

# **Far North Queensland Hospital Foundation**

# **2015-16 Annual Report**

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### Open Data

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

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

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

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

**COMPLIANCE LETTER**

30 August 2016

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

Dear Minister

I am pleased to present the Annual Report 2015-2016 and financial statements for the Far North Queensland Hospital Foundation.

I certify that this Annual Report complies with:

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

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

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

Yours sincerely,



Ken Chapman  
Chairman  
**Far North Queensland Hospital Foundation**

## INTRODUCTION

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

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

### Vision

“Superior Health Care in Far North Queensland”

### Mission

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

### Principal Activities

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

### Strategic Focus

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

### Friends of the Foundation

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

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

## THE YEAR IN REVIEW

The 2015-16 year proved to be another very good year for the Foundation contributing \$1.3 million to improve health care in Far North Queensland. We welcomed back the refurbished Sea Breeze Café and recommenced trading in this facility on 22 July 2015 after its closure on 22 August 2014 to make way for the refurbishment of Blocks A and B at the Cairns Hospital. Another significant achievement during the year was the commencement of the Interactive Patient Station system at Cairns Hospital on 13 July 2015.

On 11 December 2015 the Hospital Foundation handed over the 1.23 million dollar Paediatric Playground Project to the Paediatric Ward at Cairns Hospital and an evening function was held at the playground to mark this very proud moment in the Foundation’s history.

### Summary of Financial Performance

The 2015-16 financial-year was another solid year for the Far North Queensland Hospital Foundation.

Revenue totalled \$4.12 million compared to the previous year’s \$3.56 million, representing an increase of 15.7%. An improvement of \$560,739 in total revenue was largely attributable to the reopening of the Sea Breeze Café.

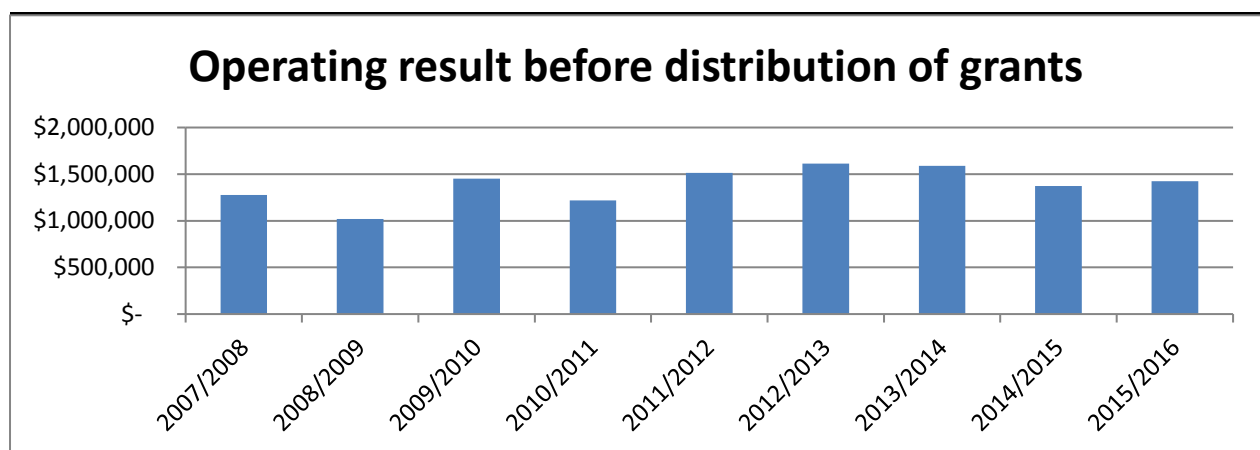
Additionally, the commencement of the Interactive Patient Station system resulted in additional revenue of \$80,118 from television hire.

The Block E car park realised revenue of \$505,050 compared to the previous year's result of \$454,646.

The Foundation's fundraising efforts resulted in a drop of \$81,058 on last year's result. The result was \$1.19 million (revenue before direct costs) which was 6.3% down on the previous year's result of \$1.27 million.

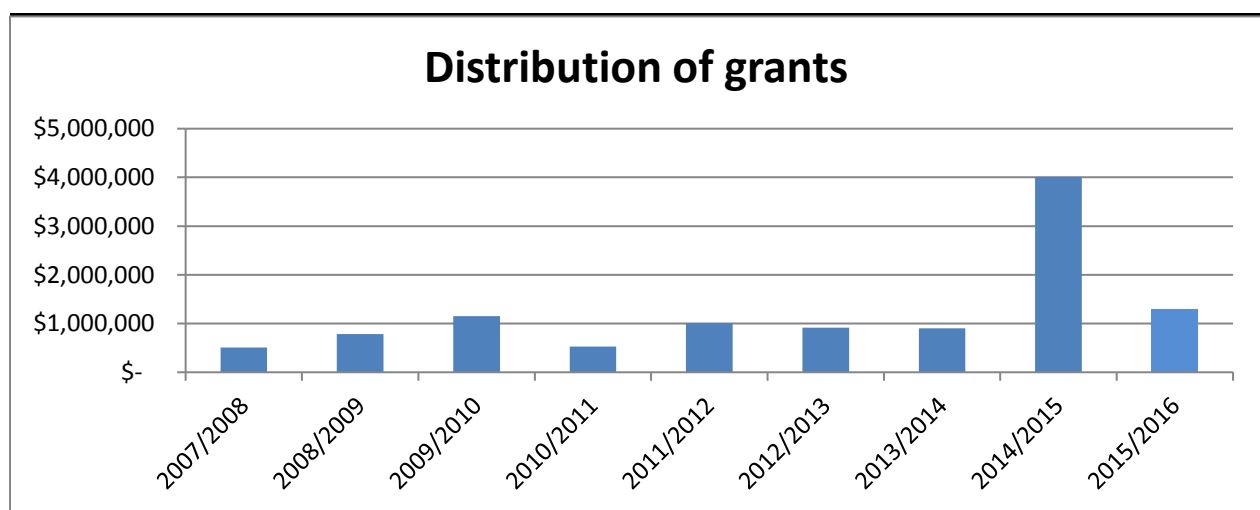
Total expenses were 23.2% above last year, or \$507,952. This increase is largely due to the reopening of the Sea Breeze Café with additional cost-of-sales, employee, supplies and services, and depreciation expenses.

The Foundation posted an operating result, before distribution of grants, of \$1.42 million – which was above the previous year's result of \$1.37 million.



### Grant Funding

The Foundation's grant funding reached an amount of \$1.3 million which was within range of the organisation's remit to provide around \$1 million every year.



Throughout the course of 2015-16 the Foundation's grant funding included the final instalment of \$69,503 for the construction and fit-out costs of a state-of-the-art playground including pool room, staging area, and an arts and crafts room on the roof top of level 2 of Block B adjacent to the Paediatric Ward, additionally the Foundation's final instalment contribution of \$360,778 to the cost of the Interactive Patient Station system at Cairns Hospital.

A Brainlab kick system for spine and trauma navigation for the Operating Theatres at Cairns Hospital was purchased at a cost of \$361,823 along with a Midas Rex Drill for \$58,054.

The Foundation also funded an X-Porte ultrasound kiosk system with stand and three transducers for the Emergency Department at a cost of \$68,000 and a telemetry system to assist with cardiac monitoring in the Paediatric Ward at the Cairns Hospital for \$42,953.

In addition, the Foundation also provided funding of \$58,882 to purchase four Ashley recliner chairs, a Lucas V2 chest compression system and a Philips BIPAP ventilator for the Cardiology Unit at the Cairns Hospital.

The Foundation once again funded the annual research grant awards and the annual competitive grant round for education, training and professional development which came to a combined total of \$66,774.

### **Volunteer Services**

The Foundation's Volunteer Program is now in its 27<sup>th</sup> year. Our volunteer team continues to be the foundation stone of commercial and fundraising activities, and support services to patients, visitors and staff at the Cairns Hospital, as well as a number of other hospitals and clinics in the Cairns and Hinterland Hospital and Health Service. We are extremely fortunate to be able to count on these people to donate their time and skills to help the Foundation achieve its vision.

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

During the course of 2015-16, around 95 Foundation volunteers contributed more than 24,056 hours of unpaid labour to the Cairns Hospital. Hundreds more Foundation volunteers lent their support to fundraising events during the year, devoting a total of around 8,670 hours.

### **Friends of the Foundation**

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

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

Collectively, the Friends raised \$113,000 towards the improvement of healthcare services in their respective communities. During the year, they funded the purchase of:

- An ICare hand-held portable tonometer for the Innisfail Hospital
- An ambulatory blood pressure monitor for the Innisfail Hospital
- Two Carescape B450 monitors for the Innisfail Hospital
- Three Niki T34 syringe drivers for the Innisfail Hospital
- A patient comfort chair with air cell support for the Gordonvale Hospital
- Twenty Four premium and deluxe patient cushions for the Gordonvale Hospital
- An otoscope for the Mareeba 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, 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.

Revenue from our commercial operations totalled \$2.85 million (revenue before direct costs) an improvement on last year's result of \$2.1 million.

- **Sea Breeze Café**

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

- **dCafe**

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

- **Vending Machines**

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

- **Cairns Hospital Block E Car Park**

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

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

- **Television Hire Service**

During the course of 2014-15 and 2015-16 the Foundation contributed a total \$1.6 million towards the Interactive Patient Station system at Cairns Hospital. As a result of this donation the Foundation now receives an income stream through the hire of the entertainment component of this state-of-the-art interactive system.

## **Fundraising**

As previously mentioned the Foundation covers all its administration and operating expenses from the profits generated by the organisation's commercial businesses, including the Sea Breeze Café, dCafe, the Block E hospital car park and the television hire. 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 \$1.3 million towards healthcare services in this region.

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

The Foundation's major purchases this year included:

- A Midas Rex Drill for the Operating Theatres, Cairns Hospital
- A Brainlab kick system for spine and trauma navigation for the Operating Theatres, Cairns Hospital

- An X-Porte ultrasound kiosk system with stand and three transducers for the Emergency Department, Cairns Hospital
- A telemetry system to assist with cardiac monitoring in the Paediatric Ward, Cairns Hospital
- An interactive display board complete with mobile trolley for the Paediatric Ward, Cairns Hospital
- A notebook computer for the Paediatric Ward, Cairns Hospital
- A bladder scanner complete with rolling cart for the Renal Department, Cairns Hospital
- Four Ashley recliner chairs for the Cardiology Unit, Cairns Hospital
- A Lucas V2 chest compression system for the Cardiology Unit, Cairns Hospital
- A Philips BIPAP ventilator for the Cardiology Unit, Cairns Hospital
- An AV400 handheld vein illumination handpiece complete with wheeled hands-free stand for the Croydon Hospital
- Drug cases and trauma kits for the Croydon Hospital
- A suction unit complete with wall mount bracket and vacuum seal canisters for the Croydon Hospital
- A Zoll AED Plus semi-automatic defibrillator for the Croydon Hospital
- A Zoll AED Plus semi-automatic defibrillator for the Georgetown Hospital
- A pan optic ophthalmoscope and macro view otoscope for the Georgetown Hospital

The Foundation also funded the following:

- The final instalment for the construction and fit-out costs of a state-of-the-art playground including pool room, staging area, and an arts and crafts room on the roof top of level 2 of Block B adjacent to the Paediatric Ward, Cairns Hospital
- Contributed to the cost of the Interactive Patient Station system at Cairns Hospital
- The annual Small Research Grants program
- The annual Education, Training and Professional Development Grants program
- The annual Nurse Excellence Awards, Cairns Hospital

## BOARD OF MEMBERS AND GOVERNANCE

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

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

### Board of Members – Role and Responsibility

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

The responsibilities of the Board include:

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



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

### Board of Members – Appointment Criteria

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

- the nominee of the chairperson of the Cairns and Hinterland Hospital and Health Service Board
- a practicing hospital clinician
- senior persons 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
- overall appropriate experience and gender diversity

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

Name	Term	Basis of Appointment
Dr Ken Chapman MB BS (Qld) FAICD FAIM AFRACMA Chairman	Appointed 11 September 2015 Expires 11 September 2016	Dr Chapman is the Chief Executive Officer of Skyrail-ITM and executive director of the Chapman Group of Companies and has experience as a Director, Chairman and President of a number of Boards and Associations including Director of Amalgamated Holdings Limited.
Mr Charles Marino LLB FAICD Deputy Chairman	Appointed 2 August 2013 Expires 2 August 2017	Mr Marino is the Managing Partner of the law firm Marino Moller Lawyers Cairns.
Mr John Andrejic BCom CA Board Member	Appointed 11 September 2015 Expires 11 September 2016	Mr Andrejic is Chief Financial Officer of the Cairns Regional Council.
Ms Patricia Bailey Board Member	Appointed 11 September 2015 Expires 11 September 2016	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 11 September 2015 Expires 11 September 2016 Resigned her position on 10 June 2016	Ms Hartley-Jones is the Chief Executive of the Cairns and Hinterland Hospital and Health Service.
Professor William McBride MB BS DTM&H FRACP FRCPA PhD Board Member	Appointed 11 September 2015 Expires 11 September 2016	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.
Honourable Desley Boyle B.Sc (Hons) Board Member	Appointed 11 September 2015 Expires 11 September 2016	Ms Boyle is an experienced director and former Member of Parliamentarian, Minister and Clinical Psychologist
A/Professor Jane Mills PhD RN MN Med BN FACN Board Member	Appointed 11 September 2015 Expires 11 September 2016	A/Professor Mills is Director of the Centre for Nursing and Midwifery Research at James Cook University and is recognised nationally and

	Resigned her position on 15 December 2015	internationally for her achievements in nursing education and research.
Mr Steve Russell MAICD Board Member	Appointed 2 August 2013 Expires 2 August 2017	Mr Russell is a past member and Chair of the Innisfail and Cairns District Health Councils and is a long term community and health advocate.
Mr Mario Calanna B Pharm FACP FAIM MAACP MAICD Board Member	Appointed 14 June 2013 as Hospital and Health Service Board Chairperson's nominee Expires 17 May 2016 Resigned his position on 17 May 2016	Mr Calanna is Cairns Hospital and Health Service appointee. He is a Pharmacist and CEO of Calanna Pharmacy Group, Fellow of Australian College of Pharmacy, Director of Pharmacy Guild Qld Branch and member and past President of Cairns Rotary Southside. He was City of Cairns Volunteer of the Year in 2004 and Australian Institute of Management Owner/Manager state winner in 2006.
Ms Anita Veivers	Appointed 22 June 2016 as Hospital and Health Service Board Chairperson's nominee Expires 17 May 2017	Ms Veivers has more than 20 years' experience working in disability services. Currently an Executive Director of Centacare, Ms Veivers is also the Chair of the Far North Queensland Regional Disability Advisory Council, and Deputy Chair of the Queensland Disability Advisory Council.

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

Name	Number Eligible to Attend	Number Attended
K Chapman	5	5
J Andrejic	5	4
P Bailey	5	5
J Hartley-Jones	5	4
C Marino	6	6
W McBride	5	4
D Boyle	5	3
J Mills	2	1
S Russell	6	6
M Calanna	5	4
A Veivers	0	0

### Risk Management and Internal Audit Function

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

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

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

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

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

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

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

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

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

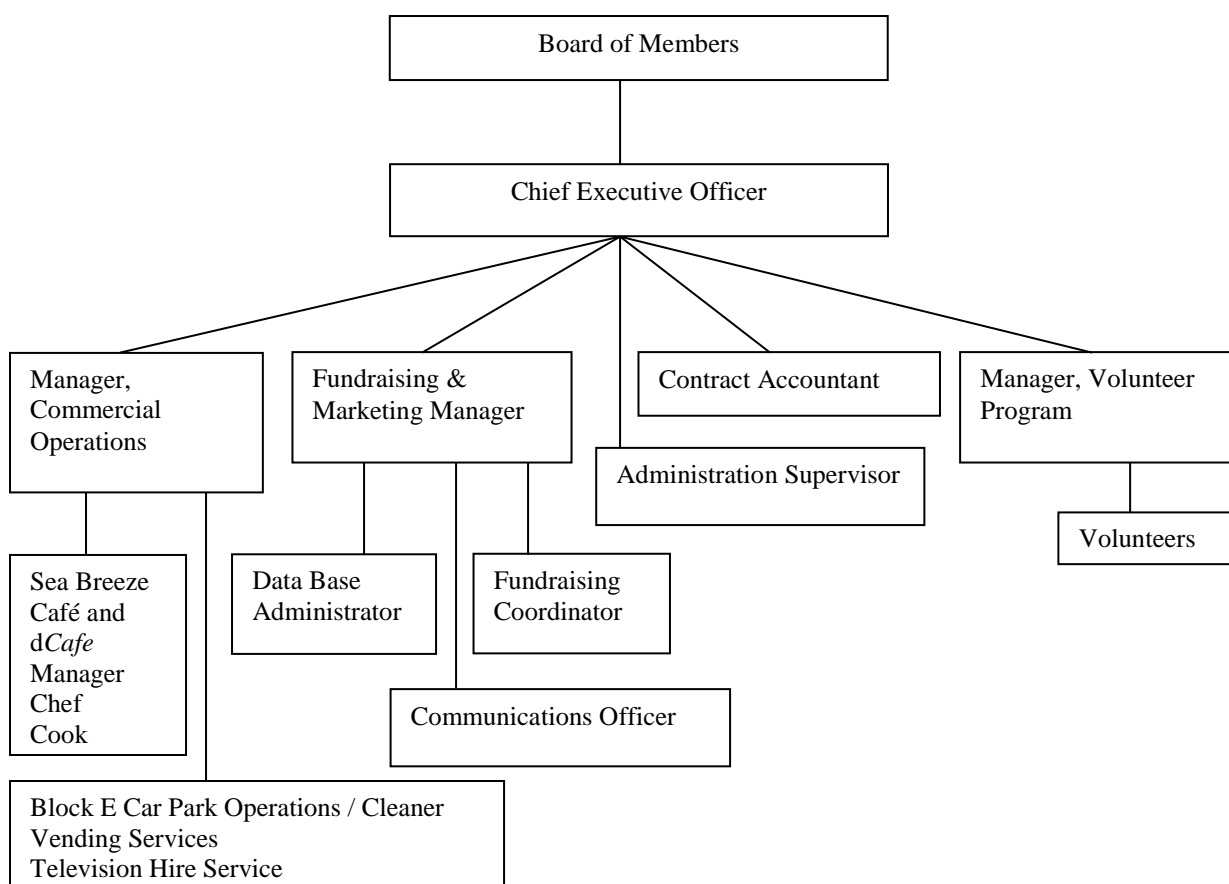
ARRC Members are; Mr John Andrejic (Chair), Mr Ken Chapman and Mr Charlie Marino.

### Information Systems and Record Keeping

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

## HUMAN RESOURCES

### Foundation Organisational Chart



## Senior Management Team

### Tony Franz

Chief Executive Officer – joined the Foundation in February 2004

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

### Steve 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.

## Workforce

The Foundation has a very committed team comprising of both staff and volunteers who are focused on achieving the Foundation's vision, mission and strategic objectives. At June 30, 2016, the Foundation had 21 employees employed on a full-time equivalent basis.

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

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

## Redundancy

During the 2015-16 year there were no payments made due to redundancy, early retirement or retrenchment.

## PUBLIC SECTOR ETHICS ACT 1994

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

Foundation senior management are signatories of this Code of Conduct.

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

## Compliance Checklist – Annual Report

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

Summary of requirement		Basis for requirement	Annual report reference page
	• Audit committee	ARRs – section 15.3	11
	• Internal Audit	ARRs – section 15.4	11
	• Public Sector Renewal Program	ARRs – section 15.5	N/A
	• Information systems and recordkeeping	ARRs – section 15.7	11
Governance – human resources	• Workforce planning, attraction and retention and performance	ARRs – section 16.1	13
	• Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	13
	• Voluntary Separation Program	ARRs – section 16.3	N/A
Open Data	• Open Data	ARRs – section 17	2
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	Financial Statements 25
	• Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	Financial Statements 26-27
	• Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3	Financial Statements 22

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 2016**

# **Far North Queensland Hospital Foundation**

**Financial Statements – 30 June 2016**



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**Far North Queensland Hospital Foundation**  
**Statement of Comprehensive Income**  
**For the period ended 30 June 2016**

	<b>Note</b>	<b>2016</b> \$	<b>2015</b> \$
<b>Income</b>			
Revenue from sale of goods	2	2,852,487	2,108,007
Revenue from fundraising	3	1,197,683	1,278,741
Other	4	<u>76,240</u>	<u>178,923</u>
<b>Total revenue</b>		<u>4,126,410</u>	<u>3,565,671</u>
<b>Expenses</b>			
Cost of sales	5	963,903	706,158
Cost of fundraising	6	198,134	144,223
Employee expenses	7	1,218,145	1,067,284
Other supplies and services	8	186,000	140,615
Depreciation	9	107,438	95,391
Other expenses	10	<u>27,129</u>	<u>39,126</u>
Total expenses		<u>2,700,749</u>	<u>2,192,797</u>
<b>Operating result for the year before distribution of grants</b>		<u>1,425,661</u>	<u>1,372,874</u>
<b>Grants</b>			
Distribution of grants	11	<u>1,295,075</u>	<u>4,011,221</u>
<b>Total comprehensive income</b>		<u>130,586</u>	<u>(2,638,347)</u>

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes*

**Far North Queensland Hospital Foundation**  
**Statement of Financial Position**  
**As at 30 June 2016**

	<b>Note</b>	<b>2016</b> \$	<b>2015</b> \$
<b>Current assets</b>			
Cash and cash equivalents	12	2,016,265	4,294,673
Trade and other receivables	13	21,433	113,335
Inventories	14	25,665	21,129
Prepayments		24,320	20,483
<b>Total current assets</b>		<u>2,087,683</u>	<u>4,449,620</u>
<b>Non-current assets</b>			
Property, plant and equipment	15	759,858	759,124
<b>Total non-current assets</b>		<u>759,858</u>	<u>759,124</u>
<b>Total assets</b>		<u>2,847,541</u>	<u>5,208,744</u>
<b>Current liabilities</b>			
Trade and other payables	16	318,114	2,827,322
Accrued employee benefits	17	18,165	7,865
Provisions	18	64,174	62,892
<b>Total current liabilities</b>		<u>400,453</u>	<u>2,898,079</u>
<b>Non-current liabilities</b>			
Provisions	18	11,372	5,533
<b>Total non-current liabilities</b>		<u>11,372</u>	<u>5,533</u>
<b>Total liabilities</b>		<u>411,825</u>	<u>2,903,612</u>
<b>Net assets</b>		<u>2,435,716</u>	<u>2,305,132</u>
<b>Equity</b>			
Accumulated surplus/(deficit)	19	2,435,716	2,305,132
<b>Total equity</b>		<u>2,435,716</u>	<u>2,305,132</u>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes*

**Far North Queensland Hospital Foundation**  
**Statement of Changes in Equity**  
**For the period ended 30 June 2016**

	<b>Note</b>	<b>Accumulated surplus/ (deficit) \$</b>	<b>Total equity \$</b>
<b>Balance at 1 July 2014</b>		<u>4,943,476</u>	<u>4,943,476</u>
Operating result from continuing operations		<u>(2,638,347)</u>	<u>(2,638,347)</u>
<b>Balance at 30 Jun 2015</b>	<b>19</b>	<u>2,305,129</u>	<u>2,305,129</u>
<b>Balance at 1 July 2015</b>	<b>19</b>	<u>2,305,129</u>	<u>2,305,129</u>
Operating result		<u>130,586</u>	<u>130,851</u>
<b>Balance at 30 Jun 2016</b>	<b>19</b>	<u>2,435,716</u>	<u>2,435,981</u>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes*

**Far North Queensland Hospital Foundation**  
**Statement of Cash Flows**  
**For the period ended 30 June 2016**

	<b>Note</b>	<b>2016</b> <b>\$</b>	<b>2015</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
<i>Inflows:</i>			
Cash receipts from ordinary operations		4,380,154	3,652,791
Interest received		56,911	149,458
GST collected from customers		1,885	2,711
GST input tax credits from ATO		202,158	291,872
<i>Outflows:</i>			
Employee expenses		(1,218,145)	(1,067,284)
Other supplies and services		(1,436,066)	(1,350,079)
Grants		(3,842,044)	(1,463,252)
GST paid to suppliers		(5,410)	(241,098)
GST remitted to ATO		<u>(310,108)</u>	<u>(234,934)</u>
<b>Net cash provided by/(used in) operating activities</b>	21	<u>(2,171,665)</u>	<u>(259,814)</u>
<b>Cash flows from/(used in) investing activities</b>			
Sales of property, plant and equipment		8,182	-
Payments for property, plant and equipment		<u>(114,924)</u>	<u>(553,214)</u>
<b>Net cash from/(used in) investing activities</b>		<u>(106,742)</u>	<u>(553,214)</u>
Net increase/(decrease) in cash and cash equivalents		(2,287,408)	(813,029)
Cash and cash equivalents at the beginning of the financial year		<u>4,294,673</u>	<u>5,107,702</u>
<b>Cash and cash equivalents at the end of the financial year</b>	12	<u><u>2,016,265</u></u>	<u><u>4,294,673</u></u>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes*

**Far North Queensland Hospital Foundation**  
**Notes to the Financial Statements**  
**30 June 2016**

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**Note 1. Objectives and principal activities of the Far North Queensland Hospital Foundation**

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 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 & 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](mailto:ceo@fnqhf.org.au) or visit the Foundation's website [www.fnqhf.org.au](http://www.fnqhf.org.au).

	Note	2016 \$	2015 \$
<b>Note 2. Revenue from sale of goods</b>			
Café		2,182,668	1,572,594
Car Park		505,050	454,646
Telephone		610	890
Television		90,870	10,752
Vending machines		73,289	69,125
		<u>2,852,487</u>	<u>2,108,007</u>

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.

**Note 3. Revenue from fundraising**

Fundraising for general purposes	878,805	870,118
Fundraising for specific purposes	252,055	341,733
Volunteer service	66,823	66,890
	<u>1,197,683</u>	<u>1,278,741</u>

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

	<b>Note</b>	<b>2016</b> \$	<b>2015</b> \$
<b>Note 4. Other revenue</b>			
Interest income		56,911	146,271
Dividend income		-	3,187
Other		17,901	29,465
Profit on sale of fixed assets		<u>1,428</u>	<u>-</u>
		<u>76,240</u>	<u>178,923</u>

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.

**Note 5. Cost of sales**

Café		962,906	704,908
Telephone		667	866
Vending machines		<u>330</u>	<u>384</u>
		<u>963,903</u>	<u>706,158</u>

**Note 6. Cost of fundraising**

Fundraising		172,943	121,422
Volunteer service		<u>25,191</u>	<u>22,801</u>
		<u>198,134</u>	<u>144,223</u>

**Note 7. Employee expenses**

Wages and salaries		1,071,861	957,988
Employer superannuation contributions		101,006	89,714
Workers compensation		7,200	5,661
Other		<u>38,078</u>	<u>13,921</u>
		<u>1,218,145</u>	<u>1,067,284</u>

The number of directly engaged full-time employees as at 30 June 2016 is 21 (2015: 19).

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.

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



	<b>Note</b>	<b>2016</b> \$	<b>2015</b> \$
<b>Note 8. Other supplies and services</b>			
Banking and merchant fees		27,611	21,725
Cleaning		12,578	7,242
Communications		7,804	4,261
Computer expenses		21,318	15,335
Consultants and contractors		13,500	10,500
Consumables		2,027	1,825
Fees and permits		3,307	1,733
Motor vehicle expenses		5,991	9,092
Phone card purchases		3,348	3,690
Printing and stationery		20,562	18,207
Repairs and maintenance		60,890	40,846
Security		4,409	4,154
Travel expenses		2,620	2,005
Sundry		35	-
		<u>186,000</u>	<u>140,615</u>

**Note 9. Depreciation**

Leasehold improvement	70,564	59,584
Plant and equipment	23,833	27,162
Furniture and fittings	5,508	3,827
Motor vehicles	7,533	4,818
	<u>107,438</u>	<u>95,391</u>

The following depreciation methodologies are employed for each class of depreciable assets:

- Property, plant and equipment are 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:

<b>Class</b>	<b>Depreciation rates used</b>	<b>Useful lives</b>
Leasehold improvements	10%	10 years
Plant and Equipment	15% – 25%	5 – 10 years
Furniture and fittings	7.5%	5 – 13.33 years
Motor vehicles	15%	6.67 years

	Note	2016 \$	2015 \$
<b>Note 10. Other expenses</b>			
Audit fees - internal and external		5,000	5,000
Bad debts written off		163	-
Insurance		21,968	21,196
Losses from the disposal of non-current assets		-	10,562
Other legal costs		-	2,368
		<u>27,131</u>	<u>39,126</u>
<i>Remuneration of auditors</i>			
Audit of the financial statements		<u>5,000</u>	<u>5,000</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.

**Far North Queensland Hospital Foundation**  
**Notes to the Financial Statements**  
**30 June 2016**

	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>Note 11. Grants and subsidies</b>			
<b>Cairns Hospital</b>			
Emergency medicine		43,460	91,159
Medicine		36,277	9,473
Foetal surveillance		-	6,150
Intensive care		3,822	3,037
Paediatrics		127,230	1,242,068
Women's health		-	8,335
Palliative care		173	303
Liz Plummer cancer care centre		3,494	33,376
Medical imaging		-	135,399
Mental health		2,486	10,941
Oncology		1,968	842,637
Renal medicine		-	7,874
Surgery		-	16,642
Cardiology		65,709	36,817
Orthopaedics		419,877	-
Diabetes		6,950	227
Other		366,565	1,212,363
Physicians fund		-	13,761
Medical 4 clinics		9,670	1,092
Research		62,525	12,002
Sundry		6,241	15,305
Gordonvale Friends of the Foundation		10,361	53,583
Innisfail Friends of the Foundation		38,457	116,361
Mareeba Friends of the Foundation		4,928	25,380
Cow Bay Friends of the Foundation		343	359
Cooktown Friends of the Foundation		525	15,378
Cooktown MPHS		5,755	12,031
Croydon Hospital		14,253	-
Gordonvale Hospital		4,036	-
Mossman Hospital		2,614	13,208
Innisfail Hospital		-	1,175
Mareeba Hospital		-	11,761
Atherton Hospital		-	25,161
Tully hospital		-	5,500
Forsyth Hospital		-	7,800
Thursday Island Hospital		-	13,380
Cow Bay Clinic		-	591
Cairns North Community Health		-	10,593
Georgetown Hospital		3,771	-
Professional development and training		33,268	-
Coronary care		20,317	-
		<u>1,295,075</u>	<u>4,011,221</u>

	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>Note 12. Cash and cash equivalents</b>			
Cash on hand		54,899	33,004
Cash at bank		289,407	115,167
QTC cash funds		<u>1,671,959</u>	<u>4,146,502</u>
		<u>2,016,265</u>	<u>4,294,673</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 2016 was \$1,671,959 (2015: \$4,146,502) and the annual effective interest rate was 2.85% (2015 2.84%)

**Note 13. Trade and other receivables**

Trade receivables	21,433	29,831
Less: Allowance for impairment of receivables	-	-
	<u>21,433</u>	<u>29,831</u>
 GST input tax credits receivable	 -	 83,504
	<u>-</u>	<u>83,504</u>
	<u>21,433</u>	<u>113,335</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.

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.

*Impairment of receivables*

At the end of each reporting period the Foundation assesses whether there is objective evidence that a financial asset is impaired. Objective evidence includes financial difficulties of the debtor, the class of debtor, changes in debtor credit ratings and current outstanding accounts over 60 days. The allowance for impairment reflects the assessment of the credit risk associated with receivables balances.

No provision for impairment during the financial year has been recognised as all amounts outstanding will be fully collectible.

**Note 13. Trade and other receivables (continued)**

**Ageing of trade receivables 2015**

	<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	20,273	5,398	3,775	385	29,831
Allowance for impairment	-	-	-	-	-
<b>Carrying amount</b>	<b>20,273</b>	<b>5,398</b>	<b>3,775</b>	<b>385</b>	<b>29,831</b>

**Ageing of trade receivables 2016**

	<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	8,318	3,747	6,953	2,415	21,433
Allowance for impairment	-	-	-	-	-
<b>Carrying amount</b>	<b>8,318</b>	<b>3,747</b>	<b>6,953</b>	<b>2,415</b>	<b>21,433</b>

<b>Note</b>	<b>2016</b>	<b>2015</b>
	\$	\$

**Note 14. Inventories**

Café	23,302	18,537
Car parking cards	568	616
Telephone system cards	34	214
Vending machine	1,761	1,762
	<u>25,665</u>	<u>21,129</u>

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 15. Property, plant and equipment**

	Leasehold Improvements \$	Furniture & Fittings \$	Plant and equipment \$	Motor Vehicle \$	WIP \$	Total \$
Net assets received on 1 July 2014	1,299	18,310	48,673	25,398	217,687	311,367
Additions	686,122	16,095	69,180	-	-	771,397
Disposals	-	-	(10,562)	-	-	(10,562)
Transfers out	-	-	-	-	(217,687)	(217,687)
Depreciation expense	(59,584)	(3,827)	(27,162)	(4,818)	-	(95,391)
Carrying amount at 30 June 2015	627,837	30,578	80,129	20,580	-	759,124
Net assets received on 1 July 2014						
At cost/fair value	695,472	51,873	175,271	66,446	-	989,062
Accumulated depreciation	(67,635)	(21,295)	(95,142)	(45,866)	-	(229,938)
Carrying amount at 30 June 2015	627,837	30,578	80,129	20,580	-	759,124
Carrying amount at 1 July 2015	627,837	30,578	80,129	20,580	-	759,124
Additions	27,078	24,866	33,490	29,492	-	114,926
Disposals	-	-	-	(6,754)	-	(6,754)
Depreciation expense	(70,564)	(5,508)	(23,833)	(7,533)	-	(107,438)
Carrying amount at 30 June 2016	584,351	49,935	89,786	35,784	-	759,858
Carrying amount at 1 July 2015						
At cost/fair value	722,550	78,228	208,761	61,612	-	1,071,152
Accumulated depreciation	(138,199)	(28,293)	(118,975)	(25,828)	-	(311,295)
Carrying amount at 30 June 2016	584,351	49,935	89,786	35,784	-	759,858

**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.

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.

**Note 15. Property, plant and equipment (continued)**

*Plant and equipment*

The Foundation has plant and equipment with a written down value of zero 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 physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Foundation determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

An impairment loss is recognised immediately in the Statement of Comprehensive Income.

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.

*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.

*Fair value measurement*

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

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued, and include, but are not limited to, published sales data for land and residual dwellings.

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

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

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

**Note 15. Property, plant and equipment (continued)**

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

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

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

Except for the managed investment scheme, none of the Foundation's valuations of assets and liabilities are eligible for categorisation into level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

	Note	2016 \$	2015 \$
<b>Note 16. Trade and other payables</b>			
Trade and other payables		100,637	2,652,074
Goods and Services Tax		26,732	-
Payroll liabilities		17,516	22,032
Customer deposits		57,729	48,920
Employee benefits		62,664	51,460
Accrued expenses		<u>52,836</u>	<u>52,836</u>
		<u>318,114</u>	<u>2,827,322</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.

**Note 17. Accrued employee benefits**

Salaries and wages accrued	<u>18,165</u>	<u>7,865</u>
	<u>18,165</u>	<u>7,865</u>

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at current salary rates. As Far North Queensland Hospital Foundation expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

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

*Annual leave and long service leave*

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

*Superannuation*

Employer superannuation contributions are paid to the employee's nominated superannuation fund, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are payable.



**Note 17. Accrued employee benefits (continued)**

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.

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.

	<b>Note</b>	<b>2016</b> \$	<b>2015</b> \$
<b>Note 18. Provisions</b>			
<b>Current</b>			
Long service leave		64,174	62,892
		<u>64,174</u>	<u>62,892</u>
<b>Non-current</b>			
Long service leave		11,372	5,533
		<u>75,546</u>	<u>68,425</u>
<b>Movement</b>			
Balance at 1 July		68,425	60,351
Additional provision		<u>7,121</u>	<u>8,074</u>
		<u>75,546</u>	<u>68,425</u>

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.

	Note	2016 \$'000	2015 \$'000
<b>Note 19. Retained surplus</b>			
<b>Accumulated surplus comprises of</b>			
Unrestricted funds		1,734,154	1,667,890
Restricted funds		701,562	637,242
		<u>          </u>	<u>          </u>
<b>Balance at the end of the financial year</b>		<u><u>2,435,716</u></u>	<u><u>2,305,132</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.

## Note 20. 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. Far North Queensland Hospital 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 and measured as follows:

- Cash and cash equivalents - held at fair value through profit or loss
- Receivables - held at amortised cost
- Payables - held at amortised cost

The foundation does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the foundation holds no financial assets classified at fair value through profit or loss.

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

	Note	2016 \$'000	2015 \$'000
Financial assets			
Cash and cash equivalents		2,016,265	4,294,673
Trade and other receivables		<u>21,433</u>	<u>29,831</u>
		<u>          </u>	<u>          </u>
<b>Total financial assets</b>		<u><u>2,037,698</u></u>	<u><u>4,324,504</u></u>
Financial liabilities			
Trade and other payables		<u>318,114</u>	<u>2,898,080</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.

**Note 20. Financial instruments (continued)**

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

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

**(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.

**Note 20. Financial instruments (continued)**

	Note	Payable in			Total
		<1 year	1-5 years	>5 years	
		\$	\$	\$	\$
<b>2016</b>					
Trade and other payables		318,114	-	-	318,114
Accrued employee benefits		18,165	-	-	18,165
Long service leave		64,174	11,371	-	75,545
		400,453	11,371	-	411,824
<b>2015</b>					
Trade and other payables		2,827,322	-	-	2,827,322
Accrued employee benefits		7,865	-	-	7,865
Long service leave		62,892	5,533	-	68,425
		2,898,079	5,533	-	2,903,612

*(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.

**Note 20. Financial instruments (continued)**

**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 \$20,166 (2015: \$41,465). This is predominantly attributable to the Foundation's exposure to variable interest rates on its capital guaranteed cash fund.

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

	Carrying amount \$	-1%		+1%	
		Surplus \$	Equity \$	Surplus \$	Equity \$
<b>2016</b>					
Cash and cash equivalents	2,016,265	(20,163)	(20,163)	20,163	20,163
		<u>(20,163)</u>	<u>(20,163)</u>	<u>20,163</u>	<u>20,163</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 21. Reconciliation of surplus to net cash from operating activities**

	Note	2016 \$'000	2015 \$'000
Operating result for the year		130,586	(2,638,347)
Add: non-cash items:			
Depreciation		107,438	95,391
Gain/loss on disposal of property, plant and equipment		(1,428)	10,562
Amounts set aside to provisions		18,324	(921)
Change in operating assets and liabilities			
Trade and other receivables		8,398	(3,463)
Inventories		(4,537)	(2,745)
Prepayments		(3,838)	(20,483)
Trade and other payables		<u>(2,426,608)</u>	<u>2,300,190</u>
Net cash from operating activities		<u>(2,171,665)</u>	<u>(259,816)</u>

## **Note 22. Contingent liabilities**

The Foundation has no known material contingent liabilities at reporting date.

In relation to the Car Park operated by the Foundation on behalf of the Cairns and Hinterland Hospital and Health Service, there is currently negotiations in progress to determine the requirement of when the Foundation will be required to pay a percentage of profits on the car park. At reporting date this matter is yet to be finalised but is not expected to have a material effect on the financial outcome for the year.

## **Note 23. Key Management personnel disclosures**

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 \$138,892 (2015: \$133,942) superannuation benefits of \$13,195 (2015: \$13,187) and non –monetary benefits of \$9,520 (2015: 10,000) were paid to the CEO. The movement in long service leave entitlements was \$6,417 (2015: -\$427).

## **Note 24. Related parties**

### **Members**

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

The following members resigned their positions during the financial year: Mr Robert McGill on 21 July 2015, Associate Professor Jane Mills on 15 December 2015, Mr Mario Calanna on 17 May 2016 and Ms Julie Hartley-Jones on 10 June 2016.

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

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

Ms Julie Hartley-Jones was 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 (2015:\$2,368). 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 (2015: \$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).

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.

**Note 25. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below.

**(a) Statement of compliance**

The financial statements:

- have been prepared in compliance with section 62(1) of the Financial Accountability Act 2009 and section 43 of the Financial and Performance Management Standard 2009;
- are general purpose financial statements prepared on a historical cost basis, except where stated otherwise;
- are presented in Australian dollars;
- have been rounded to the nearest dollar, unless the disclosure of the full amount is specifically required;
- present reclassified comparative information where required for consistency with the current year's presentation;
- have been prepared in accordance with all applicable new and amended Australian Accounting Standards and Interpretation as well as the Queensland Treasury's Minimum Reporting Requirements for the year ended 30 June 2016, and other authoritative pronouncements.

**(b) Issuance of financial statements**

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.

**(c) Rounding and comparatives**

Amounts in this report have been rounded off to the nearest dollar, or in certain cases, the nearest dollar.

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

**(d) 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 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).

**(e) First Year Application of New Standards or change in Policy**

*Changes in accounting policy*

The Foundation did not voluntarily change any of its accounting policies during 2015-16.

*Accounting standards early adopted for 2015-16*

Two Australian Accounting Standards have been early adopted for the 2015-16 year as required by Queensland Treasury. These are:

*AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]*

The amendments arising from this standard seek to improve financial reporting by providing flexibility as to the ordering of notes, the identification and location of significant accounting policies and the presentation of sub-totals, and provide clarity on aggregating line items. It also emphasizes only including material disclosures in the notes. The Foundation has applied this flexibility in preparing the 2015-16 financial statements, including co-locating significant accounting policies with the related breakdowns of financial figures in the notes.

*Accounting Standards Applied for the First Time in 2015-16*

No new Australian Accounting Standards effective for the first time in 2015-16 had any material impact on this financial report.

**Note 25. Significant accounting policies (continued)**

**(f) New Accounting Standards and interpretations**

Australian Accounting Standards and Interpretations that are not yet mandatory were not early adopted by the Foundation during 2015-16. The Foundation is not permitted to early adopt accounting standards unless approved by Queensland Treasury.

AASB 124 Related Party Disclosures will become effective from reporting periods beginning on or after 1 July 2016. This accounting standard requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities. The Foundation already discloses information about the remuneration expenses for key management personnel in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for the Foundation's financial statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the Foundation are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Foundation's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value. The Foundation will be required to reassess the way its financial assets are classified. However, the impact from these standards has not been assessed at this time.

There are no other standards effective for future reporting periods that are expected to have a material impact on the Foundation.



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

- a) The prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Far North Queensland Hospital Foundation for the financial year ended 30 June 2016 and of the financial position of the Far North Queensland Hospital Foundation at the end of that year; and
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Ken Chapman  
Chairman  
Far North Queensland  
Hospital Foundation

30/08/2016



Tony Franz  
Chief Executive Officer  
Far North Queensland  
Hospital Foundation

30/08/2016



Tel: +61 7 4046 0000  
Fax: +61 7 4051 3484  
[www.bdo.com.au](http://www.bdo.com.au)

Level 1, 15 Lake St  
Cairns QLD 4870  
PO Box 6771 Cairns QLD 4870  
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 2016, 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, 31 August 2016

## INDEPENDENT AUDITOR'S REPORT

To Board of Far North Queensland Hospital Foundation

We have audited the accompanying financial report of Far North Queensland Hospital Foundation, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and Management Certificate.

### Boards' Responsibility for the Financial Report

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

### Auditor's Responsibility

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

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

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



Tel: +61 7 4046 0000  
Fax: +61 7 4051 3484  
[www.bdo.com.au](http://www.bdo.com.au)

Level 1, 15 Lake St  
Cairns QLD 4870  
PO Box 6771 Cairns QLD 4870  
AUSTRALIA

## Independence

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

## Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Far North Queensland Hospital Foundation as at 30 June 2016, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards.

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

**Greg Mitchell**

Director

Cairns, 31 August 2016