

**Far North Queensland Hospital Foundation**

**2014-15 Annual Report**

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### Open Data

Annual reporting requirements for expenditure on consultancies, overseas travel and government bodies will be published on the Queensland Government Open Data website, available via: [www.data.qld.gov.au](http://www.data.qld.gov.au)

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The head office and principal place of business of the Far North Queensland Hospital Foundation is:

Ground Floor  
Block E  
Corner Grove & Digger Streets  
CAIRNS QLD 4870

For information in relation to the Foundation's financial statements please call (07)4226 6634, email [ceo@fnqhf.org.au](mailto:ceo@fnqhf.org.au) or visit the Foundation website [www.fnqhf.org.au](http://www.fnqhf.org.au)

**COMPLIANCE LETTER**

1 September 2015

The Honourable Cameron Dick MP  
Minister for Health  
Level 19, Queensland Health Building,  
147-163 Charlotte Street  
BRISBANE QLD 3000

Dear Minister

I am pleased to present the Annual Report 2014-2015 and financial statements for the Far North Queensland Hospital Foundation.

I certify that this Annual Report complies with:

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

Further, to the best of the knowledge of this Board, during the course of the last financial year there have been no breaches by the Far North Queensland Hospital Foundation of the *Hospitals Foundations Act 1982* or other applicable legislation.

A checklist outlining the annual reporting requirements can be found on pages 14 & 15 of this report.

Yours sincerely,



Charles Marino  
Acting Chairman  
**Far North Queensland Hospital Foundation**

## INTRODUCTION

The Far North Queensland Hospital Foundation was established on March 21, 1997 under the provisions of the *Hospitals Foundations Act 1982*. As such it has all of the objects, functions and powers set down in the *Hospitals Foundations Act 1982* and various other Acts of Parliament.

The Foundation is a non-profit, charitable organisation that endeavours to assist the activities and services of the Cairns Hospital and Cairns and Hinterland Hospital and Health Service.

### Vision

“Superior Health Care in Far North Queensland”

### Mission

“To contribute to improvement in the quality of health care in Far North Queensland through the funding of modern equipment, facilities, education, training and research and through the provision of support services.”

### Principal Activities

- Fund the purchase of state-of-the-art equipment and establishment of first class health related facilities
- Assist in the establishment of Far North Queensland as a centre of excellence in health services by funding, supporting and encouraging education and research
- Provide support services for the patients and staff.

### Strategic Focus

- Seek to support the Queensland Government’s objectives for the community by delivering quality frontline services by strengthening our public health system
- Maximise operating profits to provide maximum funds available to be donated to fund state-of-the-art equipment, health facility upgrades, research and education grants to provide better healthcare in the community
- Maintain and develop relationships and communications with the Hospital and clinical community
- Continue to grow the volunteer program to expand on and provide better services available to the patients and staff
- Maintain and improve the Foundation’s good governance standards

### Friends of the Foundation

The community based activities are undertaken under the banner of the Friends of the Foundation.

The "Friends" are an active volunteer group who have an interest in aiding the Foundation in its objective. The "Friends" have branches in the following locations: Cooktown, Cow Bay, Mareeba, Gordonvale, Babinda and Innisfail.

## THE YEAR IN REVIEW

The 2014-15 year was a milestone year for the Foundation contributing over \$4 million to improve health care in Far North Queensland. We witnessed the opening of the Block D facility providing an additional 168 beds as part of the Cairns Hospital \$454.6 million redevelopment. Most of the in-patient medical wards and services were transferred from Blocks A and B over to the new Block D which made way for the refurbishment of Blocks A and B.

As a result of the refurbishment of Block B, we saw the temporary closure of the Foundation managed Sea Breeze Cafe and the opening of the brand new *dCafe* facility in Block D, which now has the Foundation managing two café facilities on the Cairns Hospital campus.

### Summary of Financial Performance

The 2014-15 financial-year proved to be another solid year for the Far North Queensland Hospital Foundation.

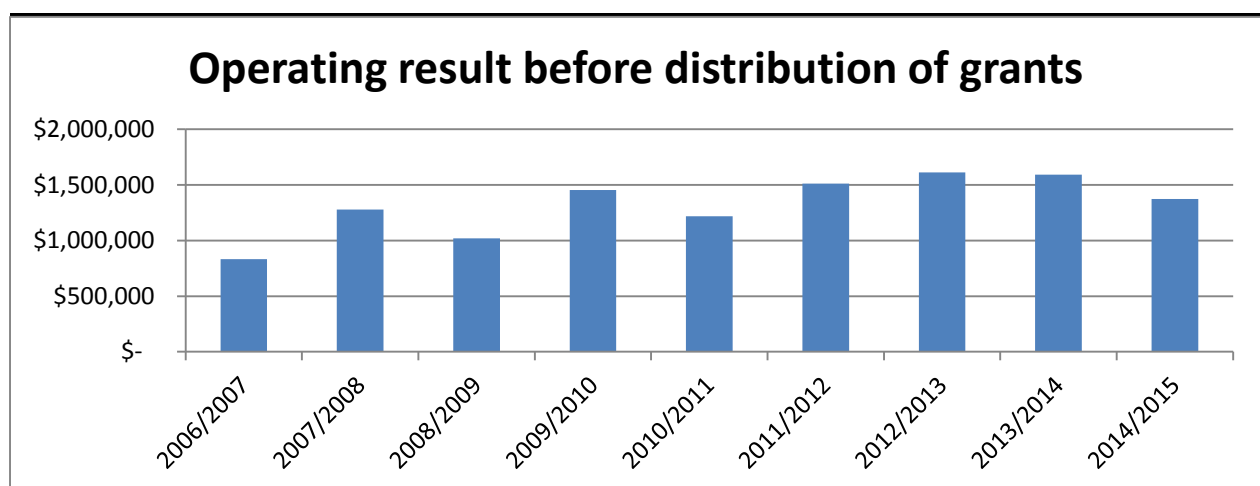
Revenue totalled \$3.56 million compared to the previous year’s \$3.80 million, representing a decline of 6.3%. A reduction of \$238,567 in total revenue was largely attributable to the closure of the Sea Breeze Café during the

refurbishment of Blocks A and B at the Cairns Hospital (a smaller café was opened in D Block), which resulted in a decline of \$246,575 (-13.6%) in café revenue. Additionally, this refurbishment led to the discontinuation of the patient television hire service which resulted in a loss of \$98,464.

When the new Block D facility opened in August 2014 the link bridge over Lake Street located on level two of the Block E car park and level two of Block D was commissioned. This was a significant enhancement to the hospital campus allowing staff, patients and visitors easy access from the car park to the hospital. The opening of the link bridge contributed to an increase in car park revenue of 57.8% (\$166,480).

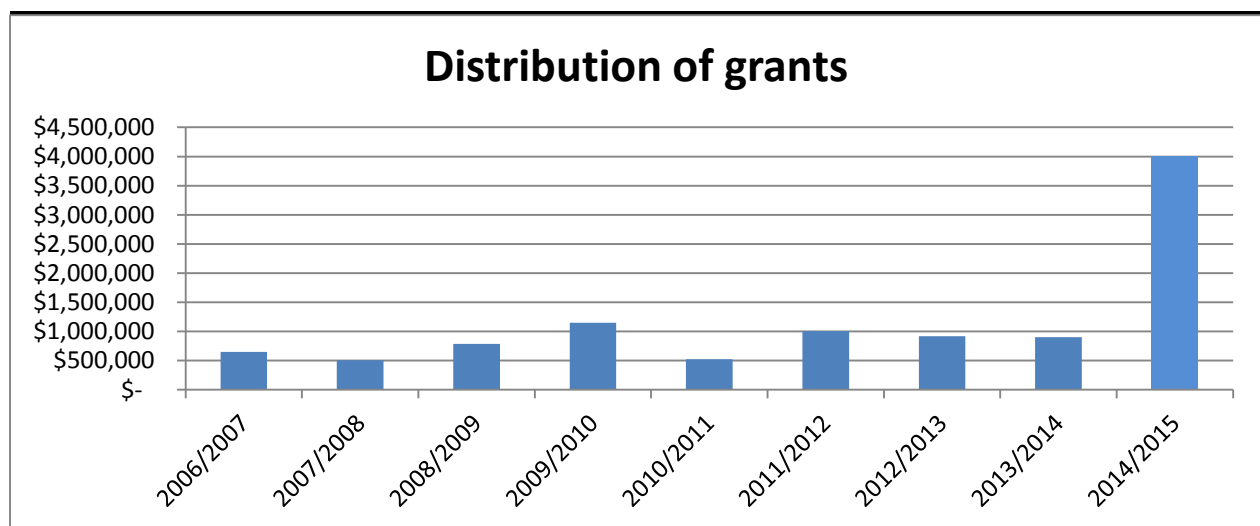
The Foundation's fundraising team worked tirelessly to fulfil the strategic objective of increasing fundraising income albeit to fall short of last year's result by \$21,102. The result was \$1.21 million (revenue before direct costs) which was 1.7% down on the previous year's result of \$1.23 million. However, the fundraising team did an excellent job controlling costs to be down on the previous year by \$43,403 or 26.3%, \$121,422 compared to the previous year of \$164,825. This resulted in a fundraising profit of \$1.09 million compared to \$1.06 million in 2013-14. Total expenses were well controlled with a favourable variance of 1%, \$2.19 million compared with the previous year of \$2.21 million.

The Foundation posted an operating result, before distribution of grants, of \$1.37 million – which was below the previous year's result of \$1.59 million. However, due to several years of retained surpluses, the Foundation was in a position to provide grant funding of over \$4 million.



### Grant Funding

The Foundation's grant funding reached a record amount of \$4 million which was well above the previous year's figure of \$0.9 million and also above the previous record amount of \$1.15 million in the year 2009-10.



Every year the Foundation endeavours to provide grant funding of around \$1 million. However, throughout the course of 2014-15 the Foundation's grant funding saw the completion of the Paediatric Playground Project at a cost of \$1.23 million, the Foundation's contribution of \$0.7 million towards the purchase of a new PET/CT Scanner for the Liz Plummer Cancer Care Centre and the installation and finalisation of the electronic ultrasound mapping software Viewpoint for Obstetrics/Medical Imaging at Cairns Hospital at a cost of \$135,000.

Further to this the Board approved the single largest grant funding contribution in the history of the Foundation of \$1.59 million towards the Interactive Patient Station system at Cairns Hospital.

In addition, the Foundation also provided funding of \$76,000 to purchase an ultrasound machine for the Emergency Department at Cairns Hospital, bought a bladder scanner at a cost of \$15,000 for the Cairns Hospital Surgery and Peri-operative overnight stay units, spent \$15,000 on an ImpediMed machine to assist in the clinical assessment of lymphedema patients in the Liz Plummer Cancer Care Centre and funded a portable continuous cardiocographic machine at a cost of \$16,000 to assist with fetal monitoring for the outreach service run by the Atherton Hospital Maternity Unit.

The Foundation once again funded the annual research grant awards and during the course of the year introduced an annual competitive grant round for education, training and professional development of which in its first year provided some \$24,400 to 21 successful applicants.

### **Volunteer Services**

The Foundation's Volunteer Program is now in its 26<sup>th</sup> year. Our volunteer team continues to be the foundation stone of commercial and fundraising activities, and support services to patients, visitors and staff at the Cairns Hospital, as well as a number of other hospitals and clinics in the Cairns and Hinterland Hospital and Health Service. We are extremely fortunate to be able to count on these people to donate their time and skills to help the Foundation achieve its vision.

The scope of volunteer activities is truly impressive. Their services at the Cairns Hospital alone include staffing the hospital information desks; assisting in the Cardiac conditioning program; coordinating the Paediatric Playscheme Program; helping with food and beverage services to patients and visitors in the Liz Plummer Cancer Care Centre; providing clerical and administrative support services; and generally assisting wherever possible.

During the course of 2014-15, around 140 Foundation volunteers contributed more than 26,521 hours of unpaid labour to the Cairns Hospital. Hundreds more Foundation volunteers lent their support to fundraising events during the year, devoting a total of around 5,988 hours.

### **Friends of the Foundation**

Community-based fundraising activities are organised under the banner of the Friends of the Foundation ("the Friends").

The Friends are an active and growing network of volunteer groups, with branches in Cooktown, Cow Bay, Mareeba, Gordonvale, Babinda and Innisfail.

Collectively, the Friends raised more than \$185,000 towards the improvement of healthcare services in their respective communities. During the year, they funded the purchase of:

- A mobile procedure lamp for the Cooktown Multipurpose Health Service
- A Nimbus 3 pressure relieving mattress for the Cooktown Multipurpose Health Service
- Garden furniture for the Cooktown Multipurpose Health Service
- A Nimbus 3 pressure relieving mattress for the Innisfail Hospital
- A CO2 insufflator for the Endoscopy service at the Innisfail Hospital
- Twelve over-toilet frames and twelve shower chairs for the Innisfail Hospital
- A Stryker SDC3 information management system for the Operating Theatre at the Innisfail Hospital
- A Sonosite X-Porte high definition portable ultrasound for the Innisfail Hospital
- A Masimo Radical-7 vital signs monitor for the Innisfail Hospital
- Two MR810 Fisher & Paykel heated humidifiers for the High Dependency Unit at the Innisfail Hospital
- Three Overnighter chair for the Gordonvale Hospital

- Four CADD-Solis ambulatory infusion pumps complete with lockable pole mount brackets for the Gordonvale Hospital
- An Amplivox Otowave 102-4 tympanometer middle ear measurement device for Mareeba Community Health
- A Fisher & Paykel Airvo 2 humidifier with integrated flow generator for the Mareeba Hospital
- The preliminary design work and deposit funding for the play equipment associated with the Mareeba Hospital playground project
- A McGrath Mac video laryngoscope for the Emergency Department at the Mareeba Hospital
- A Welch Allyn ear wash system for the Dimbulah Health Clinic

## Commercial Operations

The Foundation operates a number of profitable commercial businesses, which enable the organisation to cover its administration and operating expenses, and at the same time maximise the funds available for donation back into healthcare services.

During the past year, the Sea Breeze Café, dCafe, Block E car park and telephone system continued to ensure that patients and visitors to the Cairns Hospital received quality services that enhanced their comfort.

Revenue from our commercial operations totalled \$2.14 million (revenue before direct costs).

- **Sea Breeze Café**

Located in Block B, the Sea Breeze Café provides quality food and retail services to patients, staff and visitors to the Cairns Hospital, from its scenic location opposite the Cairns Esplanade. The café, which boasts both indoor and outdoor dining areas, has indeed become an integral part of the hospital's social life. The Sea Breeze Café closed for refurbishment on 22 August 2014 and reopened on 22 July 2015.

- **dCafe**

Located in Block D, the dCafe offers a wide range of nutritious food and drinks in a relaxed and modern outdoor setting overlooking the Cairns Esplanade. Patients, staff and visitors to the Cairns Hospital can enjoy a full selection of hot meals, wraps, rolls, salads, organic coffee, smoothies, juices and tea. The dCafe commenced trading on 23 August 2014.

- **Vending Machines**

The Foundation coordinates the placement of a range of food and beverage vending services, including soft drink machines, coffee machines and snack food machines. The Foundation also manages the Automatic Teller Machines located at the hospital.

- **Cairns Hospital Block E Car Park**

The Foundation manages the Block E car park at the Cairns Hospital. With 667 car parking spaces, including 24 spaces reserved for people with a disability, the car park provides a crucial service to both hospital staff, patients and visitors.

A link bridge over Lake Street located on level two of the Block E car park and level two of Block D provides staff, patients and visitors easy access from the car park to the hospital. The car park is equipped with video surveillance which is particularly appreciated by hospital staff that finish their shifts at night or during the early hours.

- **Television Hire Service**

The Foundation installed and managed the integrated multi-access television system throughout the Cairns Hospital up until 15 August 2014. During this time, the self-access system ensured patients could view their televisions without the assistance of hospital staff. The television hire service was widely appreciated by patients. Due to the relocation of in-patient medical wards and services from Blocks A and B over to the new Block D, the patient television hire service ceased on 15 August 2014.

## Fundraising

As previously mentioned the Foundation covers all its administration and operating expenses from the profits generated by the organisation's commercial businesses, including the Sea Breeze Café, dCafe and the Block E hospital car park. This means that 100 percent of monies donated to the Far North Queensland Hospital Foundation are guaranteed to be used for the purpose intended.

The Foundation has forged a number of strong and rewarding relationships with individuals, local businesses and service organisations that recognise the importance of the Foundation's goals and have been motivated to provide monetary and in-kind donations to help the charity achieve those goals.

## ACHIEVING OUR AIMS

During the past year, the Foundation has pursued its Vision to provide "Superior Health Care in Far North Queensland", through the donation of more than \$4 million towards healthcare services in this region.

This figure was supplemented by the incalculable value of the many services and tasks undertaken by the Foundation's volunteer team and staff. Many of the services provided by the Foundation have become an integral part of hospital life.

The Foundation's major purchases this year included:

- A bladder scanner for the Day Surgery and Peri-operative Overnight Stay Units, Cairns Hospital
- An X-Porte ultrasound machine for the Emergency Department, Cairns Hospital
- Three wheelchairs for the Paediatric Ward, Cairns Hospital
- A Flamingo bath chair for the Paediatric Ward, Cairns Hospital
- Two Connex vital signs monitors complete with mobile stands for the Women's Health Unit, Cairns Hospital
- Computer based resting ECG interpretive software for the Cardiology Unit, Cairns Hospital
- Three 24 hour non-invasive blood pressure monitoring systems for the Cardiology Unit, Cairns Hospital
- Electronic ultrasound mapping software Viewpoint for Obstetrics/Medical Imaging, Cairns Hospital.
- An Impedimed LDex U400 to assist with clinical assessment of lymphedema for Oncology Occupational Therapy at the Liz Plummer Cancer Care Centre
- Two Meridian mobile treatment recliners for the Liz Plummer Cancer Care Centre
- A Carendo hygiene chair for the Oncology Ward, Cairns Hospital
- Outdoor furniture for the courtyard area of Block D, Cairns Hospital
- A Connex vital signs monitor complete with mobile stand for the Transit Lounge, Cairns Hospital
- A Hoverjack air patient lifting device for the Cooktown Multipurpose Health Service
- An electronic portable battery operated platform scale for the Cooktown Multipurpose Health Service
- A Kendall SCD 700 compression system for the Cooktown Multipurpose Health Service
- A Motomed Viva 2 leg and upper body trainer for the Cairns Community Rehabilitation Team, Cairns North
- Ten high-back patient day chairs for the Tully Hospital
- A Landice L7 treadmill for the Physiotherapy Department, Atherton Hospital
- A portable continuous cardiotocographic machine to assist with fetal monitoring for the outreach service run by the Maternity Unit, Atherton Hospital
- A Kinetec Prima Advance knee passive motion machine for the OPERA Unit, West Ward, Mareeba Hospital
- 6 Fetal dopplers with fixed waterproof probe for the Maternity/Paediatric Unit, Mareeba Hospital
- A hand held AV400 AccuVein vein illumination machine complete with powered hands-free stand with wheels for the Forsayth Hospital
- A Quick Spray spraying unit for the Tropical Public Health Services to assist in the prevention and control program of disease carrying mosquitoes in the Torres Strait

The Foundation also funded the following:

- The construction and fit-out costs of a state-of-the-art playground including pool room, staging area, and an arts and crafts room on the roof top of level 2 of Block B adjacent to the Paediatric Ward, Cairns Hospital



- Contributed to the cost of a new PET/CT Scanner for the Liz Plummer Cancer Care Centre
- Contributed to the cost of the Interactive Patient Station system at Cairns Hospital
- The annual Small Research Grants program
- The annual Education, Training and Professional Development Grants program
- Rental fees and the commissioning/decommissioning of the Vitalcall alarm service for numerous palliative care patients

## BOARD OF MEMBERS AND GOVERNANCE

Members of the Foundation, who are appointed by the Governor in Council under section 20 of the *Hospitals Foundations Act 1982*, are drawn from the business, medical and university communities.

The Board of the Foundation has primary responsibility to establish strategic direction, pursue established objectives and monitor business performance. The Board recognises the importance of applying best practice corporate governance principles in fulfilling this responsibility and has committed to the highest level of integrity in the conduct of its operations.

### Board of Members – Role and Responsibility

The Board recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the *Hospitals Foundations Act 1982*, the *Financial Administration and Audit Act 1977* and the *Public Sector Ethics Act 1994* in serving the interests of the community, as well as the Foundation's employees, volunteers and supporters.

The responsibilities of the Board include:

- reviewing and approving strategic plans, business plans, the annual budget and financial plans, including available resources and major capital expenditure initiatives
- making decisions in relation to matters of a sensitive, extraordinary or strategic nature
- monitoring and assessing management's performance in achieving any strategies and budgets approved by the Board
- ensuring best practice corporate governance
- reviewing and approving applications for significant funding: equipment, facility enhancement, and research and education
- reviewing and approving annual statutory accounts and other reporting and monitoring financial results on an ongoing basis
- providing advice and counsel to management on a periodic and ad hoc basis
- appointing and where appropriate removing the Chief Executive Officer and approving succession plans
- ratifying the appointment and, where appropriate the termination of the direct reports to the Chief Executive Officer
- monitoring the performance of the Chief Executive Officer and senior management and approving remuneration policies and practices for such Chief Executive Officer and senior management
- enhancing and protecting the reputation of the Foundation
- reporting to the Minister for Health
- ensuring appropriate compliance frameworks and controls are in place and are operating effectively
- approving and monitoring the effectiveness of and compliance with policies governing the operations of the Foundation
- monitoring compliance with regulatory requirements and ethical standards
- monitoring the integrity of internal control and reporting systems and the findings of audits undertaken on an annual basis

### Board of Members – Appointment Criteria

The selection of candidates for membership of the Foundation takes into account the requirements and recommendations of section 18 of the *Hospitals Foundations Act 1982*, and any additional requirements of the Minister. The Foundation's membership currently comprises:

- the nominee of the chairperson of the Cairns and Hinterland Hospital and Health Service Board
- a practising hospital clinician
- senior persons from the James Cook University School of Medicine and Dentistry

- the CE and CFO of the Cairns and Hinterland Hospital and Health Service
- members with a strong commercial background
- members with strong accounting and finance skills
- members with strong legal skills
- members with strong community and fundraising expertise
- overall appropriate experience and gender diversity

### Board of Members – Term and Basis of Appointment

Name	Term	Basis of Appointment
Dr Ken Chapman MB BS (Qld) FAICD FAIM AFRACMA Chairman	Appointed 21 July 2011 Expires 21 July 2015	Dr Chapman is the Chief Executive Officer of Skyrail-ITM and executive director of the Chapman Group of Companies and has experience as a Director, Chairman and President of a number of Boards and Associations including Director of Amalgamated Holdings Limited.
Mr Charles Marino LLB FAICD Deputy Chairman	Appointed 2 August 2013 Expires 2 August 2017	Mr Marino is the Managing Partner of the law firm Marino Moller Lawyers Cairns.
Mr John Andrejic BCom CA Board Member	Appointed 5 September 2014 Expires 1 August 2015	Mr Andrejic is Chief Financial Officer of the Cairns Regional Council.
Ms Patricia Bailey Board Member	Appointed 2 August 2013 Expires 2 August 2015	Ms Bailey is the Operations Manager and special events co-ordinator for the Cairns District Rugby League.
Ms Julie Hartley-Jones CBE Board Member	Appointed 21 July 2011 Expires 21 July 2015	Ms Hartley-Jones is the Chief Executive of the Cairns and Hinterland Hospital and Health Service.
Professor William McBride MB BS DTM&H FRACP FRCPA PhD Board Member	Appointed 21 July 2011 Expires 21 July 2015	Professor McBride is Head of James Cook University's School of Medicine clinical campus at the Cairns Hospital. He is an Infectious Diseases Specialist and Clinical Microbiologist.
Mr Robert McGill Board Member	Appointed 21 July 2011 Expires 21 July 2015	Mr McGill has been a proactive member in the Cairns community for over 40 years. He was joint Citizen of the Year (Cairns) 2008, is Deputy Chair of COUCH, a life member of Apex Australia, and a past President of the Rotary Club of Cairns.
A/Professor Jane Mills PhD RN MN Med BN FACN Board Member	Appointed 21 July 2011 Expires 21 July 2015	A/Professor Mills is Director of the Centre for Nursing and Midwifery Research at James Cook University and is recognised nationally and internationally for her achievements in nursing education and research.
Mr Steve Russell MAICD Board Member	Appointed 2 August 2013 Expires 2 August 2017	Mr Russell is a past member and Chair of the Innisfail and Cairns District Health Councils and is a long term community and health advocate.
Mr Mario Calanna B Pharm FACP FAIM MAACP MAICD Board Member	Appointed 14 June 2013 as Hospital and Health Service Board Chairperson's nominee Expires 17 May 2016	Mr Calanna is Cairns Hospital and Health Service appointee. He is a Pharmacist and CEO of Calanna Pharmacy Group, Fellow of Australian College of Pharmacy, Director of Pharmacy Guild Qld Branch and member and past President of Cairns Rotary Southside. He was City of Cairns Volunteer of the Year in 2004 and Australian Institute of Management Owner/Manager state winner in 2006.

Mr John Slaven is the Foundation's secretary and is Chief Finance Officer of the Cairns and Hinterland Hospital and Health Service. Mr John Slaven resigned his position on 7 April 2015.

During the year, six meetings of the Foundation were held.

<b>Name</b>	<b>Number Eligible to Attend</b>	<b>Number Attended</b>
K Chapman	6	6
J Andrejic	5	4
P Bailey	6	5
J Hartley-Jones	6	5
C Marino	6	5
W McBride	6	5
R McGill	6	3
J Mills	6	3
S Russell	6	6
M Calanna	6	5

### **Risk Management and Internal Audit Function**

The Hospital Foundation has a robust financial management system and a safe work culture and it continues to work to the objective of maintaining and improving its good governance standards. The Foundation's track record is good and the organisation has an unblemished history in regards to the annual audit process, having never received a qualified audit.

The Foundation Board and senior management are committed to mitigating the risk of unacceptable costs or losses associated with the operations of the Foundation and managing the risks that may affect the ability of the Foundation to continue to provide services.

The Foundation Board has deemed it inappropriate to establish an internal audit function due to:

- relatively small size of the Foundation
- since inception in 1997 the Foundation has never received a qualified audit
- when the issue of internal audit function has been referred to the Queensland Audit Office appointed auditor they have advised that they believe it not necessary due to the size of the Foundation
- the Foundation has well developed financial systems that operate efficiently, effectively and economically
- the existing governance structure and meeting schedule remains adequate

### **Audit, Risk and Remuneration Committee (ARRC)**

The Foundation ARRC observed the terms of its charter during the course of the year.

The ARRC comprises at least three Members of the Board of the Foundation with one of the Members being the Chair of the Foundation.

The Foundation Board appoint Members of the ARRC on an annual basis and identify one of the Members other than the Chair of the Foundation to Chair the ARRC.

During the year, three meetings of the ARRC were held.

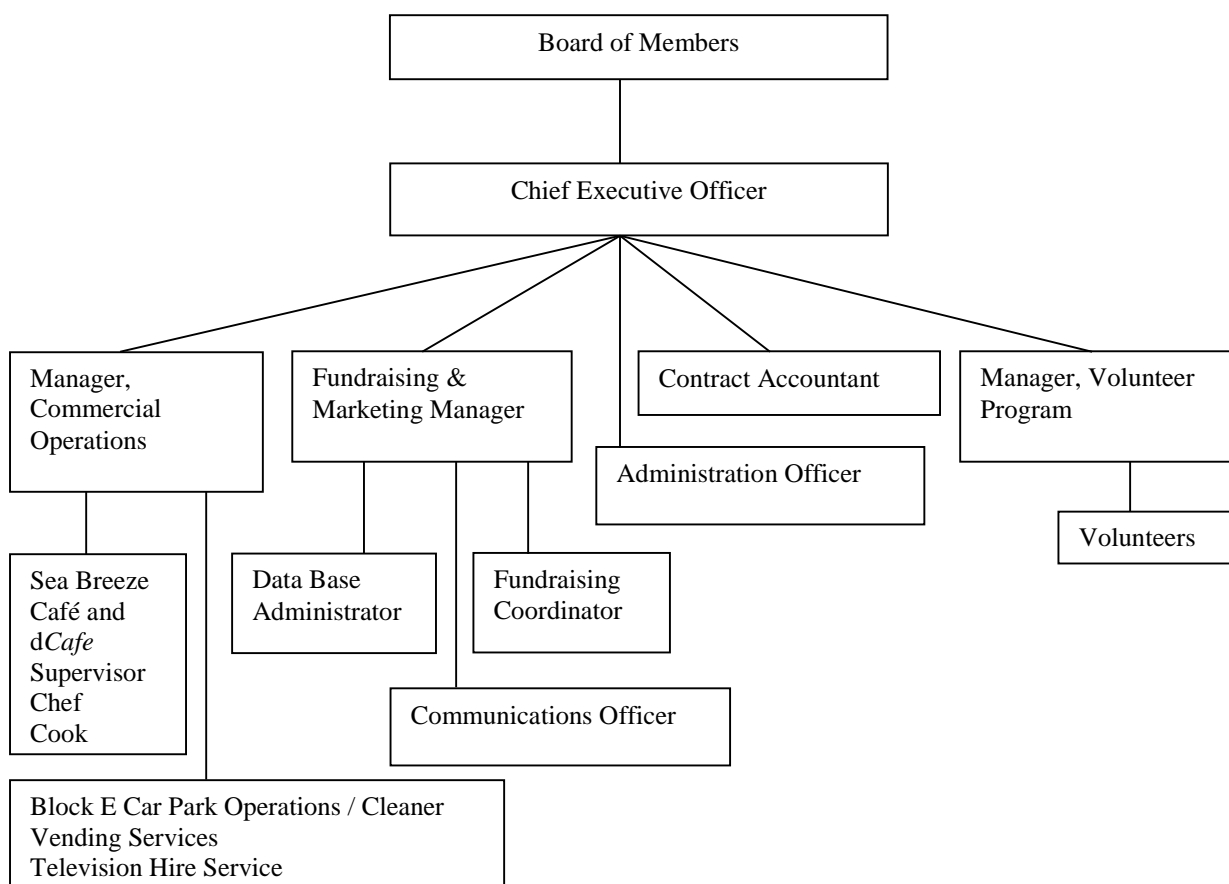
ARRC Members are; Mr John Andrejic (Chair), Mr Ken Chapman and Mr Charlie Marino.

### **Information Systems and Record Keeping**

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

## HUMAN RESOURCES

### Foundation Organisational Chart



### Senior Management Team

#### Tony Franz

Chief Executive Officer – joined the Foundation in February 2004

Responsibilities: to provide the Foundation with executive and strategic leadership, and operational management, including responsibility for managing progress towards achievement of the Foundation’s vision, objectives and strategic directions.

#### Steve McGuinness

Manager, Commercial Operations – joined the Foundation in June 2009

Responsibilities: to manage and administer the Foundation’s commercial operations in support of the Foundation’s objectives including the development of strategies and implementation of approved plans so as to advance the profitability of the Foundation’s commercial departments.

#### Glenys Duncombe

Fundraising and Marketing Manager – joined the Foundation in September 2004

Responsibilities: to develop and maintain relationships with communities, groups and individuals relevant to the Foundation and to develop and manage fundraising and marketing projects and activities that will benefit the Foundation.

#### Anne Chirio

Manager, Volunteer Program – joined the Foundation in June 2003

Responsibilities: to manage, administer and monitor the Volunteer Program in support of the Foundation’s objectives so as to advance the profile and services provided by the Foundation.

**Workforce**

The Foundation has a very committed team comprising of both staff and volunteers who are focused on achieving the Foundation's vision, mission and strategic objectives. At June 30, 2015, the Foundation had 19 employees employed on a full-time equivalent basis.

To ensure flexible work arrangements for the staff, the Foundation reviews all reasonable requests from employees regarding flexible work requirements. This often involves changes to start and finish times, returning from parental leave in a part-time capacity and taking time off in lieu of additional hours worked outside of normal working hours.

The Foundation is committed to assisting staff balance their work and personal commitments.

**Redundancy**

During the 2014-15 year there were no payments made due to redundancy, early retirement or retrenchment.

**PUBLIC SECTOR ETHICS ACT 1994**

The Foundation has established a Code of Conduct which applies to Board members and senior executives of which has been formally approved by the Minister for Health.

Foundation senior management are signatories of this Code of Conduct.

All other employees are signatories of the Queensland Government Code of Conduct.

## Compliance Checklist – Annual Report

Summary of requirement		Basis for requirement	Annual report reference page
Letter of compliance	<ul style="list-style-type: none"> <li>A letter of compliance from the accountable officer or statutory body to the relevant Minister</li> </ul>	ARRs – section 8	3
Accessibility	<ul style="list-style-type: none"> <li>Table of contents</li> <li>Glossary</li> </ul>	ARRs – section 10.1	2
	<ul style="list-style-type: none"> <li>Public availability</li> </ul>	ARRs – section 10.2	2
	<ul style="list-style-type: none"> <li>Interpreter service statement</li> </ul>	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	2
	<ul style="list-style-type: none"> <li>Copyright notice</li> </ul>	<i>Copyright Act 1968</i> ARRs – section 10.4	2
	<ul style="list-style-type: none"> <li>Information licensing</li> </ul>	<i>Queensland Government Enterprise Architecture – Information licensing</i> ARRs – section 10.5	2
General information	<ul style="list-style-type: none"> <li>Introductory Information</li> </ul>	ARRs – section 11.1	4
	<ul style="list-style-type: none"> <li>Agency role and main functions</li> </ul>	ARRs – section 11.2	4-8
	<ul style="list-style-type: none"> <li>Operating environment</li> </ul>	ARRs – section 11.3	4-8
	<ul style="list-style-type: none"> <li>Machinery of Government changes</li> </ul>	ARRs – section 11.4	N/A
Non-financial performance	<ul style="list-style-type: none"> <li>Government objectives for the community</li> </ul>	ARRs – section 12.1	4-6
	<ul style="list-style-type: none"> <li>Other whole-of-government plans / specific initiatives</li> </ul>	ARRs – section 12.2	N/A
	<ul style="list-style-type: none"> <li>Agency objectives and performance indicators</li> </ul>	ARRs – section 12.3	4-5
	<ul style="list-style-type: none"> <li>Agency service areas, service standards and other measures</li> </ul>	ARRs – section 12.4	N/A
Financial performance	<ul style="list-style-type: none"> <li>Summary of financial performance</li> </ul>	ARRs – section 13.1	4
	<ul style="list-style-type: none"> <li>Chief Finance Officer (CFO) statement</li> </ul>	ARRs – section 13.2	N/A
Governance – management and structure	<ul style="list-style-type: none"> <li>Organisational structure</li> </ul>	ARRs – section 14.1	12
	<ul style="list-style-type: none"> <li>Executive management</li> </ul>	ARRs – section 14.2	12
	<ul style="list-style-type: none"> <li>Related entities</li> </ul>	ARRs – section 14.3	N/A
	<ul style="list-style-type: none"> <li>Boards and committees</li> </ul>	ARRs – section 14.4	9
	<ul style="list-style-type: none"> <li><i>Public Sector Ethics Act 1994</i></li> </ul>	<i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs – section 14.5	13
Governance – risk management and accountability	<ul style="list-style-type: none"> <li>Risk management</li> </ul>	ARRs – section 15.1	11
	<ul style="list-style-type: none"> <li>External Scrutiny</li> </ul>	ARRs – section 15.2	N/A

Summary of requirement	Basis for requirement	Annual report reference page
<ul style="list-style-type: none"> <li>• Audit committee</li> <li>• Internal Audit</li> <li>• Public Sector Renewal Program</li> <li>• Information systems and recordkeeping</li> </ul>	ARRs – section 15.3	11
	ARRs – section 15.4	11
	ARRs – section 15.5	N/A
	ARRs – section 15.7	11
Governance – human resources	ARRs – section 16.1	13
	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	13
	ARRs – section 16.3	N/A
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	FAA – section 62 FPMS – section 50 ARRs – section 18.2	Financial Statements 24-25
	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3	Financial Statements 21

FAA *Financial Accountability Act 2009* FPMS *Financial and Performance Management Standard 2009*  
ARRs *Annual report requirements for Queensland Government agencies*

**Far North Queensland Hospital Foundation**  
**(ABN 42 980 569 986)**

**Financial Statements**  
**For the year ended 30 June 2015**



**FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

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## GENERAL INFORMATION

These financial statements cover the Far North Queensland Hospital Foundation as an individual entity.

The Far North Queensland Hospital Foundation is a Hospital Foundation established under the *Hospitals Foundations Act 1982*.

The Far North Queensland Hospital Foundation is controlled by the State of Queensland.

The head office and principal place of business of the Far North Queensland Hospital Foundation is:

Ground Floor  
Block E  
Corner Grove & Digger Streets  
CAIRNS QLD 4870

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

For information in relation to the Foundation's financial statements please call  
07- 4226 6634, email [ceo@fnqhf.org.au](mailto:ceo@fnqhf.org.au) or visit the Foundation's website [www.fnqhf.org.au](http://www.fnqhf.org.au)

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

**FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>Income</b>			
<b>Revenue</b>			
Revenue from sale of goods	4(a)	2,137,472	2,326,420
Revenue from fundraising	4(b)	1,278,741	1,295,817
Finance income	5	149,458	166,792
Increase in market value of investments	10	<u>-</u>	<u>15,209</u>
<b>Total income</b>		<u>3,565,671</u>	<u>3,804,238</u>
<b>Expenses</b>			
Cost of sales	4(a)	706,158	792,686
Cost of fundraising	4(b)	144,223	184,107
Employment expenses	6	1,067,284	1,028,404
Supplies and services	7	140,615	153,636
Other expenses	8	39,126	28,508
Depreciation	9	<u>95,391</u>	<u>26,238</u>
<b>Total expenses</b>		<u>2,192,797</u>	<u>2,213,579</u>
<b>Operating result before distribution of grants</b>		1,372,874	1,590,659
Distribution of grants	11	<u>(4,011,221)</u>	<u>(901,709)</u>
<b>Operating result</b>		<u>(2,638,347)</u>	<u>688,950</u>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u>(2,638,347)</u>	<u>688,950</u>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2015**

**ACCUMULATED SURPLUS**

<b>Balance as at 1 July</b>		4,943,476	4,254,526
Operating result		(2,638,347)	688,950
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>(2,638,347)</u>	<u>688,950</u>
<b>Balance as at 30 June</b>	20	<u>2,305,129</u>	<u>4,943,476</u>

*The statement of profit or loss and other comprehensive income and the statement of changes in equity are to be read in conjunction with the accompanying notes to the financial statements*

**FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	12	4,294,673	5,107,702
Trade and other receivables	13	113,335	26,368
Inventories	14	21,129	18,384
Other assets	15	<u>20,483</u>	<u>          </u>
<b>Total current assets</b>		<u>4,449,619</u>	<u>5,152,454</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	16	<u>759,124</u>	<u>311,367</u>
<b>Total non-current assets</b>		<u>759,124</u>	<u>311,367</u>
<b>Total assets</b>		<u><u>5,208,743</u></u>	<u><u>5,463,821</u></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	<u>2,898,079</u>	<u>513,690</u>
<b>Total current liabilities</b>		<u>2,898,079</u>	<u>513,690</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	18	<u>5,533</u>	<u>6,655</u>
<b>Total non-current liabilities</b>		<u>5,533</u>	<u>6,655</u>
<b>Total liabilities</b>		<u><u>2,903,612</u></u>	<u><u>520,345</u></u>
<b>Net assets</b>		<u><u>2,305,129</u></u>	<u><u>4,943,476</u></u>
<b>EQUITY</b>			
Accumulated surplus	20	<u>2,305,129</u>	<u>4,943,476</u>
<b>Total equity</b>		<u><u>2,305,129</u></u>	<u><u>4,943,476</u></u>

*The statement of financial position is to be read in conjunction with the accompanying notes to the financial statements.*

**FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Inflows:</i>			
Cash receipts in the course of operations		3,652,790	3,858,962
Investment income		149,458	166,792
GST received from customers		2,711	2,396
GST input tax credits from ATO		291,872	147,228
<i>Outflows:</i>			
Cash payments in the course of operations			
Employee expenses		(1,067,284)	(1,028,407)
Supplies and services		(1,350,079)	(1,194,039)
Distribution of grants	11	(1,463,252)	(901,709)
GST paid to suppliers		(241,098)	(27,299)
GST remitted to ATO		(234,934)	(235,135)
<b>Net cash provided by from operating activities</b>	23	<u>(259,815)</u>	<u>788,789</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Outflows:</i>			
Payments for property, plant and equipment		<u>(553,214)</u>	<u>(224,430)</u>
<b>Net cash used in investing activities</b>		<u>(553,214)</u>	<u>(224,430)</u>
Net increase in cash and cash equivalents		(813,029)	564,359
Cash and cash equivalents at beginning of financial year		<u>5,107,702</u>	<u>4,543,343</u>
<b>Cash and cash equivalents at end of financial year</b>	12	<u><u>4,294,673</u></u>	<u><u>5,107,702</u></u>

*The statement of cash flows is to be read in conjunction with the accompanying notes to the financial statements.*

## **FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

#### **1. OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE FOUNDATION**

The Far North Queensland Hospital Foundation (“the Foundation”) was established on 21 March 1997 under the *Hospitals Foundations Act 1982* and is a statutory body.

The principal activities of the Foundation are to fund the purchase of state-of-the-art equipment and establishment of first class health related facilities; assist in the establishment of Far North Queensland as a centre of excellence in health services by funding supporting and encouraging education and research and provide support services for the patients and staff.

#### **2. 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 Treasury’s Minimum Reporting Requirements for the year ended 30 June 2015, 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 the Foundation is a not-for-profit entity.

##### **(b) Basis of measurement**

The financial report has been prepared on the historical cost basis except for deposits and investments which are at fair value.

##### **(c) Functional and presentation currency**

The financial statements are presented in Australian dollars, which is the Foundation’s functional currency.

##### **(d) Accounting estimates and judgements**

The preparation of financial statements necessarily require 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.

## FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### (a) 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.

##### (b) 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 where necessary. There has been no provision for impairment as at 30 June as all receivables are collectable.

##### (c) 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 – held at amortised cost
- Deposits and investments – held at fair value through profit or loss
- Receivables – held at amortised cost
- Payables – held at amortised cost

##### (d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business.

##### (e) Property, plant and equipment

###### *(i) Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net and included in the Statement of Comprehensive Income.

## FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *(i) Recognition and measurement (continued)*

Items of property, plant and equipment with a cost or other value equal to or in excess of \$500 are recognised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

##### *(ii) Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Foundation and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in expenses as incurred.

##### *(iii) Depreciation*

Depreciation is recognised in expenses on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives in the current and comparative periods are as follows:

- Leasehold improvements            10 years
- Plant and equipment                5 – 10 years
- Furniture and fittings               5 - 13.3 years
- Motor vehicles                        6.67 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

##### **(f) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Foundation include, but are not limited to subjective adjustments made to observable data to take account of the characteristics of the Foundation's assets/liabilities, internal control records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the Foundation for which fair value is measure or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:



## FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (f) Fair value measurement (continued)

Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;

Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and

Level 3 – represents fair value measurements that are substantially derived from unobservable inputs

Except for the managed investment scheme, none of the Foundation's valuations of assets and liabilities are eligible for categorisation into level 1 of the fair value hierarchy. As 2013-2014 is the first year of application of AASB 13 by the Foundation, there were no transfers of assets between fair value hierarchy levels during the period.

##### (g) Impairment

###### (i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in finance costs and reflected in an allowance account against receivables.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income.

###### (ii) 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.

##### (h) Employee benefits

Employer superannuation contributions, annual leave entitlements and long service leave entitlements 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 an employee benefit, but is recognised separately as employee related expenses.

###### (i) Superannuation

Employer superannuation contributions are paid to nominated superannuation schemes. Contributions are expensed in the period in which they are paid or payable.

## FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (h) Employee benefits (continued)

###### *(ii) Other long-term employee benefits*

The Foundation's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Foundation's obligations.

###### *(iii) Termination benefits*

Termination benefits are recognised as an expense when the Foundation is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Foundation has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

###### *(iv) Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

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

###### *(v) Key executive management personnel and remuneration*

Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to note 24 for the disclosures on key executive management personnel and remuneration.

##### (i) Provisions

A provision is recognised if, as a result of a past event, the Foundation has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

##### (j) Payables

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

##### (k) Revenue

###### *(i) Sales revenue*

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

## **FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **(k) Revenue (continued)**

###### **(ii) Fundraising revenue**

Fundraising revenue is recognised when received. The amount and timing of receipts are dependent upon the various fundraising events conducted during the year.

##### **(l) Finance income**

Finance income comprises interest and dividend income on funds invested. Interest income is recognised as it accrues, using the effective interest method. Dividends are re-invested for additional units.

##### **(m) Lease payments**

Payments made under operating leases are recognised as expenses on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

The Foundation had no assets under finance lease during the current year or the previous year.

##### **(n) Insurance**

The Foundation's property, plant and equipment and other risks are insured and premiums are being paid on a risk assessment basis. In addition, the Foundation pays premiums to Work Cover Queensland in respect of its obligations for employee compensation.

##### **(o) Income tax**

The entity is a state body as defined under the Income Tax Assessment Act 1936 and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

##### **(p) Issuance of financial statements**

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

##### **(q) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

##### **(r) Comparatives**

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

## FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (s) New and revised accounting standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the foundation for the annual reporting period ended 30 June 2015. The assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the foundation, are set out below.

The following standards, amendments to standards and interpretations have been identified as those which will impact the foundation in the period of initial application. Except for those noted, these are available for early adoption at 30 June 2015 but have not been applied in preparing this financial report.

*AASB 9 Financial Instruments and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1,3,4,5,7,101,102,112,118,120,121,127,128,131,132,136,137,139,1023 & 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 in amortised cost or fair value. Pursuant to AASB 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.

*AASB 2012-6 Amendments to Australian Accounting Standards-mandatory Effective Date of AASB 9 and Transition Disclosures* applies to reporting periods beginning on or after 1 January 2015. The mandatory effective date of *AASB 9 Financial Instruments* was amended to apply from 1 January 2015 instead of 1 January 2013.

*AASB 2010-7 Amendments to Australian Accounting Standards Arising from AASB 9 (December 2010)* will become effective from reporting periods beginning on or after 1 January 2015. In respect of *AASB 7 Financial Instrument Disclosure* and *AASB 101 Presentation of Financial Statements*, additional disclosures are required.

The standard will become mandatory for the Foundation's 30 June 2016 financial statements.

*AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* will become effective from reporting period beginning on or after 1 January 2016.

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.

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
<b>4. REVENUE</b>		
<b>(a) Revenue from sale of goods</b>		
<b>Sales revenue</b>		
Cafe	1,572,594	1,819,169
Vending machines	69,125	71,090
Telephone	890	1,790
Television	10,752	109,216
Car park	454,646	288,166
Sundry	29,465	36,989
	<u>2,137,472</u>	<u>2,326,420</u>
<b>Cost of sales</b>		
Cafe	704,908	787,736
Vending machines	384	3,458
Telephone	866	1,492
	<u>706,158</u>	<u>792,686</u>
<b>Gross profit</b>		
Cafe	867,686	1,031,433
Vending machines	68,741	67,632
Telephones	24	298
Television	10,752	109,216
Car park	454,646	288,166
Sundry	29,465	36,989
	<u>1,431,314</u>	<u>1,533,734</u>
<b>(b) Revenue from fundraising</b>		
<b>Fundraising and other contributions</b>		
Fundraising for general purposes	870,118	898,532
Fundraising for specific purposes	341,733	334,421
	<u>1,211,851</u>	<u>1,232,953</u>
Volunteer service	66,890	62,864
	<u>1,278,741</u>	<u>1,295,817</u>
<b>Cost of fundraising</b>		
Fundraising	121,422	164,825
Volunteer service	22,801	19,282
	<u>144,223</u>	<u>184,107</u>
<b>Gross profit</b>		
Fundraising	1,090,429	1,068,128
Volunteer service	44,089	43,582
	<u>1,134,518</u>	<u>1,111,710</u>

**FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>5. FINANCE INCOME</b>		
Interest	146,271	151,832
Dividends	<u>3,187</u>	<u>14,960</u>
	<u><u>149,458</u></u>	<u><u>166,792</u></u>

**6. EMPLOYMENT EXPENSES**

Wages and salaries	957,988	946,137
Employer superannuation contributions	89,714	85,084
Workers compensation	5,661	6,032
Other	<u>13,921</u>	<u>(8,849)</u>
	<u><u>1,067,284</u></u>	<u><u>1,028,404</u></u>

At year-end, there were 19 (2014: 19) employees employed on a full-time equivalent basis.

**7. SUPPLIES AND SERVICES**

Consultants	10,500	16,478
Banking and merchant fees	21,725	21,469
Computer repairs and support	15,335	9,845
Cleaning	7,242	11,733
Consumables	1,825	837
PCard purchases	3,690	2,640
Motor vehicle operating costs	9,092	7,778
Repairs and maintenance	40,846	48,021
Printing and stationery	18,207	18,460
Security	4,154	4,228
Telephone	4,261	4,884
Other	<u>3,738</u>	<u>7,263</u>
	<u><u>140,615</u></u>	<u><u>153,636</u></u>

**8. OTHER EXPENSES**

External audit fees – BDO Audit (Nth QLD) Pty Ltd	5,000	5,000
Investment Management Fees	-	4,177
Insurance	21,196	19,331
Legal fees	2,368	-
Loss on disposal of property, plant and equipment	<u>10,562</u>	<u>-</u>
	<u><u>39,126</u></u>	<u><u>28,508</u></u>

There are no non-audit services included in the external audit fees.

**FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>9. DEPRECIATION</b>		
Depreciation and amortisation were incurred in respect of:		
Leasehold improvements	59,584	935
Plant and equipment	27,162	17,690
Furniture and fittings	3,827	2,795
Motor vehicles	4,818	4,818
	<u>95,391</u>	<u>26,238</u>

**10. MARKET VALUATION OF INVESTMENTS**

DDH investment access funds at beginning of year	318,322	292,958
Dividend reinvestment	3,187	10,155
Increase/(decrease) in market value	-	15,209
Reduction in capital	<u>(321,509)</u>	<u>-</u>
Market valuation at end of year	<u>-</u>	<u>318,322</u>

# FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
<b>11. GRANTS AND SUBSIDIES</b>		
During the year, the Foundation funded equipment purchases and/or services as follows:		
Cairns Hospital		
Interactive Patient Station	1,190,568	-
Paediatric Playground Project	1,228,530	-
PET/CT Scanner	700,000	-
Emergency Medicine	91,159	26,630
Medicine	9,473	11,554
Aged Care	-	225
Intensive Care	3,037	2,869
Foetal Surveillance	6,150	3,907
Paediatrics	13,538	3,035
Women's Health	8,335	998
Sexual Health	-	2,058
Palliative Care	303	394
Liz Plummer Cancer Care Centre	33,376	5,735
Oncology	142,637	53,480
Mental Health	10,941	3,668
Medical imaging	135,399	-
Renal Medicine	7,874	-
Cardiology	36,817	269,782
Surgery	16,642	106,839
Orthopaedics	-	34,765
Diabetes	227	14,585
Other	21,795	72,226
Physicians Fund	13,761	8,436
Medical 4 Clinics	1,092	-
Medical Research	-	1,524
Research	12,002	37,380
Sundry	15,305	10,213
Atherton Hospital	25,161	5,770
Cairns North Community Health	10,593	-
Cooktown Hospital - Cooktown Friends of the Foundation	15,378	9,280
Cooktown Hospital	12,031	31,367
Cow Bay Clinic - Cow Bay Friends of the Foundation	359	1,361
Cow Bay Clinic	591	-
Croydon Hospital	-	1,500
Gordonvale Hospital - Gordonvale Friends of the Foundation	53,583	16,736
Forsyth Hospital	7,800	-
Innisfail Hospital - Innisfail Friends of the Foundation	116,361	63,357
Innisfail Hospital	1,175	2,899
Mareeba Hospital - Mareeba Friends of the Foundation	25,380	3,940
Mareeba Hospital	11,760	75,492
Mossman MPHS	13,208	10,323
Thursday Island Hospital	13,380	-
Tully Hospital	5,500	7,548
Yarrabah	-	1,833
	<u>4,011,221</u>	<u>901,709</u>



## FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
<b>12. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	33,004	58,739
Cash at bank	115,167	217,415
Deposits (at call)	4,146,502	4,513,226
Investments (Note 10)	-	318,322
	<u>4,294,673</u>	<u>5,107,702</u>

Deposits are held with Queensland Treasury Corporation (QTC). QTC deposits are bearing floating interest rates between 2.80% and 3.87%.

### 13. TRADE AND OTHER RECEIVABLES

#### Current

Trade debtors	29,831	26,368
Goods and Services Tax refundable	83,504	-
	<u>113,335</u>	<u>26,368</u>

No interest is earned on amounts due from debtors. No provision for impairment during the financial year has been recognised as the amounts are fully collectible.

### 14. INVENTORIES

#### Current

P-Cards	1,762	1,500
Sea Breeze Cafe	18,537	16,346
Vending machines	616	208
Telephone system cards	214	330
	<u>21,129</u>	<u>18,384</u>

### 15. OTHER ASSETS

#### Current

Prepayments	20,483	-
	<u>20,483</u>	<u>-</u>

**FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>16. PROPERTY, PLANT AND EQUIPMENT</b>		
Leasehold improvements, at cost	695,472	309,390
Less: accumulated amortisation	<u>(67,635)</u>	<u>(308,091)</u>
	<u>627,837</u>	<u>1,299</u>
Plant and equipment, at cost	175,271	355,831
Less: accumulated depreciation	<u>(95,142)</u>	<u>(307,158)</u>
	<u>80,129</u>	<u>48,673</u>
Furniture and fittings, at cost	51,873	55,045
Less: accumulated depreciation	<u>(21,295)</u>	<u>(36,735)</u>
	<u>30,578</u>	<u>18,310</u>
Motor vehicles, at cost	66,446	66,446
Less: accumulated depreciation	<u>(45,866)</u>	<u>(41,048)</u>
	<u>20,580</u>	<u>25,398</u>
Work in progress	<u>-</u>	<u>217,687</u>
Total property, plant and equipment, at net book value	<u><u>759,124</u></u>	<u><u>311,367</u></u>

Plant and equipment and leasehold improvements are shown at amortised cost in accordance with Queensland Treasury's Non-Current Asset Accounting Guidelines for the Queensland Public Sector June 2005, revised February 2008.

**Reconciliation**

	<b>Leasehold improvements</b>	<b>Plant and equipment</b>	<b>Furniture &amp; fittings</b>	<b>Motor vehicles</b>	<b>WIP</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2015</b>						
Carrying amount at 1 July	1,299	48,673	18,310	25,398	217,687	311,367
Acquisitions	468,435	69,180	16,095	-	-	553,710
Disposals/transfer	217,687	(10,562)	-	-	(217,687)	(10,562)
Depreciation/amortisation	<u>(59,584)</u>	<u>(27,162)</u>	<u>(3,827)</u>	<u>(4,818)</u>	<u>-</u>	<u>(95,391)</u>
Carrying amount at 30 June	<u><u>627,837</u></u>	<u><u>80,129</u></u>	<u><u>30,578</u></u>	<u><u>20,580</u></u>	<u><u>-</u></u>	<u><u>759,124</u></u>
<b>2014</b>						
Carrying amount at 1 July	2,235	59,620	21,105	30,215	-	113,176
Acquisitions	-	6,743	-	-	217,687	224,430
Disposals	-	-	-	-	-	-
Depreciation/amortisation	<u>(934)</u>	<u>(17,690)</u>	<u>(2,795)</u>	<u>(4,817)</u>	<u>-</u>	<u>(26,238)</u>
Carrying amount at 30 June	<u><u>1,299</u></u>	<u><u>48,673</u></u>	<u><u>18,310</u></u>	<u><u>25,398</u></u>	<u><u>217,687</u></u>	<u><u>311,367</u></u>

**FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>17. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade creditors	2,652,074	300,285
Customer deposits	48,920	40,098
Payroll liabilities	22,032	39,696
GST	-	10,066
Provision for employee benefits	51,460	60,457
Provision Long Service Leave	62,892	53,696
Sundry creditors and accruals	60,701	9,392
	<u>2,898,079</u>	<u>513,690</u>
<b>18. PROVISIONS</b>		
<b>Non-current</b>		
Long service leave	<u>5,533</u>	<u>6,655</u>
<b>Movement in provisions</b>		
Balance at 1 July	60,351	48,396
Additional provisions	<u>8,074</u>	<u>11,955</u>
Balance at 30 June	<u>68,425</u>	<u>60,351</u>

**19. FINANCIAL INSTRUMENTS**

**(a) Financial risk management**

**(i) Overview**

The Foundation has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Foundation's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

The members of the Foundation are responsible for monitoring and managing the financial risks of the Foundation. They monitor these risks through regular board meetings where monthly management accounts are presented. Any changes identified are communicated to the Chief Executive Officer who implements the changes. The Foundation does not enter into any derivative financial instruments and does not speculate in any type of financial instruments.

**(ii) Credit risk exposure**

Credit risk is the risk of financial loss to the Foundation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Foundation's receivables from customers and other financial assets.

The Foundation's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Foundation's customers primarily consist of government entities and sponsorships. An allowance for impairment is recognised when it is expected that any receivables are not collectible. The allowance consists of allowances for specific accounts. The Foundation does not require any collateral in respect of trade and other receivables.

The Foundation limits its exposure to credit risk by only investing in at call deposits and managed funds with Queensland Treasury Corporation. Management does not expect any counterparty to fail to meet its obligations.

**FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**19. FINANCIAL INSTRUMENTS (CONTINUED)**

*(iii) Liquidity risk*

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due.

The Foundation manages liquidity risk by monitoring its cash position on a weekly basis.

*(iv) Market risk*

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

The Foundation only holds deposits at call and does not trade in derivatives.

*Currency risk*

The Foundation is not exposed to currency risk.

*Interest rate risk*

Interest rate risk refers to the risk that changes in interest rates will affect the Foundation's income or the value of its obligations.

The Foundation does not have any borrowings as at the reporting period.

The financial assets subject to floating interest rate risk are cash and deposits at call. The Foundation does not hedge its interest rate risk and is therefore subject to short-term fluctuations in interest rates.

*Other market price risks*

The Foundation is not exposed to other market price risks.

**(b) Credit risk**

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

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

**Maximum exposure to credit risk**

		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>Financial assets</b>			
Cash and cash equivalents	12	4,294,673	5,107,702
Trade debtors	13	<u>29,831</u>	<u>26,368</u>
Total		<u><u>4,324,504</u></u>	<u><u>5,134,070</u></u>

**Financial assets past due but not impaired.**

	<b>Less than 30 days</b>	<b>30-60 days</b>	<b>Overdue 61-90 days</b>	<b>More than 90 days</b>	<b>Total</b>
<b>2015</b>					
Trade debtors	<u>20,273</u>	<u>5,398</u>	<u>3,775</u>	<u>385</u>	<u>29,831</u>
Total	<u><u>20,273</u></u>	<u><u>5,398</u></u>	<u><u>3,775</u></u>	<u><u>385</u></u>	<u><u>29,831</u></u>
<b>2014</b>					
Trade debtors	<u>11,406</u>	<u>3,455</u>	<u>-</u>	<u>11,507</u>	<u>26,368</u>
Total	<u><u>11,406</u></u>	<u><u>3,455</u></u>	<u><u>-</u></u>	<u><u>11,507</u></u>	<u><u>26,368</u></u>

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

**FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**19. FINANCIAL INSTRUMENTS (CONTINUED)**

**(b) Credit risk (continued)**

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Foundation also manages credit risk through diversification and its reliance on DDH Graham Limited as a fund administrator of Q Invest, which is a jointly owned entity by the State Public Sector Superannuation Scheme and Queensland Investment Corporation, a Statutory Government Owned Corporation. Funds invested in this facility were redeemed on 8 January 2015.

**(c) 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 manages liquidity risks through the use of cash and deposits at call. This 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 accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by the Foundation. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the repayment of outstanding amounts at balance date.

**Financial liabilities**

	Note	<1 year \$	Payable in 1-5 years \$	>5 years \$	Total \$
<b>2015</b>					
Trade and other payables	17	<u>2,835,188</u>	<u>62,892</u>	-	<u>2,898,080</u>
<b>2014</b>					
Trade and other payables	17	<u>459,994</u>	<u>53,696</u>	-	<u>513,690</u>

**(d) Market risk**

The Foundation does not trade in foreign currency and is not materially exposed to commodity price changes.

**Interest rate sensitivity analysis**

The following interest rate sensitivity analysis depicts the outcome to net surplus and equity if interest rates were to change by +/- 1% 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 \$42,617 (2014: \$45,132). This is predominantly attributable to the Foundation's exposure to variable interest rates on its capital guaranteed cash fund.

	Carrying amount \$	-1%		+1%	
		Surplus \$	Equity \$	Surplus \$	Equity \$
<b>2015</b>					
Cash and cash equivalents	4,294,673	(41,465)	(41,465)	41,465	41,465
		<u>(41,465)</u>	<u>(41,465)</u>	<u>41,465</u>	<u>41,465</u>
<b>2014</b>					
Cash and cash equivalents	5,107,702	(45,132)	(45,132)	45,132	45,132
		<u>(45,132)</u>	<u>(45,132)</u>	<u>45,132</u>	<u>45,132</u>

**FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**19. FINANCIAL INSTRUMENTS (CONTINUED)**

**(e) Fair value**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total 2015</b>
Financial Assets				
DDH Investment Access Funds	<u>\$-</u>			<u>\$-</u>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total 201</b>
DDH Investment Access Funds	<u>\$318,322</u>			<u>\$318,322</u>

There have been no transfers between level 1 and 2 for financial assets during the reporting period.

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>

**20. ACCUMULATED SURPLUS**

Accumulated surplus comprises:

Unrestricted funds	1,667,891	4,183,150
Restricted funds	<u>637,238</u>	<u>760,326</u>
	<u>2,305,129</u>	<u>4,943,476</u>

Included in the retained surplus are certain amounts raised which are unspent at year end and whose expenditure is restricted for specific purposes, i.e. specific hospital wards, departments, etc.

**21. INDUSTRY SEGMENT**

The Foundation operates predominantly in Far North Queensland in providing funding and resources to aid health service provision in the region.

**22. CONTINGENT LIABILITIES**

The Foundation has no known material contingent liabilities.

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>

**23. RECONCILIATION OF SURPLUS TO NET CASH  
FROM OPERATING ACTIVITIES**

Operating surplus before distribution of grants	1,372,873	1,590,658
Less: Distribution of grants	(4,011,221)	(901,709)
<i>Add non-cash items:</i>		
Depreciation	95,391	26,239
Loss on disposal of property, plant and equipment	10,562	
Amounts set aside to provisions	<u>(921)</u>	<u>14,199</u>
Net cash flows provided by operating activities before change in assets and liabilities	(2,533,315)	729,387
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in receivables	(3,463)	(14,065)
(Increase)/decrease in inventories	(2,745)	2,842
Increase/(decrease) in payables	2,300,190	70,628
(Increase)/decrease in prepayments	<u>(20,483)</u>	<u>-</u>
Net cash from operating activities	<u>(259,815)</u>	<u>788,792</u>

## **FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

#### **24. RELATED PARTIES**

##### **Members**

The names of each person holding the position of member of the Foundation during the financial year are: Dr Kenneth Chapman (Chairman), Mr Charlie Marino (Deputy Chairman), Mr John Andrejic, Ms Patricia Bailey, Mr Mario Calanna, Ms Julie Hartley-Jones, Professor William McBride, Mr Robert McGill, Associate Professor Jane Mills, and Mr Stephen Russell. Mr John Slaven is Secretary. Mr John Slaven resigned his position on 7 April 2015.

Members received no remuneration from the Foundation for their services during the year.

Members may have used the Foundation managed car park or made purchases from the Foundation managed cafes during the year. All such transactions were conducted on an arms-length basis and on normal commercial terms.

Ms Julie Hartley-Jones and Mr John Slaven were employed at the Cairns Hospital with which the Foundation has commercial dealings on a normal arms-length basis from time to time.

Professor William McBride and Associate Professor Jane Mills were employed by James Cook University which is the beneficiary of research grant funding. All grants are awarded on a competitive arms-length basis.

Mr Charles Marino is a partner in Marino Moller Lawyers which provided legal services to the Foundation during the year for which they were paid \$2,368 (2014:nil). These services were provided on a normal arms-length basis.

During the year, the Foundation provided a volunteer service to the Cairns Hospital. This involves the recruiting, coordination and management of a team of volunteers, which provides various services to that hospital and is in line with the objects of the Foundation. For this service the hospital contributed \$39,020 (2014: \$39,020) towards the Foundation's costs in this regard. In addition, the Cairns Hospital received significant benefits by way of equipment donated and benefits sponsored by the Foundation during the year (in accordance with the objects of the Foundation) as set out in Note 11.

Apart from the details disclosed in this note, no member of the Foundation has entered into a material contract with the Foundation since the end of the previous financial year and there were no material contracts involving members' interests subsisting at year-end.

#### **25. KEY MANAGEMENT PERSONNEL AND REMUNERATION**

Key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Foundation. The remuneration and other terms of employment for key executive management personnel are specified in employment contracts. The contracts provide for the provision of short term employee benefits, post-employment benefits and other benefits.

The Chief Executive Officer (CEO) was appointed on 2 February 2004 under a common law contract. The CEO is responsible for the efficient, effective and economic administration of the Foundation. Short term employee benefits of \$133,942 (2014: \$126,615) superannuation benefits of \$13,187 (2014: \$11,712) and non-monetary benefits of \$10,000 (2014: 10,000) were paid to the CEO. The long service leave provision was \$23,091 (2014: \$20,974).

#### **26. COMMITMENTS**

During the year ended 30 June 2015, the Board agreed to contribute funding of up to \$1,587,424 towards the purchase of a new Integrated Patient System for the Cairns Hospital. It was agreed the amount would be paid in 4 equal instalments commencing April 2015. The final instalment of \$396,856 will be paid in July 2015.

The Board approved and the Foundation has ordered a Telemetry System at a cost of \$42,953 for the Paediatric Unit at Cairns Hospital. At the date of issue of these statements the project had not been finalised.

The Foundation Board also agreed to the refurbishment of the Sea Breeze Cafe in Block B of the Cairns Hospital at a cost of approximately \$70,000. At the date of issue of these statements the construction had not been finalised. An outstanding amount of \$55,758 will be paid when the project is completed.

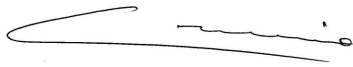
**FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**CERTIFICATE OF THE FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**

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

- (a) the prescribed requirements in respect of the establishing and keeping the accounts of the Far North Queensland Hospital Foundation have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Foundation for the year ended 30 June 2015 and of the financial position of the Foundation at the end of the year.



Charles Marino  
ACTING CHAIRMAN



Tony Franz  
CHIEF EXECUTIVE OFFICER

Cairns  
1 September 2015





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## DECLARATION OF INDEPENDENCE BY GREG MITCHELL TO THE BOARD OF FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

As lead auditor of Far North Queensland Hospital Foundation for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Greg Mitchell

Director

**BDO Audit (NTH QLD) Pty Ltd**

Cairns, 1 September 2015

## INDEPENDENT AUDITOR'S REPORT

To Board of Far North Queensland Hospital Foundation

We have audited the accompanying financial report of Far North Queensland Hospital Foundation, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and Management Certificate.

### Boards' Responsibility for the Financial Report

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit 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 and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

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



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## Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

## Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Far North Queensland Hospital Foundation as at 30 June 2015, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards.



**BDO Audit (NTH QLD) Pty Ltd**



**Greg Mitchell**

Director

Cairns, 1 September 2015