

Far North Queensland Hospital Foundation

2013 Annual Report

CONTENTS

	Page
Compliance Letter	3
About the Foundation	4
The Year in Review	4
Achieving Our Aims	7
Board of Members and Governance	8
Our People	11
Compliance Checklist	13

GENERAL INFORMATION

These financial statements cover the Far North Queensland Hospital Foundation.

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

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

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

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

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

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

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

INTERPRETER SERVICE

If you have difficulty in understanding the Annual Report, you can contact us and we will arrange an interpreter to effectively communicate the report to you.

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COMPLIANCE LETTER

4 September 2013

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

Dear Minister

I am pleased to present the Annual Report 2012-2013 and financial statements for the Far North Queensland Hospital Foundation.

I certify that this Annual Report complies with:

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

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

A checklist outlining the annual reporting requirements can be accessed at www.fnqhf.org.au

Yours sincerely,



Dr Ken Chapman
Chairman
Far North Queensland Hospital Foundation

ABOUT THE FOUNDATION

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

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

Vision

“Superior Health Care in Far North Queensland”

Mission

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

Principal Activities

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

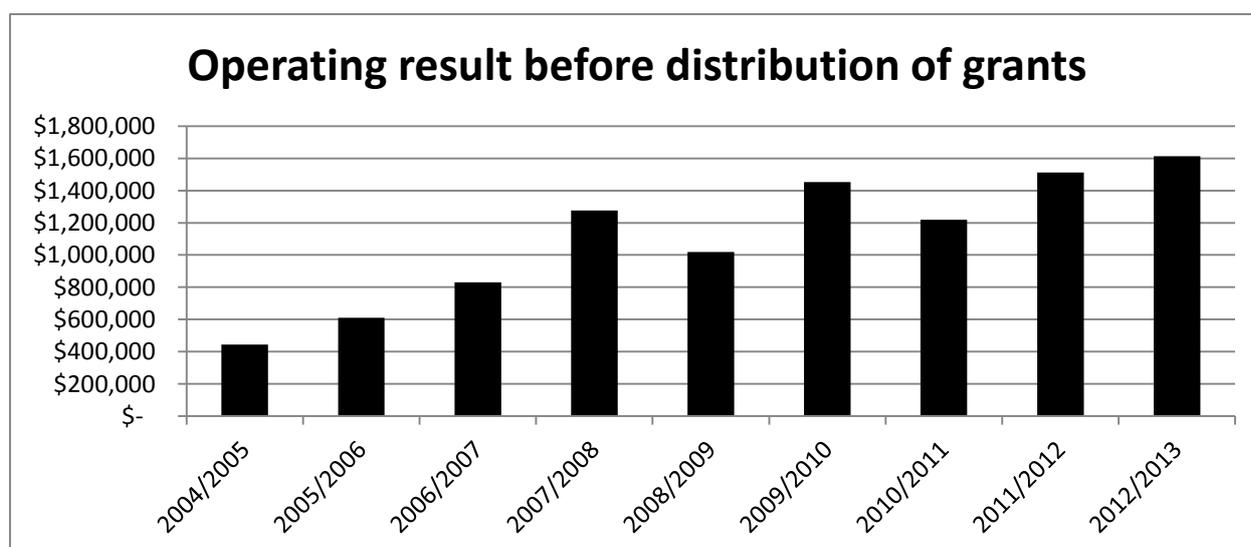
Friends of the Foundation

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

THE YEAR IN REVIEW

The 2012-13 financial year proved to be another highly successful year for the Far North Queensland Hospital Foundation.

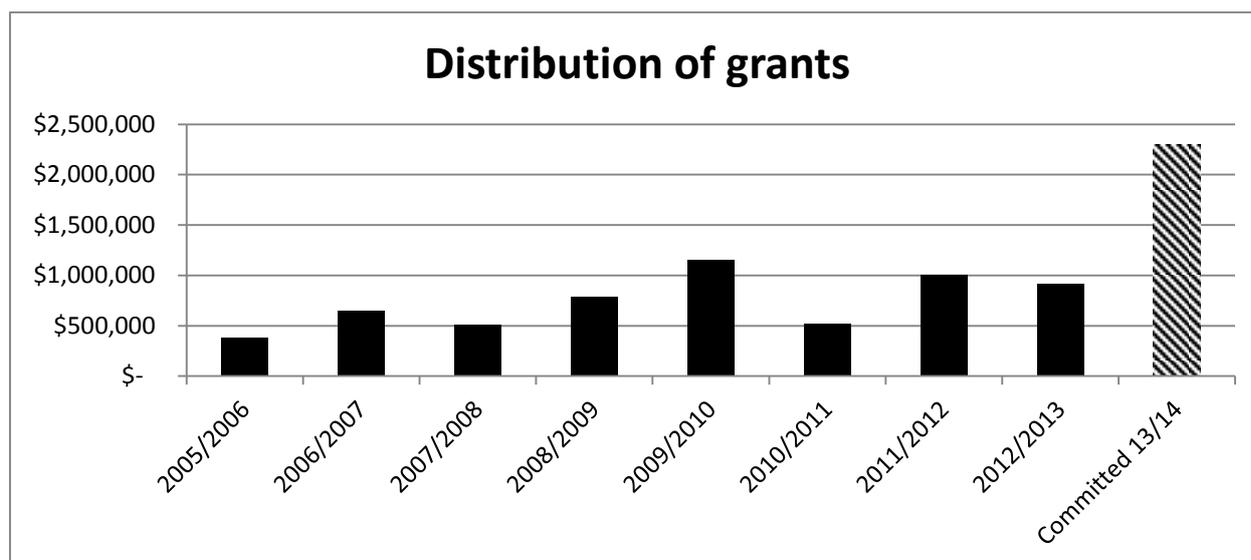
Revenue from continuing operations totalled \$3.71 million, representing an increase of 4.8 percent on the previous year's result of \$3.54 million.



The increase in revenue enabled the Foundation to post an operating surplus, before distribution of grants, of \$1.6 million – an increase of 6.7 percent on the previous year's result of \$1.5 million.

The Foundation's strong financial performance ensured that it achieved the main objective of the organisation's Strategic Plan – to grow and maximise the benefits of the principal activities that appear on page four of this report.

The Foundation's grant funding totalled \$0.9 million which was slightly down on the previous year's figure of \$1 million. However, the Foundation has committed in excess of \$2.3 million in 2013/14 to cover the Paediatric Playground Project, the Foundation's contribution of \$0.7 million towards the purchase of a new PET/CT Scanner for the Cairns Hospital, and \$0.4 million has been set aside to fund the Rapid Access Chest Pain Clinic and a foetal ultrasound reporting system for Cairns Hospital and the upgrade of cardiac monitoring equipment to East Ward at the Mareeba Hospital.



The Foundation made a number of significant contributions during the course of 2012-13, including the purchase of an ultrasound system complete with cardiac and wave doppler transducers, at a cost of \$193,206, for the specialist paediatric cardiologist at the Cairns Hospital, Dr Ben Reeves.

The Foundation also funded the purchase of a Cardiosave Hybrid intra-aortic balloon pump for the Cardiac Catheterisation Lab at the Cairns Hospital at a cost of \$100,980.

In addition, the Foundation invested \$44,478 in the purchase of 3 Avalon cordless foetal monitoring systems for the Cairns Hospital birth suites.

The Foundation once again funded the annual research small grant awards with 12 successful applicants sharing in a total of \$34,141 in grant funding.

Strong progress was made with strategic objectives such as increasing fundraising income. The fundraising team did a fantastic job throughout the year achieving a record result of \$1.26 million (revenue before direct costs) which was a favourable variance of 9 percent on the previous year's result of \$1.15 million.

Another Foundation key objective is to position the organisation as the local charity of choice. In order to achieve this objective the Foundation focused on improving marketing and communications and therefore created the new position of communications officer. Further to this the Foundation also had a television commercial produced and aired throughout the year.

The achievements of the Friends of the Foundation ensured that the organisation met another objective – to continue to expand services throughout Far North Queensland. This achievement also enabled the Foundation to demonstrate its support of the Queensland Government's values, including the desire to improve health outcomes for Queenslanders by providing better healthcare in the community and empowering local communities with a greater say in their hospital and local health services.

Volunteer Services

The Foundation's Volunteer Program is now in its 24th year, and our volunteer team continues to be the foundation stone of commercial and fundraising activities, and support services to patients, visitors and staff at the Cairns Hospital, as well as a number of other hospitals and clinics in the Cairns and Hinterland Hospital and Health Service. We are extremely fortunate to be able to count on these people to donate their time and skills to help the Foundation achieve its vision.

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

Friends of the Foundation

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

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

Collectively, they have raised more than \$140,560 towards the improvement of healthcare services in their respective communities. During the year, they funded the purchase of:

- 3 patient recliner chairs, a syringe driver and an anaesthetic trolley for the Cooktown Hospital
- A Clinitek Status Plus urine chemistry analyser, an INR machine and an ear wash system for the Cow Bay Health Clinic
- A 2.5 seater lounge suite and 2 VersaCare patient bed systems for the Gordonvale Hospital
- An Oxylog 3000 Plus ventilator, a Philips Respironics V60 BiPAP ventilator and 5 vital signs monitors for the Innisfail Hospital

Commercial Operations

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

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

Growth of 2.2 percent boosted the revenue from our commercial operations to a total of \$2.22 million (revenue before direct costs).

• Sea Breeze Cafe

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. At the same time, it generates substantial funds that are used to improve healthcare services in the region. The café, which boasts both indoor and outdoor dining areas that can cater for up to 60 people, has indeed become an integral part of the hospital's social life.

• 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 Machine located at the hospital.

• Cairns Hospital Block E Car Park

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

The parking fee represents a minor outlay in return for the security and ease of parking on site at the hospital. The car park is equipped with video surveillance which is particularly appreciated by hospital staff that finish their shifts at night or during the early hours. The car park also accommodates a large number of hospital pool vehicles, which ensure staff quick and easy access to transport.

- **Television Hire Service**

The Foundation installed and now operates an integrated multi-access television system throughout the Cairns Hospital. The self-access system allows patients to view their televisions without the assistance of hospital staff. A Foundation staff member visits patients daily to ensure prompt service and collect rental payments. The television hire service is widely appreciated by patients.

Fundraising

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

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

ACHIEVING OUR AIMS

During the past year, the Foundation has pursued its Vision to provide "Superior Health Care in Far North Queensland", through the donation of more than \$900,000 towards healthcare services in this region.

This figure was supplemented by the incalculable value of the many services and tasks undertaken by the Foundation's volunteer team, as well as its staff. Many of the services provided by the Foundation have become an integral part of hospital life. One can only imagine the total financial value of these services to the community, if they were costed appropriately.

The Foundation's major purchases this year included:

- Twelve televisions and articulated wall brackets for the Intensive Care Unit, Cairns Hospital
- Fourteen patients chairs complete with leg rests for the Orthopaedic Ward, Cairns Hospital
- Three vital signs monitors complete with mobile stands for the Surgical Ward, Cairns Hospital
- Curtains for the Paediatric Unit in the Emergency Department, Cairns Hospital
- An electrocardiograph for the Paediatric Ward, Cairns Hospital
- A vital signs monitor complete with stand for the Paediatric Ward, Cairns Hospital
- Two Ditto diversionary therapy consoles for the Paediatric Ward, Cairns Hospital
- A Maxi Move patient handling system for the Paediatric Ward, Cairns Hospital
- An ultrasound system complete with cardiac and wave doppler transducers for the Paediatric Ward, Cairns Hospital
- Eight respiration monitors for the Special Care Nursery, Cairns Hospital
- A babyPAC ventilator for the Special Care Nursery, Cairns Hospital
- Fifteen tub chairs for the waiting room at BreastScreen Queensland, Lake Street, Cairns
- Five pulse oximeters and docking stations for the Birth Suites, Cairns Hospital
- Fifty bassinet mattresses for the Birth Suites, Cairns Hospital
- Nine televisions for the Birth Suites, Cairns Hospital
- 3 Avalon cordless foetal monitoring systems for the Birth Suites, Cairns Hospital
- A recliner chair for the Women's Health Unit, Cairns Hospital
- A Cardiosave Hybrid intra-aortic balloon pump for the Cardiac Catheterisation Lab, Cairns Hospital
- Thirty curtains with digitally printed Far North Queensland images for the Oncology Day Unit, Liz Plummer Cancer Care Centre, Cairns Hospital
- A Maxi Move patient handling system for the Oncology Day Unit, Liz Plummer Cancer Care Centre, Cairns Hospital

- Seven Champion overnight chairs for the Oncology Ward, Cairns Hospital
- Two Connex Integrated Wall System vital signs monitors for the Oncology Ward, Cairns Hospital
- A blood pressure monitor and mobile stand for the Cooktown Hospital
- Eight televisions complete with ceiling mount brackets and nursecall handsets for the Cooktown Hospital
- An ultrasound scanner for the Medical Imaging Department, Mossman Multi-Purpose Health Service

The Foundation also funded the following:

- Contributed to the associated travel and conference costs for two Cairns Hospital Day Oncology Unit clinical nurses to attend the Pan Pacific Lymphoma conference in Hawaii
- Contributed to the associated travel and conference costs for a Cairns Sexual Health employee to attend the 8th Australasian Viral Hepatitis Conference in Auckland, New Zealand
- Contributed to the associated travel and course costs for a Cairns Sexual Health employee to attend a three-day Pap smear provider course in Brisbane
- The Lesley Gabriel Scholarship, which enabled a staff member to further their training in diabetes education
- The annual Small Research Grants program
- The annual Nurse Excellence Awards, Cairns Hospital
- Rental fees and the commissioning/decommissioning of the Vitalcall alarm service for numerous palliative care patients

BOARD OF MEMBERS AND GOVERNANCE

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

The Board of the Foundation has primary responsibility to establish strategic direction, pursue established objectives and monitor business performance. The Board recognises the importance of applying best practice corporate governance principles in fulfilling this responsibility and has committed to the highest level of integrity in the conduct of its operations. To satisfy this commitment, and comply with the *Public Sector Ethics Act 1994*, the Board has adopted a Members and Senior Executives Code of Conduct and has further set out expectations of Foundation employees and volunteers to comply with the Queensland Government Code of Conduct.

Board of Members – Role and Responsibility

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

The responsibilities of the Board include:

- reviewing and approving strategic plans, business plans, the annual budget and financial plans, including available resources and major capital expenditure initiatives
- making decisions in relation to matters of a sensitive, extraordinary or strategic nature
- monitoring and assessing management's performance in achieving any strategies and budgets approved by the Board
- ensuring best practice corporate governance
- reviewing and approving applications for significant funding: equipment, facility enhancement, and research and education
- reviewing and approving annual statutory accounts and other reporting and monitoring financial results on an ongoing basis
- providing advice and counsel to management on a periodic and ad hoc basis
- appointing and where appropriate removing the Chief Executive Officer and approving succession plans
- ratifying the appointment and, where appropriate the termination of the direct reports to the Chief Executive Officer

- monitoring the performance of the Chief Executive Officer and senior management and approving remuneration policies and practices for such Chief Executive Officer and senior management
- enhancing and protecting the reputation of the Foundation
- reporting to the Minister for Health
- ensuring appropriate compliance frameworks and controls are in place and are operating effectively
- approving and monitoring the effectiveness of and compliance with policies governing the operations of the Foundation
- monitoring compliance with regulatory requirements and ethical standards
- monitoring the integrity of internal control and reporting systems and the findings of audits undertaken on an annual basis

Board of Members – Appointment Criteria

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

- the nominee of the chairperson of the Cairns and Hinterland Hospital and Health Service Board
- a practising hospital clinician
- senior persons from the James Cook University School of Medicine and Dentistry
- the CE and CFO of the Cairns and Hinterland Hospital and Health Service
- members with a strong commercial background
- members with strong accounting and finance skills
- members with strong legal skills
- members with strong community and fundraising expertise
- overall appropriate experience and gender diversity

Board of Members – Term and Basis of Appointment

Name	Term	Basis of Appointment
Dr Ken Chapman MB BS (Qld) Chairman	Appointed 21 July 2011 Expires 21 July 2015	Dr Chapman is the Chief Executive Officer of Skyrail-ITM and executive director of the Chapman Group of Companies and has experience as a Director, Chairman and President of a number of Boards and Associations including Director of Amalgamated Holdings Limited.
Mr Graham Coonan BCom. FCA Deputy Chairman	Appointed 21 July 2011 Expires 21 July 2013 Reappointed 2 August 2013 Expires 2 August 2015	Mr Coonan is a senior partner of accounting firm KPMG and is responsible for the firm's Cairns audit practice.
Ms Patricia Bailey Board Member	Appointed 21 July 2011 Expires 21 July 2013 Reappointed 2 August 2013 Expires 2 August 2015	Ms Bailey is the Operations Manager and special events co-ordinator for the Cairns District Rugby League.
Ms Julie Hartley-Jones CBE Board Member	Appointed 21 July 2011 Expires 21 July 2015	Ms Hartley-Jones is the Chief Executive of the Cairns and Hinterland Hospital and Health Service.
Mr Charles Marino LLB Board Member	Appointed 21 July 2011 Expires 21 July 2013 Reappointed 2 August 2013 Expires 2 August 2017	Mr Marino is the Managing Partner of the law firm Marino Moller Lawyers Cairns.
Professor William McBride MB BS DTM&H FRACP FRCPA PhD Board Member	Appointed 21 July 2011 Expires 21 July 2015	Professor McBride is Head of James Cook University's School of Medicine clinical campus at the Cairns Hospital. He is an Infectious Diseases Specialist and Clinical Microbiologist.

Mr Robert McGill Board Member	Appointed 21 July 2011 Expires 21 July 2015	Mr McGill has been a proactive member in the Cairns community for over 40 years. He was joint Citizen of the Year (Cairns) 2008, is Deputy Chair of COUCH, a life member of Apex Australia, and a past President of the Rotary Club of Cairns.
A/Professor Jane Mills PhD RN MN Med BN FACN Board Member	Appointed 21 July 2011 Expires 21 July 2015	A/Professor Mills is Director of the Centre for Nursing and Midwifery Research at James Cook University and is recognised nationally and internationally for her achievements in nursing education and research.
Mr Steve Russell Board Member	Appointed 21 July 2011 Expires 21 July 2013 Reappointed 2 August 2013 Expires 2 August 2017	Mr Russell is a past member and Chair of the Innisfail and Cairns District Health Councils and is a long term community and health advocate.
Ms Margaret Cochrane Board Member	Appointed 17 July 2012 as Hospital and Health Service Board Chairperson's nominee Resigned 21 May 2013	Ms Cochrane is Cairns Hospital and Health Service appointee following 12 years service to the community as Councillor for Cairns Regional Council, with 4 years as Deputy Mayor.
Mr Mario Calanna Board Member	Appointed 14 June 2013 as Hospital and Health Service Board Chairperson's nominee	Mr Calanna is Cairns Hospital and Health Service appointee. He is a Pharmacist and CEO of Calanna Pharmacy Group, Fellow of Australian College of Pharmacy, Director of Pharmacy Guild Qld Branch and member and past President of Cairns Rotary Southside. He was City of Cairns Volunteer of the Year in 2004 and Australian Institute of Management Owner/Manager state winner in 2006.

Mr John Slaven is the Foundation's secretary and is Chief Finance Officer of the Cairns and Hinterland Hospital and Health Service.

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

Name	Number Eligible to Attend	Number Attended
K Chapman	6	6
G Coonan	6	6
P Bailey	6	5
J Hartley-Jones	6	3
C Marino	6	4
W McBride	6	6
R McGill	6	5
J Mills	6	6
S Russell	6	6
M Cochrane	5	3
M Calanna	0	0

Risk Management and Internal Audit Function

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

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

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

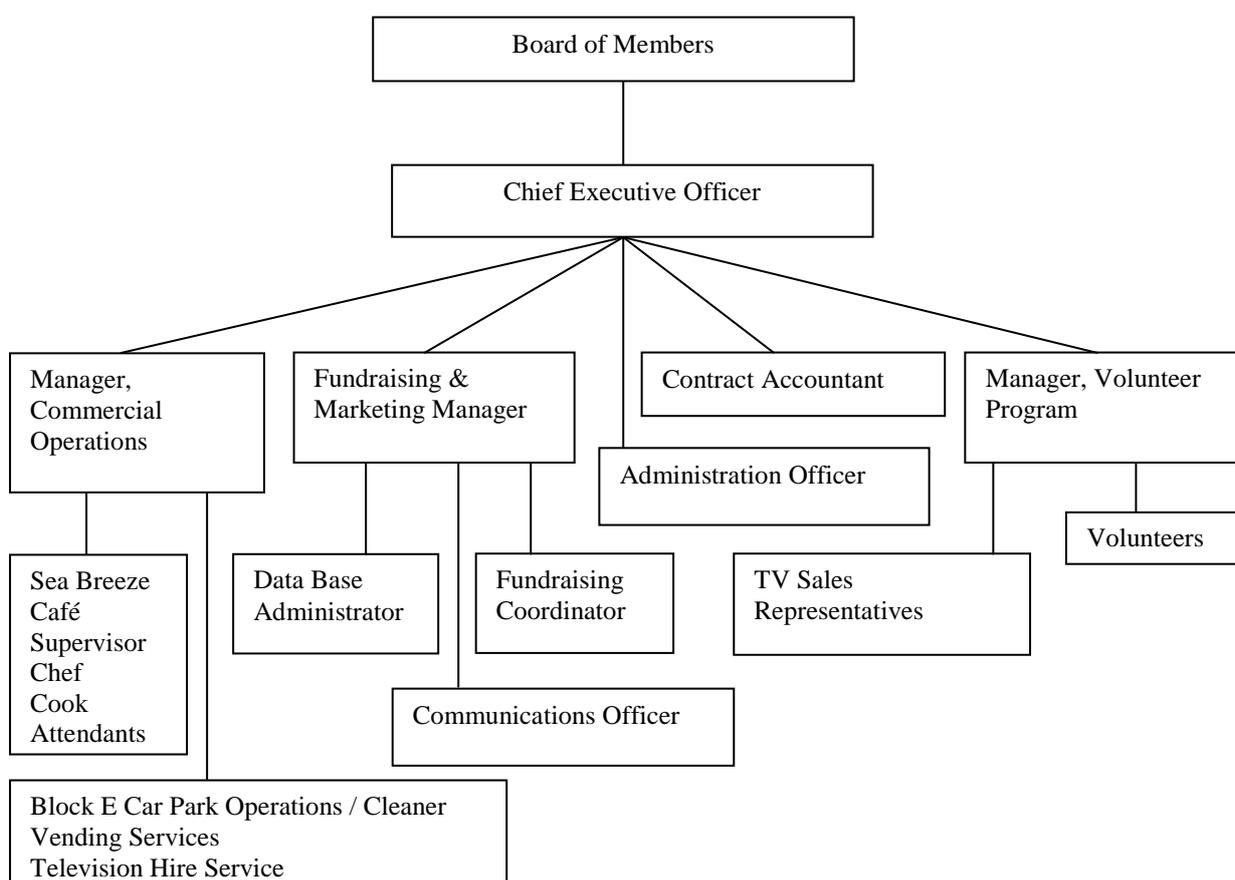
- relatively small size of the Foundation
- since inception in 1997 the Foundation has never received a qualified audit
- when the issue of internal audit function has been referred to the Queensland Audit Office appointed auditor they have advised that they believe it not necessary due to the size of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

Information Systems and Record Keeping

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

OUR PEOPLE

Foundation Organisational Chart



Senior Management Team

Tony Franz

Chief Executive Officer – joined the Foundation in February 2004

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

Steve McGuiness

Manager, Commercial Operations – joined the Foundation in June 2009

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

Glenys Duncombe

Fundraising and Marketing Manager – joined the Foundation in September 2004

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

Anne Chirio

Manager, Volunteer Program – joined the Foundation in June 2003

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

Compliance Checklist – Annual Report

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 	ARRs – section 8	3
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 10.1	2
	<ul style="list-style-type: none"> Public availability 	ARRs – section 10.2	2
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	2
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 10.4	2
	<ul style="list-style-type: none"> Information licensing 	<i>Queensland Government Enterprise Architecture – Information licensing</i> ARRs – section 10.5	N/A
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 11.1	2
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 11.2	4-8
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 11.3	4-8
	<ul style="list-style-type: none"> Machinery of Government changes 	ARRs – section 11.4	N/A
Non-financial performance	<ul style="list-style-type: none"> Government objectives for the community 	ARRs – section 12.1	4-6
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 12.2	N/A
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 12.3	4-5
	<ul style="list-style-type: none"> Agency service areas, service standards and other measures 	ARRs – section 12.4	N/A
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 13.1	Financial Statements 1-3
	<ul style="list-style-type: none"> Chief Finance Officer (CFO) statement 	ARRs – section 13.2	N/A
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 14.1	11
	<ul style="list-style-type: none"> Executive management 	ARRs – section 14.2	11
	<ul style="list-style-type: none"> Related entities 	ARRs – section 14.3	N/A
	<ul style="list-style-type: none"> Boards and committees 	ARRs – section 14.4	8

Summary of requirement		Basis for requirement	Annual report reference
	<ul style="list-style-type: none"> Public Sector Ethics Act 1994 	Public Sector Ethics Act 1994 (section 23 and Schedule) ARRs – section 14.5	8
Governance – risk management and accountability	<ul style="list-style-type: none"> Risk management 	ARRs – section 15.1	10
	<ul style="list-style-type: none"> External Scrutiny 	ARRs – section 15.2	N/A
	<ul style="list-style-type: none"> Audit committee 	ARRs – section 15.3	10
	<ul style="list-style-type: none"> Internal Audit 	ARRs – section 15.4	10
	<ul style="list-style-type: none"> Public Sector Renewal Program 	ARRs – section 15.5	N/A
	<ul style="list-style-type: none"> Information systems and recordkeeping 	ARRs – section 15.7	10
Governance – human resources	<ul style="list-style-type: none"> Workforce planning, attraction and retention and performance 	ARRs – section 16.1	N/A
	<ul style="list-style-type: none"> Early retirement, redundancy and retrenchment 	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	N/A
	<ul style="list-style-type: none"> Voluntary Separation Program 	ARRs – section 16.3	N/A
Open Data	<ul style="list-style-type: none"> Open Data 	ARRs – section 17	N/A
Financial statements	<ul style="list-style-type: none"> Certification of financial statements 	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	Financial Statements 21
	<ul style="list-style-type: none"> Independent Auditors Report 	FAA – section 62 FPMS – section 50 ARRs – section 18.2	Financial Statements 23-24
	<ul style="list-style-type: none"> Remuneration disclosures 	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3	Financial Statements 20

FAA *Financial Accountability Act 2009* FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

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

Financial Statements
For the year ended 30 June 2013

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CONTENTS

	Page
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Changes in Equity	1
Statement of Financial Position	2
Statement of Cash Flows	3
Notes to and Forming Part of the Financial Statements	4
Management Certificate	21
Auditor's Independence Declaration	22
Independent Audit Report	23

GENERAL INFORMATION

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

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CAIRNS QLD 4870

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FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
Income from continuing operations			
Revenue			
Revenue from sale of goods	4(a)	2,218,539	2,170,196
Revenue from fundraising	4(b)	1,316,463	1,209,833
Finance income	5	165,829	166,777
Increase in market value of investments	10	<u>9,875</u>	<u>-</u>
Total income from continuing operations		<u>3,710,706</u>	<u>3,546,806</u>
Expenses from continuing operations			
Cost of sales	4(a)	751,788	769,836
Cost of fundraising	4(b)	178,760	141,640
Employment expenses	6	949,720	897,430
Supplies and services	7	143,637	129,890
Other expenses	8	27,183	29,786
Depreciation	9	47,129	61,833
Decrease in market value of investments		<u>-</u>	<u>4,180</u>
Total expenses from continuing operations		<u>2,098,217</u>	<u>2,034,595</u>
Operating result before distribution of grants		1,612,489	1,512,211
Distribution of grants	11	<u>(918,117)</u>	<u>(1,007,154)</u>
Operating result from continuing operations		694,372	505,057
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>694,372</u>	<u>505,057</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013**

ACCUMULATED SURPLUS

Balance as at 1 July		<u>3,560,154</u>	<u>3,055,097</u>
Operating result from continuing operations		694,372	505,057
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>694,372</u>	<u>505,057</u>
Balance as at 30 June	19	<u>4,254,526</u>	<u>3,560,154</u>

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

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	Note	2013 \$	2012 \$
CURRENT ASSETS			
Cash and cash equivalents	12	4,543,343	3,941,221
Trade and other receivables	13	12,303	12,575
Inventories	14	<u>21,227</u>	<u>21,132</u>
Total current assets		<u>4,576,873</u>	<u>3,974,928</u>
NON-CURRENT ASSETS			
Property, plant and equipment	15	<u>113,176</u>	<u>143,096</u>
Total non-current assets		<u>113,176</u>	<u>143,096</u>
Total assets		<u>4,690,049</u>	<u>4,118,024</u>
CURRENT LIABILITIES			
Trade and other payables	16	<u>387,127</u>	<u>520,847</u>
Total current liabilities		<u>387,127</u>	<u>520,847</u>
NON-CURRENT LIABILITIES			
Provisions	17	<u>48,396</u>	<u>37,023</u>
Total non-current liabilities		<u>48,396</u>	<u>37,023</u>
Total liabilities		<u>435,523</u>	<u>557,870</u>
Net assets		<u>4,254,526</u>	<u>3,560,154</u>
EQUITY			
Accumulated surplus	19	<u>4,254,526</u>	<u>3,560,154</u>
Total equity		<u>4,254,526</u>	<u>3,560,154</u>

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

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows:</i>			
Cash receipts in the course of operations		3,772,846	3,602,439
Investment income		165,829	166,777
GST received from customers		1,117	1,142
GST input tax credits from ATO		137,508	115,821
<i>Outflows:</i>			
Cash payments in the course of operations			
Employee expenses		(949,720)	(887,822)
Supplies and services		(1,340,814)	(888,275)
Distribution of grants	11	(918,117)	(1,007,154)
GST paid to suppliers		(20,411)	(31,797)
GST remitted to ATO		(228,907)	(221,286)
Net cash provided by from operating activities	22	<u>619,331</u>	<u>849,845</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Outflows:</i>			
Payments for property, plant and equipment		<u>(17,209)</u>	<u>(87,198)</u>
Net cash used in investing activities		<u>(17,209)</u>	<u>(87,198)</u>
Net increase in cash and cash equivalents		602,122	762,647
Cash and cash equivalents at beginning of financial year		<u>3,941,221</u>	<u>3,178,574</u>
Cash and cash equivalents at end of financial year	12	<u><u>4,543,343</u></u>	<u><u>3,941,221</u></u>

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

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE FOUNDATION

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Foundation has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards (“AASBs”). In addition, the financial statements comply with Treasury’s Minimum Reporting Requirements for the year ended 30 June 2013, and other authoritative pronouncements.

Because the Foundation is a not-for-profit entity and AASBs include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (“IFRSs”), the financial statements of the Foundation do not comply with IFRSs and interpretations adopted by the International Accounting Standards Board.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Accounting estimates and judgements

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

There are no judgements, estimates and assumptions that have a potentially material effect on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Receivables

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

The collectability of receivables is assessed periodically with provision being made for impairment where necessary. There has been no provision for impairment as at 30 June as all receivables are collectable.

(c) Financial instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows;

- Cash – held at amortised cost
- Deposits and investments – held at fair value through profit or loss
- Receivables – held at amortised cost
- Payables – held at amortised cost

(d) Inventories

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

(e) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (continued)

(ii) *Subsequent costs*

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

(iii) *Depreciation*

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

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

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

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

(f) Impairment

(i) *Financial assets*

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

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

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

(ii) *Impairment of non-current assets*

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

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

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

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

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Employee benefits

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

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

(i) Superannuation

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

(ii) Other long-term employee benefits

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

(iii) Termination benefits

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

(iv) Short-term benefits

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

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

(v) Key executive management personnel and remuneration

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

(h) Provisions

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

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Payables

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

(j) Revenue

(i) Sales revenue

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

(ii) Fundraising revenue

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

(k) Finance income

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

(l) Lease payments

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

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

(m) 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 WorkCover Queensland in respect of its obligations for employee compensation.

(n) Tax

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

(o) Issuance of financial statements

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

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Goods and services tax

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

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

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

(q) Comparatives

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

(r) New and revised accounting standards

The Foundation did not voluntarily change any of its accounting policies during 2012-13. Australian Accounting Standard changes applicable for the first time for 2012-2013 have had minimal effect on the Foundation's financial statements, as explained below.

AASB 2011-9 *Amendments to Australian Accounting Standards-Presentation of Items of Other Comprehensive Income* became effective for reporting periods beginning on or after 1 July 2012. This standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). These amendments do not remove the option to present profit or loss and other comprehensive income in two statements. The Foundation presents the relevant transactions in the Statement of Profit or Loss and Other Comprehensive Income.

The following standards, amendments to standards and interpretations have been identified as those which will impact the Foundation in the period of initial application. Except for those noted, these are available for early adoption at 30 June 2013 but have not been applied in preparing this financial report.

AASB 13 *Fair Value Measurement* applies for reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of "fair value", as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the Foundation's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The potential impacts of AASB 13 relate to the fair value measurement methodologies used, and financial statement disclosures made in respect of, such assets and liabilities. The Foundation does not plan to adopt this standard early and the impact on the Foundation's financial statements has not been determined.

AASB 119 *Employee Benefits* applies for reporting periods beginning on or after 1 January 2013. This standard clarifies the concept of "termination benefits" and the recognition criteria for liabilities for termination benefits will be different. If the termination benefits meet the timeframe criterion for "short term employee benefits", they will be measured according to the AASB 119 requirements for "short term employee benefits". Otherwise, termination benefits will need to be measured according to the AASB 119 requirements for "other long term employee benefits". Under the revised standard, the recognition and measurement of employer obligations for "other long term benefits" will need to be accounted for according to most of the requirements for defined benefit plans.

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) New and revised accounting standards (continued)

AASB 1053 *Application of Tiers of Australian Accounting Standards* applies for reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements – Australian Accounting Standards (commonly referred to as “tier 1”), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as “tier 2”). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the tier 1 and tier 2 requirements is that tier 2 requires fewer disclosures than tier 1.

AASB 1053 acknowledges the power of a regulator to require application of the tier 1 requirements. In the case of the Foundation, Treasury Department is the regulator. Treasury Department has advised that its policy decision is to require adoption of tier 1 reporting by all Queensland Government departments and statutory bodies, including the Foundation. Treasury's policy also prohibits the early adoption of the arrangements outlined in AASB 1053 and its accompanying amending standards. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the Foundation.

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (AASB 124)* will become effective for reporting periods beginning on or after 1 July 2013. This standard removes individual key management personnel disclosure requirements under AASB 124 *Related Party Disclosures*. This standard is not available for early adoption.

AASB 9 *Financial Instruments* published on 10 December 2010 will become effective for reporting periods beginning on or after 1 January 2015. This standard is part of Phase 1 of the International Accounting Standards Board's comprehensive project to replace requirements currently contained in AASB 139. The revised version of AASB 9 deals with the recognition, classification, measurement and de-recognition of financial assets and financial liabilities. The standard contains two primary measurement categories for financial assets: amortised costs and fair value. The Foundation does not plan to adopt this standard early and the impact on the Foundation's financial statements has not been determined.

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

AASB 2010-7 *Amendments to Australian Accounting Standards Arising from AASB 9 (December 2010)* will become effective for reporting periods beginning on or after 1 January 2015. In respect of AASB 7 *Financial Instruments: Disclosures* and AASB 101 *Presentation of Financial Statements*, additional disclosures are required. The standard will become mandatory for the Foundation's 30 June 2016 financial statements.

All other Australian Accounting Standards and Interpretations with future commencement dates are either not applicable to the Foundation's activities, or have no material impact on the Foundation.

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
4. REVENUE		
(a) Revenue from sale of goods		
Sales revenue		
Sea Breeze Cafe	1,721,367	1,726,613
Vending machines	68,243	45,451
Telephone	4,045	5,330
Television	111,652	107,729
Car park	281,900	244,415
Sundry	31,332	40,658
	<u>2,218,539</u>	<u>2,170,196</u>
Cost of sales		
Sea Breeze Cafe	746,181	753,087
Vending machines	2,382	3,380
Telephone	3,225	4,357
Television	-	3,168
Sundry	-	5,844
	<u>751,788</u>	<u>769,836</u>
Gross profit		
Sea Breeze Cafe	975,186	973,526
Vending machines	65,861	42,071
Telephones	820	973
Television	111,652	104,561
Car park	281,900	244,415
Sundry	31,332	34,814
	<u>1,466,751</u>	<u>1,400,360</u>
(b) Revenue from fundraising		
Fundraising and other contributions		
Fundraising for general purposes	973,306	814,518
Fundraising for specific purposes	285,764	339,582
	<u>1,259,070</u>	<u>1,154,100</u>
Volunteer service	57,393	55,673
Specialised equipment scheme	-	60
	<u>1,316,463</u>	<u>1,209,833</u>
Cost of fundraising		
Fundraising	155,180	115,568
Volunteer service	23,580	26,072
	<u>178,760</u>	<u>141,640</u>
Gross profit		
Fundraising	1,103,890	1,038,532
Volunteer service	33,813	29,601
Specialised equipment scheme	-	60
	<u>1,137,703</u>	<u>1,068,193</u>

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
5. FINANCE INCOME		
Interest	149,342	162,118
Dividends	<u>16,487</u>	<u>4,659</u>
	<u>165,829</u>	<u>166,777</u>

6. EMPLOYMENT EXPENSES

Wages and salaries	838,123	774,777
Employer superannuation contributions	75,113	68,263
Workers compensation	5,850	5,784
Other	<u>30,634</u>	<u>48,606</u>
	<u>949,720</u>	<u>897,430</u>

At year-end, there were 18 (2012: 16) employees employed on a full-time equivalent basis.

7. SUPPLIES AND SERVICES

Consultants	17,222	20,097
Banking and merchant fees	16,145	15,525
Computer repairs and support	9,474	6,121
Cleaning	16,476	12,476
Consumables	479	1,279
PCard purchases	2,400	2,156
Motor vehicle operating costs	10,459	13,639
Repairs and maintenance	37,464	23,346
Printing and stationery	18,811	21,552
Security	4,203	4,068
Telephone	4,413	4,266
Other	<u>6,091</u>	<u>5,365</u>
	<u>143,637</u>	<u>129,890</u>

8. OTHER EXPENSES

External audit fees – Queensland Audit Office	5,500	7,449
Legal fees	-	350
Insurance	<u>21,683</u>	<u>21,987</u>
	<u>27,183</u>	<u>29,786</u>

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

9. DEPRECIATION

Depreciation and amortisation were incurred in respect of:

Leasehold improvements	934	25,931
Plant and equipment	25,205	21,124
Furniture and fittings	7,701	5,665
Motor vehicles	<u>13,289</u>	<u>9,113</u>
	<u>47,129</u>	<u>61,833</u>

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
10. MARKET VALUATION OF INVESTMENTS		
DDH investment access funds at beginning of year	267,162	266,783
Dividend reinvestment	15,921	4,559
Increase/(decrease) in market value	<u>9,875</u>	<u>(4,180)</u>
Market valuation at end of year	<u><u>292,958</u></u>	<u><u>267,162</u></u>

11. GRANTS AND SUBSIDIES

During the year, the Foundation funded equipment purchases and/or services as follows:

Cairns Hospital		
Emergency Medicine	10,119	-
Medicine	13,971	-
Aged Care	-	364
Intensive Care	4,255	-
Foetal Surveillance	3,602	-
Paediatrics	236,879	232,320
Women's Health	65,736	870
Sexual Health	7,266	-
Palliative Care	23,605	1,432
Liz Plummer Cancer Care Centre	12,229	4,143
Oncology	68,476	606
Mental Health	4,745	3,244
Renal Medicine	952	1,816
Cardiology	122,237	3,301
Surgery	13,606	-
Orthopaedics	8,288	8,789
Diabetes	21,021	12,933
Physicians Fund	-	9,233
Medical 4 Clinics	6,230	4,852
Medical Research	17,073	113,661
Research	34,141	19,907
Sundry	7,573	32,104
Other	3,381	7,171
Atherton Hospital	-	14,836
Babinda Hospital	-	36,588
Cooktown Hospital - Cooktown Friends of the Foundation	35,095	-
Cooktown Hospital	8,720	9,159
Cow Bay Clinic	-	15,395
Cow Bay Clinic - Cow Bay Friends of the Foundation	3,371	710
Croydon Hospital	11,254	-
Gordonvale Hospital - Gordonvale Friends of the Foundation	28,423	39,137
Gordonvale Hospital	25,071	59,955
Herberton Hospital	-	11,500
Innisfail Hospital - Innisfail Friends of the Foundation	63,959	5,811
Innisfail Hospital	19,235	110,957
Mareeba Hospital - Mareeba Friends of the Foundation	3,267	71,448
Mareeba Hospital	-	58,534
Mossman Hospital	-	58,996
Mossman MPHS	34,337	4,473
Smithfield Community Health	-	665
Tully Hospital	<u>-</u>	<u>52,244</u>
	<u><u>918,117</u></u>	<u><u>1,007,154</u></u>

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
12. CASH AND CASH EQUIVALENTS		
Cash on hand	36,087	46,142
Cash at bank	245,785	326,568
Deposits (at call)	3,968,513	3,301,349
Investments (Note 10)	292,958	267,162
	<u>4,543,343</u>	<u>3,941,221</u>

Deposits and managed investments schemes are held with Queensland Treasury Corporation (QTC) and DDH Graham Limited. QTC deposits are bearing floating interest rates between 3.60% and 4.68%. The investment with DDH Graham Limited is an investment access fund.

13. TRADE AND OTHER RECEIVABLES

Current

Trade debtors	<u>12,303</u>	<u>12,575</u>
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No interest is earned on amounts due from debtors. No provision for impairment during the financial year has been recognised as the amounts are fully collectible.

14. INVENTORIES

Current

P-Cards	360	160
Sea Breeze Cafe	19,126	17,620
Vending machines	1,494	2,112
Telephone system cards	247	1,240
	<u>21,227</u>	<u>21,132</u>

15. PROPERTY, PLANT AND EQUIPMENT

Leasehold improvements, at cost	309,390	309,390
Less: accumulated amortisation	<u>(307,155)</u>	<u>(306,221)</u>
	2,235	3,169
Plant and equipment, at cost	368,595	351,386
Less: accumulated depreciation	<u>(308,975)</u>	<u>(283,770)</u>
	<u>59,620</u>	<u>67,616</u>
Furniture and fittings, at cost	55,910	55,910
Less: accumulated depreciation	<u>(34,805)</u>	<u>(27,104)</u>
	<u>21,105</u>	<u>28,806</u>
Motor vehicles, at cost	66,446	66,446
Less: accumulated depreciation	<u>(36,230)</u>	<u>(22,941)</u>
	<u>30,216</u>	<u>43,505</u>
Total property, plant and equipment, at net book value	<u>113,176</u>	<u>143,096</u>

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

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation

	Leasehold improvements	Plant and equipment	Furniture & fittings	Motor vehicles	Total
	\$	\$	\$	\$	\$
2013					
Carrying amount at 1 July	3,169	67,616	28,806	43,505	143,096
Acquisitions	-	17,209	-	-	17,209
Disposals	-	-	-	-	-
Depreciation/amortisation	(934)	(25,205)	(7,701)	(13,289)	(47,129)
Carrying amount at 30 June	<u>2,235</u>	<u>59,620</u>	<u>21,105</u>	<u>30,216</u>	<u>113,176</u>
2012					
Carrying amount at 1 July	29,100	49,296	18,837	20,498	117,731
Acquisitions	-	39,444	15,634	32,120	87,198
Disposals	-	-	-	-	-
Depreciation/amortisation	(25,931)	(21,124)	(5,665)	(9,113)	(61,833)
Carrying amount at 30 June	<u>3,169</u>	<u>67,616</u>	<u>28,806</u>	<u>43,505</u>	<u>143,096</u>

The Foundation has plant and equipment and furniture and fittings with an original cost of \$579,725 and a written down value of nil still being used in the provision of services. These assets are being replaced as they become unserviceable or if no longer required are written off after the required board approval.

	2013	2012
	\$	\$
16. TRADE AND OTHER PAYABLES		
Current		
Trade creditors	224,518	349,764
Customer deposits	33,059	30,063
Payroll liabilities	5,928	6,299
GST	24,306	39,019
Employee benefits	41,103	50,336
Sundry creditors and accruals	<u>58,213</u>	<u>45,366</u>
	<u>387,127</u>	<u>520,847</u>

17. PROVISIONS

Non-current

Long service leave	<u>48,396</u>	<u>37,023</u>
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Movement in provisions

Balance at 1 July	37,023	26,939
Additional provisions	<u>11,373</u>	<u>10,084</u>
Balance at 30 June	<u>48,396</u>	<u>37,023</u>

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

18. FINANCIAL INSTRUMENTS

(a) Financial risk management

(i) Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

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

(ii) Credit risk exposure

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

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

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

(iii) Liquidity risk

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

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

(iv) Market risk

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

The Foundation only holds deposits at call and managed funds and does not trade in derivatives. However, volatility in investments in managed funds may result in some impact on the Statement of Profit or Loss and Other Comprehensive Income.

Currency risk

The Foundation is not exposed to currency risk.

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

18. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management (continued)

(iv) Market risk (continued)

Interest rate risk

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

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

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

Other market price risks

The Foundation is not exposed to other market price risks.

(b) Credit risk

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

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

Maximum exposure to credit risk

		2013	2012
		\$	\$
Financial assets			
Cash and cash equivalents	12	4,543,343	3,941,221
Trade debtors	13	<u>12,303</u>	<u>12,575</u>
Total		<u><u>4,555,646</u></u>	<u><u>3,953,796</u></u>

Financial assets past due but not impaired

	Less than	Overdue			
	30 days	30-60 days	61-90 days	More than	Total
				90 days	
2013					
Trade debtors	11,250	726	327	-	12,303
Total	<u>11,250</u>	<u>726</u>	<u>327</u>	<u>-</u>	<u>12,303</u>
2012					
Trade debtors	7,944	975	-	3,656	12,575
Total	<u>7,944</u>	<u>975</u>	<u>-</u>	<u>3,656</u>	<u>12,575</u>

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

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

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

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

18. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk

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

The Foundation manages liquidity risks through the use of cash and deposits at call. This aims to reduce the exposure to liquidity risk by ensuring the Foundation has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various accounts so as to match the expected duration of the various employee and supplier liabilities.

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

Financial liabilities

	Note	<1 year \$	Payable in 1-5 years \$	>5 years \$	Total \$
2013					
Trade and other payables	16	<u>346,024</u>	<u>-</u>	<u>-</u>	<u>346,024</u>
2012					
Trade and other payables	16	<u>470,511</u>	<u>-</u>	<u>-</u>	<u>470,511</u>

(d) Market risk

The Foundation does not trade in foreign currency and is not materially exposed to commodity price changes. The Foundation is exposed to interest rate risk through its managed funds deposited with DDH Graham Limited. The Foundation does not undertake any hedging in relation to interest rate risk.

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 \$38,275 (2012: \$35,491). 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 \$
2013					
Cash and cash equivalents	4,543,343	<u>(38,275)</u>	<u>(38,275)</u>	<u>38,275</u>	<u>38,275</u>
		<u>(38,275)</u>	<u>(38,275)</u>	<u>38,275</u>	<u>38,275</u>
2012					
Cash and cash equivalents	3,941,221	<u>(35,491)</u>	<u>(35,491)</u>	<u>35,491</u>	<u>35,491</u>
		<u>(35,491)</u>	<u>(35,491)</u>	<u>35,491</u>	<u>35,491</u>

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
19. ACCUMULATED SURPLUS		
Accumulated surplus comprises:		
Unrestricted funds	3,648,984	2,957,185
Restricted funds	<u>605,542</u>	<u>602,969</u>
	<u><u>4,254,526</u></u>	<u><u>3,560,154</u></u>

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

20. INDUSTRY SEGMENT

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

21. CONTINGENT LIABILITIES

The Foundation has no known material contingent liabilities.

22. RECONCILIATION OF SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

Operating result before distribution of grants	1,612,489	1,512,211
Less: Distribution of grants	(918,117)	(1,007,154)
<i>Add non-cash items:</i>		
Depreciation	47,129	61,833
Amounts set aside to provisions	<u>11,373</u>	<u>10,084</u>
Net cash flows provided by operating activities before change in assets and liabilities	752,874	576,974
<i>Change in assets and liabilities during the financial year:</i>		
(Increase)/decrease in receivables	272	2,208
(Increase)/decrease in inventories	(93)	58
Increase/(decrease) in payables	(133,722)	270,605
(Increase)/decrease in prepayments	<u>-</u>	<u>-</u>
Net cash flows from operating activities	<u><u>619,331</u></u>	<u><u>849,845</u></u>

23. RELATED PARTIES

Members

The names of each person holding the position of member of the Foundation during the financial year are: Dr Kenneth Chapman (Chairman), Mr Graham Coonan (Deputy Chairman), Ms Patricia Bailey, Ms Julie Hartley-Jones, Mr Charles Marino, Professor William McBride, Mr Robert McGill, Associate Professor Jane Mills, and Mr Stephen Russell. Mr John Slaven is Secretary.

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

FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

23. RELATED PARTIES (CONTINUED)

Members (continued)

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

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

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

Mr Charles Marino is a partner in Marino Moller Lawyers which provided legal services to the Foundation during the year for which they were paid nil (2012:\$350). These services were provided on a normal arms-length basis.

During the year, the Foundation provided a volunteer service to the Cairns Hospital. This involves the recruiting, coordination and management of a team of volunteers, which provides various services to that hospital and is in line with the objects of the Foundation. For this service the hospital contributed \$39,020 (2012: \$39,020) towards the Foundation's costs in this regard. In addition, the Cairns Hospital received significant benefits by way of equipment donated and benefits sponsored by the Foundation during the year (in accordance with the objects of the Foundation) as set out in Note 11.

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

24. KEY MANAGEMENT PERSONNEL AND REMUNERATION

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

The Chief Executive Officer (CEO) was appointed on 2 February 2004 under a common law contract. The CEO is responsible for the efficient, effective and economic administration of the Foundation. Short term employee benefits of \$119,266 (2012: \$104,093) superannuation benefits of \$10,734 (2012: \$9,368) and non-monetary benefits of \$10,000 were paid to the CEO. The long service leave provision was \$13,549 (2012: \$13,549).

25. COMMITMENTS

During the year ended 30 June 2013, the Board agreed to contribute funding of up to \$700,000 towards the purchase of a new PET/CT scanner for the Cairns and Hinterland Hospital and Health Service.

The Board has also agreed to contribute funding of up to \$1.2 million towards the construction of a children's playground at the Cairns Hospital. At the date of issue of these financial statements, the purchase date and final cost of these commitments was not known.

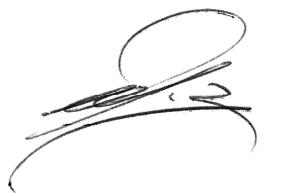
CERTIFICATE OF THE FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

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

- (a) the prescribed requirements in respect of the establishing and keeping the accounts of the Far North Queensland Hospital Foundation have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Foundation for the year ended 30 June 2013 and of the financial position of the Foundation at the end of the year.



Dr Kenneth Chapman
CHAIRMAN



Tony Franz
CHIEF EXECUTIVE OFFICER

Cairns
27 August 2013



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AUSTRALIA

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

As lead auditor of Far North Queensland Hospital Foundation for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Greg Mitchell

Director

BDO Audit (NTH QLD) Pty Ltd

Cairns, 27 August 2013



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AUSTRALIA

INDEPENDENT AUDITOR'S REPORT

To the Board of the Far North Queensland Hospital Foundation

Report on the Financial Report

We have audited the accompanying financial report of the Far North Queensland Hospital Foundation, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the management certificate.

Boards' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Independence

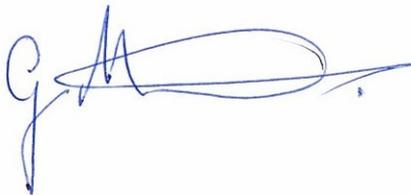
In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Far North Queensland Hospital Foundation for the financial year 1 July 2012 to 30 June 2013 and of the financial position as at the end of that year.



BDO Audit (NTH QLD) Pty Ltd



Greg Mitchell

Director

Cairns, 27 August 2013