

far north queensland

hospital foundation



| ANNUAL REPORT 2006 - 2007 |

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 2006/2007

CHAIRMAN

Dr Ken Chapman MB BS (Qld)

DEPUTY CHAIRMAN

Mr Russell Beer LLB (*resigned 18 September 2006*)

Mr Graham Coonan BCom. FCA (*from 13 December 2006*)

MEMBERS

Ms Patricia Bailey

Dr Peter Boyd MB BS FRACP

Mrs Cheryl Campbell

Professor Caroline de Costa

Mr Charles Marino LLB

Mr Peter Piccone

Mr Scott Thompson (*resigned 18 January 2007*)

Cairns District Health Council

Mr Theo Bacalakis

- appointed as ex officio member

Name	Number Eligible to Attend	Number Attended
K Chapman	6	6
R Beer	1	1
G Coonan	6	5
P Bailey	6	5
P Boyd	3	1
C Campbell	6	3
C de Costa	6	3
C Marino	3	3
P Piccone	3	3
S Thompson	3	0
T Bacalakis	6	0
B Grosser	1	1

SECRETARY

Position vacant

Mr Brett Grosser (*resigned 6 October 2006*)

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



CHAIRMAN'S REPORT

The year in review was a period of growth and achievement for the Far North Queensland Hospital Foundation. All the commercial business units achieved solid performance and generated sufficient profits to generate a healthy surplus after covering all administrative and overhead expenses of the Foundation. This ensured that every dollar raised by our increasingly successful fundraising activities is guaranteed to go directly to where it is needed.

Indeed a record \$650,000 was spent by the Foundation during the year on support for and improvements to the provision of health care in Far North Queensland. Vital equipment such as two Ultrasound scan machines, numerous defibrillators and specialist treatment beds, chairs and tables were purchased by the Foundation during the year and are already making valuable contributions to patient care throughout the region.

A full list of purchases and donations is shown later in the report. Strong financial performance also allowed the Foundation to set aside a reserve for future replacement of depreciable assets as well as growing trust funds and savings, on a work in progress basis, for future donations and purchases, to assist health care in the region.

The Foundation's staff and volunteers achieved great results during the year and this is a tribute to their efforts and the leadership of Tony Franz, Glenys Duncombe and Haley McVean. Of course much of the work of our volunteers directly assists patients, visitors and staff in the hospital and this is not reflected at all in our financial results and yet is extremely valuable and deserves our heartfelt thanks.

My personal thanks also to the Members of the Board of the Foundation who give of their time so freely for this very worthy cause and whose support is very much appreciated. Particular thanks and recognition must go to Mr Russell Beer who retired this year after serving as Deputy Chairman of the Foundation since its formation

ten years ago and before that on its predecessor organisation, the Fundraisers Association.

Mr Graham Coonan was elected to replace Russell as Deputy Chairman having also served as a Member of the Foundation since its inception and with the Fundraisers Association before that. Brett Grosser and Scott Thompson also retired during the year and we were delighted to welcome Dr Peter Boyd, Charles Marino and Peter Piccone as new Members of the Board of the Foundation.

2007 was a record year for the Foundation but the future looks better still. New and growing fundraising events and working partnerships forged with sponsors and community groups like the Carpentaria Freemasons, Rotary and COUCH will help us in generating more funds for investing in health care in the region.

The Far North Queensland Hospital Foundation is increasingly recognised as the North's leading charity and we look forward to working with the community to achieve our vision of superior health care provision in Far North Queensland.

Dr Ken Chapman.



THE YEAR IN REVIEW

The 2006/2007 year was an excellent year for the Far North Queensland Hospital Foundation. The Foundation continued to make improvements to the profitability of the commercial operations along with record 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 is 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 \$650,000 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 throughout the Cairns and Hinterland Health Service District.

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 continued 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 18th 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 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 purple 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.

Revenue growth of 6% to a total of \$1.561 million was realised from our commercial operations which resulted in a gross profit of \$0.964 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 flowers, gift items, toys, toiletries, magazines, etc that will make a visit to the hospital more comfortable.

The 2007 year saw an increase in café revenue of over 5%. The improved revenue resulted in a 4% 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 over 5%, which resulted in an improvement to the gross profit of 4%.

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

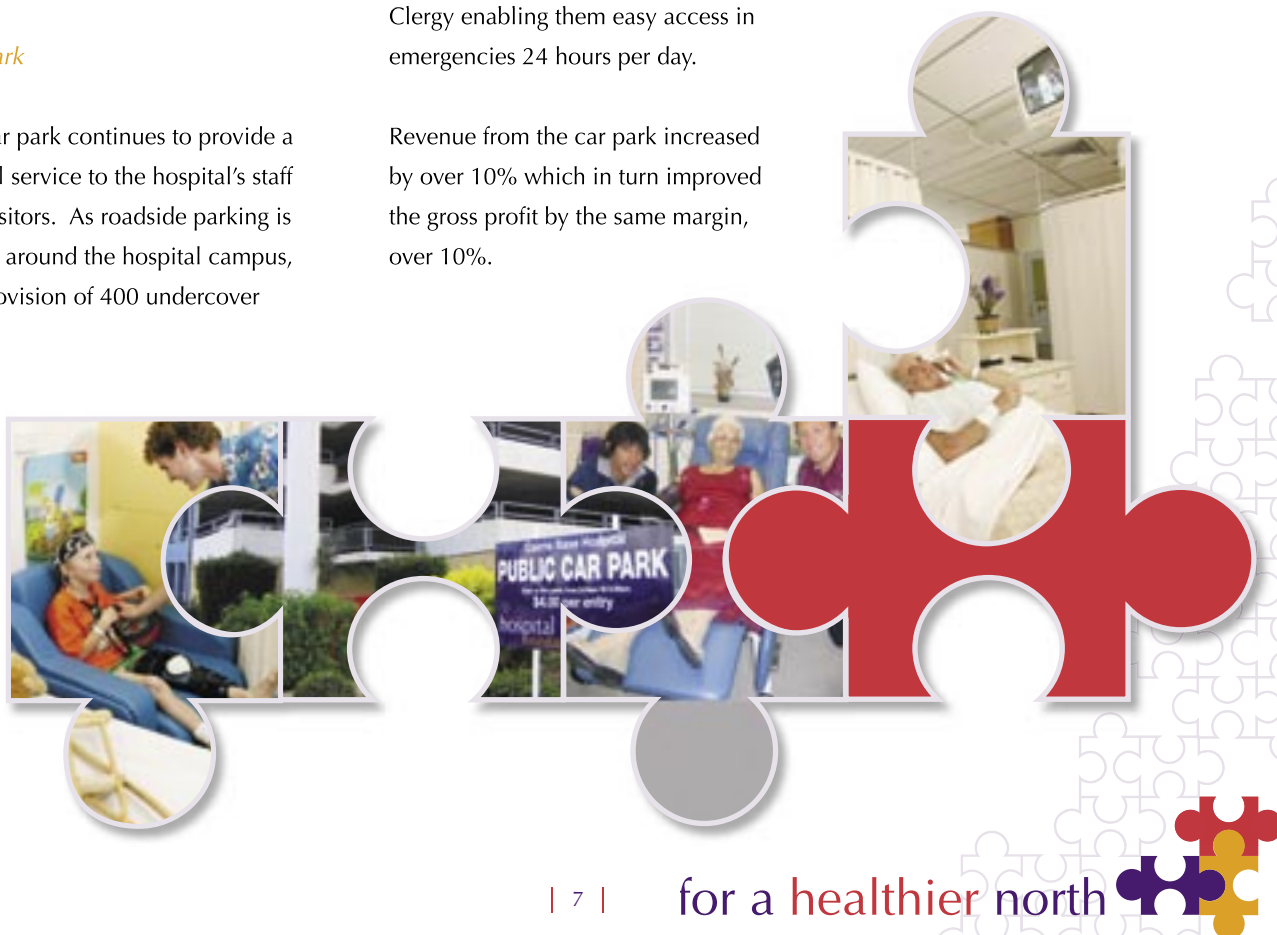
parking spaces provides a secure and comfortable environment and meets the large demand. The \$4.00 entry fee is a small investment for the security and ease of parking on site at the hospital. The car park has video surveillance and security guard patrols ensuring a safe environment for the vehicles 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 10% which in turn improved the gross profit by the same margin, over 10%.

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 and 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 had a fantastic year with fundraising income improving by just under 50% to over \$774,000 being raised. Local businesses and the public embraced our major fundraising activities and indicative of the great local support was an anonymous donation from one individual of \$70,000. Some of the major events and organisations that contributed were:

- Freemasons Ultrasound Appeal
 - Wayne Leonard's Cairns to Cooktown Motorcycle Muster
 - Giant Cent Sale
 - Hotel Care Week
 - ANZ Bank Charity Golf Day
 - Diabetes Golf Day
 - Sea Fm's Give Me 5 For Kids
 - Bendigo Bank Baggit for Kids
 - Operation Rudolph
 - Cairns Central Xmas Wrap
 - Cairns Amateurs Hats & High Tea
 - Fowler's Group Charity Events
 - Cairns SWAP Meet
 - Cape York Trailers
 - Reef Hotel Casino
 - Ergon Energy
 - Telstra
 - Trinity Petroleum
 - BOC Gases
 - 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 \$650,000 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 a Lifepak 12 defibrillator for the Intensive Care Unit
- Purchased 3 Medela Phototherapy Lamps for the Special Care Baby Unit
- Purchased 2 Kanmed baby warmers for the Special Care Baby Unit
- Purchased 3 Isolettes 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 a projector wheel and accessories for the Paediatrics Ward
- Purchased a Positioning system complete with cushions for the Paediatrics Ward
- Purchased a digital camera and photo printer for the Paediatrics Ward
- Purchased a Lifepak 20 defibrillator for the Women's Health Unit
- Purchased a Contour Gynotec procedure trolley for the Women's Health Unit
- Purchased a Glucose 201 + analyser for the Women's Health Unit
- Purchased 3 television/DVD combos for the Women's Health Unit
- Contributed \$125,000 towards the purchase of an ultrasound machine for the Women's Health Unit
- Purchased a MicroMaxx ultrasound system for the Far Northern Regional Obstetrics and Gynaecology Outreach program
- Purchased art supplies for Cairns Integrated Mental Health Program - Consumer Art Expo for Mental Health Week
- Funded the kids with diabetes camp/family weekend
- Funded the Lesley Gabriel Scholarship enabling staff members to further their training in diabetes education
- Funded conference registration fees for 2 attendees at the Sterilisation State Conference
- Purchased a V.A.C. ATS wound therapy system for the Cairns Base Hospital
- Purchased a Medcraft electronic patient care bed for Cairns Base Hospital
- Purchased 3 Pegasus Cairwave Therapy Systems for the Cairns Base Hospital
- Purchased a Lifepak 20 defibrillator for the Nurse Education & Research Unit
- Purchased a Lifepak 20 defibrillator for the Minor Procedures Unit
- Purchased a treatment table for Lymphoedema patients for the Cairns Base Hospital
- Purchased a Respironics BiPAP Synchrony system for the Med 5 ward
- Purchased 3 Gemstar pumps for the Cairns Base Hospital
- Purchased 3 Enuresis alarms for the Continence Unit
- Funded the costs associated with the clinical records data collection for the James Cook University's Rural and Remote Road Safety Study
- Funded the Nurse Excellence Awards honour board at the Cairns Base Hospital
- Funded the purchase/installation costs of 16 televisions for the Cooktown Hospital
- Purchased 18 Hi Lite chairs for the Mossman Hospital
- Purchased a Maxi Utility chair for the Mossman Hospital
- Purchased 24 Specialised Bedside Lockers for the Mossman Hospital
- Purchased a Protean electric bed for the Mossman Hospital
- Purchased 10 Client chairs for the Mossman Hospital
- Purchased 4 televisions for the Atherton 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 community
- 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 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 2007

	Note	2007 \$	2006 \$
Revenue			
Revenue from sale of goods	4(a)	1,560,914	1,471,796
Revenue from fundraising	4(b)	774,283	519,239
Interest	5	45,495	25,309
Total revenue		2,380,692	2,016,344
Expenses			
Cost of sales	4(a)	596,603	560,499
Cost of fundraising	4(b)	109,273	73,133
Employment expenses	6	638,268	563,544
Supplies and services	7	110,239	113,720
Other	8	23,840	20,288
Depreciation	9	71,154	74,806
Total expenses		1,549,377	1,405,990
Surplus before distribution of grants		831,315	610,354
Distribution of grants	10	(650,777)	(383,473)
Surplus for the year	19	180,538	226,881

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

RETAINED SURPLUS			
Balance at 1 July		879,237	652,356
Surplus for the year		180,538	226,881
Balance at 30 June	19	1,059,775	879,237

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 2007

	Note	2007 \$	2006 \$
CURRENT ASSETS			
Cash and cash equivalents	11	980,010	677,422
Receivables	12	20,779	22,424
Inventories	13	16,191	14,601
Other assets	14	37,372	7,124
Total current assets		1,054,352	721,571
NON-CURRENT ASSETS			
Property, plant and equipment	15	263,248	325,082
Total non-current assets		263,248	325,082
Total assets		1,317,600	1,046,653
CURRENT LIABILITIES			
Payables	16	225,804	144,850
Employee benefits	17	23,050	17,682
Total current liabilities		248,854	162,532
NON-CURRENT LIABILITIES			
Employee benefits	17	8,971	4,884
Total non-current liabilities		8,971	4,884
Total liabilities		257,825	167,416
Net assets		1,059,775	879,237
EQUITY			
Retained surplus	19	1,059,775	879,237
Total equity		1,059,775	879,237

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 2007

	Note	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		2,491,232	2,122,392
Cash payments in the course of operations		(1,499,543)	(1,341,293)
Distribution of grants	10	(650,777)	(383,473)
Interest received		45,495	25,309
GST collected from customers - paid to ATO		(155,980)	(144,172)
GST paid to suppliers - refunded by ATO		81,481	63,522
Net cash provided by operating activities	21	311,908	342,285
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(9,320)	(36,608)
Net cash used in investing activities		(9,320)	(36,608)
Net increase in cash and cash equivalents		302,588	305,677
Cash and cash equivalents at 1 July		677,422	371,744
Cash and cash equivalents at 30 June	11	980,010	677,421

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 2007

1. REPORTING ENTITY

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Interpretations) adopted by the Australian Accounting Standards Board ("AASB").

The financial statements were approved by the members of the Foundation on the date shown on the Certificate of the Far North Queensland Hospital Foundation accompanying the financial statements.

(b) Basis of measurement

The financial report has been prepared on the historical cost basis.

(c) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Foundation's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or

loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost.

A financial instrument is recognised if the Foundation becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Foundation's contractual rights to the cash flows from the financial assets expire or if the Foundation transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Foundation commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Foundation's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.

(ii) Derivative financial instruments

The Foundation holds no derivative financial instruments.

(b) 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.

(c) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is provided on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

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

• Leasehold improvements	10 years
• Plant and equipment	5 years
• Furniture and fittings	5 years
• Specialised hire equipment	5 years

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

(d) Inventories

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

(e) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised as an expense in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in income.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Foundation's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised as an expense in the income statement.

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Employee benefits

(i) Accumulation contribution superannuation funds

Obligations for contributions to accumulation contribution superannuation funds are recognised as an expense in the income statement when they are due.

(ii) Other long-term employee benefits

The Foundation's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; 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 Commonwealth Government bonds that have maturity dates approximating the terms of the Foundation's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in the income statement in the period in which they arise.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Foundation is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised 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.

(iv) Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Foundation expects to pay as at reporting date including related on-costs, such as workers compensation insurance.

(g) Provisions

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

(h) Revenue

(i) Sales revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognised when 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, and there is no continuing management involvement with the goods.

(ii) Fundraising revenue

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

(i) Lease payments

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

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

(j) Finance income

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

(k) Income tax

The Foundation has been granted exemption from income tax under Section 50-B of the Income Tax Assessment Act 1997.

(l) Goods and services tax

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

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

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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
4. REVENUE		
(a) Revenue from sale of goods		
Sales revenue		
Sea Breeze Café	1,095,561	1,039,492
Vending machines	67,654	59,804
Telephone	29,330	32,273
Television	80,307	78,555
Car park	249,104	225,543
Sundry	38,958	36,129
	-----	-----
	1,560,914	1,471,796
	-----	-----
Cost of sales		
Sea Breeze Café	539,862	505,697
Vending machines	27,571	24,762
Telephone	22,099	22,969
Television	7,071	7,071
	-----	-----
	596,603	560,499
	-----	-----
Gross profit		
Sea Breeze Café	555,699	533,795
Vending machines	40,083	35,042
Telephones	7,231	9,304
Television	73,236	71,484
Car park	249,104	225,543
Sundry	38,598	36,129
	-----	-----
	963,951	911,297
	=====	=====

	2007 \$	2006 \$
(b) Revenue from fundraising		
Fundraising and other contributions		
Fundraising for general purposes	566,085	377,664
Fundraising for specific purposes	148,503	84,123
Volunteer service	52,540	50,343
Specialised equipment scheme	7,155	7,109
	-----	-----
	774,283	519,239
	-----	-----
Cost of fundraising		
Fundraising	75,901	39,731
Volunteer service	31,184	27,745
Specialised equipment scheme	2,188	5,657
	-----	-----
	109,273	73,133
	-----	-----
Gross profit		
Fundraising	665,010	422,056
Volunteer service	21,356	22,598
Specialised equipment scheme	4,967	1,452
	-----	-----
	691,333	446,106
	=====	=====
5. INTEREST		
Investments	45,495	25,309
	-----	-----



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
6. EMPLOYMENT EXPENSES		
Wages and salaries	566,756	498,915
Employer superannuation contributions	50,514	44,364
Workers compensation	2,417	5,276
Other	18,581	14,989
	-----	-----
	638,268	563,544
	=====	=====

At year end, there were 14 (2006: 11) employees employed on a full-time equivalent basis.

7. SUPPLIES AND SERVICES

Consultants	15,820	14,474
Banking and merchant fees	3,135	2,933
Computer repairs and support	1,599	11,213
Cleaning	7,043	5,808
Motor vehicle operating costs	22,162	23,468
Repairs and maintenance	20,456	21,981
Printing and stationery	26,216	17,231
Security	3,613	3,518
Telephone	3,804	8,117
Other	6,391	4,977
	-----	-----
	110,239	113,720
	=====	=====

8. OTHER

External audit fees	6,490	5,500
Insurance	17,350	14,788
	-----	-----
	23,840	20,288
	=====	=====

9. DEPRECIATION

Depreciation and amortisation were incurred in respect of:

Leasehold improvements	31,112	30,780
Plant and equipment	34,543	37,680
Furniture and fittings	5,326	5,997
Specialised hire equipment	173	349
	-----	-----
	71,154	74,806
	=====	=====

	2007	2006
	\$	\$

10. 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
Medical Research Trust Fund	-	9,397
Laryngectomy Support Group	-	323
Neurology	-	5,660
Physician	-	1,144
Intensive Care	20,547	52,497
Medicine	-	750
Paediatrics	92,816	70,519
Women's Health	212,687	17,612
Palliative Care	2,637	3,031
Medical Imaging	-	11,381
Oral Health	-	5,454
Mental Health	865	13,696
Renal Medicine	72	1,900
Cardiology	-	2,000
Diabetes	8,175	11,860
Cairns other	141,137	123,399
Cooktown Hospital	12,476	6,125
Mossman Hospital	29,152	527
Gordonvale Hospital	-	17,570
Atherton Hospital	2,854	-
Community Health		
Cow Bay Clinic	725	2,425
Sundry	305	1,914
Trust accounts	126,329	16,604
	-----	-----
	650,777	383,473
	=====	=====



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
11. CASH AND CASH EQUIVALENTS		
Cash on hand	47,254	17,134
Cash at bank	134,276	172,314
Cash on deposit (at call)	798,480	487,974
	-----	-----
	980,010	677,422
	-----	-----

12. RECEIVABLES

Current

Trade debtors	20,779	22,424
	-----	-----

No interest is earned on amounts due from debtors.

13. INVENTORIES

Current

Sea Breeze Cafe	6,659	8,095
Specialised equipment scheme	695	915
Vending machines – stock	2,393	1,447
Telephone system cards	6,444	4,144
	-----	-----
	16,191	14,601
	-----	-----

14. OTHER ASSETS

Prepayments	37,372	7,124
	-----	-----

	2007	2006
	\$	\$
15. PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements, at cost	311,281	310,600
Accumulated amortisation	(158,349)	(127,236)
	-----	-----
	152,932	183,364
	-----	-----
Plant and equipment, at cost	333,920	326,284
Accumulated depreciation	(228,776)	(194,234)
	-----	-----
	105,144	132,050
	-----	-----
Furniture and fittings, at cost	34,364	33,361
Accumulated depreciation	(29,821)	(24,495)
	-----	-----
	4,543	8,866
	-----	-----
Specialised hire equipment, at cost	9,386	9,386
Accumulated depreciation	(8,757)	(8,584)
	-----	-----
	629	802
	-----	-----
Total property, plant and equipment, at net book value	263,248	325,082
	-----	-----

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation

	Leasehold Improvements	Plant and Equipment	Furniture and Fittings	Specialised Equipment	TOTAL
	\$	\$	\$	\$	\$
Carrying amount at 1 July	183,364	132,050	8,866	802	325,082
Acquisitions	680	7,637	1,003	-	9,320
Disposals	-	-	-	-	-
Depreciation/amortisation	(31,112)	(34,543)	(5,326)	(173)	(71,154)
	-----	-----	-----	-----	-----
Carrying amount at 30 June	152,932	105,144	4,543	629	263,248
	=====	=====	=====	=====	=====

	2007 \$	2006 \$
16. PAYABLES		
Current		
Trade creditors	197,685	109,921
Customer deposits	1,035	880
Payroll liabilities	6,762	7,901
GST	13,830	20,648
Sundry creditors and accruals	6,492	5,500
	-----	-----
	225,804	144,850
	=====	=====

17. EMPLOYEE BENEFITS

Current		
Liability for annual leave	23,050	17,682
	=====	=====
Non-current		
Liability for long service leave	8,971	4,884
	=====	=====

18. FINANCIAL INSTRUMENTS

(a) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. 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.

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

(b) Interest rate risk

The Foundation has minimal exposure to interest rate risk.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

18. FINANCIAL INSTRUMENTS (CONTINUED)

2007	Effective Interest Rate or Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Non Interest Bearing \$	TOTAL \$
Financial assets				
Cash and cash equivalents	6.1% to 6.6%	980,010	-	980,010
Receivables		-	20,779	20,779
Financial liabilities				
Payables		-	225,804	225,804
2006				
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

(c) Fair values

The fair values of financial assets and liabilities approximates their carrying amounts in the balance sheet.

	2007 \$	2006 \$
19. RETAINED SURPLUS		
Retained surplus at 1 July	879,237	652,356
Net surplus for the year	180,538	226,881
	-----	-----
Retained surplus at 30 June	1,059,775	879,237
	=====	=====
<i>Retained surplus comprises:</i>		
Unrestricted funds	771,590	591,520
Restricted funds	288,185	287,717
	-----	-----
	1,059,775	879,237
	=====	=====

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 2007

20. INDUSTRY SEGMENT

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

	2007	2006
	\$	\$

21. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of surplus to net cash provided by operating activities

Surplus before distribution of grants	831,315	610,354
Less: Distribution of grants	(650,777)	(383,473)
Add non-cash items:		
Depreciation	71,154	74,806
Amounts set aside to provisions	9,455	6,741
	-----	-----
Net cash provided by operating activities before change in assets and liabilities	261,147	308,428
Change in assets and liabilities during the financial year:		
(Increase)/decrease in receivables	1,645	(13,661)
(Increase)/decrease in inventories	(1,590)	847
Increase/(decrease) in payables	80,954	45,436
(Increase)/decrease in prepayments	(30,248)	1,235
	-----	-----
Net cash provided by operating activities	311,908	342,285
	=====	=====

22. 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), Mr Graham Coonan (Deputy Chairman), Ms Patricia Bailey, Dr Peter Boyd, Mrs Cheryl Campbell, Professor Caroline de Costa, Mr Charles Marino, Mr Peter Piccone, Mr Scott Thompson, Mr Theo Bacalakis (Ex Officio Member) and Mr Brett Grosser (Secretary). Ms Patricia Bailey completed her appointed term as member of the foundation on 23 March 2006 and was reappointed for a further term expiring on 23 March 2008. Dr Peter Boyd, Mr Charles Marino and Mr Peter Piccone were appointed as members of the Foundation for terms expiring on 23 March 2008. Mr Russell Beer, Mr Brett Grosser and Mr Scott Thompson resigned their positions on 18 September 2006, 6 October 2006 and 18 January 2007 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 Café during the year. All such transactions were conducted on an arms length basis and on normal commercial terms.

Dr Boyd, 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 (2006: \$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 10.

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

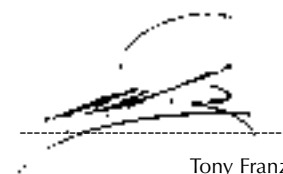
These general purpose financial statements have been prepared pursuant to section 46F(1) of the provisions of the Financial Administration and Audit Act 1977 (the Act) and other prescribed requirements. In accordance with section 46F(3) of the Act we certify that in our opinion:

- (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 2007 and of the financial position of the Foundation at the end of the year.

Cairns, 7 September 2007



Dr Kenneth Chapman
CHAIRMAN



Tony Franz
GENERAL MANAGER



INDEPENDENT AUDITOR'S 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 2007 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.

Report on the Financial Report

I have audited the accompanying financial report of Far North Queensland Hospital Foundation which comprises the balance sheet as at 30 June 2007 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Chairman and General Manager.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the Financial Administration and Audit Act 1977 and the Financial Management Standard 1997, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with Auditor-General of Queensland Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

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 Queensland 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 financial report 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 2006 to 30 June 2007 and of the financial position as at the end of that year.

Peter A. Catterson

PETER CATTERSON
(as Delegate of the Auditor-General of Queensland)
Cairns, 7 September 2007



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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