section 14.4	16
	<ul style="list-style-type: none"> Information systems and recordkeeping 	ARRs – section 14.5	16

Summary of requirement	Basis for requirement	Annual report reference	
Governance – human resources	<ul style="list-style-type: none"> • Strategic workforce planning and performance 	ARRs – section 15.1	17
	<ul style="list-style-type: none"> • Early retirement, redundancy and retrenchment 	Directive 16/16 <i>Early Retirement, Redundancy and Retrenchment</i> Directive 04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	17
Open Data	<ul style="list-style-type: none"> • Statement advising publication of information 	ARRs – section 16	17
	<ul style="list-style-type: none"> • Consultancies 	ARRs – section 33.1	https://data.qld.gov.au
	<ul style="list-style-type: none"> • Overseas travel 	ARRs – section 33.2	https://data.qld.gov.au
	<ul style="list-style-type: none"> • Queensland Language Services Policy 	ARRs – section 33.3	https://data.qld.gov.au
Financial statements	<ul style="list-style-type: none"> • Certification of financial statements 	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1	21
	<ul style="list-style-type: none"> • Independent Auditor's Report 	FAA – section 62 FPMS – section 50 ARRs – section 17.2	22

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

2018 Audited Financial Statements

PA RESEARCH FOUNDATION

FINANCIAL STATEMENTS 2017-18

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General Information

These financial statements cover the PA Research Foundation (The Foundation).

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

The principal place of business of the PA Research Foundation is:

Ground Floor, Building 1
Princess Alexandra Hospital
199 Ipswich Road
WOOLLOONGABBA QLD 4102

For information in relation to the Foundation's financial statements please call (07) 3176-2359, email general@pafoundation.org.au or visit the Foundation's Internet site www.pafoundation.org.au.

**PA RESEARCH FOUNDATION
STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018	2017
		\$	\$
INCOME FROM CONTINUING OPERATIONS			
Bequests and donations		5,293,204	1,358,294
Functions, special events and other fundraising		1,971,729	1,864,346
Interest revenue		155,404	129,730
Dividends		5,380	4,517
Research grants		309,074	122,532
Other revenue	2	521,655	245,757
Total Revenue		8,256,446	3,725,176
EXPENSES FROM CONTINUING OPERATIONS			
Employee expenses	3	1,278,980	1,074,191
Fundraising expenses		1,591,793	1,358,773
Administration expenses	4	528,281	476,878
Depreciation	8	12,695	10,180
Research grants and tied funds paid		2,305,804	712,794
Other expenses	5	-	151,779
Total Expenses		5,717,553	3,784,595
Operating Result for the Year		2,538,893	(59,419)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to operating result			
Unrealised gain (loss) on available-for-sale financial assets	9	(1,870)	6,810
Total Other Comprehensive Income		(1,870)	6,810
Total Comprehensive Income		2,537,023	(52,609)

The accompanying notes form part of these statements.

**PA RESEARCH FOUNDATION
STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2018

	Notes	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	6	5,258,512	2,683,050
Other financial assets	9	2,300,088	2,256,421
Receivables	7	341,062	291,492
Inventories		150,571	245,607
Total Current Assets		8,050,233	5,476,570
NON CURRENT ASSETS			
Plant and equipment	8	11,929	21,249
Other financial assets	9	73,763	75,633
Total Non Current Assets		85,692	96,882
TOTAL ASSETS		8,135,925	5,573,452
CURRENT LIABILITIES			
Payables	10	100,041	83,085
Accrued employee benefits	11	92,440	64,089
Total Current Liabilities		192,481	147,174
NON CURRENT LIABILITIES			
Accrued employee benefits	11	58,986	78,843
Total Non Current Liabilities		58,986	78,843
TOTAL LIABILITIES		251,467	226,017
NET ASSETS		7,884,458	5,347,435
EQUITY			
Accumulated Surplus		7,888,476	5,349,583
Available-For-Sale Asset Reserve		(4,018)	(2,148)
TOTAL EQUITY		7,884,458	5,347,435

The accompanying notes form part of these statements.

**PA RESEARCH FOUNDATION
STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated Surplus	Available-For- Sale Asset Reserve	Total
	\$	\$	\$
Balance as at 1 July 2016	5,409,002	(8,958)	5,400,044
Operating Result for the Year	(59,419)	-	(59,419)
<i>Other Comprehensive Income</i> Increase/(Decrease) in available for sale asset reserve	-	6,810	6,810
Total Comprehensive Income	(59,419)	6,810	(52,609)
Balance as at 30 June 2017	5,349,583	(2,148)	5,347,435

	Accumulated Surplus	Available-For- Sale Asset Reserve	Total
	\$	\$	\$
Balance as at 1 July 2017	5,349,583	(2,148)	5,347,435
Operating Result for the Year	2,538,893	-	2,538,893
<i>Other Comprehensive Income</i> Increase/(Decrease) in available for sale asset reserve	-	(1,870)	(1,870)
Total Comprehensive Income	2,538,893	(1,870)	2,537,023
Balance as at 30 June 2018	7,888,476	(4,018)	7,884,458

The accompanying notes form part of these statements.

**PA RESEARCH FOUNDATION
STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018	2017
		\$	\$
Cash flows from operating activities			
<i>Inflows:</i>			
Receipts from donations, bequests and other fundraising		7,228,992	3,161,641
Interest received		104,946	63,184
Dividends received		5,118	3,272
Research grants received		311,556	119,380
Other receipts		544,696	231,707
GST input tax credits from ATO		181,852	116,804
GST collected from customers		194,686	111,904
<i>Outflows:</i>			
Supplies and services		(2,026,807)	(1,946,871)
Employee expenses		(1,270,486)	(1,052,234)
Research grants and tied funds paid		(2,309,825)	(789,775)
Other Expenses		-	(151,779)
GST paid to suppliers		(372,759)	(229,508)
GST remitted to ATO		(13,132)	(10,761)
		<hr/>	<hr/>
Net cash provided by (used in) operating activities		2,578,837	(373,036)
Cash flows from investing activities			
<i>Outflows:</i>			
Payments for plant and equipment		(3,375)	(7,635)
Payments for short term investments		-	-
		<hr/>	<hr/>
Net cash provided by (used in) investing activities		(3,375)	(7,635)
Net increase/(decrease) in cash and cash equivalents		2,575,462	(380,671)
Cash and cash equivalents at beginning of financial year		2,683,050	3,063,721
		<hr/>	<hr/>
Cash and cash equivalents at end of financial year	6	5,258,512	2,683,050

The accompanying notes form part of these statements.

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

- Note 1: Summary of Significant Accounting Policies
- Note 2: Other Revenue
- Note 3: Employee Expenses
- Note 4: Administration Expenses
- Note 5: Other Expenses
- Note 6: Cash and Cash Equivalents
- Note 7: Receivables
- Note 8: Plant and Equipment
- Note 9: Other Financial Assets
- Note 10: Payables
- Note 11: Accrued Employee Benefits
- Note 12: Key Executive Management Personnel and Remuneration Expenses
- Note 13: Related Party Transactions
- Note 14: Contingencies
- Note 15: Commitments for Expenditure

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Compliance with Prescribed Requirements

The PA Research Foundation has prepared these financial statements in compliance with the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*. The Foundation is a not-for-profit entity.

These financial statements are general purpose financial statements. They are prepared on an accrual basis (with the exception of the Statement of Cash Flows which is prepared on a cash basis) in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (RDR) and Interpretations applicable to not-for-profit entities.

(b) The Reporting Entity

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

(c) Underlying Measurement Basis

The historical cost convention is used as the measurement basis unless otherwise stated.

(d) Revenue

Revenue from fundraising activities, special events, functions and bequests are recognised as income when received. The amount and timing of receipts is dependent on a number of fundraising activities including direct mail donations, personal and corporate donations and special events.

Amounts donated can be recognised as revenue only when the Foundation gains control, economic benefits are probable and the amounts can be measured reliably. At times it is impractical to maintain effective controls over the collection of such revenue prior to its initial entry into the Foundation's financial records. Therefore donations are recognised as revenue when they are recorded in the books and accounts of the Foundation.

Revenue from services rendered and sale of goods are recognised when the revenue is earned and can be measured reliably with a sufficient degree of certainty. Interest revenue is recognised on an accruals basis at the interest rate applicable to the financial assets.

Other revenue is recognised when the right to receive the revenue has been established.

(e) Cash and Cash Equivalents

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

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(f) Receivables

Trade and other debtors are recognised at the nominal 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. No provision has been made as at 30 June 2018 (2017: nil).

(g) Inventories

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

Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition.

Expenses associated with marketing, selling and distribution are deducted to determine net realisable value.

(h) Plant & Equipment

Actual cost is used for the initial recording of all non-current physical asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use.

Assets acquired at no cost or for nominal consideration are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

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

Items of plant and equipment with a cost or other value equal to or in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

Depreciation of Plant and Equipment

Plant and equipment is depreciated on a straight-line basis so as to allocate the net cost of each asset, less its estimated residual value, progressively over its estimated useful life to the Foundation. Reassessments of useful lives are undertaken annually by the Foundation.

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

Class	Rate %
Plant and equipment:	20 - 33.33

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(h) Plant & Equipment (cont'd)

Impairment of Non-Current Assets

All non-current physical 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. The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. An impairment loss is recognised immediately in the Statement of Comprehensive Income.

(j) Services provided by Princess Alexandra Hospital

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. No amounts are included in the financial statements for services donated by volunteers.

The PA Research Foundation receives office accommodation and a car parking space at no cost from Metro South Hospital and Health Service. Metro South has the right to provide services at no cost to the Foundation under the *Hospital Foundations Act 1984* and has not provided any estimate of the value of these services.

(k) Payables

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

(l) Financial Instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value through profit or loss
- Short term investments (i.e. term deposits) - held at fair value through profit or loss
- Equity securities – classified as available-for-sale
- Receivables - held at amortised cost
- Payables - held at amortised cost

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

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(l) Financial Instruments (cont'd)

Available-for-sale financial assets are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised in other comprehensive income.

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

(m) Employee Benefits

Salaries and wages, 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 employee related expenses.

Wages, Salaries and Sick Leave

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

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

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

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

Annual Leave and Long Service Leave

Annual leave in respect of employees' services up to the reporting date which is expected to be settled within 12 months after the end of the period in which the employees render the services are accounted for as short term employee benefits.

Long service leave liabilities are estimated with reference to the minimum period of qualifying service. For employees with less than 5 year of qualifying service, the probability that they will reach the required minimum period of service has been taken into account in estimating the long service leave liability.

For unpaid entitlements expected to be wholly settled within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be wholly settled within 12 months are classified as long-term employee benefits and recognised at their present value, calculated using yields on Corporate bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement, and split between current and non-current components.

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(m) Employee Benefits (cont'd)

Superannuation

The Foundation pays contributions to certain defined contribution superannuation plans. Contributions are expensed in the period in which they are paid or payable.

(n) Research Grants Paid

Research grants awarded are expensed in the period in which they are paid or invoiced. Grants approved by the Board which remain unpaid at balance date are recorded as Commitments. Refer also to Note 15 Commitments for Expenditure.

(o) Taxation

The Foundation is a charitable institution exempt from Income Tax.

The Foundation has been endorsed by the Commissioner of Taxation as an income tax exempt charity pursuant under Subdivision 50-B of the Income Tax Assessment Act 1936. The Foundation is exempted from Fringe Benefits Tax under section 123D of the Fringe Benefits Tax Assessment Act 1986.

(p) Goods and Services Tax (GST)

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

(q) Accounting Estimates and Judgements

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

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

Note 14 – Contingencies

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(r) Other Presentation Matters

Currency and Rounding

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

Comparatives

Comparative information reflects the audited 2016-17 financial statements.

Current / Non-Current Classification

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

(s) New and Revised Accounting Standards

The Foundation did not voluntarily change any of its accounting policies during 2017-18.

There were no Australian Accounting Standard changes applicable for the first time as from 2017-18 that had a significant effect on the Foundation's financial statements.

(t) Authorisation of Financial Statements for Issue

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

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
2. OTHER REVENUE		
Commission vending machines	108,675	71,778
Sale of merchandise	198,710	55,955
Research income	209,339	108,932
Other	4,931	9,092
Total	521,655	245,757

	2018	2017
	\$	\$
3. EMPLOYEE EXPENSES		
Wages and salaries	1,094,529	911,463
Leave entitlements	8,494	21,957
Employer superannuation contributions	99,871	83,331
Worker's compensation premiums	5,915	6,679
Other employee related expenses	70,171	50,761
Total	1,278,980	1,074,191

Total		
Number of employees at year end	17	15

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
4. ADMINISTRATION EXPENSES		
Accounting and audit fees*	16,980	14,130
Bank charges	17,059	12,136
Insurance premiums	9,512	9,144
Minor equipment purchases	5,262	16,127
Information technology expenses	46,955	41,327
Printing & stationery	197,643	296,883
Direct Mail Support Services	50,361	16,012
Research grants administration expenses	-	269
Motor vehicle expenses	29,054	14,261
Rent office premises	51,016	-
Bad debts expense	31,600	-
Other administration expenses	72,839	56,589
Total	528,281	476,878

*Total audit fees paid to KPMG relating to the 2017-18 financial statements are estimated to be \$16,550 (2017: \$13,550).

	2018	2017
	\$	\$
5. OTHER EXPENSES		
Unclaimed 2005-08 Cancer Collaborative Group Fund Grants	-	151,779
Total	-	151,779

	2018	2017
	\$	\$
6. CASH AND CASH EQUIVALENTS		
Cash on hand and at bank	579,386	297,024
Deposits at call	4,679,126	2,386,026
Total	5,258,512	2,683,050

Term deposits are classified as cash equivalents if they have a maturity of three months or less from the date of acquisition.

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
7. RECEIVABLES		
Interest accrued	23,498	16,706
Dividends	1,507	1,245
Trade and other debtors	201,962	191,546
Prepayments	33,730	30,905
Deposits in advance	55,596	35,674
GST receivable	24,769	15,416
Total	341,062	291,492

	2018	2017
	\$	\$
8. PLANT & EQUIPMENT		
At cost	72,096	68,721
Less: Accumulated depreciation	(60,167)	(47,472)
Total	11,929	21,249

	Plant & Equipment	Total
	2018	2018
	\$	\$
Carrying amount at 1 July 2017	21,249	21,249
Acquisitions	3,375	3,375
Depreciation expense	(12,695)	(12,695)
Carrying amount at 30 June 2018	11,929	11,929

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
9. OTHER FINANCIAL ASSETS		
Current		
Term deposits	2,300,088	2,256,421
	<u>2,300,088</u>	<u>2,256,421</u>
Non Current		
Equity securities available-for-sale	73,763	75,633
Total	<u>73,763</u>	<u>75,633</u>

A variety of securities were bequeathed by a donor to PA Research Foundation in June 2016. Management has decided that the securities won't be converted into cash within one year.

For the asset described above, the valuation reflects the fair value of the securities. An unrealised gain (loss) has been recorded as other comprehensive income.

	2018	2017
	\$	\$
10. PAYABLES		
Research grants payable	-	-
Trade and other creditors	70,190	63,429
Accruals	29,851	19,656
Total	<u>100,041</u>	<u>83,085</u>

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

11. ACCRUED EMPLOYEE BENEFITS	2018	2017
	\$	\$
Current		
Annual leave	92,440	64,089
	92,440	64,089
Non Current		
Long service leave	58,986	78,843
	58,986	78,843

12. KEY MANAGEMENT PERSONNEL AND REMUNERATION EXPENSES

a) Key Management Personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the PA Research Foundation during 2017-18 and 2016-17.

Position	Position of Responsibility
Board of Directors	<ul style="list-style-type: none"> • strategic leadership • guidance and effective oversight of the management of the Foundation, including its operational and financial performance
Chief Executive Officer	<ul style="list-style-type: none"> • strategic planning • operational planning • budget development • human resource management • business development

b) Remuneration

Remuneration for all employees of the PA Research Foundation is by individual agreement. The remuneration and other terms of employment for the key management personnel are specified in employment contracts.

No Board Member received or was entitled to receive any fees or other benefits during the year (2017: nil).

The following disclosures focus on the expenses incurred by the Foundation during the respective reporting periods that is attributable to key management positions.

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

12. KEY MANAGEMENT PERSONNEL AND REMUNERATION EXPENSES (CONT'D)

b) Remuneration (cont'd)

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

- Short term employee benefits which include:
 - Base - consisting of base salary, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position.
- Long term employee benefits include amounts expensed in respect of long service leave accrued.
- Post-employment benefits include amounts expensed in respect of employer superannuation contributions.
- 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.
- No performance bonuses are currently part of any employment agreements.

1 July 2017 – 30 June 2018

Position (date resigned if applicable)	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$	Non-Monetary Benefits \$	\$	\$	\$	\$
Chief Executive Officer	183,076	-	6,292	16,862	-	206,230

1 July 2016 – 30 June 2017

Position (date resigned if applicable)	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$	Non-Monetary Benefits \$	\$	\$	\$	
Chief Executive Officer	177,089	-	4,452	15,960	-	197,501

c) Performance payments

No performance payments were made in either the 2017-18 or 2016-17 financial years.

PA RESEARCH FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

13. RELATED PARTY TRANSACTIONS

The Foundation holds tied funds for one of its KMP's which were raised through donations, grants, conferences or other fundraising activities for which the donors/contributors expressly asked for the funds to support the KMP's research projects. These funds are also stated in Note 15 Commitments for Expenditure under Funds for Tied Projects. During 2017/18 \$561 (2017: \$3,991) of the funds have been accessed.

During the year, key management personnel and/or their related entities provided donations to the Foundation of \$5,001 (2017: \$2,600).

14. CONTINGENCIES

The Foundation has established a fund with the Queensland Community Foundation (QCF) for the purposes of generating future bequests and donations. Contributions to QCF are held in trust and invested in perpetuity with net income distributed to the PA Research Foundation in accordance with QCF Declaration of Trust.

The most recent available balance of the fund was \$21,830 (2017: \$21,241) at 30 June 2018 of which \$20,000 was contributed by the PA Research Foundation as an initial deposit during the 2004-05 financial year.

The Foundation expects that earnings for the 2017-18 financial year will be brought to account during the financial year ending 30 June 2019. As at the 30 June 2018 there are no indications as to what these earnings will be.

There were no contingent liabilities of any significance at balance date.

15. COMMITMENTS FOR EXPENDITURE

Research Grants

Research Grants awarded by the PA Research Foundation are recognised as a liability on receipt of an approved invoice for the research carried out. The grants approved by the Board which remain unpaid at balance date are recorded as Commitments. The total below includes an amount of \$2,000,000 held for 2019 Research Grants that is yet to be committed to a specific project.

Research Grant Commitments

	2018 \$	2017 \$
Research grant commitments inclusive of anticipated GST, committed to provide at reporting date, but not recognised in the accounts are payable as follows:		
Not later than one year	1,637,279	568,750
Later than one year and not later than five years	1,025,000	387,779
Later than five years	-	-
TOTAL	2,662,279	956,529

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

15. COMMITMENTS FOR EXPENDITURE (CONT'D)

Funds for Tied Projects

As part of general fundraising operations, the PA Research Foundation raises funds to support a particular project or area of the PA Hospital Campus. Donations, grants or other fundraising income generated by these activities are reported separately. This supports the Foundation's commitment to transparency in allocating donations received for the purpose they were given.

Tied Projects Funds

	2018	2017
	\$	\$
Tied Fund commitments inclusive of anticipated GST, committed to provide at reporting date, but not recognised in the accounts are payable as follows:		
Not later than one year	1,830,451	732,711
Later than one year and not later than five years	1,195,000	761,655
Later than five years	1,500,000	1,350,362
TOTAL	4,525,451	2,844,728

Office Premises

The PA Research Foundation leases office space from Translational Research Institute up until 31 October 2018. The total commitment inclusive of goods and services tax as at reporting date, but not recognised in the financial statements is \$28,059, which is expected to be paid in the next 12 months.

PA RESEARCH FOUNDATION

CERTIFICATE OF THE PA RESEARCH FOUNDATION

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

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the PA Research Foundation for the financial year ended 30 June 2018, and of the financial position of the PA Research Foundation 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 reporting period.



Damian Topp
Chief Executive Officer



Robert Bowen
Chairman

Dated this 28th day of August 2018



Independent Auditor's Report

To the members of PA Research Foundation

Opinion

We have audited the **Financial Report** of the PA Research Foundation (the Foundation).

In our opinion, the accompanying **Financial Report** of the Foundation is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. giving a true and fair view of the Foundation's financial position as at 30 June 2018, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Statement of financial position as at 30 June 2018.
- ii. Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Certificate by the Chief Executive Officer and Chairman of the Board.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Foundation in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.



Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements, the ACNC, the *Financial Accountability Act 2009* and the *Financial Performance Management Standard 2009*.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Foundation's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the Audit 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 Foundation's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit



evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Foundation regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in blue ink that reads 'KPMG' with a stylized flourish.

KPMG

A handwritten signature in blue ink, appearing to read 'Tracey Barker'.

Tracey Barker
Partner

Brisbane
28 August 2018

Appendix 1: 2018 Research Awards

Breast Cancer

Improved response to drug therapy for cancer

In a world first, a PARF funded research team have discovered a drug that could help treat aggressive and advanced types of cancer like triple negative and her2 positive breast cancer. They believe they have a breakthrough that is looking at how to make current treatment resistant cancer cells, respond to targeted therapy by combining a drug that has been in clinical use for over 30 years, stematil. These aggressive cancer cells are so hard to treat because they are normally resistant to current cancer therapies like chemotherapy. Current target therapy costs tens of thousands of dollars and only work on 20-30 percent of patients and for the rest it is very expensive and gives significant side effects with no benefit. The research has shown that when stematil is combined with the therapy, the tumour cells suddenly show up and are able to be targeted and destroyed. The research project is currently in a phase one clinical trial with 10 patients to test the efficacy and safety of this new combination therapy in humans.

Improved Breast Cancer Prevention and Treatment

This research team is looking into mammographic density, which is essentially the white area on a mammogram. It isn't widely known, but it has clearly shown that women with high breast density are more at risk to breast cancer, so it can be used as a breast cancer risk assessment tool. The team is focussed on looking into what it is about the white area on the mammogram that leads to increased breast cancer risk. Mammograms are a very important screening tool for breast cancer and the best way for us to determine whether breast cancer has formed or not. Breast cancers tend to form in the area which are mammographically dense (white area) but we don't know how. The team have set up a collaboration programme with surgeons, radiologists and pathologists and are working with donated tissue samples from women who have gone through breast reduction surgery or prophylactic mastectomies. These tissue samples being studied in the lab to identify the factors that are different in the dense area from the non-dense area to help diagnostic, prognostic and therapeutic opportunities for breast cancer risk assessment, prevention and therapy, whilst fostering new research into the societal aspects of mammary screening.

Increasing the number of breast cancer therapeutic antibody possibilities, patient choices and success rates.

(Follow on project from the research findings of *Improved response to drug therapy for cancer*)

Pharmaceutical companies have invested millions in monoclonal antibody therapies for breast cancer, only for the results not to be effective enough for the new treatment to be adopted. This research project aims to rescue some of the technology. The research team have selected a new list of antibodies previously developed and tested in clinic that didn't quite succeed in replacing current therapy. They will combine the antibody with another drug, stematil, to see if the combined therapy has a positive affect on shrinking tumours in the lab. If successful, they will then test any improved tumour cell killing in pre-clinical models. This work has the potential to rescue hundreds of millions of dollars of breast cancer therapy research and increase patient options and success rates.

Prostate Cancer

Testing a novel drug to inhibit a lethal subtype of prostate cancer

This project aims to test a novel drug, CBL0137, for a particularly aggressive and therapy resistant form of prostate cancer known as Neuroendocrine prostate cancer. Current clinical therapies are not effective at inhibiting the growth and spread of this subtype of prostate cancer and men diagnosed with neuroendocrine prostate cancer have a very poor prognosis. The research team have found that the protein, N-myc plays an important role in the development and aggressiveness of Neuroendocrine prostate cancer. A clinical trial using CBL0137 is currently in progress with neuroblastoma patients with elevated levels of N-myc. The team will undertake the first ever studies to investigate if CBL0137 can also effectively inhibit neuroendocrine prostate cancer, as it has shown great promise in neuroblastomas also harbouring the N-myc protein. The outcomes from this project are likely to identify a new therapy (the drug CBL0137) that can inhibit the growth of NEPC and provide the first effective targeted therapy for this disease subtype.

A multifaceted precision approach to high risk prostate cancer

Despite the best of care and modern treatments, 50 percent or more of men with high risk prostate cancer treated definitively with curative intent will have recurrence of cancer and potentially require further therapies. The research team aims to use a precision medicine approach to men with high risk prostate cancer at significant risk of cancer recurrence. They will take samples of prostate cancer from men with high risk cancer at the time of surgery and use a combination of cutting edge technologies to analyse individual patient's cancer. They will use various culture technologies to grow the cancer in the laboratory for drug screening as well as DNA sequencing of tumors to assess if there are potential targets for drug therapies or clinical trials. If cancer recurrence does occur in the future this information could be critical to selection of appropriate and effective individualised treatments - "forewarned is forearmed". If the initial pilot study demonstrates utility, a larger clinical trial where this information will be utilised for the future management of men at the time of cancer recurrence would be instituted.

Skin Cancer

Establishing a melanoma surveillance program using genetic sequencing and 3D imaging technology for people at high risk of melanoma.

Australia has the highest rate of melanoma incidence in the world, yet we have no population-based screening programs or standardised processes for assessing a person's risk to melanoma. This research team have created a protocol to identify a person's risk to melanoma by combining genetic sequencing with their medical history along with their appearance such as hair/eye/skin colour and number of moles. They have designed a surveillance program suitable for high risk individuals that involves 3D whole body imaging to map and monitor moles over time, to help quickly identify changes that may be indicative of melanoma. The team are conducting a randomised controlled clinical trial to assess the health and cost benefits the program offers. The goal is to establish a nation-wide melanoma surveillance program using genetic sequencing and 3D imaging technology.

Improving outcomes for patients with melanoma brain metastases using novel personalised and response-adapted treatment strategies.

Various treatment options exist for melanoma brain metastases (MBM) and decisions are typically individualised which makes understanding outcomes across a group of patients challenging. This research team is hoping to establish a multidisciplinary protocol that will improve consistency and access to treatments for all patients. They will collect blood samples from patients to look for any biomarkers that predict MBM occurrence, treatment response or other outcomes. The team will work with cell culture models to assess disease spread, behaviour and drug response in patients after standard therapies. Finally, they will collect fresh tissue when required for clinical reasons and use it to establish new MBM cell lines to investigate why there has been treatment resistance and elucidate novel therapy combinations or druggable targets. The team hopes within five years to be able to find MBM biomarkers to rationalise standard treatment selection and monitor the disease after.

Bladder Cancer

Queensland Bladder Cancer Initiative (QBCI)

Bladder cancer is common, deadly, and the most expensive cancer to treat (from diagnosis to death). It is the 9th most common cancer worldwide and affects both men and women (with a 3:1 ratio). This research team aims to tackle head on the challenge of Bladder Cancer through the establishment of the QBCI and the following aims.

Improved diagnosis – development of a non invasive “liquid” urinary biomarker to address the challenge of screening in addition to long-term surveillance of treated patients who are at high risk for developing recurrent bladder cancer.

Improved patient experience and outcomes via the formation of a networked community of practice with increased online social capital and consumer education and formation of a consumer bureau to contribute to a collaborative and relevant BICa research program.

Establishment of a Bladder Cancer Registry for identification of practice patterns for BICa in Queensland, thus enabling the identification of disparities in availability and treatment practices in different settings (metropolitan, regional, or remote; public versus private systems) with the goal of improving outcomes via increased equity of care. Establishment of a Bladder Cancer Multi-Disciplinary Team Meeting (MDT) to improve overall and complex patient care.

Head and Neck Cancer

A new frontier in the fight against head and neck cancer

The PA Research Foundation are funding a world-first clinical trial in the fight against incurable head and neck cancer caused by the Human Papillomavirus (HPV).

Professor Frazer, the developer of the world's first HPV vaccine, and Professor Porceddu a leading head and neck oncologist, have teamed up and are taking a targeted approach to this disease by aiming to trigger the body's own immune system to recognise the cancerous cells and attack them without the need for toxic treatments like chemotherapy or radiotherapy. This is similar to the way the body handles a typical infection. Currently about 25 percent of HPV-related cancers will return following treatment and be considered incurable. This treatment is as simple as a small injection given under the skin of both forearms repeated on two to three occasions over a couple of months. It is anticipated that the HPV anti-virus, developed by Professor Frazer and his team will produce antibodies that will attack cancer cells that have parts of the virus expressed on their surface. This immunotherapy approach essentially turns the light on the cancer so it is no longer hidden from the immune system, and hence the immune system kicks in to respond.

The aim of this study is to confirm the delivery of the vaccine is safe in humans and that it can elicit the same immune response.