

far north queensland

hospital foundation

| ANNUAL REPORT 2005 - 2006 |

putting the pieces together
for a **healthier** north

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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.

VISION STATEMENT

"Superior Health Care Provision in Far North Queensland."

MISSION STATEMENT

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

PRINCIPAL ACTIVITIES

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



MEMBERS OF THE FOUNDATION

MEMBERS OF THE FOUNDATION, WHO ARE APPOINTED BY THE GOVERNOR IN COUNCIL, ARE DRAWN FROM THE BUSINESS AND MEDICAL COMMUNITIES.

Members of the Far North
Queensland Hospital Foundation
for the year 2005/2006

CHAIRMAN

Dr Ken Chapman MB BS (Qld)
- appointed for a term of 3 years
expiring 23 March 2008

DEPUTY CHAIRMAN

Mr Russell Beer LLB
- appointed for a term of 4 years
expiring 23 March 2008

MEMBERS

Mr Graham Coonan BCom. FCA
Professor Caroline de Costa
Mr Philip Cammish
(resigned 16 December 2005)
Mr James Hardy
(resigned 18 April 2006)
- appointed for a term of 3 years
expiring 23 March 2008

Mrs Cheryl Campbell
- appointed for a term of 4 years
expiring 23 March 2008

Mr Scott Thompson
Ms Patricia Bailey
- appointed for a term of 3 years
expiring 23 March 2006

Cairns District Health Council
Mr Theo Bacalakis
- appointed as ex officio member

SECRETARY

Mr Brett Grosser



*During the year eight meetings of the Far North
Queensland Hospital Foundation were held.*



CHAIRMAN'S REPORT

2006 was a record year for the Far North Queensland Hospital Foundation. All business units performed admirably and with results exceeding budget expectations. The Foundation is also increasingly recognised as the North's leading local charity and we are seeing that recognition flow into fundraising with over \$500,000 raised during the year.

Because our commercial business operations generate a surplus after covering all overheads and operational costs of the Foundation, every dollar raised through fundraising is guaranteed to flow straight to where it is needed; to improving health care by funding medical equipment, education, research and support for staff and patients.

In the year in review the Foundation spent \$383,000 on donations to health care services and is well placed to increase this contribution in coming years. Our volunteers lightened the burden for patients, visitors and staff throughout the year and deserve our most sincere thanks. The Sea Breeze Café,

car park, vending machines, television and telephone services all contributed to making the hospital a nicer place to visit and Tony Franz and his team should be proud of their efforts in delivering these services and generating profits to be plowed back into health care in the region. My personal thanks also to the members of the board of the Foundation for your support and giving of your time so freely for this worthwhile cause.

By Dr Ken Chapman.



THE YEAR IN REVIEW

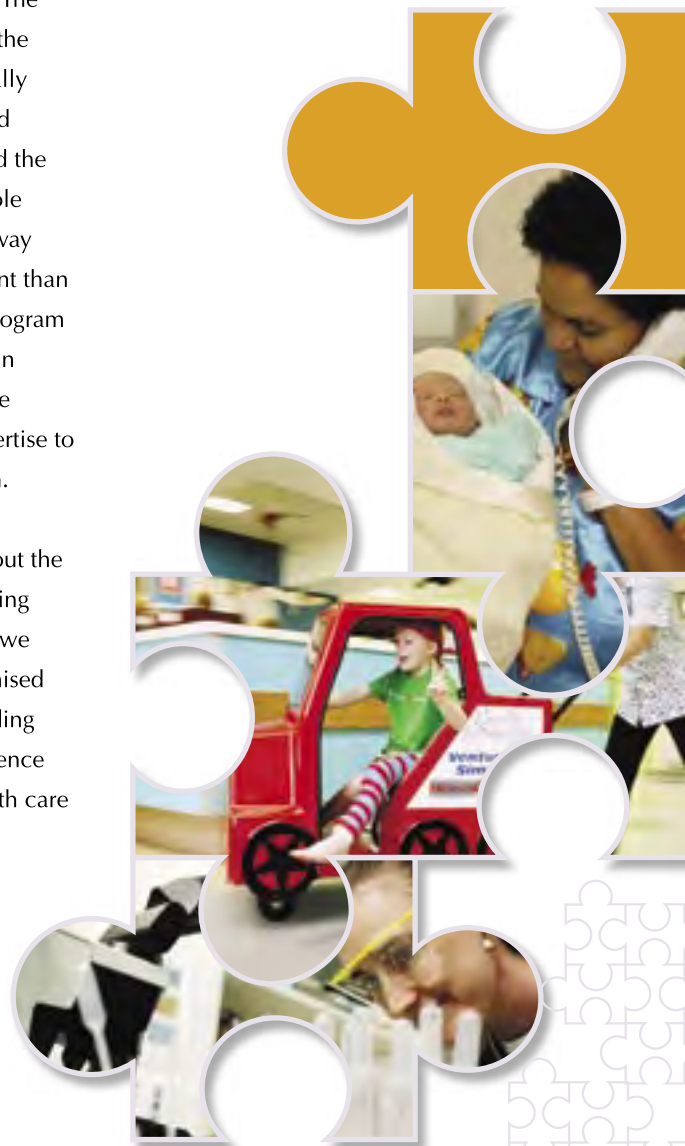
The 2005/2006 year was a great year for the Far North Queensland Hospital Foundation. The Foundation continued to make improvements to the profitability of the commercial operations along with improvements to revenue derived from Fundraising activities and events. The Sea Breeze Café, television service and the telephone system ensured that patients and visitors were continually provided with quality services that made their visit to the hospital more comfortable and reassuring.

The Sea Breeze Café has established itself as an integral part of hospital life, providing quality services in a beautiful setting. The television and telephone systems have made a patient's visit to the hospital more comfortable and our vending services along with our management of the Automatic Teller Machine ensure patients and visitors easy access to a variety of products.

The Foundation continues to develop its presence throughout the community and make a real impact on the quality of health care in the Far North. During the year the Foundation made more than \$383,000 in donations towards the improvement of our local health services.

The Foundation continues to provide essential non-medical support to the patients, visitors and staff at Cairns Base Hospital. The assistance provided through the Volunteer Program is especially important as visitors are faced with finding their way around the hospital environment. Our role in helping people find their way around is now more important than ever before. The Volunteer Program also plays an important role in regional health services as we expand our support and expertise to groups throughout the region.

Our many activities throughout the year along with our re-branding saw our profile enhanced as we progressively become recognised as one of the Far North's leading charities making a real difference to the provision of local health care services.



THE YEAR IN REVIEW

VOLUNTEER SERVICES

Celebrating its 17th year, the Volunteer Program continues to provide a most valuable service to the patients, visitors and staff of the Cairns Base Hospital. We should always acknowledge the contributions of these people who donate their time and skills to the Foundation's vision.

Foundation staff have concentrated on maximising the efforts of our many volunteers and ensuring that their contribution really does make a difference. Volunteers provide important services that benefit everyone who visits the hospital. These services range from operating the internal mail trolley, manning the information desks, providing clerical and admin support services and generally assisting wherever possible in and around Cairns Base Hospital. These marvellous people have also been busy working with the Foundation's commercial and fundraising activities and their contributions are telling.

The success of the Volunteer Program has reached far and wide as we continue to recruit many new volunteers through word of mouth and testimonials. It has been said

that our best advertisement are the conversations that occur on the bus as our volunteers share their experiences and pleasure from their day's work at the hospital. With our bright uniforms we can't be missed. We are indebted to all those volunteers who gave of their time and efforts.

COMMERCIAL OPERATIONS

The Foundation manages a number of commercial operations that provide it with a sound business base - a platform from which its other activities can operate and at the same time maximise the funds that are available to be donated back into health care services.

Solid revenue growth of just under 12% to a total of \$1.47 million was realised from our commercial operations which resulted in a growth profit of \$0.91 million which was 62% of total revenues derived from our commercial departments.

Sea Breeze Café

The Sea Breeze Café provides quality food and retail services to the patients, staff and visitors to the hospital in a magical location overlooking the Cairns esplanade.

At the same time it generates substantial funds that are donated back into health care services. It has indoor and outdoor dining for up to 60 people and has a view to rival any in Cairns. We are very proud that we have created a comfortable and scenic environment for people to relax whilst visiting or working at Cairns Base Hospital. The café has indeed become an integral part of life at the hospital.

The coffee served at the café is just wonderful and the freshly baked muffins are the perfect accompaniment. As well as the great food there is a range of gift items, toys, toiletries, magazines, etc that will make a visit to the hospital more comfortable.

The 2006 year saw an increase in café revenue of just under 11%. The improved revenue resulted in an 11% improvement to the gross profit.



THE YEAR IN REVIEW

Vending machines

The Foundation coordinates and manages a variety of vending services that include 7 soft drink machines, 5 snack food machines, and 2 Health Station vending machines. Six phoneaway/phonecard machines support the telephones installed by the Foundation at each bedside throughout the Cairns Base Hospital. We also manage the Automatic Teller Machine, a very necessary service provided by the Foundation.

The combined revenue derived from these departments improved on last year by just over 1%, however the work done on improving the costs associated with operating the vending machines and telephone system, resulted in an improvement to the gross profit of almost 14%.

Car park

The car park continues to provide a crucial service to the hospital's staff and visitors. As roadside parking is scarce around the hospital campus, the provision of 400 undercover parking spaces provides a secure and comfortable environment and meets the large demand. The \$4.00 entry fee is a small investment for the security and ease of parking on site at the hospital. The car park has video surveillance and security guard patrols ensuring a safe environment for the vehicles and their drivers. This is especially important for hospital staff after hours.

The car park also accommodates a large number of hospital pool vehicles ensuring quick and easy access for staff. Access to the car park can also be activated through the staff proximity card and paid for through payroll deductions. The Foundation offers free parking to visiting medical officers and the Clergy enabling them easy access in emergencies 24 hours per day.

Revenue from the car park increased by over 26% which in turn improved the gross profit by the same margin, just over 26%.

Television

The Foundation installed and operates the integrated multi-access television system throughout the hospital. This offers a rental service that gives patients five free to air channels, five pay-TV channels, an information/educational channel and four radio channels. The system is self-access allowing patients to view the television immediately without the involvement of hospital staff. A Foundation staff member visits each bed daily to check the TV and collect rental payment. The benefits of this service have been acknowledged by everyone involved as it provides patients with some of the comforts of home without being a burden on medical and nursing staff.



THE YEAR IN REVIEW

FUNDRAISING

The Foundation once again witnessed continued improvement in fundraising income and it was an extremely successful year with more than \$519,000 raised. Local businesses and the public embraced our major fundraising activities. Some of the major events and organisations that contributed were:

- Caitlyn Wallwork Appeal
- Wayne Leonard's Cairns to Mission Beach Motorcycle Muster
- Carley's Car Rally
- ANZ Bank Charity Golf Day
- Diabetes Golf Day
- Holiday Inn Cairns Golf Day
- Give Me 5 For Kids
- Cairns Central Xmas Wrap
- Cairns Amateurs Hats and High Tea
- Rise & Shine Breakfast
- Cape York Trailers
- Cairns Central Shopping Centre

along with other supporters whose contributions were important in achieving this goal.

The Foundation formed a number of strong partnerships with local businesses and service organisations that made donations in pursuit of our goals. Many thanks to all who supported us throughout the year and special thanks to our major supporters.

ACHIEVING OUR AIMS

In striving towards our Vision of "Superior Health Care Provision in Far North Queensland" the Foundation made over \$383,000 in donations to health care services. This figure is supplemented by the many services and tasks undertaken by the Foundation and its volunteer team. Many of the services provided by the Foundation have become an integral part of hospital life. One can only imagine the financial benefit of these services to the community if it was costed appropriately.



ACHIEVING OUR AIMS

THE FOLLOWING IS A LIST OF THE FOUNDATION'S MAJOR PURCHASES AND ACHIEVEMENTS OF THE YEAR:

- Purchased an oxygen blender for the Intensive Care Unit
- Purchased an Aquarius haemo-filtration machine for the Intensive Care Unit
- Funded the refurbishment of the mothers room in the Special Care Baby Unit
- Purchased a washing machine for the Special Care Baby Unit
- Purchased a refrigerator for the Special Care Baby Unit
- Purchased 2 Medela phototherapy lamps for the Special Care Baby Unit
- Purchased 5 respiration monitors for the Special Care Baby Unit
- Purchased a bassinet trolley for the Special Care Baby Unit
- Purchased 2 recliners for the Paediatrics Ward
- Purchased 4 electric beds for the Paediatrics Ward
- Purchased a Graseby syringe driver for the Paediatrics Ward
- Purchased a Lifepak 20 defibrillator for the Paediatrics Ward
- Purchased a Laerdal suction unit for the Paediatrics Ward
- Purchased a handheld pulse oximeter for the Paediatrics Ward
- Purchased a clothes drier for the Birthing Suites
- Funded the refurbishment of the burns bathroom and a multi sensory room in the Paediatrics Ward
- Funded the redecorating of room 8 Birthing Suite
- Purchased a Lifepak 20 defibrillator for the Birthing Suites
- Purchased 4 electronic thermometers for the Women's Health Unit
- Purchased art supplies for Cairns Integrated Mental Health Program - Consumer Art Expo for Mental Health Week
- Funded the purchase of t-shirts for Mental Health Week
- Funded conference registration fees for 2 attendees at the 15th Annual Mental Health Services Conference
- Purchased a Lifepak 20 defibrillator for the Mental Health Unit
- Purchased a Schwinn Windrigger rowing machine for Cardiology
- Purchased a Lifepak 20 defibrillator for the Medical Imaging Unit
- Funded a Community Health Scholarship for the Oral Health Unit
- Funded the kids with diabetes camp/family weekend
- Funded the Lesley Gabriel Scholarship enabling staff members to further their training in diabetes education
- Purchased a Dana insulin pump for the Diabetes Centre
- Purchased a Lifepak 20 defibrillator for the Rehabilitation Unit
- Purchased a Lifepak 20 defibrillator for the Endoscopy Unit
- Purchased 2 Pegasus Cairwave mattresses for the Cairns Base Hospital
- Purchased 10 wheelchairs for the Cairns Base Hospital
- Purchased a Lifepak 12 defibrillator for the Cairns Base Hospital
- Purchased weight appropriate self care and mobility aids for the Cairns Base Hospital
- Funded the nursing research project at the Cairns Base Hospital
- Purchased 2 Gemstar pain management infusers for the Cairns Base Hospital
- Funded rental fees and the commissioning/decommissioning of the Vitalcall alarm service for numerous palliative care patients
- Assisted the Friends of the Foundation to make numerous donations to the health services in their local communities
- The Foundation continues to provide important support services to the patients, visitors and staff in hospitals across the Far North

THE FUTURE...

The Foundation is a dynamic not-for-profit organisation that is making a real contribution to the quality of health care provision in Far North Queensland.

The Foundation is financially strong and has again experienced continued growth over the past twelve months. This included the growth of commercial income streams that will ensure that the Foundation continues to deliver support to hospitals in a professional and efficient manner.

The Foundation relies on the support of many volunteers and donors. These people have enormous influence on the Foundation and ultimately on the way local health care services are provided. Their donation of either time or money is precious. They are the core of the Foundation and its inspiration.



INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
Revenue			
Revenue from sale of goods	2 (a)	1,471,796	1,315,653
Revenue from fundraising	2 (b)	519,239	392,405
Interest	3	25,309	10,449
Total revenue		2,016,344	1,718,507
Expenses			
Cost of sales	2 (a)	560,499	520,512
Cost of fundraising	2 (b)	73,133	43,707
Employment expenses	4	563,544	520,939
Supplies and services	5	113,720	86,726
Other	6	20,288	21,702
Depreciation	7	74,806	72,886
Finance costs		-	6,976
Total expenses		1,405,990	1,273,448
Surplus before distribution of grants		610,354	445,059
Distribution of grants	8	(383,473)	(249,490)
Surplus for the year	17	226,881	195,569

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

RETAINED SURPLUS			
Balance at 1 July		652,356	456,787
Surplus for the year		226,881	195,569
Balance at 30 June		879,237	652,356

The income statement and the statement of changes in equity are to be read in conjunction with the accompanying notes to the financial statements.



BALANCE SHEET AS AT 30 JUNE 2006

	Note	2006 \$	2005 \$
CURRENT ASSETS			
Cash and cash equivalents	9	677,422	371,744
Receivables	10	22,424	8,763
Inventories	11	14,601	15,448
Other assets	12	7,124	8,360
Total current assets		721,571	404,315
NON-CURRENT ASSETS			
Property, plant and equipment	13	325,082	363,280
Total non-current assets		325,082	363,280
Total assets		1,046,653	767,595
CURRENT LIABILITIES			
Payables	14	144,850	99,414
Employee benefits	15	17,682	14,709
Total current liabilities		162,532	114,123
NON-CURRENT LIABILITIES			
Employee benefits	15	4,884	1,116
Total non-current liabilities		4,884	1,116
Total liabilities		167,416	115,239
Net assets		879,237	652,356
EQUITY			
Retained surplus	17	879,237	652,356
Total equity		879,237	652,356

The balance sheet is to be read in conjunction with the accompanying notes to the financial statements.



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		2,122,392	1,853,512
Cash payments in the course of operations		(1,341,293)	(1,244,389)
Distribution of grants	8	(383,473)	(249,490)
Interest received		25,309	10,449
Borrowing costs		-	(6,976)
GST collected from customers - paid to ATO		(144,172)	(128,130)
GST paid to suppliers - refunded by ATO		63,522	50,196
Net cash provided by operating activities	19	342,285	285,172
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(36,608)	(8,412)
Net cash used in investing activities		(36,608)	(8,412)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(107,594)
Net cash used in financing activities		-	(107,594)
Net increase in cash and cash equivalents		305,677	169,166
Cash and cash equivalents at 1 July		371,744	202,578
Cash and cash equivalents at 30 June	9	677,421	371,744

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB). International Financial Reporting Standards (IFRSs) form the basis of AASBs and for the purpose of this report are called

Australian equivalents to International Financial Reporting Standards (AIFRSs) to distinguish them from previous Australian Generally Accepted Accounting Principles (previous GAAP).

This is the Foundation's first financial report prepared in accordance with Australian Accounting Standards being AIFRSs and AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied. The transition to AIFRSs has not affected the reported financial position, financial performance and cash flows of the Foundation for the years ended 30 June 2005 and 30 June 2006.

The AASB has issued amendments to existing standards. The Foundation has elected to early adopt AASB 119 *Employee Benefits* (December 2004) and AASB 2005-5 *Amendments to Australian Accounting Standards*.

Except where otherwise stated, the financial report has been prepared in accordance with the historical cost basis.

(b) Revenue

(i) Sales revenue

Sales revenue comprises revenue earned from the provision of products or services to hospital staff and third parties. Sales revenue is recognised when the goods are provided or when the fee in respect of services provided is receivable.

(ii) Fundraising revenue

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

(iii) Interest income

Interest income is recognised as it accrues.

(c) Cash and cash equivalents

For the purposes of the balance sheet and the cash flow statement, cash and cash equivalents include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions. It also includes investments with short periods to maturity that are readily convertible to cash on hand at the Foundation's or issuer's option and that are subject to a low risk of changes in value.

(d) Receivables

Trade debtors are initially recognised at the nominal amounts due at the time of sale or service delivery. 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. All known bad debts were written-off as at 30 June.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition.

Net realisable value is determined on the basis of the Foundation's normal selling patterns.

(f) Property, plant and equipment

(i) Acquisitions of assets

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

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, and all other establishment costs.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Depreciation

Items of property, plant and equipment are depreciated using the straight-line method over their estimated useful lives.

The depreciable amount of improvements to a leasehold property is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter.

For each class of depreciable asset, the following depreciation rates are used:

	2006	2005
Leasehold improvements	10%	10%
Plant and equipment	20%	20%
Furniture and fittings	20%	20%
Specialised hire equipment	20%	20%

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(iii) Impairment

The carrying amounts of the Foundation's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. 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 costs.

(g) Payables

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

(h) Employee benefits

(i) Wages, salaries, recreation leave and sick leave

Wages, salaries, recreation leave due but unpaid at reporting date are recognised in the balance sheet at the remuneration rates expected to apply at the time of settlement and include on-costs such as payroll tax, workers compensation insurance and employer superannuation contributions.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Foundation's obligations.

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. Sick leave is non-vesting and an expense is recognised for this leave as it is taken.

(ii) Long service leave

The Foundation's obligation in respect of long service leave is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Foundation's obligations.

(iii) Defined contribution superannuation funds

The Foundation contributes on behalf of its employees to various industry defined contribution superannuation funds and the contributions are expensed as incurred on a monthly basis.

(i) Services received free of charge

The Foundation receives support for its activities from the Cairns District Health Service. This support is primarily in the form of office accommodation and associated services. It is not practicable to accurately quantify the value of this support and accordingly it has not been recognised in this financial report.

(j) Income tax

The Foundation has been granted exemption from income tax under section 50-B of the Income Tax Assessment Act 1997, FBT exemption under section 123C of the Fringe Benefits Tax Assessment Act 1986 and GST concessions under Division 176 of A New Tax System (Goods and Services Tax) 1999 (GST). As such, GST credits receivable from/payable to the Australian Taxation Office are recognised and accrued.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
2. REVENUE		
(a) Revenue from sale of goods		
Sales revenue		
Sea Breeze Cafe	1,039,492	940,257
Vending machines	59,804	57,714
Telephone	32,273	33,370
Television	78,555	80,621
Car park	225,543	178,785
Sundry	36,129	24,906
	-----	-----
	1,471,796	1,315,653
	-----	-----
Cost of sales		
Sea Breeze Cafe	505,697	461,477
Vending machines	24,762	24,755
Telephone	22,969	27,342
Television	7,071	6,938
	-----	-----
	560,499	520,512
	-----	-----
Gross profit		
Sea Breeze Cafe	533,795	478,780
Vending machines	35,042	32,959
Telephones	9,304	6,028
Television	71,484	73,683
Car park	225,543	178,785
Sundry	36,129	24,906
	-----	-----
	911,297	795,141
	=====	=====

	2006 \$	2005 \$
(b) Revenue from fundraising		
Fundraising and other contributions		
Fundraising for general purpose	377,664	202,310
Fundraising for specific purposes	84,123	133,583
Volunteer service	50,343	49,767
Specialised equipment scheme	7,109	6,745
	-----	-----
	519,239	392,405
	-----	-----
Cost of fundraising		
Fundraising	39,731	14,546
Volunteer service	27,745	25,440
Specialised equipment scheme	5,657	3,721
	-----	-----
	73,133	43,707
	-----	-----
Gross profit		
Fundraising	422,056	321,347
Volunteer service	22,598	24,327
Specialised equipment scheme	1,452	3,024
	-----	-----
	446,106	348,698
	=====	=====
3. INTEREST		
Investments	1,727	4,104
Other	23,582	6,345
	-----	-----
	25,309	10,449
	=====	=====



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	\$	\$
4. EMPLOYMENT EXPENSES		
Wages and salaries	498,915	465,952
Employer superannuation contributions	44,364	41,277
Workers compensation	5,276	8,334
Other	14,989	5,376
	-----	-----
	563,544	520,939
	=====	=====

At year end, there were 11 (2005: 11) employees employed on a full-time equivalent basis.

5. SUPPLIES AND SERVICES

Consultants	14,474	12,000
Banking and merchant fees	2,933	4,947
Computer repairs and support	11,213	3,545
Cleaning	5,808	5,678
Motor vehicle operating costs	23,468	20,385
Repairs and maintenance	21,981	20,040
Printing and stationery	17,231	10,738
Telephone	8,117	2,878
Other	8,495	6,515
	-----	-----
	113,720	86,726
	=====	=====

6. OTHER

External audit fees	5,500	5,000
Insurance	14,788	16,702
	-----	-----
	20,288	21,702
	=====	=====

7. DEPRECIATION

Depreciation and amortisation were incurred in respect of:

Leasehold improvements	5,997	5,709
Plant and equipment	30,780	30,193
Furniture and fittings	37,680	36,232
Specialised hire equipment	349	752
	-----	-----
	74,806	72,886
	=====	=====

	2006	2005
	\$	\$
8. GRANTS AND SUBSIDIES		
During the year, the Foundation funded equipment purchases and/or services as follows:		
Cairns Base Hospital		
Med 4 Clinics Trust Fund	7,685	6,635
Medical Research Trust Fund	9,397	5,681
Cardiac Rehab Trust Fund	-	4,223
Laryngectomy Support Group	323	1,860
Neurology	5,660	6,280
Physician	1,144	10,000
Intensive Care	52,497	9,068
Medicine	750	-
Emergency Medicine	-	2,738
Paediatrics	70,519	28,717
Women's Health	17,612	6,669
Palliative Care	3,031	8,894
Medical Imaging	11,381	-
Oral Health	5,454	-
Mental Health	13,696	-
Renal Medicine	1,900	-
Cardiology	2,000	5,455
Diabetes	11,860	3,470
Neurology	-	-
Cairns other	123,399	79,627
Cooktown Hospital	6,125	14,890
Mossman Hospital	527	31,234
Gordonvale Hospital	17,570	6,449
Community Health	-	12,546
Aplin St	-	-
Cow Bay Clinic	2,425	906
Sundry	1,914	4,148
Trust accounts	16,604	-
	-----	-----
	383,473	249,490
	=====	=====



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
9. CASH AND CASH EQUIVALENTS		
Cash on hand	17,134	13,403
Cash at bank	172,314	98,262
Cash on deposit (at call)	487,974	260,079
	-----	-----
	677,422	371,744
	=====	=====

10. RECEIVABLES

Current

Trade debtors	22,424	8,763
	=====	=====

No interest is earned on amounts due from debtors.

11. INVENTORIES

Current

Sea Breeze Cafe	8,095	6,398
Specialised equipment scheme	915	4,194
Vending machines – stock	1,447	2,061
Telephone system cards	4,144	2,795
	-----	-----
	14,601	15,448
	=====	=====

12. OTHER ASSETS

Prepayments	7,124	8,360
	=====	=====

	2006 \$	2005 \$
13. PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements, at cost	310,600	302,060
Accumulated amortisation	(127,236)	(96,586)
	-----	-----
	183,364	205,474
	-----	-----
Plant and equipment, at cost	326,284	319,298
Accumulated depreciation	(194,234)	(175,198)
	-----	-----
	132,050	144,100
	-----	-----
Furniture and fittings, at cost	33,361	34,914
Accumulated depreciation	(24,495)	(21,491)
	-----	-----
	8,866	13,423
	-----	-----
Specialised hire equipment, at cost	9,386	8,520
Accumulated depreciation	(8,584)	(8,237)
	-----	-----
	802	283
	-----	-----
Total property, plant and equipment, at net book value	325,082	363,280
	=====	=====

Plant and equipment and leasehold improvements are valued at cost in accordance with Queensland Treasury's Non-Current Asset Accounting Guidelines for the Queensland Public Sector (May 2001)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation

	Leasehold Improvements	Plant and Equipment	Furniture and Fittings	Specialised Equipment	TOTAL
	\$	\$	\$	\$	\$
Carrying amount at 1 July	205,474	144,100	13,423	283	363,280
Acquisitions	8,670	25,630	1,440	868	36,608
Disposals	-	-	-	-	-
Depreciation/amortisation	(30,780)	(37,680)	(5,997)	(349)	(74,806)
	-----	-----	-----	-----	-----
Carrying amount at 30 June	183,364	132,050	8,866	802	325,082
	=====	=====	=====	=====	=====

	2006 \$	2005 \$
14. PAYABLES		
Current		
Trade creditors	109,921	66,353
Customer deposits	880	1,045
Payroll liabilities	7,901	6,818
GST	20,648	20,198
Sundry creditors and accruals	5,500	5,000
	-----	-----
	144,850	99,414
	=====	=====

15. EMPLOYEE BENEFITS

Current		
Liability for annual leave	17,682	14,709
	=====	=====
Non-current		
Liability for long service leave	4,884	1,116
	=====	=====

16. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The Foundation's exposure to interest rate risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market rates and the weighted average interest rate by maturity periods is set out in the table below. Exposure arises predominantly from assets and liabilities bearing variable interest rates.

(b) Credit risk exposures

The credit risk on financial assets of the Foundation which has been recognised on the balance sheet is generally the carrying amount, net of provision for impairment. The Foundation has no major concentration of credit risk to any single debtor or group of debtors.

The Foundation minimises concentrations of credit risk in so far as its transactions are undertaken with a large number of customers predominantly on cash terms.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

16. FINANCIAL INSTRUMENTS (CONTINUED)

2006	Effective Interest Rate or Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Non Interest Bearing \$	TOTAL \$
Financial assets				
Cash and cash equivalents	5.5 to 5.94	677,422		677,422
Receivables			22,424	22,424
Financial liabilities				
Payables			144,850	144,850
2005				
Financial assets				
Cash and cash equivalents	5.25 to 5.80	371,744		371,744
Receivables			8,763	8,763
Financial liabilities				
Payables			99,414	99,414

(c) Net fair values of financial assets and liabilities

Valuation approach

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities of the Foundation, approximates their carrying amounts.

The net fair value of other monetary financial assets and liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

	2006 \$	2005 \$
17. RETAINED SURPLUS		
Retained surplus at 1 July	652,356	456,787
Net surplus for the year	226,881	195,569
Retained surplus at 30 June	879,237	652,356
<i>Retained surplus comprises:</i>		
Unrestricted funds	591,520	399,154
Restricted funds	287,717	253,202
	879,237	652,356

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

18. INDUSTRY SEGMENT

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

	2006	2005
	\$	\$

19. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of surplus to net cash provided by operating activities

Surplus before distribution of grants	610,354	445,059
Less: Distribution of grants	(383,473)	(249,490)
Add non-cash items:		
Depreciation	74,806	72,886
Amounts set aside to provisions	6,741	6,472
	-----	-----
Net cash provided by operating activities before change in assets and liabilities		
Change in assets and liabilities during the financial year:		
(Increase)/decrease in receivables	(13,661)	18,779
(Increase)/decrease in inventories	847	(1,453)
Increase/(decrease) in payables	45,436	(6,678)
Increase/(decrease) in prepayments	1,235	(403)
	-----	-----
Net cash provided by operating activities	342,285	285,172
	-----	-----

20. 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 Russell Beer (Deputy Chairman), Ms Patricia Bailey, Mr Philip Cammish, Ms Cheryl Campbell, Mr Graham Coonan, Professor Caroline de Costa, Mr James Hardy, Mr Scott Thompson, Mr Theo Bacalakakis (Ex Officio Member) and Mr Brett Grosser (Secretary). Professor Caroline de Costa and Mr James Hardy were appointed as members of the Foundation for terms expiring on 23 March 2008. Mr Philip Cammish and Mr James Hardy resigned their positions on 16 December 2005 and 18 April 2006 respectively.

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

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

Mr Cammish, Professor de Costa and Mr Grosser were employed at the Cairns Base Hospital with which the Foundation has commercial dealings on a normal arms length basis from time to time. During the year, the Foundation provided a volunteer service to the Cairns Base 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 (2005: \$39,020) towards the Foundation's costs in this regard. In addition, the Cairns Base Hospital received significant benefits by way of equipment donated and benefits sponsored by the Foundation during the year (in accordance with the objects of the Foundation) as set out in Note 8.

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.

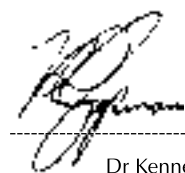


CERTIFICATE OF THE FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

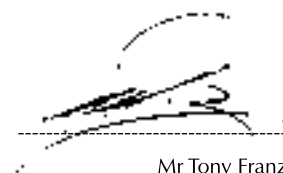
These general purpose financial statements have been prepared pursuant to section 46F(1) of the provisions of the Financial Administration and Audit Act 1977 (the Act) and other prescribed requirements. In accordance with section 46F(3) of the Act we certify that in our opinion:

- (a) the prescribed requirements in respect of the establishing and keeping the accounts of the Far North Queensland Hospital Foundation have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Foundation for the year ended 30 June 2006 and of the financial position of the Foundation at the end of the year.

Cairns, 29 September 2006



Dr Kenneth Chapman
CHAIRMAN



Mr Tony Franz
GENERAL MANAGER



INDEPENDENT AUDIT REPORT

To the Board of the Far North Queensland Hospital Foundation

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of the Far North Queensland Hospital Foundation for the financial year ended 30 June 2006 included on the Far North Queensland Hospital Foundation's web site. The Board is responsible for the integrity of the Far North Queensland Hospital Foundation's web site. We have not been engaged to report on the integrity of the Far North Queensland Hospital Foundation's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Far North Queensland Hospital Foundation, to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Scope

The Financial Report

The financial report of Far North Queensland Hospital Foundation consists of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, notes to and forming part of the financial statements and certificates given by the Chairman and officer responsible for the financial administration of Far North Queensland Hospital Foundation, for the year ended 30 June 2006.

The Board's Responsibility

The Board is responsible for the preparation and true and fair presentation of the financial report, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

As required by law, an independent audit was conducted in accordance with QAO Auditing Standards, which incorporate the Australian Auditing Standards, to enable me to provide an independent opinion whether in all material respects the financial report is presented fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included -

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial report;
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Board;
- obtaining written confirmation regarding the material representations made in conjunction with the audit; and
- reviewing the overall presentation of information in the financial report.

Independence

The Financial Administration and Audit Act 1977 promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

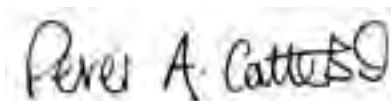
The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Audit Opinion

In accordance with s.46G of the Financial Administration and Audit Act 1977 -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the statements has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Far North Queensland Hospital Foundation for the financial year 1 July 2005 to 30 June 2006 and of the financial position as at the end of that year.



PETER CATTERSON
(as Delegate of the Auditor-General of Queensland)
Cairns, 29 September 2006



SPECIAL THANK YOU TO OUR MAJOR SUPPORTERS



far north queensland hospital foundation

IF YOU WOULD LIKE A COPY OF THIS REPORT OR ANY FURTHER INFORMATION ON THE WORK OF THE FAR

NORTH QUEENSLAND HOSPITAL FOUNDATION PLEASE CONTACT OUR STAFF AT ONE OF THE FOLLOWING:

GROUND FLOOR **CAIRNS BASE HOSPITAL CAR PARK** THE ESPLANADE CAIRNS OR **PO BOX 957 CAIRNS QLD 4870**

p 07 4050 6553 **f 07 4050 6663** **e gm@fnqhf.com.au** **www.fnqhf.com.au**



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for a **healthier** north