

Far North Queensland Hospital Foundation

2016-17 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

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

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CAIRNS QLD 4870

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

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COMPLIANCE LETTER

29 August 2017

The Honourable Cameron Dick MP
Minister for Health and Minister for Ambulance Services
GPO Box 48
BRISBANE QLD 4001

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2016-2017 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*.

A checklist outlining the annual reporting requirements can be found on pages 13 & 14 of this report.

Yours sincerely,



Ken Chapman
Chairman
Far North Queensland Hospital Foundation

INTRODUCTION

The Far North Queensland Hospital Foundation was established on 21 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 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
- Support and advocate for Cairns to become a full tertiary university hospital within a decade
- 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

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, Mossman, Mareeba, Croydon, Gordonvale and Innisfail.

THE YEAR IN REVIEW

The 2016-17 year was a good year for the Foundation which was very fitting given that we celebrated our 20th birthday on 21 March 2017. To mark the occasion, Foundation donors both past and present, along with Cairns and Hinterland Hospital and Health Service executive and staff, and the Hospital Foundation Board, staff and wonderful volunteers were invited to a special morning tea celebration in the auditorium at the Cairns Hospital.

On the back of improved fundraising, the Foundation contributed \$1.4 million to improving health care in Far North Queensland which is our second largest annual handover to date. Every year the Foundation endeavours to provide over \$1 million dollars to health services through the grant funding program and so therefore it was very pleasing to be in a position to contribute well in excess of this goal.

We welcomed Croydon into the fold as our most recent addition to our Friends of the Foundation group as we endeavour to grow this very important community based volunteer fundraising arm of the Foundation.

Summary of Financial Performance

The 2016-17 financial-year was another solid year for the Far North Queensland Hospital Foundation.

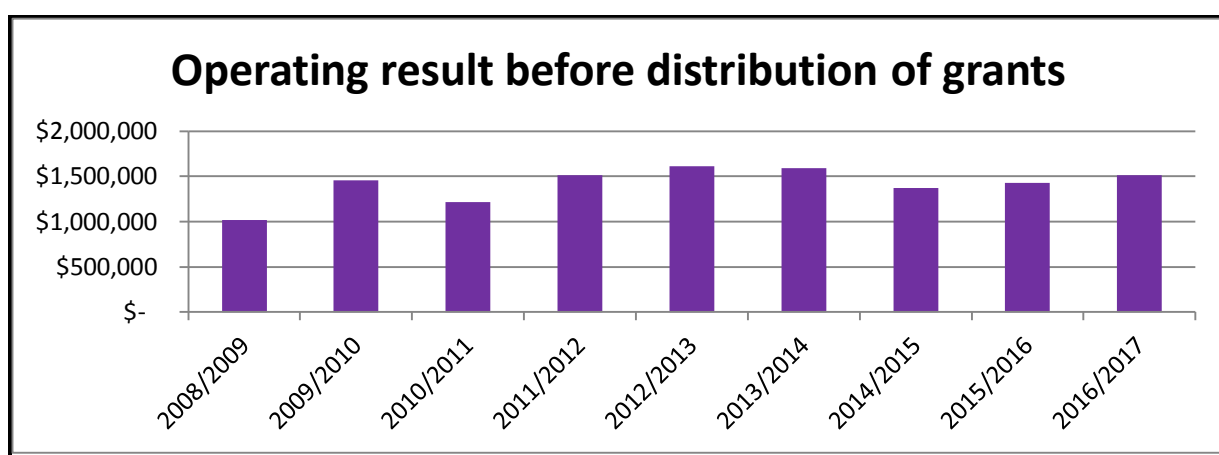
Revenue totalled \$4.22 million compared to the previous year's \$4.12 million, representing an increase of 2.4%. An improvement of \$100,000 in total revenue was attributable to improved fundraising.

The Block E car park realised revenue of \$514,658 compared to the previous year's result of \$505,050.

The Foundation's fundraising efforts realised \$1.3 million (revenue before direct costs) which was 8.6% or \$102,514 above last year's result of \$1.19 million.

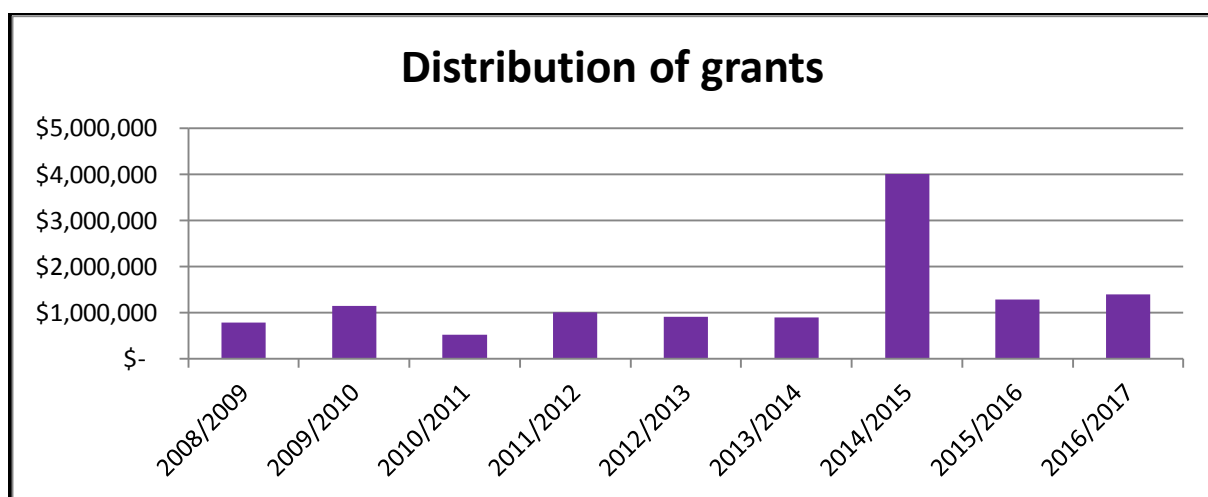
Total expenses at \$2.71 million were very well controlled increasing by only 0.5% on last year, or \$15,423.

The Foundation posted an operating result, before distribution of grants, of \$1.51 million – which was 6% above the previous year's result of \$1.42 million.



Grant Funding

The Foundation's grant funding reached an amount of \$1.4 million which was well within range of the organisation's goal to provide in excess of \$1 million every year and was an increase on the previous year's result of \$1.3 million.



That sum is made up of a \$300,000 contribution to the Cairns Hospital iBus and VitalsLink digital patient vital signs monitoring device integration, \$68,000 for an X-Porte ultrasound kiosk system with stand and two transducers for the Anaesthetics Department, \$121,500 for four Lifepak 15 monitor/defibrillators complete with accessories and power options for the Emergency Department, \$70,000 for colonoscopes for the Innisfail Hospital, \$64,700 for a dental OPG imaging system for the Mossman Hospital, \$58,300 for M-Turbo ultrasound systems for

both the Atherton and Cooktown Hospitals and \$61,000 for i-Stat machines, a bladder scanner, vital signs monitors, a Maxi Move power patient sling lift and a HoverMatt air patient transfer system for the Mareeba Hospital. Additionally, the Foundation funded research grants to the amount of \$72,500 and education & training grants of \$22,000.

Volunteer Services

The Foundation's Volunteer Program is now in its 28th year. Our volunteer team continues to assist with fundraising and commercial activities, 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; assisting with the Paediatric Playscheme Program in the Paediatric Ward; 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 2016-17, around 100 Foundation volunteers contributed more than 24,653 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 9,036 hours.

Friends of the Foundation

Regional 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, Mossman, Mareeba, Croydon, Gordonvale and Innisfail.

Collectively, the Friends raised \$116,000 towards the improvement of healthcare services in their respective communities. During the year, they funded the purchase of:

- a blood collection chair for the Croydon Primary Health Centre
- an emergency cart for the Croydon Primary Health Centre
- an examination light with mobile base for the Croydon Primary Health Centre
- a tourniquet dual channel pump with rolling stand for the Innisfail Hospital
- an infusion pump for the Innisfail Hospital
- thirteen thermometers with large cradles for the Innisfail Hospital
- two pull-out armchairs for the Gordonvale Hospital
- a Digitrak 24 hour patient holter monitoring system for the Mareeba Hospital
- the design, installation and purchase of playground equipment for the Mareeba Hospital
- a hand held oximeter for the Mareeba Hospital
- two breast pumps complete with carry case for the Mareeba Hospital
- a Niki T34 syringe driver complete with lock box, carry pouch and starter kit for the Cow Bay Primary Health Centre.

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 \$2.84 million (revenue before direct costs) which was a slight decline on the previous year's result of \$2.85 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.

- **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.

- **Interactive Patient Station Television Hire Service**

In previous years the Foundation has contributed a total of \$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 \$1.4 million towards healthcare services in this region.

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

The Foundation's major purchases this year included:

- an X-Porte ultrasound kiosk system with stand and two transducers for the Anesthetics Department, Cairns Hospital
- four Lifepak 15 monitor/defibrillators complete with accessories and power options for the Emergency Department, Cairns Hospital

- a GlideScope titanium single use system with premium cart and blades for the Emergency Department, Cairns Hospital
- a blanket warming cabinet on a stand for the Paediatric Ward, Cairns Hospital
- an i-STAT analyser, downloader recharger kit, printer kit, rechargeable power pack, ceramic cartridge and electronic simulator for the Paediatric Ward, Cairns Hospital
- three Regent single sofa beds for the Paediatric Ward, Cairns Hospital
- a spirometer for the Paediatric Ward, Cairns Hospital
- a Gaumard PREMIE blue simulator with Smartskin technology and simulator components for the Special Care Nursery, Cairns Hospital
- a nasal pharyngeal laryngeal portable fibre scope for the Thoracic Department, Cairns Hospital
- cardio vascular imaging (cardiac MRI and CT scans) software package for the Medical Imaging Department, Cairns Hospital
- eight Dyson bladeless fans for the Oncology Unit, Cairns Hospital
- a bladder scanner and mobile cart assembly for the Oncology Unit, Cairns Hospital
- a Delfin moisture meter for Oncology Occupational Therapy, Liz Plummer Cancer Care Centre, Cairns Hospital
- four CADD-Solis VIP pumps for Oncology Pharmacy, Cairns Hospital
- two CADD-Solis VIP pumps for Liz Plummer Cancer Care Centre, Cairns Hospital
- a treatment chair for Oncology Day Unit, Liz Plummer Cancer Care Centre, Cairns Hospital
- endoscopic video equipment for Radiation Oncology Clinics, Oncology Day Unit, Liz Plummer Cancer Care Centre, Cairns Hospital
- contribution to the iBus and Vitals integration, Cairns Hospital
- an Easystand Evolv standing frame for the Physiotherapy Team, Acute Stroke Unit and Rehab Ward, Cairns Hospital
- retrofit of 32 IPS terminals in the Opera Ward, Cairns Hospital
- a dental OPG imaging system for the Mossman Hospital
- two Masimo Radical-5 handheld monitors and a Masimo Radical-7 monitor plus accessories for the Innisfail Hospital
- colonoscopes for the Innisfail Hospital
- two Ashley recliner mobile chairs for the Tully Hospital
- a Sonosite M-Turbo ultrasound system for the Renal Service, Atherton Hospital
- a bladder scanner and mobile cart assembly for the Mareeba Hospital
- two i-STAT analysers, downloader recharger kits, printer kits, rechargeable power packs, ceramic cartridges and electronic simulators for the Mareeba Hospital
- two vital signs monitors complete with mobile stands for the Mareeba Hospital
- a HoverMatt air patient transfer system for the Mareeba Hospital
- a Maxi Move power patient sling lift for the Mareeba Hospital
- a Transforma Gynae couch for the Croydon Primary Health Centre
- a Sonosite M-Turbo ultrasound system for the Renal Service, Cooktown Hospital
- a Nikki T34 standard ambulatory syringe driver complete with lock box, carry pouch, starter kit and training package DVD for each of the Primary Health Care Centres located in Wujal Wujal, Hopevale, Lockhart River, Arukun, Pormpurrav, and Kowanyama.

The Foundation also funded the following:

- the promotional costs for both R U OK day and Mental Health Week
- the artwork and printing costs of a post heart failure booklet
- the annual Research Grants program
- the annual Education, Training and Professional Development Grants program.

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 person from the James Cook University School of Medicine and Dentistry
- the Chief Executive of the Cairns and Hinterland Hospital and Health Service
- members with a strong commercial background
- members with strong accounting and finance skills
- members with strong legal skills
- members with strong community and fundraising expertise
- 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 18 August 2016 For a term from 11 September 2016 to 30 September 2019	Dr Chapman is the Chairman of Skyrail-ITM and executive director of the Chapman Group of Companies and has experience as a Director and Chairman of a variety of organisations including Director of Event Hospitality and Entertainment Limited.
Mr Charles Marino LLB FAICD	Appointed 2 August 2013 Expires 2 August 2017	Mr Marino is the Managing Partner of the law firm Marino Moller Lawyers Cairns.

Deputy Chairman		
Mr John Andrejic BCom CA Board Member	Appointed 18 August 2016 For a term from 11 September 2016 to 30 September 2019	Mr Andrejic is Chief Executive Officer of the Cairns Regional Council.
Ms Patricia Bailey Board Member	Appointed 18 August 2016 For a term from 11 September 2016 to 30 September 2019	Ms Bailey is the Operations Manager and special events co-ordinator for the Cairns District Rugby League.
Professor William McBride MB BS DTM&H FRACP FRCPA PhD Board Member	Appointed 18 August 2016 For a term from 11 September 2016 to 30 September 2019	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 18 August 2016 For a term from 11 September 2016 to 30 September 2019	Ms Boyle is an experienced director and former Member of Parliament, Minister and Clinical Psychologist.
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.
Ms Anita Veivers	Appointed 22 June 2016 as Hospital and Health Service Board Chairperson's nominee Expires 17 May 2017 Resigned her position on 19 September 2016	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.
Mr Terry Mehan		Appointed as Administrator for the Cairns and Hinterland Hospital and Health Service and Hospital and Health Service Board representative.

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

Name	Number Eligible to Attend	Number Attended
K Chapman	6	6
J Andrejic	6	5
P Bailey	6	5
C Marino	6	5
W McBride	6	6
D Boyle	6	2
S Russell	6	5
A Veivers	1	1
T Mehan	4	2

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 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
- the Foundation has well developed financial systems that operate efficiently, effectively and economically
- the existing governance structure and meeting schedule remains adequate
- since inception in 1997 the Foundation has never received a qualified audit

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.

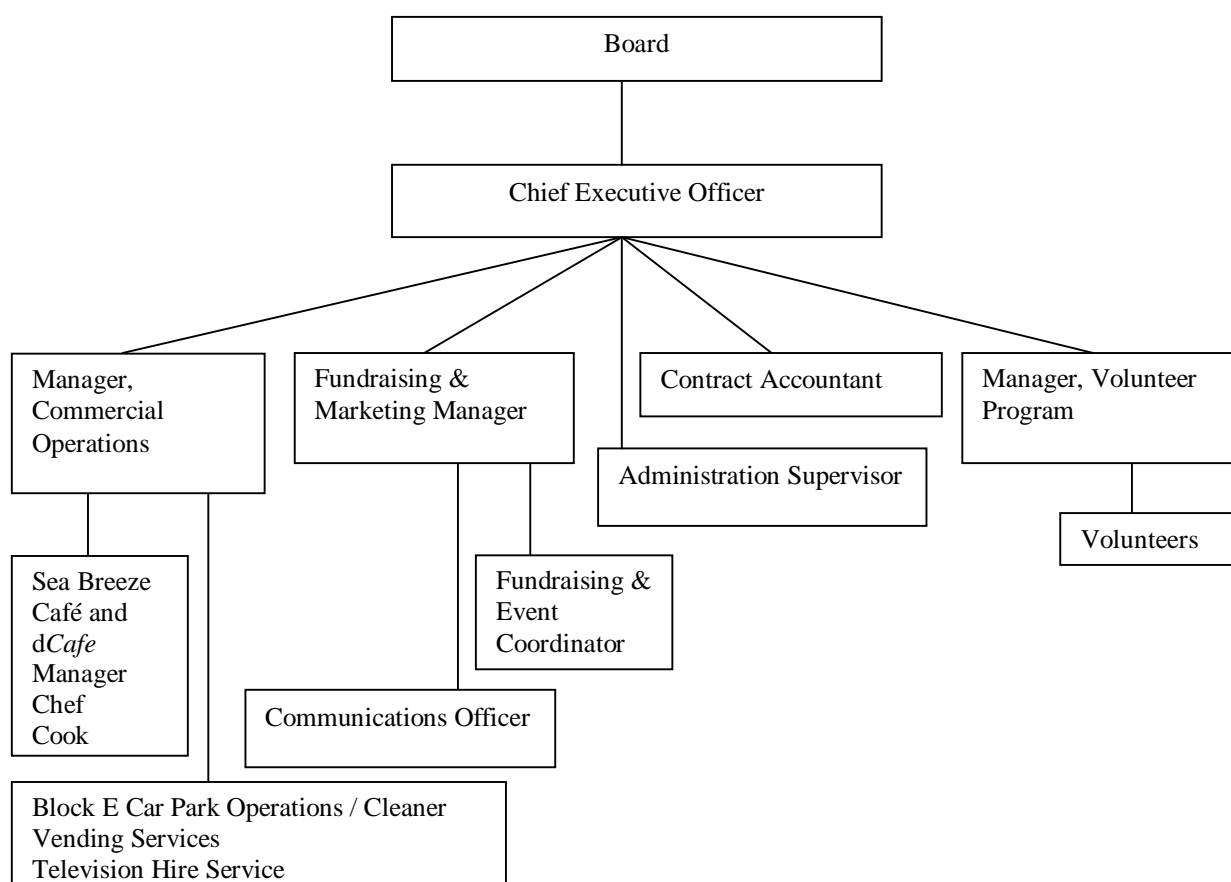
ARRC Members are; Mr John Andrejic (Chair), Mr Ken Chapman and Mr Charlie Marino.

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



Key Management Personnel

Tony Franz

Chief Executive Officer – joined the Foundation in February 2004.

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

Steve McGuinness

Manager, Commercial Operations – joined the Foundation in June 2009.

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

Glenys Duncombe

Fundraising and Marketing Manager – joined the Foundation in September 2004.

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

Anne Chirio

Manager, Volunteer Program – joined the Foundation in June 2003.

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

Workforce

The Foundation has a very committed team comprising of both staff and volunteers who are focused on achieving the Foundation's vision, mission and strategic objectives. At June 30, 2017, 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 2016-17 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 and Minister for Ambulance Services.

Foundation senior managers 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
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	ARRs — section 7	3
Accessibility	<ul style="list-style-type: none"> Table of contents 	ARRs — section 9.1	2
	<ul style="list-style-type: none"> Glossary 		
	<ul style="list-style-type: none"> Public availability 	ARRs — section 9.2	2
	<ul style="list-style-type: none"> Interpreter service statement 	Queensland Government Language Services Policy ARRs — section 9.3	2
	<ul style="list-style-type: none"> Copyright notice 	Copyright Act 1968 ARRs — section 9.4	2
General information	<ul style="list-style-type: none"> Information Licensing 	QGEA — Information Licensing ARRs — section 9.5	2
	<ul style="list-style-type: none"> Introductory Information 	ARRs — section 10.1	4
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs — section 10.2	4-8
Non-financial performance	<ul style="list-style-type: none"> Operating environment 	ARRs — section 10.3	4-8
	<ul style="list-style-type: none"> Government's objectives for the community 	ARRs — section 11.1	4-6
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs — section 11.2	N/A
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs — section 11.3	4-5
Financial performance	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs — section 11.4	N/A
	<ul style="list-style-type: none"> Summary of financial performance 	ARRs — section 12.1	5
Governance — management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs — section 13.1	11
	<ul style="list-style-type: none"> Executive management 	ARRs — section 13.2	12
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs — section 13.3	N/A
	<ul style="list-style-type: none"> Public Sector Ethics Act 1994 	Public Sector Ethics Act 1994 ARRs — section 13.4	12
	<ul style="list-style-type: none"> Queensland public service values 	ARRs — section 13.5	4
Governance — risk management and accountability	<ul style="list-style-type: none"> Risk management 	ARRs — section 14.1	10
	<ul style="list-style-type: none"> Audit committee 	ARRs — section 14.2	10
	<ul style="list-style-type: none"> Internal audit 	ARRs — section 14.3	10

Summary of requirement		Basis for requirement	Annual report reference
	• External scrutiny	ARRs — section 14.4	N/A
	• Information systems and recordkeeping	ARRs — section 14.5	11
Governance — human resources	• Workforce planning and performance	ARRs — section 15.1	12
	• Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> Directive No.16/16 <i>Early Retirement, Redundancy and Retrenchment</i> (from 20 May 2016) ARRs — section 15.2	12
Open Data	• Statement advising publication of information	ARRs — section 16	2
	• Consultancies	ARRs — section 33.1	2
	• Overseas travel	ARRs — section 33.2	2
	• Queensland Language Services Policy	ARRs — section 33.3	2
Financial statements	• Certification of financial statements	FAA — section 62 FPMS — sections 42, 43 and 50 ARRs — section 17.1	Financial Statements 25
	• Independent Auditor's Report	FAA — section 62 FPMS — section 50 ARRs — section 17.2	Financial Statements 26-27

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 2017

Far North Queensland Hospital Foundation

Financial Statements – 30 June 2017

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Far North Queensland Hospital Foundation
Statement of Comprehensive Income
For the period ended 30 June 2017

	Note	2017 \$	2016 \$
Income			
Revenue from sale of goods	2	2,841,223	2,852,487
Revenue from fundraising	3	1,300,197	1,197,683
Other	4	<u>85,719</u>	<u>76,240</u>
Total revenue		<u>4,227,139</u>	<u>4,126,410</u>
Expenses			
Cost of sales	5	932,947	963,903
Cost of fundraising	6	189,519	198,134
Employee expenses	7	1,250,718	1,218,145
Other supplies and services	8	191,409	186,000
Depreciation	9	113,235	107,438
Other expenses	10	<u>38,344</u>	<u>27,129</u>
Total expenses		<u>2,716,172</u>	<u>2,700,749</u>
Operating result for the year before distribution of grants		<u>1,510,967</u>	<u>1,425,661</u>
Grants			
Distribution of grants	11	<u>1,395,343</u>	<u>1,295,075</u>
Total comprehensive income		<u>115,624</u>	<u>130,586</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 2017

	Note	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	12	2,730,826	2,016,265
Trade and other receivables	13	17,806	21,433
Inventories	14	26,060	25,665
Prepayments		26,148	24,320
Total current assets		<u>2,800,840</u>	<u>2,087,683</u>
Non-current assets			
Property, plant and equipment	15	627,361	759,858
Total non-current assets		<u>627,361</u>	<u>759,858</u>
Total assets		<u>3,428,201</u>	<u>2,847,541</u>
Current liabilities			
Trade and other payables	16	754,926	318,114
Accrued employee benefits	17	23,171	18,165
Provisions	18	81,591	64,174
Total current liabilities		<u>859,688</u>	<u>400,453</u>
Non-current liabilities			
Provisions	18	17,173	11,372
Total non-current liabilities		<u>17,173</u>	<u>11,372</u>
Total liabilities		<u>876,861</u>	<u>411,825</u>
Net assets		<u>2,551,340</u>	<u>2,435,716</u>
Equity			
Accumulated surplus/(deficit)	19	2,551,340	2,435,716
Total equity		<u>2,551,340</u>	<u>2,435,716</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 2017

	Note	Accumulated surplus/ (deficit) \$	Total equity \$
Balance at 1 July 2015		<u>2,305,130</u>	<u>2,305,130</u>
Total comprehensive income		<u>130,586</u>	<u>130,586</u>
Balance at 30 Jun 2016	19	<u>2,435,716</u>	<u>2,435,716</u>
Balance at 1 July 2016	19	<u>2,435,716</u>	<u>2,435,716</u>
Total comprehensive income		<u>115,624</u>	<u>115,624</u>
Balance at 30 Jun 2017	19	<u>2, 551,340</u>	<u>2,551,340</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 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
<i>Inflows:</i>			
Cash receipts from ordinary operations		4,467,750	4,380,154
Interest received		59,296	56,911
GST collected from customers		1,528	1,885
GST input tax credits from ATO		147,993	202,158
<i>Outflows:</i>			
Employee expenses		(1,250,718)	(1,218,145)
Other supplies and services		(972,129)	(1,436,066)
Grants		(1,395,343)	(3,842,044)
GST paid to suppliers		(18,536)	(5,410)
GST remitted to ATO		<u>(298,206)</u>	<u>(310,108)</u>
Net cash provided by/(used in) operating activities	21	<u>741,635</u>	<u>(2,171,665)</u>
Cash flows from/(used in) investing activities			
Sales of property, plant and equipment		-	8,182
Payments for property, plant and equipment		<u>(28,075)</u>	<u>(114,924)</u>
Net cash from/(used in) investing activities		<u>(28,075)</u>	<u>(106,742)</u>
Net increase/(decrease) in cash and cash equivalents		713,560	(2,287,408)
Cash and cash equivalents at the beginning of the financial year		<u>2,017,265</u>	<u>4,294,673</u>
Cash and cash equivalents at the end of the financial year	12	<u><u>2,730,826</u></u>	<u><u>2,016,265</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 2017

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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 a not-for-profit entity.

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 or visit the Foundation's website www.fnqhf.org.au.

	2017	2016
	\$	\$
Note 2. Revenue from sale of goods		
Café	2,155,350	2,182,668
Car Park	514,658	505,050
Telephone	378	610
Television	100,291	90,870
Vending machines	<u>70,546</u>	<u>73,289</u>
	<u>2,841,223</u>	<u>2,852,487</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	937,279	878,805
Fundraising for specific purposes	298,286	252,055
Volunteer service	<u>64,632</u>	<u>66,823</u>
	<u>1,300,197</u>	<u>1,197,683</u>

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

	2017	2016
	\$	\$
Note 4. Other revenue		
Interest income	59,296	56,911
Other	26,423	17,901
Profit on sale of fixed assets	<u>-</u>	<u>1,428</u>
	<u><u>85,719</u></u>	<u><u>76,240</u></u>

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

Note 5. Cost of sales

Café	932,243	962,906
Telephone	253	667
Vending machines	<u>451</u>	<u>330</u>
	<u><u>932,947</u></u>	<u><u>963,903</u></u>

Note 6. Cost of fundraising

Fundraising	162,015	172,943
Volunteer service	<u>27,504</u>	<u>25,191</u>
	<u><u>189,519</u></u>	<u><u>198,134</u></u>

Note 7. Employee expenses

Wages and salaries	1,099,671	1,071,861
Employer superannuation contributions	103,403	101,006
Workers compensation	7,671	7,200
Other	<u>39,973</u>	<u>38,078</u>
	<u><u>1,250,718</u></u>	<u><u>1,218,145</u></u>

The number of directly engaged full-time employees as at 30 June 2017 is 21 (2016: 21).

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.

	2017	2016
	\$	\$
Note 8. Other supplies and services		
Banking and merchant fees	32,624	27,611
Cleaning	13,035	12,578
Communications	5,814	7,804
Computer expenses	21,091	21,318
Consultants and contractors	9,000	13,500
Consumables	2,881	2,027
Fees and permits	2,602	3,307
Motor vehicle expenses	4,574	5,991
Phone card purchases	4,729	3,348
Printing and stationery	22,426	20,562
Repairs and maintenance	63,530	60,890
Security	4,533	4,409
Travel expenses	4,495	2,620
Sundry	75	35
	<u>191,409</u>	<u>186,000</u>

Note 9. Depreciation

Leasehold improvement	72,869	70,564
Plant and equipment	25,257	23,833
Furniture and fittings	5,867	5,508
Motor vehicles	9,242	7,533
	<u>113,235</u>	<u>107,438</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:

Class	Depreciation rates used	Useful lives
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

	2017 \$	2016 \$
Note 10. Other expenses		
Audit fees - internal and external	5,000	5,000
Bad debts written off	5,087	163
Insurance	25,542	21,968
Losses from the disposal of non-current assets	-	-
Other legal costs	<u>2,715</u>	<u>-</u>
	<u>38,344</u>	<u>27,131</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.

	2017	2016
	\$	\$
Note 11. Grants and subsidies		
Cairns and Hinterland Hospital and Health Service		
Emergency medicine	137,660	43,460
Medicine	19,471	36,277
Anaesthesia	68,000	-
Intensive care	27,490	3,822
Paediatrics	36,354	127,230
Women's health	833	-
Palliative care	-	173
Liz Plummer cancer care centre	-	3,494
Medical imaging	12,200	-
Mental health	7,558	2,486
Oncology	62,523	1,968
Medicine	351	-
Thoracic	13,058	-
Cardiology	12,071	65,709
Orthopaedics	-	419,877
Diabetes	4,341	6,950
Cairns Hospital - Other	349,872	366,565
Medical 4 clinics	5,619	9,670
Research	72,663	62,525
Sundry	6,156	6,241
Gordonvale Hospital (Friends of the Foundation)	14,649	10,361
Gordonvale Hospital	10,763	4,036
Mareeba Hospital (Friends of the Foundation)	142,769	4,928
Mareeba Hospital	61,169	-
Cow Bay Primary Health Centre (Friends of the Foundation)	6,691	343
Croydon Primary Health Centre (Friends of the Foundation)	4,000	-
Croydon Primary Health Centre	9,586	14,253
Mossman Hospital	67,510	2,614
Innisfail Hospital (Friends of the Foundation)	20,266	38,457
Innisfail Hospital	76,586	-
Atherton Hospital	29,143	-
Tully Hospital	5,239	-
Georgetown Primary Health Centre	-	3,771
Professional development and training	21,838	33,268
Coronary care	39,119	20,317
Torres and Cape Hospital and Health Service		
TCHHS	16,502	-
Cooktown Hospital (Friends of the Foundation)	-	525
Cooktown Hospital	33,293	5,755
	<u>1,395,343</u>	<u>1,295,075</u>

	Note	2017	2016
		\$	\$
Note 12. Cash and cash equivalents			
Cash on hand		33,045	54,899
Cash at bank		341,742	289,407
QTC cash funds		<u>2,356,039</u>	<u>1,671,959</u>
		<u>2,730,826</u>	<u>2,016,265</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 2017 was \$2,356,039 (2016: \$1,671,959) and the annual effective interest rate was 2.49% (2016: 2.85%)

Note 13. Trade and other receivables

Trade receivables	17,806	21,433
Less: Allowance for impairment of receivables	-	-
	<u>17,806</u>	<u>21,433</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 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	-	-	-	-	-
Carrying amount	8,318	3,747	6,953	2,415	21,433

Ageing of trade receivables 2017

	<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	14,848	241	-	2,717	17,806
Allowance for impairment	-	-	-	-	-
Carrying amount	14,848	241	-	2,717	17,806

Note	2017	2016
	\$	\$

Note 14. Inventories

Café	23,784	23,302
Car parking cards	689	568
Telephone system cards	46	34
Vending machine	1,541	1,761
	<u>26,060</u>	<u>25,665</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 \$
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
Net assets received on 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
Carrying amount at 1 July 2016	584,351	49,935	89,786	35,784	-	759,858
Additions	22,340	-	5,735	-	-	28,075
Disposals/transfer	(47,336)	-	-	-	-	(47,336)
Depreciation expense	(72,869)	(5,867)	(25,257)	(9,242)	-	(113,235)
Carrying amount at 30 June 2017	486,486	44,068	70,265	26,542	-	627,361
Carrying amount at 1 July 2016						
At cost/fair value	697,554	78,228	214,496	61,612	-	1,051,890
Accumulated depreciation	(211,068)	(34,160)	(144,231)	(35,070)	-	(424,529)
Carrying amount at 30 June 2017	486,486	44,068	70,265	26,542	-	627,361

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.

	2017 \$	2016 \$
Note 16. Trade and other payables		
Trade and other payables	569,198	100,637
Goods and Services Tax	40,009	26,732
Payroll liabilities	18,761	17,516
Customer deposits	59,378	57,729
Employee benefits	62,080	62,664
Accrued expenses	5,500	52,836
	<u>754,926</u>	<u>318,114</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>23,171</u>	<u>18,165</u>
	<u>23,171</u>	<u>18,165</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.

	2017 \$	2016 \$
Note 18. Provisions		
Current		
Long service leave	81,591	64,174
	<u>81,591</u>	<u>64,174</u>
Non-current		
Long service leave	17,173	11,372
	<u>98,764</u>	<u>75,546</u>
Movement		
Balance at 1 July	75,546	68,425
Additional provision	<u>23,218</u>	<u>7,121</u>
	<u>98,764</u>	<u>75,546</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.

	2017 \$'000	2016 \$'000
Note 19. Retained surplus		
Accumulated surplus comprises of		
Unrestricted funds	1,888,492	1,734,154
Restricted funds	662,848	701,562
	<u>2,551,340</u>	<u>2,435,716</u>
Balance at the end of the financial year	<u>2,551,340</u>	<u>2,435,716</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.

	2017	2016
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	2,730,826	2,016,265
Trade and other receivables	<u>17,806</u>	<u>21,433</u>
Total financial assets	<u><u>2,748,632</u></u>	<u><u>2,037,698</u></u>
Financial liabilities		
Trade and other payables	<u><u>754,926</u></u>	<u><u>318,114</u></u>

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

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

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	
		\$	\$	\$	\$
2017					
Trade and other payables		627,968	-	-	627,968
Accrued employee benefits		23,172	-	-	23,172
Long service leave		81,591	17,173	-	98,764
		<hr/> 732,731	<hr/> 17,173	<hr/> -	<hr/> 749,904
2016					
Trade and other payables		318,114	-	-	318,114
Accrued employee benefits		18,165	-	-	18,165
Long service leave		64,174	11,371	-	75,545
		<hr/> 400,453	<hr/> 11,371	<hr/> -	<hr/> 411,824

(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 \$27,308 (2016: \$20,163). 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 \$
2016					
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>

	Carrying amount \$	-1%		+1%	
		Surplus \$	Equity \$	Surplus \$	Equity \$
2017					
Cash and cash equivalents	2,730,826	(27,308)	(27,308)	27,308	27,308
		<u>(27,308)</u>	<u>(27,308)</u>	<u>27,308</u>	<u>27,308</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

	2017 \$	2016 \$
Operating result for the year	115,624	130,586
Add: non-cash items:		
Depreciation	113,235	107,438
Gain/loss on disposal of property, plant and equipment	-	(1,428)
Amounts set aside to provisions	22,634	18,324
Change in operating assets and liabilities		
Trade and other receivables	3,627	8,398
Inventories	(395)	(4,537)
Prepayments	(1,828)	(3,838)
Trade and other payables	<u>488,738</u>	<u>(2,426,608)</u>
Net cash from operating activities	<u>741,635</u>	<u>(2,171,665)</u>

Note 22. Contingent liabilities

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

Note 23. Commitments

In the board meeting held on 6 June 2017, the board have committed and approved \$231,000 of expenditure for the purchase of items for the Mareeba Hospital along with 4 LifePacks and ECG machine for the Cairns Hospital Emergency Department and a LifePack for Cairns Orthopaedic.

Note 24. Key Management Personnel (KMP) disclosures

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Foundation. This includes the CEO and members of the Management Team of the Foundation. The compensation paid to KMP by the Foundation for the year ending 30 June 2017 comprises:

	2017 \$	2016 \$
Short-term employee benefits	369,194	354,480
Post-term employee benefits	33,800	32,562
Long-term employee benefits	16,556	5,824
	<u>419,550</u>	<u>392,866</u>

Note 25. 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, Professor William McBride, Mr Stephen Russell and Ms Anita Veivers. Mr Terry Mehan attended Board meetings as the appointed administrator for the Cairns and Hinterland Hospital and Health Service and as the Hospital and Health Service Board representative.

The following members resigned their positions during the financial year: Ms Anita Veivers on 19 September 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.

Professor William McBride was 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 Lawyers which provided legal services to the Foundation during the year for which they were paid \$1,551 (2016:Nil). These services were provided on a normal arms-length basis.

During the year, the Foundation provided a volunteer service to the Cairns Hospital. This involves the recruiting, coordination and management of a team of volunteers, which provides various services to that hospital and is in line with the objects of the Foundation. For this service the hospital contributed \$39,020 (2016: \$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 26. 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 2016-17.

Accounting Standards Applied for the First Time in 2016-17

The only Australian Accounting Standard that became effective for the first time in 2016-17 is AASB 124 *Related Party Disclosures*. This standard requires note disclosures about relationships between the foundation and its Key Management Personnel (KMP) remuneration expenses and other related party transactions, and does not impact on the financial statement line items. As Queensland Treasury already required disclosure of KMP remuneration expenses, AASB 124 itself had minimal impact on the foundation's KMP disclosures compared to 2015-16.

Note 26. 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 2016-17. The Foundation is not permitted to early adopt accounting standards unless approved by Queensland Treasury.

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.

AASB 16 Leases will first apply to the Foundation from 1 July 2019. When applied the standard supersedes AASB 117 Leases. AASB 16 Leases introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value. Therefore the majority of operating leases will be reported on the statement of financial position under AASB 16 Leases. There will be an increase in assets and liabilities for the Foundation for assets that are leased. The right of use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use will give rise to a depreciation expense. The Foundation will be required to reassess the way its leases are classified and will need to record assets and liabilities for the leases of D Café and Seabreeze Café which are leased from Cairns and Hinterland Hospital and Health Service.

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers will apply to the Foundation from 1 July 2019. These new standards will have no material impact on the Foundation. The foundation will review any potential impacts on an annual basis.

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 2017 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

29/08/2017



Tony Franz
Chief Executive Officer
Far North Queensland
Hospital Foundation

29/08/2017



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

As lead auditor of Far North Queensland Hospital Foundation for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

Greg Mitchell

Director

BDO Audit (NTH QLD) Pty Ltd

Cairns, 29 August 2017

INDEPENDENT AUDITOR'S REPORT

To the board of Far North Queensland Hospital Foundation

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Far North Queensland Hospital Foundation (the Entity), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion the accompanying financial report presents fairly, in all material respects, financial position of the Entity as at 30 June 2017 and of its financial performance for the year ended on that date in accordance with Australian Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of management and those charged with governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.



BDO Audit (NTH QLD) Pty Ltd



Greg Mitchell

Director

Cairns, 29 August 2017