

Far North Queensland Hospital Foundation

2019-2020 Annual Report

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Aboriginal and Torres Strait Islander people are advised that this publication may contain words, names and descriptions of people who have passed away.

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

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

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

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Compliance Letter

1 September 2020

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

Dear Deputy Premier,

I am pleased to submit for presentation to the Parliament the Annual Report 2019-2020 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 2019*, 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 pages 20 and 21 of this report.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ken Chapman', with a stylized, cursive script.

Ken Chapman
Chairperson
Far North Queensland Hospital Foundation

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From the Chair and Chief Executive

The 2019-20 financial year at the Far North Queensland Hospital Foundation will be remembered for many reasons. It has been a year of growth, change, new people, COVID-19 response and recovery.

Firstly, we would like to acknowledge the engagement and efforts displayed by staff, volunteers, directors, hospital staff, donors, sponsors and all associated in response to the COVID-19 pandemic and managing the transition while maintaining high-quality services, focusing our energy on delivering outcomes for superior health care in Far North Queensland.

The leadership team welcomed a new Chief Executive Officer in Tony Williamson and a new Volunteer Co-Ordinator in Annette Jarrett. New executives lead to new ideas and possibilities.

The commercial and fundraising departments were both tracking for a record financial year with only the last quarter results being impacted by the COVID-19 restrictions.

Overall, 2019-20 proved to be another solid year for the Far North Queensland Hospital Foundation with grant funding in excess of \$2.897 million. This is a strong result following on from last year when more than \$3 million was granted.

The impact of a COVID-19 pandemic response and recovery has seen the Far North Queensland Hospital Foundation significantly refocus its services in the second half of the 2019-20 year. Instead of slowing down, the Far North Queensland Hospital Foundation approached the Cairns and Hinterland Health and Hospital Service with a plan to help fund any needed hospital equipment to better prepare the regional health services. The 'Join the fight against COVID-19' campaign was a massive success at a very testing time.

So, as we look at our 23rd year, we are happy to report that the Far North Queensland Hospital Foundation's total grant funding contribution since its inception is more than \$23 million.



Dr Ken Chapman
Chairperson



Mr Tony Williamson
Chief Executive Officer

About us

The Far North Queensland Hospital Foundation ‘the foundation’ was established on 21 March 1997. The Foundation has all the objects, functions and powers set down in the *Hospital Foundations Act 2018* 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 and Hinterland Hospital and Health Service and more recently the Torres and Cape Hospital and Health Service.

Vision

Superior Health Care in Far North Queensland.

Purpose

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

The Far North Queensland Hospital Foundation’s principal activities 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
- Provide support services for the patients and staff.

The Far North Queensland Hospital Foundation’s principal place of business is located at Cairns Hospital.

Regional community-based fundraising activities are organised under the banner of the Friends of the Foundation (the FOF’s). The FOF’s are an active and growing network of volunteer groups within the Cairns and Hinterland Hospital and Health Service, with branches in Atherton, Cow Bay, Croydon, Gordonvale, Herberton, Innisfail, Mareeba, Mossman, and Tully. FOF’s in the Torres and Cape Hospital and Health Services include branches in Cooktown and Weipa.

Queensland Government objectives for the community

The Foundation’s key strategic focus is to:

- Seek to support the Queensland Government’s objectives for the community to keep Queenslanders healthy 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;
- Provide strong advocacy, alignment and support of the Hospital and Health Service in the quest for the Cairns Hospital to become a full tertiary university hospital;
- 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; and
- Maintain and improve the Foundation’s good governance standards.

Strategic direction

Achieving Our Aims - Grant Funding

During the past year, the Foundation has pursued its vision to provide superior health care in Far North Queensland through the donation of over \$2.897 million towards healthcare services in this region.

Included in this figure the Far North Queensland Hospital Foundation funded the:

- annual Research Grants program which realised a total of 29 submissions with 16 successful submissions sharing in a total funding amount of \$185,060; and
- annual education, training and professional development grants program which realised a total of 47 submissions with 23 successful applicants sharing in a total amount of \$31,008.

This figure was supplemented by 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.

This now takes the Foundation's total grant funding contribution since its inception to more than \$23 million.

The impact of COVID-19 pandemic response and recovery resulted in the Far North Queensland Hospital Foundation significantly refocus its services in the second half of the 2019-20 year. Instead of slowing down, the Far North Queensland Hospital Foundation approached the Cairns and Hinterland Hospital and Health Service with a plan to help fund any needed hospital equipment to better prepare the regional health services. The 'Join the fight against COVID-19' campaign was a massive success.

Items included - Cairns Hospital

Equipment	Cost	Total
2 x Baby Log ventilators	\$74,648.00	\$149,296.00
Pegaso a-Cough	\$13,629.00	\$13,629.00
2 x GE Protabel Ultrasound machines	\$54,945.00	\$109,890.00
2 x Defibrillators	\$35,333.19	\$70,666.38
2 x Video Laryngoscopes	\$20,106.60	\$40,213.20
Bronchoscope for ICU	\$41,800.00	\$41,800.00
Olympus Video Stack ICU Cairns Hospital	\$108,579.00	\$108,579.00
10 x Humidifiers	\$2,650.00	\$26,500.00
Infusion Pumps		\$126,385.00
Syringe Drivers		\$23,957.00
Trolleys, Flowmeters, gauge, yoke		\$36,848.00
Vital signs monitors		\$93,986.00
Delta plus evacuation mattresses		\$62,912.00
Holter Monitors for Electro physiology Cardiac services		\$148,000.00
Vivid Echo - Paediatric Cardiology		\$93,000.00
5 x Cosytherms for Special Care Nursery	\$5,990.00	\$29,950.00
Fujifilm Sonosite ultrasound for Women's health		\$76,573.00
Phillips Ventilator for Emergency Department		\$24,648.00
Verathon bladders scanner for Emergency Department		\$16,863.00
		\$1,293,695.58

Atherton Hospital

Equipment	Cost	Total
• 2 x M9 Trauma Trolley	\$8,594.00	\$17,188.00
WOW Cart		\$1,033.00
Laptop		\$1,912.00
Diathermy Unit		\$12,500.00
		\$32,633.00

Innisfail Hospital

Equipment	Cost	Total
Ventilator		\$42,567.00
Video Laryngoscope		\$48,185.00
Defibrillator		\$35,041.00
2 x M9 Trauma Trolley	\$8,954.00	\$17,908.00
		\$143,701.00

Mareeba Hospital

Equipment	Cost	Total
Ventilator		\$42,567.00
2 x M9 Trauma Trolley	\$8,954.00	\$17,908.00
Defibrillator		\$35,041.00
Video Laryngoscope		\$48,185.00
Vital Signs Monitor		\$9,604.00
		\$153,305.00

Tully

Equipment	Cost	Total
2 x M9 Trauma Trolley	\$8,954.00	\$17,908.00
Defibrillator		\$35,041.00
Ventilator		\$42,567.00
3 x Patient Monitors		\$19,232.00
Vital Signs Monitor		\$9,604.00
		\$124,352.00

Yarrabah Hospital

Equipment	Cost	Total
Ventilator		\$42,567.00
		\$42,567.00

Babinda Hospital

Equipment	Cost	Total
2 x M9 Trauma Trolley	\$8,954.00	\$17,908.00
Defibrillator		\$35,041.00
Ventilator		\$42,567.00
		\$95,516.00

Mossman Hospital

Equipment	Cost	Total
Ventilator		\$42,567.00
Defibrillator		\$35,041.00
2 x M9 Trauma Trolley	\$8,954.00	\$17,908.00
		\$95,516.00

Weipa Hospital

Equipment	Cost	Total
Weipa Playground flooring		\$40,426.00
		\$40,426.00

Support programs

Volunteer Services

The volunteer program at the Cairns Hospital has now been operating for over 30 years. For the past 23 years the Far North Queensland Hospital Foundation has managed the volunteer program.

Our volunteer team continues to assist with patient and support services, fundraising and commercial activities for visitors and staff at the Cairns Hospital, as well as several other hospitals and clinics in the Cairns and Hinterland Hospital and Health Service and Torres and Cape 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; assisting with the paediatric playscheme program in the paediatric ward; helping with food and beverage services to patients and visitors in rehab; providing clerical and administrative support services all throughout the departments; and generally assisting wherever possible.

During 2019-20, around 90 Foundation volunteers contributed 17,000 hours of unpaid labour to the Cairns Hospital. Hundreds more Foundation volunteers lent their support to fundraising events during the year, devoting an additional total of around 10,570 hours.

These hours are lower than the previous year due to the impact of COVID-19.

At the end of March 2020, the return of information desk volunteers was introduced using just four volunteers to cover all 10 shifts. This then slowly increased over time. Early May saw the return of volunteers to one of the café's and then early June volunteers were brought back into the Sea Breeze Café. During June we also opened the Playscheme, Special Care Unit, Library and OPERA areas to volunteers.

The strategic objective of growing the volunteer program was achieved with a 15 per cent increase in total volunteer numbers on the previous year. This was mainly due to the number of new volunteers brought into the program to fill vacant spots that needed to be serviced. The next 12 months we will be looking to increase the number of volunteers in the hospital and the different positions within the hospital also.

Friends of the Foundation

The Friends of the Foundation ('FOF') is an active and growing network of volunteer groups throughout the Cairns and Hinterland Hospital and Health Service, with branches in Atherton, Cow Bay, Croydon, Gordonvale, Herberton, Innisfail, Mareeba, Mossman and Tully.

This year saw the relationship expanded with the new volunteer group within the Torres and Cape Hospital and Health Service with Friends of the Foundation now in Weipa.

Collectively, the FOF's raised \$321,647 towards the improvement of healthcare services in their respective communities. During the year, they funded the purchase of:

Innisfail Hospital

Equipment	Cost	Total
Blood Infusion Warmer		\$14,800.00
Connex Spot Monitor with NIBP and NONI SPQ2 plus		\$1,991.35
AA950ANZ Bunda 950 Humidifier with stand & flowmeter		\$4,200.00
Hamilton TI Transport ICU Ventilator		\$23,750.00
		\$44,741.35

Gordonvale Palliative Care

Equipment	Cost	Total
Straight drop awnings to cover patio		\$1,236.00
Light weight economy wheelchair		\$1,586.00
4 x Alpha Active 4 complete mattress replacement system		\$4,470.00
5 x SMED1800 Monarch Chairs Dual Motor Beige Vinyl		\$7,700.00
		\$14,992.00

Mareeba Hospital

Equipment	Cost	Total
Blanket Warmer for Opera Ward		\$9,950.00
Install 6 x Television sets connected to nurse call system		\$4,323.00
Defibrillator		\$35,041.00
Endoscopy Unit Olympus Scopes and Tower		\$173,678.00
Bladder Scanner		\$16,330.00
		\$239,322.00

Cow Bay Medical Clinic

Equipment	Cost	Total
Zoll AED BLS Defibrillator		\$3,150.00
		\$3,150.00

Tully Hospital

Equipment	Cost	Total
Mobile Ple for Arvo Machine		\$490.00
Urine Chemistry Analyser plus product		\$1,135.00
		\$1,625.00

Atherton Hospital

Equipment	Cost	Total
2 x S-Line Fluid Warmers for Emergency Department		\$5,800.00
Sara Plus advanced standing and raising aid for Surgical		\$13,024.00
MAC200 ECG machine for Emergency Department		\$6,500.00
Laparoscopic Camera Head and light cord for Theatre		\$23,572.00
Televisions and wall brackets		\$1,854.55
Auto Blood Pressure Machines and cuffs		\$706.20
Seca Measuring station plus wireless USB adaptor		\$1,401.00
		\$52,857.75

Commercial Operations

The Far North Queensland Hospital 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 television hire continued to ensure that patients and visitors to the Cairns Hospital received quality services that enhanced their comfort.

Gross profit from our commercial operations totalled \$1.75 million which was a slight decrease on last year's result and can be directly related to the COVID-19 restrictions.

- **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.

- ***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.

- **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 at the Cairns 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 who finish their shifts at night or during the early hours.

- **Interactive Patient Station Television Hire Service**

With the Cairns Hospital in the process of replacing the Interactive Patient Station Television System, the Far North Queensland Hospital Foundation will not receive any further rental proceeds or management fee from this service.

Fundraising

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

The Far North Queensland Hospital 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.

Governance

The Board of the Far North Queensland Hospital 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.

The Board members of the Far North Queensland Hospital Foundation, who are appointed by the Governor in Council under section 30 of the *Hospital Foundations Act 2018*, are drawn from the business, community, medical and university fraternities.

The Board members of the Far North Queensland Hospital Foundation are not remunerated.

Our Board

The Board recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the *Hospital Foundations Act 2018*, 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:

- developing, 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 management's performance in achieving any strategies and budgets approved by the Board;
- ensuring best practice corporate governance;
- reviewing and approving applications for the funding of 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 if appropriate removing the Chief Executive Officer (CEO) and approving succession plans;
- ratifying the appointment and, where appropriate the termination of the direct reports to the CEO;
- monitoring the performance of the CEO and senior management and approving remuneration policies and practices for the CEO and senior management;
- enhancing and protecting the reputation of the Foundation;
- reporting to the Minister;
- ensuring appropriate compliance frameworks and controls are in place and are operating effectively
- approving the effectiveness of and compliance with policies governing the operations of the Foundation;
- monitoring compliance with regulatory requirements and ethical standards; and
- monitoring the integrity of internal control and reporting systems and the findings of audits undertaken on an annual basis.

Membership

The selection of candidates for membership of the Far North Queensland Hospital Foundation takes into account the requirements and recommendations of section 30 of the *Hospital Foundations Act 2018*, and any additional requirements of the Minister. The Far North Queensland Hospital Foundation's membership currently comprises:

- the nominee of the chairperson of the Cairns and Hinterland Hospital and Health Service Board;
- a practicing hospital clinician;
- senior person from the James Cook University School of Medicine and Dentistry;
- the Chief Executive 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; and
- 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, AFRACMA Chairperson	Originally appointed 24 March 1997 Current term – 12 December 2019 to 30 September 2024	Dr Chapman is the Chairperson of Skyrail-ITM and executive director of the Chapman Group of Companies and has experience as a Director and Chairman of a variety of Public, Private and Not for Profit Organizations.
John Andrejic BCom CA Board Member	Originally appointed 5 September 2014 Current term 30 September 2019 to 30 September 2024	Mr Andrejic is Chief Executive Officer of the Cairns Regional Council.
Patricia Bailey Board Member	Originally appointed 24 April 2003 Current term 30 September 2019 to 30 September 2024	Ms Bailey is the Operations Manager and special events co-ordinator for the Cairns District Rugby League.
Professor William McBride MBBS, DTM&H, FRACP, FRCPA, PhD Board Member	Originally appointed 21 July 2011 Current term 30 September 2019 to 30 September 2024	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.
Dr Edward Strivens MBBS, BSc, FACRRM, FRACP	Originally appointed 20 October 2017 Current term 20 October 2017 to 30 September 2020	Dr Strivens is the Regional Geriatrician and Clinical Director for Older Person Health Services in Cairns and Hinterland Health Service District in Far North Queensland. He is also an Adjunct Professor with James Cook University School of Medicine and Dentistry.
Clare Douglas BAppSc (Nursing), GDipHlthA, MMgt, GAICD	Originally appointed 20 October 2017 Resigned 20 March 2020	Ms Douglas was the Chief Executive of the Cairns and Hinterland Hospital and Health Service
Steve Russell Board Member	Originally appointed 21 July 2011 Current term 20 October 2017 to 30 September 2020	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 and is currently a Board member of Health Consumers Queensland.
Jodi Peters B Bus GAICD, FIML Deputy Chairperson	Ex-officio member as Cairns and Hinterland Hospital and Health Service Board Chair's nominee	Ms Peters is a founder and Managing Director of the 20/20 Group, a North Queensland strategic consultancy specialising in strategic business and marketing planning, international tender writing, and broad governance. She is also presently the Business Manager of Peters Bosel Lawyers.
Joanne Parisi, LLB (Hons) B. Econ Board Member	Originally appointed 12 December 2019 Current term from 30 September 2019 to 30 September 2022	Ms Parisi is a practising lawyer and is a director of MacDonnells Law, a state-based law firm with offices in Cairns and Brisbane.
Robyn Boundy Adv Dip Bus Man Board Member	Originally appointed 12 December 2019 Current term from 30 September 2019 to 30 September 2022	Ms Boundy is a very long serving Chair & Consumer Representative across many sectors of the CHHHS. Qld State Vice President Pork Qld Inc. Owner & manager of multiple businesses
Danae Jones Board Member	Originally appointed 12 December 2019 Current term from 30 September 2019 to 30 September 2022	Ms Jones is the founder and Managing Director of Danae Jones Consulting Pty Ltd, a full-service boutique marketing, media and public relations company.

During the year, ten meetings of the Far North Queensland Hospital Foundation were held.

Name	Number Eligible to Attend	Number Attended
K Chapman	10	10
J Andrejic	10	6
P Bailey	10	10
W McBride	10	9
E Strivens	10	8
C Douglas	7	4
S Russell	10	9
J Peters	10	6
J Parisi	5	5
R Boundy	5	5
D Jones	5	5

Committees

Audit, Risk and Remuneration Committee (ARRC)

The Far North Queensland Hospital 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 Chairperson of the Far North Queensland Hospital Foundation.

The Far North Queensland Hospital Foundation Board appoint members of the ARRC on an annual basis and identify one of the members other than the Chairperson of the Foundation to Chair the ARRC.

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

ARRC Members are; Mr John Andrejic (Chairperson), Dr Ken Chapman and Ms Jodi Peters.

During the year, four meetings of the Far North Queensland Hospital Foundation Audit, Risk and Remuneration Committee were held.

Name	Number Eligible to Attend	Number Attended
J Andrejic	4	3
K Chapman	4	4
J Peters	4	3

Research and Education Committee (REC)

During the year, the Far North Queensland Hospital Foundation established a Research and Education Committee (REC). The REC observed the terms of its charter during the course of the year.

The REC comprises at least three members of the Board of the Foundation.

The Far North Queensland Hospital Foundation Board appoint members of the REC on an annual basis.

REC Members are Dr William (John) McBride (Chairperson), Dr Edward Strivens and Ms Robyn Boundy.

During the year, one meeting of the Far North Queensland Hospital Foundation Research and Education Committee was held.

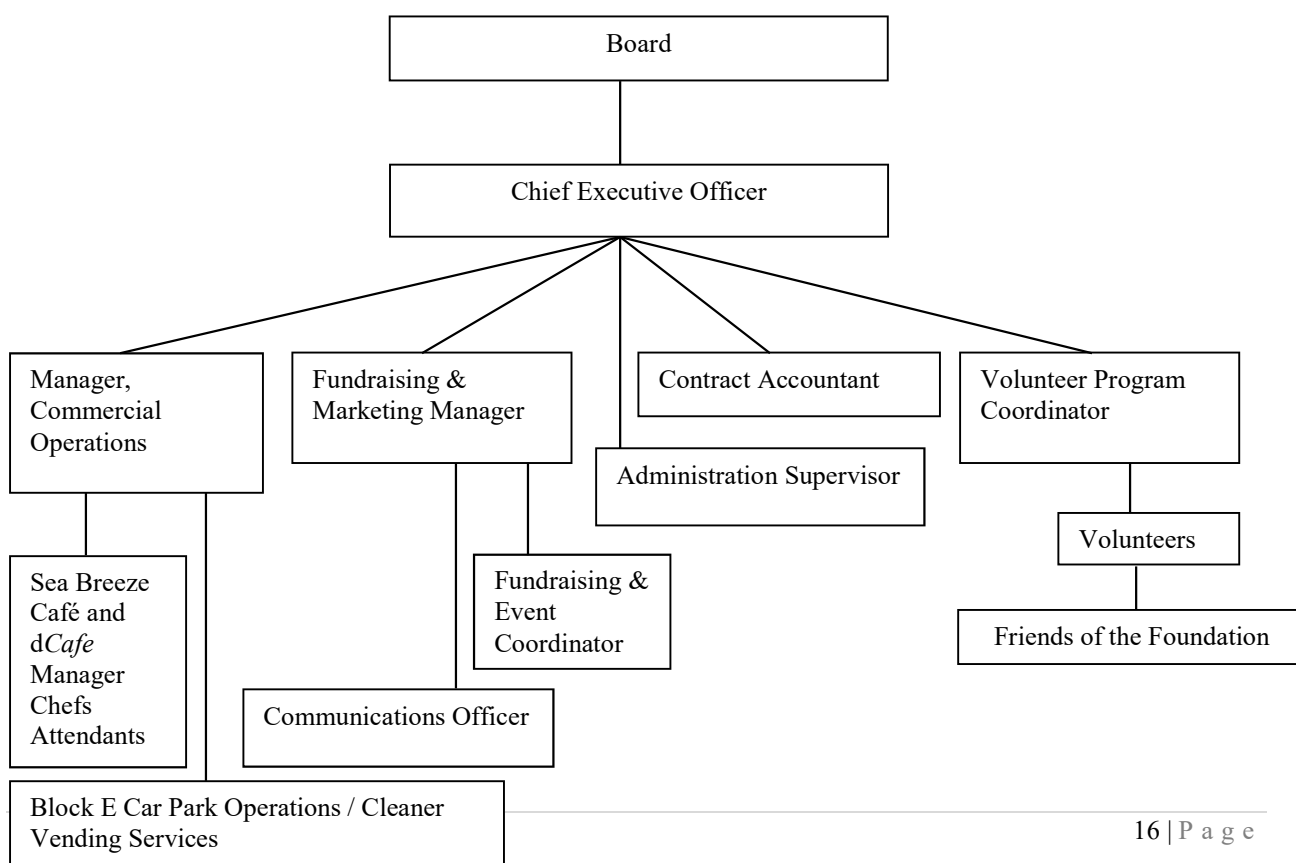
Name	Number Eligible to Attend	Number Attended
W McBride	1	1
E Striven	1	1
R Boundy	1	1

Information Systems and Record Keeping

The Far North Queensland Hospital 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



Executive Management

Tony Williamson B. Comm FAICD

Chief Executive Officer – joined the Foundation in January 2020.

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.

Annette Jarrett

Volunteer Program Coordinator – joined the Foundation in May 2019.

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. This role has expanded to oversee and coordinate the Friends of the Foundation throughout the Far North Queensland region.

Organisational structure and workforce profile

Strategic workforce planning and performance

The Far North Queensland Hospital Foundation has a committed team comprising of staff and volunteers who are focused on achieving the Foundation's vision, mission and strategic objectives. At 30 June 2020, the Far North Queensland Hospital Foundation had 20 employees employed on a full-time equivalent basis.

To ensure flexible work arrangements for the staff, the Far North Queensland Hospital Foundation reviews all reasonable requests from employees regarding flexible work requirements. This often involves changes to start and finish times, working from home and taking time off in lieu of additional hours worked outside of normal working hours. During the COVID-19 pandemic, the Far North Queensland Hospital Foundation continued to achieve results by optimising flexible and remote working arrangements.

The Far North Queensland Hospital Foundation is committed to assisting staff balance their work and personal commitments.

Employees across the Far North Queensland Hospital Foundation contributed to the COVID-19 pandemic response in a range of different ways including:

- continuing to deliver essential services in line with normal arrangements
- performing different work functions within the Far North Queensland Hospital Foundation to help respond to emerging needs

Public Sector Ethics Act 1994

The Foundation has established a Code of Conduct consistent with the *Public Sector Ethics Act 1994* which applies to Board members and senior executives.

Foundation senior managers are signatories of this Code of Conduct.

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

Early retirement, redundancy, and retrenchment

During the 2019-20 year there were no payments made due to early retirement, redundancy, or retrenchment.

Risk Management

The 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 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.

Queensland Human Rights Act 2019

The main objects of the Queensland *Human Rights Act 2019* Act are to protect and promote human rights; help build a culture in the Queensland public sector that respects and promotes human rights; and to help promote a dialogue about the nature, meaning and scope of human rights. The Far North Queensland Hospital Foundation staff understand that human rights protect the dignity and worth of all human beings regardless of background, what you look like, what you think, what you believe or any other status or characteristic.

Details of any human rights complaints received by the Far North Queensland Hospital Foundation - Nil

Staff have been assigned to complete the Introduction to the Queensland *Human Rights Act 2019* training.

Internal Audit

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

- the relatively small size of the Foundation
- the Foundation having well developed financial systems that operate efficiently, effectively and economically
- the existing governance structure and meeting schedule remaining adequate
- the Foundation having never received a qualified audit since inception in 1997.

Performance

In a challenging year, the Far North Queensland Hospital Foundation overall performance can best be summarised by comparing the five key performance indicators (KPI's) and the strategic objectives as set in the 2019-2023 Strategic Plan.

Key performance indicators (KPI's)

- KPI - Achieve commercial net profit of \$800k per annum **96 per cent achieved**

The strong commercial figures were compromised by the COVID-19 changes in March 2020. The Seabreeze Café was closed and revenue on the carpark, vending and ATM machines fell.

- KPI – Achieve fundraising net profit of \$600k per annum **Achieved**

Fundraising profit was strong throughout 2019-20. Furthermore, the high profile COVID-19 Campaign produced very good results in an extraordinary time.

- KPI - Achieve grant funding of \$1 million per annum **Achieved**

With the increase in demand for equipment for the regional hospitals, the Far North Queensland Hospital Foundation committed to help during the COVID-19 pandemic. As a result over \$2.897 million was paid out to local hospitals in 2019-20.

- KPI – 5 per cent increase in total volunteer numbers each year **Achieved**

With a new co-ordinator, the volunteer program grew. The FOF's network also increased with the addition of the Weipa Hospital to the program.

- KPI – Unqualified audit result **Achieved**

Financial summary

Summary of Financial Performance

The 2019-20 financial year was a challenging, yet successful year for the Far North Queensland Hospital Foundation.

The Far North Queensland Hospital Foundation posted an operating result, before distribution of grants, of \$2.65 million – compared to the previous year's result of \$1.83 million.

Revenue totalled \$5.49 million compared to the previous year's \$4.68 million, representing a 117 per cent increase. This favourable variance was partly due to the ongoing success of the commercial operations, a greater network of fundraisers throughout the FOF's network and a successful COVID-19 fundraising campaign.

Revenue from the Foundation managed cafes on the Cairns Hospital campus totalled \$1.99 million which was a decline on the previous year's result of \$2.26 million. This is related to the closure of one café during this period due to restrictions related to COVID-19. The Block E car park realised revenue of \$534,433 compared to the previous year's result of \$559,064.

The Foundation's fundraising efforts achieved \$2.55 million (revenue before direct costs) which was well above last year's result of \$1.6 million.

Total expenses at \$2.84 million is in line with the last three year's results. The Foundation diligently followed budgets to ensure that expenses were managed during the course of the year.

Checklist

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	3
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 9.1	2
	<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	4
	<ul style="list-style-type: none"> Machinery of Government changes 	ARRs – section 10.2, 31 and 32	N/A
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 10.2	4-8
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 10.3	4-8
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community 	ARRs – section 11.1	4-6
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 11.2	N/A
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.3	4-5
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 11.4	N/A
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1	5
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1	16
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2	17
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 13.3	15
	<ul style="list-style-type: none"> Public Sector Ethics 	Public Sector Ethics Act 1994 ARRs – section 13.4	17
	<ul style="list-style-type: none"> Human Rights 	Human Rights Act 2019 ARRs – section 13.5	18

Summary of requirement		Basis for requirement	Annual report reference
	<ul style="list-style-type: none"> Queensland public service values 	ARRs – section 13.6	6
Governance – risk management and accountability	<ul style="list-style-type: none"> Risk management 	ARRs – section 14.1	18
	<ul style="list-style-type: none"> Audit committee 	ARRs – section 14.2	15
	<ul style="list-style-type: none"> Internal audit 	ARRs – section 14.3	18
	<ul style="list-style-type: none"> External scrutiny 	ARRs – section 14.4	N/A
	<ul style="list-style-type: none"> Information systems and recordkeeping 	ARRs – section 14.5	18
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 No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	18
Open Data	<ul style="list-style-type: none"> Statement advising publication of information 	ARRs – section 16	2
	<ul style="list-style-type: none"> Consultancies 	ARRs – section 33.1	N/A
	<ul style="list-style-type: none"> Overseas travel 	ARRs – section 33.2	N/A
	<ul style="list-style-type: none"> Queensland Language Services Policy 	ARRs – section 33.3	N/A
Financial statements	<ul style="list-style-type: none"> Certification of financial statements 	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	22
	<ul style="list-style-type: none"> Independent Auditor's Report 	FAA – section 62 FPMS – section 46 ARRs – section 17.2	35-37

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2019*

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 2020

Far North Queensland Hospital Foundation

**Financial Statements
for the year ended 30 June 2020**

Far North Queensland Hospital Foundation
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For the year ended 30 June 2020

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Far North Queensland Hospital Foundation
Statement of Comprehensive Income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Income			
Revenue from sale of goods and services	6	2,627,148	2,963,791
Revenue from fundraising	6	2,552,923	1,603,455
Finance income	7	49,743	84,619
Other income	8	260,028	28,980
Total income		<u>5,489,842</u>	<u>4,680,845</u>
Expenses			
Cost of sales	9	876,633	999,264
Fundraising and marketing expenses	10	188,883	223,652
Depreciation	18	100,309	104,642
Distribution of grants	14	2,897,671	3,057,732
Employee expenses	11	1,361,801	1,288,842
Supplies and services	12	249,743	198,556
Other expenses	13	62,901	39,044
Total expenses		<u>5,737,941</u>	<u>5,911,732</u>
Operating result for the year		<u>(248,099)</u>	<u>(1,230,887)</u>
Other comprehensive income		-	-
Total comprehensive income		<u>(248,099)</u>	<u>(1,230,887)</u>

The accompanying notes form part of these statements

Far North Queensland Hospital Foundation
Statement of Financial Position
As at 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	15	2,660,940	2,523,927
Trade and other receivables	16	143,263	27,453
Inventories	17	23,031	30,103
Prepayments		33,074	32,403
Total current assets		<u>2,860,308</u>	<u>2,613,886</u>
Non-current assets			
Property, plant and equipment	18	396,763	454,649
Total non-current assets		<u>396,763</u>	<u>454,649</u>
Total assets		<u>3,257,071</u>	<u>3,068,535</u>
Current liabilities			
Trade and other payables	19	964,509	489,736
Provisions	20	43,574	95,215
Total current liabilities		<u>1,008,083</u>	<u>584,951</u>
Non-current liabilities			
Provisions	20	27,358	13,855
Total non-current liabilities		<u>27,358</u>	<u>13,855</u>
Total liabilities		<u>1,035,441</u>	<u>598,806</u>
Net assets		<u>2,221,630</u>	<u>2,469,729</u>
Equity			
Accumulated surplus	21	2,221,630	2,469,729
Total equity		<u>2,221,630</u>	<u>2,469,729</u>

The accompanying notes form part of these statements

Far North Queensland Hospital Foundation
Statement of Changes in Equity
For the year ended 30 June 2020

	Accumulated surplus \$	Total equity \$
Balance at 1 July 2019	<u>2,469,729</u>	<u>2,469,729</u>
Operating result		
Operating result for the year	(248,099)	(248,099)
Other comprehensive income	-	-
Total comprehensive income	<u>(248,099)</u>	<u>(248,099)</u>
Balance at 30 June 2020	<u><u>2,221,630</u></u>	<u><u>2,221,630</u></u>
 Balance at 1 July 2018	 <u>3,700,616</u>	 <u>3,700,616</u>
Operating result		
Operating result for the year	(1,230,887)	(1,230,887)
Other comprehensive income	-	-
Total comprehensive income	<u>(1,230,887)</u>	<u>(1,230,887)</u>
Balance at 30 June 2019	<u><u>2,469,729</u></u>	<u><u>2,469,729</u></u>

The accompanying notes form part of these statements

Far North Queensland Hospital Foundation
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
<i>Inflows:</i>			
Cash receipts from ordinary operations		5,324,559	4,902,838
Interest received		49,473	84,619
GST input tax credits from ATO		276,724	230,857
CHHHS trust funds received		1,248,375	-
<i>Outflows:</i>			
Employee expenses		(1,400,465)	(1,300,105)
Other supplies and services		(1,566,710)	(1,791,229)
Grants		(2,897,671)	(3,057,732)
GST paid to suppliers		(148,018)	(308,660)
CHHHS trust funds utilised		<u>(709,790)</u>	<u>-</u>
Net cash provided by/(used in) operating activities	24	<u>176,477</u>	<u>(1,239,412)</u>
Cash flows from/(used in) investing activities			
Payments for property, plant and equipment		(53,101)	(8,533)
Proceeds from sale of property, plant and equipment		<u>13,637</u>	<u>-</u>
Net cash from/(used in) investing activities		<u>(39,464)</u>	<u>(8,533)</u>
Net increase/(decrease) in cash and cash equivalents		137,013	(1,247,945)
Cash and cash equivalents at 1 July		<u>2,523,927</u>	<u>3,771,872</u>
Cash and cash equivalents at 30 June	15	<u>2,660,940</u>	<u>2,523,927</u>

The accompanying notes form part of these statements

Far North Queensland Hospital Foundation
Notes to the Financial Statements
For the year ended 30 June 2020

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Note 1 Reporting entity

Objectives and principal activities

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

The Foundation is a not-for-profit entity and is controlled by the State of Queensland. The head office and principal place of business of the Foundation is Ground Floor, Block E, Corner Grove and Digger Streets, Cairns QLD 4870.

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.

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

Note 2 Basis of accounting

Statement of compliance

The financial statements have been prepared in compliance with the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2019* and the *Australian Charities and Not-for-profits Commission Act 2012* and *Australian Charities and Not-for-profits Commission Regulation 2013*.

The Foundation is a not-for-profit entity and these general-purpose financial statements are prepared in compliance with the requirements of Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations and in accordance with all applicable new and amended Australian Accounting Standards as well as the Queensland Treasury's Minimum Reporting Requirements for the year ended 30 June 2020, along with any other authoritative pronouncements.

Authorisation of financial statements for issue

The financial statements are authorised for issue by the Chief Executive and the Board Chair of the Foundation as at the date of signing the Management Certificate.

Underlying measurement basis

The historical cost convention is used as the measurement basis. The financial statements are prepared on an accrual basis (with the exception of the Statement of Cash Flows which is prepared on a cash basis).

Currency and rounding

These financial statements are presented in Australian dollars, which is the Foundation's functional currency and are rounded off to the nearest dollar.

Comparatives

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

Current / non-current classification

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.

Goods and Services Tax (GST) and other similar taxes

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.

The Foundation is a state body as defined under the *Income Tax Assessment Act 1997* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Note 3 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 16 – Trade and other receivables
- Note 18 – Depreciation expense
- Note 20 – Provisions

Management is not aware of any assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Note 4 Changes in significant accounting policies

The Foundation has initially applied AASBs 15, 16 and 1058 from 1 July 2019. A number of other new standards are also effective from 1 July 2019 but they are not relevant to and/or do not have a material effect on the Foundation's financial statements.

4.1 AASB 15 and AASB 1058

AASB 15 Revenue from Contracts with Customers

AASB 15 has been adopted from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in the Foundation's Statement of Financial Position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Foundation's performance and the customer's payment.

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 has been adopted from 1 July 2019. AASB 1058 applies to the Foundation's grants and contributions that are not contracts with customers. Revenue from fundraising and grants and AASB 1058 is recognised upfront on receipt. This is consistent with the prior accounting treatment.

Impact of transition

While AASB 15 and AASB 1058 represent significant new guidance, the implementation of this new guidance did not have a significant impact on the timing or amount of revenue or income recognised by the Foundation during the year. Similarly, there were no adjustments required to net surplus or opening accumulated surplus on transition.

4.2 AASB 16 Leases

AASB 16 has been adopted from 1 July 2019. AASB 16 requires all leases to be accounted for on Statement of Financial Position as right-of-use assets and liabilities, except for short-term leases and leases of low value assets. The right-of-use asset is subsequently depreciated and interest expense is recognised on the lease liability.

Impact of transition

While this represents significant new guidance, the implementation of this new guidance did not have a significant impact on the result of the Foundation during the year. Similarly, there were no adjustments required to opening accumulated surplus on transition.

4.3 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2019, and have not been applied in preparing these financial statements. The Foundation has not yet assessed the impact of these new or amended standards.

The Foundation does not plan to early adopt these standards.

Note 5 Significant accounting policies

The accounting policies set out below and throughout the notes of the financial statements have been applied consistently to all periods presented in these financial statements, except for the changes in accounting policies as explained in Note 4.

5.1 Volunteer services

The Foundation has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such services is also not recognised.

5.2 Leases

The Foundation has applied AASB 16 *Leases* from 1 July 2019.

The Foundation is the lessee of a number of leases, for which no or little lease payments are made. These have been identified as peppercorn leases which are currently not recognised in the Foundation's financial statements. The Foundation does not intend to apply the fair value measurement requirements to these leases until such time as this requirement is mandated.

5.3 Financial instruments

Recognition, initial measurement and derecognition

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Foundation becomes a party to the contractual provisions of the instrument.

A financial asset, unless it is a trade receivable without a significant financing component, or a financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards of ownership are transferred.

A financial liability is derecognised when its contractual obligations are discharged, cancelled or expire.

Classification and subsequent measurement

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss
- equity instruments at fair value through other comprehensive income
- debt instruments at fair value through other comprehensive income

Classifications are determined by both:

- the Foundation's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income, finance costs or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Foundation has determined that all of its financial assets fall within the amortised cost category.

Financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as fair value through profit or loss if it is held-for-trading. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The Foundation has only financial liabilities classified as measured at amortised cost.

5.4 Impairment

Non-derivative financial assets

Financial assets and contract assets

The Foundation uses forward looking information to recognise expected credit losses – the ‘expected credit losses (ECL) model’. Instruments within the scope of the new requirements include loans and trade receivables.

The Foundation considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Stage 1’) and
- financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Stage 2’).

‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

‘12-month expected credit losses’ are recognised for the first category while ‘lifetime expected credit losses’ are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial asset.

Trade and other receivables and contract assets

The Foundation makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Foundation uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Foundation assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Foundation allows 1% for amounts that are 30 to 60 days past due, 1.5% for amounts that are between 60 and 90 days past due and writes off fully any amounts that are more than 90 days past due.

Non-financial assets

At each reporting date, the Foundation reviews the carrying amounts of its non-financial assets, to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. As the Foundation is a not-for-profit entity, value in use is the written down current replacement cost of an asset as the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and as the Foundation would, if deprived of the asset, replace its remaining future economic benefits.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in expenses.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Note 6 Revenue

Revenue from sale of goods and services

Revenue streams	2020 \$	2019 \$
Café	1,990,199	2,263,949
Car park	534,433	559,064
Telephone	95	125
Television	40,217	82,923
Vending machines	62,204	57,730
	<u>2,627,148</u>	<u>2,963,791</u>

Revenue arises mainly from the sale of goods at the cafés and certain vending machines within Cairns Hospital as well as car park income from vehicles parked in Block E car park. Revenue is also received from the rental of televisions to patients within Cairns Hospital, a service that was discontinued during the year.

Revenue is measured at fair value and is recognised on the completed delivery of the goods or service, which occurs at the point of sale.

Revenue from fundraising

	2020	2019
	\$	\$
Fundraising for general purposes	1,684,903	847,669
Fundraising for specific purposes	530,689	439,201
Volunteer service	53,273	62,090
Art Unions	57,537	78,208
Bequests	100,000	-
Entrant / nominee fees	49,508	93,116
Grants	46,743	32,246
Sponsorships	21,200	33,618
Other miscellaneous fundraising	9,070	17,307
	<u>2,552,923</u>	<u>1,603,455</u>

2019 accounting policy

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

2020 accounting policy

Disaggregation of revenue from fundraising

In the table above, revenue from fundraising is disaggregated by major sources/types of revenue. All revenue from fundraising is derived in the one geographical region – Far North Queensland.

AASB 15 was adopted effective 1 July 2019 using the modified retrospective approach. Accordingly, comparative amounts are shown under the previous accounting basis and have not been disclosed for disaggregation consistent with the current year.

Performance obligations and revenue recognition policies

Revenue from fundraising is accounted for under AASB 15 where the income arises from an agreement which is enforceable and contains sufficiently specific performance obligations. As such, the revenue is recognised when each performance obligation is satisfied. The performance obligations are varied based on the requirements under the relevant funding agreements, donation conditions or fundraising purpose. Cash is generally received upfront. Each performance obligation is considered to ensure that the recognition of revenue reflects the transfer of control.

Where the amount received is not enforceable or does not have sufficiently specific performance obligations the transaction will be accounted for under AASB 1058. For those amounts, the timing of income recognition under AASB 1058 is on receipt unless the transaction gives rise to a liability or other performance obligation at the time of receipt.

Far North Queensland Hospital Foundation
Notes to the Financial Statements
For the year ended 30 June 2020

	AASB 15	AASB 1058
	\$	\$
Revenue recognised at a point in time		
Café	1,990,199	-
Car park	534,433	-
Telephone	95	-
Television	40,217	-
Vending machines	62,204	-
Fundraising for general purposes	-	1,684,903
Fundraising for specific purposes	-	530,689
Bequests	-	100,000
Volunteer service	-	53,273
Other revenue items	-	184,058
	<u>2,627,148</u>	<u>2,552,923</u>

Note 7 Finance income

	2020	2019
	\$	\$
Interest income under the effective interest method on:		
Cash and cash equivalents	<u>49,743</u>	<u>84,619</u>
Total interest income arising from financial assets measured at amortised cost	<u>49,743</u>	<u>84,619</u>

Finance income comprises interest on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Note 8 Other income

	2020 \$	2019 \$
ATO Cashboost	100,000	-
JobKeeper subsidy	126,000	-
ATM commissions	18,898	22,300
Insurance recoveries	5,077	6,630
Volunteer grants	7,000	-
Miscellaneous income	3,053	50
	<u>260,028</u>	<u>28,980</u>

Note 9 Cost of sales

	2020 \$	2019 \$
Café	876,193	998,629
Telephone	90	141
Vending machines	350	494
	<u>876,633</u>	<u>999,264</u>

Note 10 Fundraising and marketing expenses

	2020 \$	2019 \$
Fundraising	169,249	192,531
Volunteer service	19,634	31,121
	<u>188,883</u>	<u>223,652</u>

Note 11 Employee expenses

	2020 \$	2019 \$
Wages and salaries	1,230,513	1,165,434
Employer superannuation contributions	105,405	108,069
Workers' compensation	8,590	7,381
Other	17,293	7,958
	<u>1,361,801</u>	<u>1,288,842</u>

The number of directly engaged full-time equivalent employees as at 30 June 2020 is 17 (2019: 20).

Short-term employee benefits - wages, salaries and sick leave

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

Other long-term employee benefits - annual and long service leave

Annual leave and long service leave liabilities are classified and measured as other long-term employee benefits as the Foundation does not expect to wholly settle all such liabilities within the 12 months following reporting date.

Other long-term employee benefits are presented as current liabilities where the Foundation does not have an unconditional right to defer payment for at least 12 months after the end of the reporting period.

Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments take into account anticipated future wage/salary levels, expected employee departures and periods of ineligible service. These are discounted using market yields on Australian Government bond rates at the end of the reporting period that coincide with the expected timing of estimated future payments.

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

Superannuation

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

Workers' compensation insurance

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.

Special payments

Special payments include ex gratia expenditure and other expenditure that the Foundation is not contractually or legally obliged to make to other parties. The total of all special payments (including those of \$5,000 or less) is included below. However, descriptions of the nature of special payments are only provided for those greater than \$5,000.

The Foundation made one special payment of \$75,397 (2019: nil) during 2020 to the former CEO for six months' salary on termination of his employment contract. This is included in wages and salaries above.

Note 12 Supplies and services

	2020 \$	2019 \$
Banking and merchant fees	42,343	39,674
Cleaning	12,653	8,905
Communications	6,025	6,080
Computer expenses	34,364	30,655
Consultants and contractors	37,930	9,000
Consumables	1,945	2,215
Fees and permits	3,924	1,806
Motor vehicle expenses	6,912	8,007
Printing and stationery	22,832	24,025
Recruitment costs	999	-
Repairs and maintenance	64,084	54,275
Security	4,570	4,332
Staff stored value car parking cards	4,678	5,585
Travel expenses	6,484	3,997
	<u>249,743</u>	<u>198,556</u>

Note 13 Other expenses

	2020 \$	2019 \$
Audit fees - audit of the financial statements	11,000	9,500
Insurance	33,234	29,544
Legal costs	18,667	-
	<u>62,901</u>	<u>39,044</u>

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 (refer to Note 11).

Note 14 Distribution of grants

	2020 \$	2019 \$
Cairns and Hinterland Hospital and Health Service		
Emergency medicine	44,519	89,980
Medicine	16,567	29,383
Intensive care	12,804	88,341
Paediatrics	66,061	98,319
Women's health	-	30,105
Medical imaging	-	54,807
Liz Plumber Cancer Centre	1,174	2,472
Mental health	4,737	23,373
Oncology	14,860	49,909
Cardiology	333,198	1,616,884
Diabetes	14,853	1,874
Cairns Hospital	745,180	573,133
Medical 4 clinics	3,956	-
Research	200,477	82,570
Sundry	7,800	2,907
Gordonvale Hospital (Friends of the Foundation)	17,942	22,530
Gordonvale Hospital	-	160
Mareeba Hospital (Friends of the Foundation)	246,255	11,943
Mareeba Hospital	167,577	-
Cow Bay Primary Health Centre (Friends of the Foundation)	4,150	9,448
Croydon Primary Health Centre	-	1,500
Mossman Hospital	140,298	47,438
Innisfail Hospital (Friends of the Foundation)	45,615	23,475
Innisfail Hospital	179,125	75,000
Atherton Hospital (Friends of the Foundation)	83,745	-
Atherton Hospital	38,720	27,443
Babinda Hospital (Friends of the Foundation)	4,364	-
Babinda Hospital	97,742	-
Herberton (Friends of the Foundation)	1,710	-
Millaa Millaa Health Centre	2,940	-
Tully Hospital (Friends of the Foundation)	12,592	-
Tully Hospital	173,874	12,870
Yarrabah Hospital	45,512	-
Georgetown Primary Health Centre	-	213
Professional development and training	31,241	33,049
Coronary care	20,645	39,892
Thoracic	67,200	-
Vascular Unit Trust Fund	8,061	7,360
Renal research and medicine	527	-
Torres and Cape Hospital and Health Service		
Cooktown Hospital	1,224	1,354
Weipa Hospital	40,426	-
	<u>2,897,671</u>	<u>3,057,732</u>

The Foundation received \$1,248,375 from and to manage on behalf of the Cairns and Hinterland Hospital and Health Service (CHHHS). This has been recognised as a liability as the Foundation has an obligation to spend these funds in line with a Memorandum of Understanding entered into with the CHHHS. During the year, the Foundation has made approved purchases with these funds totalling \$709,790. These purchases have been recognised in the financial statements as a reduction in the liability raised and not as a distribution of grant funds in the above table, and therefore the CHHHS funds do not appear in this table. The remaining liability is shown in Note 19.

Note 15 Cash and cash equivalents

	2020	2019
	\$	\$
Cash on hand	38,652	49,600
Cash at bank	790,864	590,149
QTC cash funds	1,831,424	1,884,178
Cash and cash equivalents in the Statement of Cash Flows	<u>2,660,940</u>	<u>2,523,927</u>

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions.

A deposit is held with the Queensland Treasury Corporation (QTC) reflecting the value of the Foundation's investment account. The value of these deposits as at 30 June 2020 was \$1,831,424 (2019: \$1,884,178) and the annual effective interest rate was 0.86% (2019: 2.38%)

Restricted cash

The Foundation collects fundraising receipts for specific purposes and that can only be spent on approved items relating to those purposes. As such, these funds are restricted and cannot be used for any other purpose. The amounts below are within the balance of cash and cash equivalents.

The Foundation also holds Cairns and Hinterland HHS funds in trust.

	2020	2019
	\$	\$
Cairns and Hinterland HHS funds held in trust	538,585	-
Restricted cash - other	840,943	843,291
Total restricted cash	<u>1,379,528</u>	<u>843,291</u>

Note 16 Trade and other receivables

	2020	2019
	\$	\$
<i>Current</i>		
Trade receivables	36,263	27,453
ATO receivable – CashBoost	50,000	-
JobKeeper subsidy	57,000	-
	<u>143,263</u>	<u>27,453</u>

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.

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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 2020 (2019: nil) as all receivables are deemed collectable.

The ageing of the receivables and allowance for impairment provided for above are as follows:

Ageing of trade receivables 2020

	<i>Less than 30 days</i>	<i>31 - 60 days</i>	<i>61 - 90 days</i>	<i>More than 90 days</i>	<i>Total</i>
	\$	\$	\$	\$	\$
Receivables	23,727	333	153	12,050	36,263
Allowance for impairment	-	-	-	-	-
Carrying amount	23,727	333	153	12,050	36,263

Ageing of trade receivables 2019

	<i>Less than 30 days</i>	<i>31 - 60 days</i>	<i>61 - 90 days</i>	<i>More than 90 days</i>	<i>Total</i>
	\$	\$	\$	\$	\$
Receivables	9,685	12,818	4,950	-	27,453
Allowance for impairment	-	-	-	-	-
Carrying amount	9,685	12,818	4,950	-	27,453

Information about the Foundation's exposure to credit and market risks and impairment losses for trade and other receivables is included in Note 25.

Note 17 Inventories

	2020	2019
	\$	\$
Café	22,092	28,645
Car parking cards	468	546
Telephone system cards	45	136
Vending machine	426	776
	23,031	30,103

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.

Note 18 Property, plant and equipment

Reconciliation of carrying amount

	Leasehold improvements \$	Furniture and fittings \$	Plant and equipment \$	Motor vehicle \$	Total \$
Cost					
Balance at 1 July 2018	697,554	80,125	244,128	61,612	1,083,419
Additions	-	2,264	6,270	-	8,534
Disposals	-	-	-	-	-
Balance at 30 June 2019	697,554	82,389	250,398	61,612	1,091,953
Balance at 1 July 2019	697,554	82,389	250,398	61,612	1,091,953
Additions	-	-	18,192	34,909	53,101
Disposals	-	-	-	(29,492)	(29,492)
Balance at 30 June 2020	697,554	82,389	268,590	67,029	1,115,562
Depreciation and impairment					
Balance at 1 July 2018	(279,836)	(40,101)	(169,042)	(43,683)	(532,662)
Depreciation for the year	(68,820)	(5,933)	(25,465)	(4,424)	(104,642)
Disposals	-	-	-	-	-
Balance at 30 June 2019	(348,656)	(46,034)	(194,507)	(48,107)	(637,304)
Balance at 1 July 2019	(348,656)	(46,034)	(194,507)	(48,107)	(637,304)
Depreciation for the year	(68,820)	(4,605)	(22,450)	(4,434)	(100,309)
Disposals	-	-	-	18,814	18,814
Balance at 30 June 2020	(417,476)	(50,639)	(216,957)	(33,727)	(718,799)
Carrying amounts					
At 1 July 2018	417,718	40,024	75,086	17,929	550,757
At 30 June 2019	348,898	36,355	55,891	13,505	454,649
At 30 June 2020	280,078	31,750	51,633	33,302	396,763

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out above.

Items of property, plant and equipment with a cost or other value equal to more than \$500, and with a useful life of more than one year, are recognised at acquisition.

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, such as architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Property, plant and equipment is measured at cost net of accumulated depreciation and any impairment in accordance with Queensland Treasury Non-Current Asset Policies for the Queensland Public Sector.

Plant and equipment

The Foundation has plant and equipment with a written down value of nil still being used in the provision of services. Most of the items identified were equipment assets used in connection with café operations.

Replacement of other fully depreciated plant and equipment assets will be dependent on age, condition and funding availability.

There are no plant and equipment assets identified as idle or restricted in use.

Impairment of non-current assets

All non-current 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.

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.

Estimation of useful lives of assets

The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Property, plant and equipment is depreciated on a straight-line basis over its estimated useful life.

Any expenditure that increases the capacity or service potential of an asset and major components purchased specifically for particular assets are capitalised and depreciated over the remaining useful life of the asset to which they relate.

Depreciation rates used for each asset class are as follows:

Class	Depreciation rates used	Useful lives
Leasehold improvements	10%	10 years
Plant and equipment	10% – 25%	4 – 10 years
Furniture and fittings	7.5%	13.33 years
Motor vehicles	15%	6.67 years

Note 19 Trade and other payables

	2020 \$	2019 \$
Trade and other payables	189,233	302,808
Annual leave payable	59,487	63,149
Accrued wages	26,002	22,866
Accrued expenses	11,000	10,000
Cairns and Hinterland HHS funds held in trust	538,585	-
Customer deposits	81,376	67,451
Deferred income	30,236	-
Goods and Services Tax	9,581	2,565
Pay as you go withholding	11,054	10,796
Superannuation payable	7,955	10,101
	<u>964,509</u>	<u>489,736</u>

These amounts represent liabilities for goods and services provided to the Foundation prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 - 60 days of recognition.

Employee liabilities

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

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.

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.

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.

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

Note 20 Provisions

	2020 \$	2019 \$
<i>Current</i>		
Long service leave	43,574	95,215
<i>Non-current</i>		
Long service leave	27,358	13,855
Balance at 1 July	109,070	110,041
Provision made during the year	8,992	(971)
Provisions used during the year	(54,303)	-
Unwinding of discounts	7,173	-
Balance at 30 June	70,932	109,070

Long service leave

The provision for long service leave represents the Foundation's best estimate of the future benefit that employees have earned. The amount and timing of the associated outflows is uncertain and dependant on employees attaining the required years of services. Where the Foundation no longer has the ability to defer settlement of the obligation beyond 12 months from the reporting date, liabilities are presented as current. This would usually occur when employees are expected to reach the required years of service in the 12 months from reporting date. The discount rate used to determine the present value of future benefits at 30 June 2020 range from 0.9% to 32.3% depending on the year the entitlement is expected to be provided to the employee.

Note 21 Accumulated surplus

	2020 \$	2019 \$
Unrestricted funds	1,380,687	1,626,438
Restricted funds	840,943	843,291
Balance at 30 June	2,221,630	2,469,729

Accumulated surplus

Included in the accumulated surplus are certain amounts raised which are unspent at year end and whose expenditure is restricted for specific purposes, e.g. specific hospital wards, departments, etc. These are reported as restricted cash balances in Note 15.

Note 22 Commitments

The Foundation has no known commitments at reporting date.

Note 23 Contingencies

The Foundation has no known material contingent liabilities at reporting date

Note 24 Reconciliation of cash flows from operating activities

	2020 \$	2019 \$
Operating result for the year	(248,099)	(1,230,887)
Add: non-cash items:		
Depreciation	100,309	104,642
Less: non-cash items:		
Reduction in provisions	(38,138)	(971)
Gain on sale of property, plant and equipment	(2,959)	-
Change in operating assets and liabilities		
Trade and other receivables	(115,810)	(1,587)
Inventories	7,073	(463)
Prepayments	(672)	(4,075)
Trade and other payables	474,773	(106,071)
Net cash provided by/(used in) operating activities	<u>176,477</u>	<u>(1,239,412)</u>

Note 25 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. The Foundation holds financial instruments in the form of cash, receivables and payables.

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 under AASB 9. The Foundation does not enter into transactions for speculative purposes, nor for hedging.

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

	2020	2019
	\$	\$
Financial assets		
Cash and cash equivalents - held at amortised cost	2,660,940	2,523,927
Trade and other receivables - held at amortised cost	<u>111,927</u>	<u>27,453</u>
Total financial assets	<u><u>2,772,867</u></u>	<u><u>2,551,380</u></u>
Financial liabilities		
Trade and other payables - held at amortised cost	<u><u>782,410</u></u>	<u><u>349,136</u></u>

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

The Foundation is exposed to a variety of financial risks - credit risk, liquidity risk and market risk.

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.

<i>Risk exposure</i>	<i>Measurement method</i>
Credit risk	Ageing analysis, cash inflows at risk
Liquidity risk	Monitoring of cash flows by management
Market risk	Interest rate sensitivity analysis

(a) Credit risk

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 managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar commonwealth bodies or financial institutions in Australia in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

No collateral is held as security relating to the financial assets held by the Foundation.

Cash and cash equivalents

The Foundation may be exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

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Trade and other receivables

The Foundation assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

The Foundation does not require collateral in respect of trade and other receivables. The Foundation does not have trade receivables for which no loss allowance is recognised because of collateral.

(b) Liquidity risk

Liquidity risk is the risk that the Foundation will not have the resources required at a particular time to meet its obligations to settle its financial liabilities. The Foundation is exposed to liquidity risk through its trading in the normal course of business. The Foundation aims to reduce the exposure to liquidity risk by ensuring that sufficient funds are available to meet employee and supplier obligations at all times.

The only financial liabilities which expose the Foundation to liquidity risk are trade and other payables. All financial liabilities are current in nature and will be due and payable within twelve months. As such no discounting of cash flows has been made to these liabilities in the Statement of Financial Position.

	<1 year	Payable in	>5 years	Total
	\$	1-5 years	\$	\$
		\$		
2020				
Trade and other payables	782,410	-	-	782,410
	<u>782,410</u>	<u>-</u>	<u>-</u>	<u>782,410</u>
2019				
Trade and other payables	349,136	-	-	349,136
	<u>349,136</u>	<u>-</u>	<u>-</u>	<u>349,136</u>

(c) Market risk - Interest rate risk

The Foundation is exposed to interest rate risk as it holds cash deposits in interest bearing accounts. Changes in 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. The Foundation does not hedge its interest rate risk and is therefore subject to short-term fluctuations in interest rates.

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 \$26,223 (2019: \$24,743). This is predominantly attributable to the Foundation's exposure to variable interest rates on its capital guaranteed cash fund.

	Carrying amount \$	-1% Surplus \$	Equity \$	+1% Surplus \$	Equity \$
2020					
Cash and cash equivalents	2,622,288	(26,223)	(26,223)	26,223	26,223
		<u>(26,223)</u>	<u>(26,223)</u>	<u>26,223</u>	<u>26,223</u>

	Carrying amount \$	-1% Surplus \$	Equity \$	+1% Surplus \$	Equity \$
2019					
Cash and cash equivalents	2,474,327	(24,743)	(24,743)	24,743	24,743
		<u>(24,743)</u>	<u>(24,743)</u>	<u>24,743</u>	<u>24,743</u>

(d) Fair value

The fair value of trade receivables and trade payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

Note 26 Related parties

Details of key management personnel (KMP)

The following details for KMP include those Foundation positions that had authority and responsibility for planning, directing and controlling the activities of the Foundation during 2019 and 2020.

Position	Position responsibility
Board of Directors <ul style="list-style-type: none"> • Dr Kenneth Chapman (Chairman) • Mr John Andrejic • Ms Patricia Bailey • Ms Clare Douglas (resigned 20 March 2020) • Professor William McBride • Ms Jodi Peters (Cairns and Hinterland Hospital and Health Service Board Chairperson's nominee) • Mr Stephen Russell • Dr Edward Strivens • Joanne Parisi (appointed 12 December 2019) • Robyn Boundy (appointed 12 December 2019) • Danae Jones (appointed 12 December 2019) 	The 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"> • Anthony Franz (1 July 2019 – 5 January 2020) • Tony Williamson (6 January 2020 to 30 June 2020) 	Responsible for the strategic leadership and direction of the Foundation.

KMP remuneration policies

No board members received or were entitled to receive any fees or other benefits during the year.

Remuneration and other terms of employment for the Foundation's other KMP are specified in employment contracts. The contracts provide for the provision of performance-related cash payments and other benefits including motor vehicles. Remuneration expenses for these KMP comprises the following components:

Short term employee expenses which include:

- salaries and allowances earned and expensed for the entire year, or for that part of the year during which the employee occupied the specified position.
- performance payments recognised as an expense during the year.
- non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

Long term employee expenses - mainly annual leave and long service leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied the specified position.;

Post-employment expenses - mainly superannuation contributions; and

Termination benefits - include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

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

Remuneration expenses

2020

Position	Short-term employee expenses		Long-term employee expenses	Post-employment expenses	Termination benefits	Total expenses
	Monetary expenses \$	Non-monetary expenses \$	\$	\$	\$	\$
Chief Executive Officer (1 July 2019 to 5 January 2020)	88,130	-	50,496	15,199	75,397	229,222
Chief Executive Officer (Date 6 January 2020 to 30 June 2020)	65,544	-	8,110	6,193	-	79,847

2019

Position	Short-term employee expenses		Long-term employee expenses	Post-employment expenses	Termination benefits	Total expenses
	Monetary expenses \$	Non-monetary expenses \$	\$	\$	\$	\$
Chief Executive Officer	160,744	-	2,301	14,085	-	177,131

Transactions with key management personnel

Loans to directors

The Foundation does not have any loans with KMP.

Transactions with key management personnel

KMP may have used the Foundation managed car park or made purchases from the Foundation managed cafés during the year. All such transactions were conducted on an arm's-length basis and on normal commercial terms.

Professor William McBride was employed by James Cook University which is the beneficiary of research grant funding, \$185,000 in the 2020 year (2019: \$85,426). All grants are awarded on a competitive arm's-length basis.

Ms Jodi Peters is Business Manager at Peters Bosel Lawyers which provided legal services to the Foundation for which they were paid \$18,667 (2019: nil). These services are provided on a normal arm's-length basis.

Apart from the details disclosed in this note, no member of the Board 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.

KMPs from time to time provide donations and sponsorship to the Foundation on the same basis as the general public and are not individually disclosed.

Transactions with related entity

Transactions with Cairns and Hinterland Hospital and Health Service (CHHHS):

The Foundation received \$1,248,375 from and to manage on behalf of the CHHHS. This has been recognised as a liability as the Foundation has an obligation to spend these funds in line with a Memorandum of Understanding entered into with the CHHHS. During the year, the Foundation has made approved purchases with these funds totalling \$709,790. These purchases have been recognised in the financial statements as a reduction in the liability raised and not as a distribution of grant funds in the above table, and therefore the CHHHS funds do not appear in this table. The remaining liability is shown in Note 19.

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 (2019: \$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).

The foundation also has several leases with CHHHS for a nominal fee.

Note 27 COVID-19 impacts

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Australia. The spread of COVID-19 has caused significant volatility in Australian and overseas. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies, as such, the Foundation is unable to determine if it will have a long-term material impact to its operations.

As a result of the restrictions imposed by the government in March 2020, the Foundation was impacted in several ways. In particular, the café operations were impacted resulting in the temporary closure of one café and reduced patronage in the other. With the relaxation on restrictions by the government in June and furthermore into July, both café's resumed operations.

The Foundation ran a successful COVID-19 appeal in early 2020 and significant funds were received from the public. Funds raised contributed to the hospitals' own resources and enabled additional purchasing of personal protective equipment for frontline healthcare workers.

While the full impact of COVID-19 on the Foundation is unclear at this stage, the Foundation will continue to operate within all relevant guidelines and continue to provide a platform for fundraising for local health facilities in Far North Queensland.

**Far North Queensland Hospital Foundation
Management Certificate
For the year ended 30 June 2020**

These general-purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 39 of the *Financial and Performance Management Standard 2019*, the *Australian Charities and Not-for-profits Commission Act 2012 and Regulation 2013* and other prescribed requirements. In accordance with s.62(1)(b) of the Act and s.60.15 of the *Australian Charities and Not-for-profits Commission Regulation 2013*, 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 and the *Australian Charities and Not-for-profits Commission Act 2012*, the transactions of Far North Queensland Hospital Foundation for the financial year ended 30 June 2020 and of the financial position of the Far North Queensland Hospital Foundation at the end of that year; and
- c) We acknowledge responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Ken Chapman
Chairman
Far North Queensland Hospital Foundation

25 / 08 / 2020



Tony Williamson
Chief Executive Officer
Far North Queensland Hospital Foundation

25 / 08 / 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Far North Queensland Hospital Foundation

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Far North Queensland Hospital Foundation.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and with 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Responsibilities of the Board for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019, the *Australian Charities and Not-for-profits Commission Act 2012*, the *Australian Charities and Not-for-profits Commission Regulation 2013* and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 my 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's 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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- 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.
- I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.



28 August 2020

C G Strickland
as delegate of the Auditor-General

Queensland Audit Office
Brisbane