

# far north queensland hospital foundation



| ANNUAL REPORT 2009 - 2010 |



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.*



Endobronchial ultrasound jointly funded by the Hospital Foundation and COUCH

### 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.



Lona Hickling celebrated 20 years of service as a volunteer



## 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 2009/2010

### CHAIRMAN

Dr Ken Chapman MB BS (Qld)

### DEPUTY CHAIRMAN

Mr Graham Coonan BCom. FCA

### MEMBERS

Ms Patricia Bailey

Professor Caroline de Costa FRCS FRANZCOG FRCOG MPH

Ms Julie Hartley-Jones CBE

Mr Roy Lavis (resigned 25 February 2010)

Mr Charles Marino LLB

Mr Robert McGill

Mr Peter Piccone

Cairns District Health Council

Mr Steve Russell

- appointed as ex officio member

### SECRETARY

Ms Terri Knight

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



Management staff: Glenys Duncombe, Tony Franz, Anne Chirio, Steve McGuinness



Back row: Mr Robert McGill, Mr Graham Coonan, Dr Ken Chapman, Mr Charles Marino, Mr Steve Russell

Front row: Ms Patricia Bailey, Ms Julie Hartley-Jones, Ms Terri Knight

Absent: Professor Caroline de Costa, Mr Peter Piccone

| Name            | Number Eligible to Attend | Number Attended |
|-----------------|---------------------------|-----------------|
| K Chapman       | 6                         | 6               |
| G Coonan        | 6                         | 5               |
| P Bailey        | 6                         | 4               |
| C de Costa      | 6                         | 3               |
| J Hartley-Jones | 3                         | 3 *             |
| R Lavis         | 4                         | 0               |
| C Marino        | 6                         | 6               |
| R McGill        | 3                         | 2               |
| P Piccone       | 6                         | 4               |
| S Russell       | 6                         | 5               |

\* Attended an additional 2 meetings by invitation





## CHAIRMAN'S REPORT

The 2009-10 year has been one of record results in challenging times. The Cairns region has experienced very tough economic conditions and the major redevelopment of the Cairns Base Hospital now underway has required considerable attention from management. So it is very pleasing to see the Foundation achieve a record surplus before distributions of grants of \$1.45 million a 42.5 % increase on the previous year.

All areas of business performed well with a particularly strong result from the Sea Breeze Café which made a net contribution of \$382,783 up 66.5%. Fundraising revenues increased 24% with continued solid returns from the Car Park and other commercial activities.

This strong financial performance allowed the Foundation to directly contribute more than \$1.15 million toward improved health care provision throughout the year as well as setting aside further funds towards future projects associated with the Cairns Base Redevelopment.

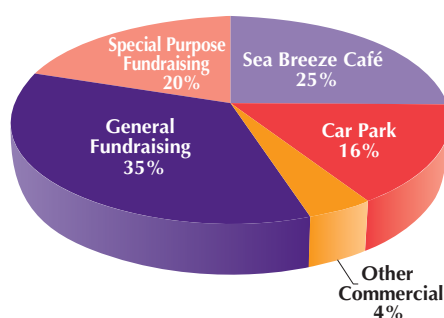
Several major equipment purchases were made during the year including an Echocardiograph system for the upgraded Cardiology unit, a video Gastroscope and Endogator for Outpatients and with assistance from COUCH the first Endobronchial Ultrasound to be installed in Queensland outside of Brisbane. The list of other equipment, education and research grants made during the year is quite extensive but of note are the competitively awarded Research and Career Development Awards introduced during the year and also the growing support for regional hospitals such as Mossman, Gordonvale, Babinda and Innisfail. The Foundation hopes to increase its support for regional hospitals over coming years with active Friends of the Foundation volunteer groups already working in many of these communities to raise money for their local hospital.

The coming year will see the opening of the new Car Park and Oncology Unit at Cairns Base Hospital and this E-Block building will also house a new office for the Foundation. The old car park & office will then be demolished to make way for a major expansion of the hospital with the new D-Block construction. These are exciting times for the Foundation presenting many opportunities to achieve our potential.

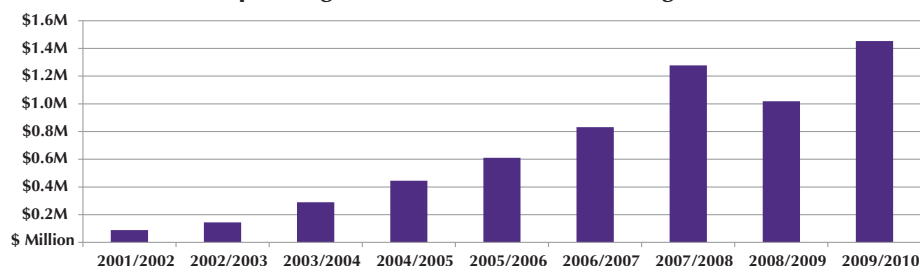
The board and management of the Foundation would sincerely like to thank all our volunteers, sponsors and supporters who have made this result possible and together we look forward to greater achievement in coming years as we work towards our vision of superior health care provision in Far North Queensland.

**Dr Ken Chapman.**

**Contributions to operating surplus**



**Operating result before distribution of grants**



## THE YEAR IN REVIEW

The 2009-10 year was a great year for the Far North Queensland Hospital Foundation. The Foundation covers its administration and operating expenses out of the profits from its commercial businesses. 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



Sea Breeze Café



Some of our wonderful volunteers

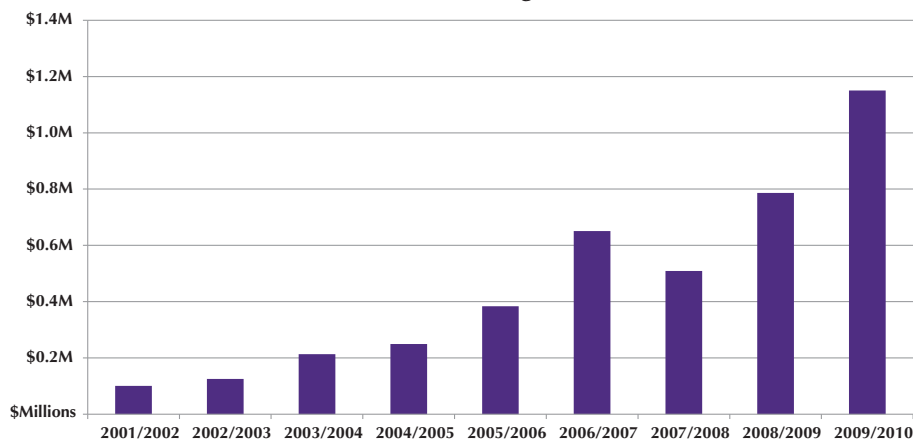
made patient's visit to the hospital more comfortable and our vending services along with our management of the Automatic Teller Machine ensure patients and visitors easy access to a variety of products.

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 in excess of \$1.15 million 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. 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 and events throughout the year saw our profile enhanced as we progressively become recognised as one of the Far North's leading charities making a real improvement to the quality of health care provision in Far North Queensland.

### Distribution of grants



## THE YEAR IN REVIEW

### VOLUNTEER SERVICES

Celebrating its 21st 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, assisting in the Cardiac Rehabilitation Unit, coordinating the Paediatric Playscheme Program, 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.

### 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 12% to a total of \$1.93 million was realised from our commercial operations which resulted in a gross profit of \$1.28 million which was 66.6% 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. 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 beverages, flowers, gift items, toys, toiletries, papers and magazines that will make a visit to the hospital more comfortable.

### Vending machines

The Foundation coordinates the placement of a variety of food & beverage vending services that include soft drink machines and snack food machines. 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.

### 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. The Foundation offers free parking to visiting Medical Officers and the Clergy enabling them easy access in emergencies 24 hours per day.

### 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 informational/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 has 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 continued working on raising its profile in the community and the level of public participation in major fundraising events and activities increased. The major fundraising events and activities were:

- Yellow Pages™ Cardiac Challenge cycle ride to Cooktown
- Wayne Leonard's Cairns to Magnetic Island Motorcycle Muster
- Sea Fm's Give Me 5 For Kids
- Go Fish For Sick Kids
- Commonwealth Bank Kokoda Walk
- Cairns Central Xmas Wrap
- Regional Xmas Radio Appeal
- To The Cape cycle ride
- The Great Wheelbarrow Race
- Bendigo Bank Baggit For Kids

The following organisations made donations in excess of \$5,000

- Amadio Realty
- AMP Foundation
- Bendigo Bank
- Carpentaria Freemasons
- Cazalys Cairns
- Commonwealth Bank
- COUCH
- Ergon Energy
- Independent Associated Seed Graders
- Lions International
- Mareeba & Dimbulah Bendigo Bank Community Branches
- Mater Foundation
- McDonald's Cairns
- Michael Aw The Good Guys United Way program
- Mills Family Foundation
- Nu Nu Restaurant
- Paradise Palms Resort & Country Club
- Queensland Country Credit Union

- Reef Hotel Casino
- Sonlia Fashion
- Telstra
- Trinity Petroleum
- Wayne Leonard Motorcycles
- Woolworths fresh food kids Hospital Appeal
- Yellow Pages

There were many other supporters who's contributions were significant to the Foundation's achievements.

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



Clockwise: Commonwealth Bank Kokoda Walk, 3rd Annual Yellow Pages™ Cardiac Challenge, Cyclists arriving in Cooktown, Go Fish For Sick Kids







9th Annual Wayne Leonard's Motorcycle Muster



Mills Family Foundation handing over the Paediatric ultrasound



Potts and Pacey of Sea Fm's Give Me 5 For Kids handing over the Giraffe Omnibed

#### ACHIEVING OUR AIMS

In striving towards our Vision of "Superior Health Care Provision in Far North Queensland" the Foundation made over \$1.15 million 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 costing appropriately.





## ACHIEVING OUR AIMS

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

- Jointly funded with COUCH to purchase an Endobronchial Ultrasound for the Thoracic Department
- Purchased a Vivid 7 Dimension 4d Echocardiography System for the Cardiology Unit
- Purchased a Pentax Video Processor & Gastroscope and an Endogator and trolley for the opening of the second Endoscopy room for Outpatient procedures
- Purchased Neopuff Infant Resuscitator equipment for the Integrated Women's Health Unit and the Special Care Baby Unit
- Purchased a Giraffe Omnibed for the Special Care Baby Unit
- Purchased 16 Champion overnigher chairs for the Paediatric Ward
- Purchased patient monitoring equipment for the redeveloped Emergency Department
- Purchased a Sonosite S-Nerve Paediatric Ultrasound for Theatres and the Intensive Care Unit
- Funded the purchase/installation costs of 12 televisions complete with Nurse-Call Pendants for the Gordonvale Hospital
- Funded the purchase/installation costs of 8 televisions complete with Nurse-Call Pendants for wards D & E at the Mossman Multi Purpose Health Service
- Purchased 5 Champion overnigher chairs for the Emergency Department
- Purchased video conferencing equipment for the Cardiac Education Room
- Funded the purchase/installation costs of 6 televisions complete with Nurse-Call Pendants for the Babinda Hospital
- Purchased 12 televisions with ceiling brackets for the Renal Unit
- Purchased 3 Dell Ultra-mobile projectors for the Nurse Education and Research Unit
- Purchased a vital signs monitor complete with mobile stand and Flexiport cuffs for the Paediatric Ward
- Purchased furniture and play equipment for the Hospital School Room in the Paediatric Ward
- Purchased a trolley for the Perometer in the Oncology Unit
- Purchased a respiration monitor for the Paediatric Ward
- Purchased a cross trainer for the Cardiac Rehabilitation Unit
- Purchased a bench top centrifuge for the Mossman Dialysis Unit
- Purchased a Nintendo Wii console and LCD monitor for the Innisfail Health Service
- Purchased a self-propelled shower commode for the Innisfail Health Service
- Funded the associated course costs for 5 employees to complete certificate III in Aged Care
- Funded conference registration fees and associated travel costs for the District Oncology & Palliative Care Nurse Educator to attend the 3rd International Nurse Education Conference in Sydney
- Funded the annual Research and Career Development Awards
- Funded the annual Nurse Excellence Awards at 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 community
- The Foundation continues to provide important support services to the patients, visitors and staff in hospitals across the Far North

## THE FUTURE

In late September 2010 the Foundation will have a new home. Brand new offices in E-Block will provide street frontage to promote and benefit the Foundation in its development.



E-Block will also house the new car park which will provide a further 277 more spaces than the existing car park and the Foundation will manage the new car parking facility.



D-Block will then be completed sometime in 2013 and the Foundation will manage the cafe that is planned for in this expansion of Cairns Base Hospital.

The redevelopment of Cairns Base Hospital is paving the way for a bright future that will enable the Foundation to continue making a real contribution to the quality of health care provision in Far North Queensland.



STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2010

|   | Note | 2010<br>\$       | 2009<br>\$       |
|---|------|------------------|------------------|
| <b>Income from continuing operations</b>              |      |                  |                  |
| <b>Revenue</b>  |      |                  |                  |
| Revenue from sale of goods                            | 4(a) | 1,931,360        | 1,725,376        |
| Revenue from fundraising                              | 4(b) | 1,123,526        | 906,963          |
| Finance income  | 5    | 79,025           | 85,494           |
| Increase in market valuation of investments           | 10   | 21,577           | -                |
| <b>Total Income from continuing operations</b>        |      | <b>3,155,488</b> | <b>2,717,833</b> |
| <b>Expenses from continuing operations</b>            |      |                  |                  |
| Cost of sales   | 4(a) | 646,253          | 608,206          |
| Cost of fundraising                                   | 4(b) | 139,993          | 104,285          |
| Employment expenses                                   | 6    | 703,028          | 753,561          |
| Supplies and services                                 | 7    | 110,128          | 104,592          |
| Other   | 8    | 30,685           | 27,935           |
| Depreciation  | 9    | 72,978           | 71,510           |
| Impairment losses                                     | 10   | -                | 29,032           |
| <b>Total expenses from continuing operations</b>      |      | <b>1,703,065</b> | <b>1,699,121</b> |
| <b>Operating result before distribution of grants</b> |      | <b>1,452,423</b> | <b>1,018,712</b> |
| Distribution of grants                                | 11   | (1,150,323)      | (786,572)        |
| <b>Operating result for the year</b>                  |      | <b>302,100</b>   | <b>232,140</b>   |
| Other comprehensive income                            |      | -                | -                |
| <b>Total comprehensive income for the year</b>        |      | <b>302,100</b>   | <b>232,140</b>   |

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

ACCUMULATED SURPLUS

|                            |    |                  |                  |
|----------------------------|----|------------------|------------------|
| <b>Balance at 1 July</b>   |    | 2,059,634        | 1,827,494        |
| Total comprehensive income |    | 302,100          | 232,140          |
| <b>Balance at 30 June</b>  | 20 | <b>2,361,734</b> | <b>2,059,634</b> |

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



STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

|                                      | Note | 2010<br>\$ | 2009<br>\$ |
|--------------------------------------|------|------------|------------|
| <b>CURRENT ASSETS</b>                |      |            |            |
| Cash and cash equivalents            | 12   | 2,556,876  | 2,004,806  |
| Receivables                          | 13   | 42,915     | 14,306     |
| Inventories                          | 14   | 18,801     | 13,477     |
| Other assets                         | 15   | 4,941      | 6,133      |
| <b>Total current assets</b>          |      | 2,623,533  | 2,038,722  |
| <b>NON-CURRENT ASSETS</b>            |      |            |            |
| Property, plant and equipment        | 16   | 128,564    | 195,504    |
| <b>Total non-current assets</b>      |      | 128,564    | 195,504    |
| <b>Total assets</b>                  |      | 2,752,097  | 2,234,226  |
| <b>CURRENT LIABILITIES</b>           |      |            |            |
| Payables                             | 17   | 346,922    | 139,405    |
| Accrued employee benefits            | 18   | 26,862     | 21,562     |
| <b>Total current liabilities</b>     |      | 373,784    | 160,967    |
| <b>NON-CURRENT LIABILITIES</b>       |      |            |            |
| Accrued employee benefits            | 18   | 16,579     | 13,625     |
| <b>Total non-current liabilities</b> |      | 16,579     | 13,625     |
| <b>Total liabilities</b>             |      | 390,363    | 174,592    |
| <b>Net assets</b>                    |      | 2,361,734  | 2,059,634  |
| <b>EQUITY</b>                        |      |            |            |
| Accumulated surplus                  | 20   | 2,361,734  | 2,059,634  |
| <b>Total equity</b>                  |      | 2,361,734  | 2,059,634  |

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





STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

|  | Note | 2010<br>\$       | 2009<br>\$       |
|--|------|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |      |                  |                  |
| Cash receipts in the course of operations                  |      | 3,239,942        | 2,816,372        |
| Cash payments in the course of operations                  |      | (1,538,972)      | (1,845,737)      |
| Distribution of grants                                     | 11   | (1,150,323)      | (786,572)        |
| Finance income   |      | 79,025           | 85,494           |
| GST received from customers                                |      | 3,900            | 1,300            |
| GST paid to suppliers                                      |      | (27,168)         | (8,834)          |
| GST paid to Australian Tax Office                          |      | (201,312)        | (182,211)        |
| GST received from Australian Tax Office                    |      | 153,016          | 100,333          |
| <b>Net cash provided by (used in) operating activities</b> | 23   | <b>558,108</b>   | <b>180,145</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |      |                  |                  |
| Payments for property, plant and equipment                 |      | (6,038)          | (34,325)         |
| <b>Net cash provided by (used in) investing activities</b> |      | <b>(6,038)</b>   | <b>(34,325)</b>  |
| <b>Net increase in cash and cash equivalents</b>           |      | <b>552,070</b>   | <b>145,820</b>   |
| Cash and cash equivalents at beginning of financial year   |      | 2,004,806        | 1,858,986        |
| <b>Cash and cash equivalents at end of financial year</b>  | 12   | <b>2,556,876</b> | <b>2,004,806</b> |

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 2010

### 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 Foundation has prepared these financial statements in compliance with section 42 of the Financial and Performance Management Standard 2009.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and interpretations. In addition, the financial statements comply with Treasury's Minimum Reporting Requirements for the year ending 30 June 2010, and other authoritative pronouncements.

With respect to compliance with the Australian Accounting Standards Board and interpretations, the Foundation has applied those requirements to not-for-profit entities, as the Foundation is a not-for-profit entity.

#### (b) Basis of measurement

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

#### (c) Functional and presentation currency

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

#### (d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs 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.

There have been no critical judgements made in applying accounting policies that are likely to have a significant effect on the amounts recognised in the financial statements. Similarly, there are no assumptions and estimation uncertainties that are likely to have a significant risk of resulting in a material adjustment within the next financial year.

#### (e) Change in accounting policy

Starting as of 1 July 2009, the Foundation has changed its accounting policy in respect of the presentation of financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Financial instruments

##### (i) Non-derivative financial assets

The Foundation initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Foundation becomes a party to the contractual provisions of the instrument.

The Foundation derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Foundation is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Foundation has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Foundation has the following non-derivative financial assets:

##### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Foundation's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

##### (ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Foundation becomes a party to the contractual provisions of the instrument. The Foundation derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Foundation has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Foundation has the following non-derivative financial liabilities: trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

##### (b) 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.

##### (c) Property, plant and equipment

###### (i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of

dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net and included in the Statement of Comprehensive Income. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained surplus.

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

##### (ii) Subsequent costs

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

##### (iii) Depreciation

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

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

|                              |          |
|------------------------------|----------|
| • Leasehold improvements     | 10 years |
| • Plant and equipment        | 5 years  |
| • Furniture and fittings     | 5 years  |
| • Specialised hire equipment | 5 years  |
| • Motor vehicles             | 5 years  |

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

##### (d) Impairment

###### (i) Financial assets

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in finance costs and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 3. SIGNIFICANT ACCOUNTING POLICIES (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 in expenses.

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.

#### (e) Employee benefits

##### (i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

##### (ii) Other long-term employee benefits

The Foundation's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Foundation's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in expenses 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 either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Foundation has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

#### (iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

#### (i) Provisions

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

#### (j) Revenue

##### (i) Sales revenue

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

##### (ii) Fundraising revenue

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

#### (k) Finance income

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

#### (l) Lease payments

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

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

#### (m) Income tax

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

#### (n) Goods and services tax

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

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

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

#### (o) Presentation of financial statements

The Foundation applies revised AASB 101 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Foundation presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard.

#### (p) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report:

- AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Foundation's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 124 Related Party Disclosures (revised 2009) amends the definition of a related party. The IASB made the definition symmetrical to ensure that if one entity is identified as a related party in another entity's financial statements, then the other entity also will be a related party in the first entity's financial statements. The revised standard will become mandatory for the Foundation's 30 June 2012 financial statements and is not expected to have a significant impact on the financial statements.
- AASB 9 Financial Instruments, published on 7 December 2009, is part of phase 1 of the IASB's comprehensive project to replace IAS 39. It deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements of AASB 139 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised costs and fair value. The standard eliminates the existing AASB 139 categories of held to maturity, available for sale and loans and receivables. The standard will become mandatory for the Foundation's 30 June 2014 financial statements. The Foundation has not evaluated the potential effect of this standard. Given the nature of the Foundation's operations, this standard is not expected to have a significant impact on the Foundation's financial statements.

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





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

|  | 2010<br>\$ | 2009<br>\$ |
|--|------------|------------|
| <b>4. REVENUE</b>                          |            |            |
| <b>(a) Revenue from sale of goods</b>      |            |            |
| <b>Sales revenue</b>                       |            |            |
| Sea Breeze Cafe                            | 1,466,548  | 1,285,064  |
| Vending machines                           | 22,441     | 27,562     |
| Telephone                                  | 18,596     | 21,590     |
| Television                                 | 109,120    | 99,688     |
| Car park                                   | 292,949    | 256,817    |
| Other income                               | 21,706     | 34,655     |
|  | 1,931,360  | 1,725,376  |
| <b>Cost of sales</b>                       |            |            |
| Sea Breeze Cafe                            | 623,315    | 578,775    |
| Vending machines                           | 105        | 4,353      |
| Telephone                                  | 14,914     | 17,302     |
| Television                                 | 7,919      | 7,776      |
|  | 646,253    | 608,206    |
| <b>Gross profit</b>                        |            |            |
| Sea Breeze Cafe                            | 843,233    | 706,289    |
| Vending machines                           | 22,336     | 23,209     |
| Telephones                                 | 3,682      | 4,288      |
| Television                                 | 101,201    | 91,912     |
| Car park                                   | 292,949    | 256,817    |
| Other income                               | 21,706     | 34,655     |
|  | 1,285,107  | 1,117,170  |
| <b>(b) Revenue from fundraising</b>        |            |            |
| <b>Fundraising and other contributions</b> |            |            |
| Fundraising for general purposes           | 758,756    | 518,224    |
| Fundraising for specific purposes          | 305,204    | 326,470    |
| Volunteer service                          | 54,680     | 57,122     |
| Specialised equipment scheme               | 4,886      | 5,147      |
|  | 1,123,526  | 906,963    |
| <b>Cost of fundraising</b>                 |            |            |
| Fundraising                                | 111,927    | 80,596     |
| Volunteer service                          | 27,048     | 22,478     |
| Specialised equipment scheme               | 1,018      | 1,211      |
|  | 139,993    | 104,285    |
| <b>Gross profit</b>                        |            |            |
| Fundraising                                | 952,033    | 764,098    |
| Volunteer service                          | 27,632     | 34,644     |
| Specialised equipment scheme               | 3,868      | 3,936      |
|  | 983,533    | 802,678    |

|   | 2010<br>\$ | 2009<br>\$ |
|---|------------|------------|
| <b>5. INVESTMENTS</b>   |            |            |
| Interest  | 79,025     | 85,494     |
|   | 79,025     | 85,494     |
| <b>6. EMPLOYMENT EXPENSES</b>   |            |            |
| Wages and salaries  | 617,306    | 674,806    |
| Employer superannuation contributions   | 54,600     | 59,796     |
| Workers compensation  | 3,798      | 3,326      |
| Other   | 27,324     | 15,633     |
|   | 703,028    | 753,561    |
| At year-end, there were 15 (2009: 15) employees employed on a full-time equivalent basis. |            |            |
| <b>7. SUPPLIES AND SERVICES</b>   |            |            |
| Consultants   | 12,000     | 15,618     |
| Banking and merchant fees   | 5,915      | 4,199      |
| Computer repairs and support  | 4,963      | 3,759      |
| Cleaning  | 6,577      | 6,161      |
| Motor vehicle operating costs   | 16,617     | 26,199     |
| Repairs and maintenance   | 33,529     | 19,903     |
| Printing and stationery   | 18,167     | 17,499     |
| Security  | 4,182      | 3,854      |
| Telephone   | 3,344      | 3,044      |
| Other   | 4,834      | 4,356      |
|   | 110,128    | 104,592    |
| <b>8. OTHER</b>   |            |            |
| External audit fees   | 11,200     | 10,200     |
| Insurance   | 19,485     | 17,735     |
|   | 30,685     | 27,935     |

|  |        |        |
|--|--------|--------|
| <b>9. DEPRECIATION</b>                                     |        |        |
| Depreciation and amortisation were incurred in respect of: |        |        |
| Leasehold improvements                                     | 30,939 | 30,939 |
| Plant and equipment  | 33,813 | 38,300 |
| Furniture and fittings                                     | 1,175  | 2,013  |
| Specialised hire equipment                                 | 173    | 173    |
| Motor vehicles   | 6,878  | 85     |
|  | 72,978 | 71,510 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

|  | 2010<br>\$ | 2009<br>\$ |
|--|------------|------------|
| <b>10. MARKET VALUATION OF INVESTMENTS</b> |            |            |
| DDH investment access funds                |            |            |
| at beginning of year                       | 220,968    | 250,000    |
| Market valuation at end of year            | 242,545    | 220,968    |
|  | -----      | -----      |
| Increase/(decrease) in market valuation    | 21,577     | (29,032)   |
|  | =====      | =====      |

**11. GRANTS AND SUBSIDIES**

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

|                                      |           |         |
|--------------------------------------|-----------|---------|
| Cairns Base Hospital                 |           |         |
| Intensive Care                       | -         | 300     |
| Emergency Medicine                   | 57,620    | 2,332   |
| Aged Care                            | 4,156     | 1,107   |
| Paediatrics                          | 153,312   | 93,173  |
| Women's Health                       | 57,271    | 11,621  |
| Palliative Care                      | 1,937     | 3,656   |
| Thoracic                             | 269,939   | -       |
| Medical Imaging                      | 182       | 45,060  |
| Oncology                             | 3,410     | 35,677  |
| Mental Health                        | 4,751     | 6,668   |
| Renal Medicine                       | 14,427    | 59,919  |
| Cardiology                           | 205,570   | 132,651 |
| Diabetes                             | 501       | 8,289   |
| Other                                | 104,890   | 38,858  |
| Physicians Fund                      | 1,932     | 5,252   |
| Medical 4 Clinics                    | 11,844    | 5,872   |
| Medical Research                     | 134,491   | 149,080 |
| NSP Vending                          | 7,494     | 13,480  |
| Research                             | 11,611    | -       |
| Sundry                               | 10,935    | 7,140   |
| Gordonvale Friends of the Foundation | 32,233    | 7,770   |
| Babinda Friends of the Foundation    | -         | 11,886  |
| Cooktown Hospital                    | 5,343     | -       |
| Gordonvale Hospital                  | 15,770    | -       |
| Mossman Hospital                     | 26,779    | 23,189  |
| Innisfail Hospital                   | 2,694     | -       |
| Babinda Hospital                     | 11,124    | -       |
| Douglas Shire MPHS                   | -         | 22,968  |
| Mareeba Shire Health Projects        | -         | 100,369 |
| Community Health                     |           |         |
| Cow Bay Clinic                       | 107       | 255     |
|                                      | -----     | -----   |
|                                      | 1,150,323 | 786,572 |
|                                      | =====     | =====   |

**12. CASH AND CASH EQUIVALENTS**

|                                    |           |           |
|------------------------------------|-----------|-----------|
| Cash on hand                       | 29,612    | 23,572    |
| Cash at bank                       | 256,256   | 172,574   |
| Deposits and investments (at call) | 2,271,008 | 1,808,660 |
|                                    | -----     | -----     |
|                                    | 2,556,876 | 2,004,806 |
|                                    | =====     | =====     |

Deposits and managed investments schemes are held with Queensland Treasury Corporation (QTC) and DDH Graham Limited. QTC deposits are bearing floating interest rates between 3.44% and 3.98%. Investment with DDH Graham Limited is an investment access fund.

|                        | 2010<br>\$ | 2009<br>\$ |
|------------------------|------------|------------|
| <b>13. RECEIVABLES</b> |            |            |
| <b>Current</b>         |            |            |
| Trade debtors          | 42,915     | 14,306     |
|                        | =====      | =====      |

No interest is earned on amounts due from debtors.

**14. INVENTORIES**

|                              |        |        |
|------------------------------|--------|--------|
| <b>Current</b>               |        |        |
| Sea Breeze Cafe              | 14,383 | 8,571  |
| Specialised equipment scheme | 778    | 700    |
| Telephone system cards       | 3,640  | 4,206  |
|                              | -----  | -----  |
|                              | 18,801 | 13,477 |
|                              | =====  | =====  |

**15. OTHER ASSETS**

|             |       |       |
|-------------|-------|-------|
| Prepayments | 4,941 | 6,133 |
|             | ===== | ===== |

**16. PROPERTY, PLANT AND EQUIPMENT**

|                                     |           |           |
|-------------------------------------|-----------|-----------|
| Leasehold improvements, at cost     | 310,180   | 310,180   |
| Accumulated amortisation            | (250,141) | (219,202) |
|                                     | -----     | -----     |
|                                     | 60,039    | 90,978    |
|                                     | =====     | =====     |
| Plant and equipment, at cost        | 336,320   | 330,283   |
| Accumulated depreciation            | (296,900) | (263,087) |
|                                     | -----     | -----     |
|                                     | 39,420    | 67,196    |
|                                     | =====     | =====     |
| Furniture and fittings, at cost     | 35,978    | 35,978    |
| Accumulated depreciation            | (34,345)  | (33,170)  |
|                                     | -----     | -----     |
|                                     | 1,633     | 2,808     |
|                                     | =====     | =====     |
| Specialised hire equipment, at cost | 4,616     | 4,616     |
| Accumulated depreciation            | (4,506)   | (4,334)   |
|                                     | -----     | -----     |
|                                     | 110       | 282       |
|                                     | =====     | =====     |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

|  | 2010<br>\$ | 2009<br>\$ |
|--|------------|------------|
| <b>16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b> |            |            |
| Motor vehicles, at cost                              | 34,325     | 34,325     |
| Accumulated depreciation                             | (6,963)    | (85)       |
|  | -----      | -----      |
|  | 27,362     | 34,240     |
|  | -----      | -----      |

|  | 2010<br>\$ | 2009<br>\$ |
|--|------------|------------|
| Total property, plant and equipment, at net book value | 128,564    | 195,504    |
|  | -----      | -----      |

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

**Reconciliation**

|                            | Leasehold<br>improvements<br>\$ | Plant and<br>equipment<br>\$ | Furniture<br>and fittings<br>\$ | Specialised<br>equipment<br>\$ | Motor<br>vehicles<br>\$ | Total<br>\$ |
|----------------------------|---------------------------------|------------------------------|---------------------------------|--------------------------------|-------------------------|-------------|
| <b>2010</b>                |                                 |                              |                                 |                                |                         |             |
| Carrying amount at 1 July  | 90,978                          | 67,196                       | 2,808                           | 282                            | 34,240                  | 195,504     |
| Acquisitions               | -                               | 6,038                        | -                               | -                              | -                       | 6,038       |
| Disposals                  | -                               | -                            | -                               | -                              | -                       | -           |
| Depreciation/amortisation  | (30,939)                        | (33,813)                     | (1,175)                         | (173)                          | (6,878)                 | (72,978)    |
|                            | -----                           | -----                        | -----                           | -----                          | -----                   | -----       |
| Carrying amount at 30 June | 60,039                          | 39,421                       | 1,633                           | 109                            | 27,362                  | 128,564     |
|                            | =====                           | =====                        | =====                           | =====                          | =====                   | =====       |
| <b>2009</b>                |                                 |                              |                                 |                                |                         |             |
| Carrying amount at 1 July  | 121,917                         | 105,496                      | 4,821                           | 455                            | -                       | 232,689     |
| Acquisitions               | -                               | -                            | -                               | -                              | 34,325                  | 34,325      |
| Disposals                  | -                               | -                            | -                               | -                              | -                       | -           |
| Depreciation/amortisation  | (30,939)                        | (38,300)                     | (2,013)                         | (173)                          | (85)                    | (71,510)    |
|                            | -----                           | -----                        | -----                           | -----                          | -----                   | -----       |
| Carrying amount at 30 June | 90,978                          | 67,196                       | 2,808                           | 282                            | 34,240                  | 195,504     |
|                            | =====                           | =====                        | =====                           | =====                          | =====                   | =====       |

The Foundation has plant and equipment and furniture and fittings with an original cost of \$114,012 and a written down value of nil still being used in the provision of services. These assets are being replaced as they become unserviceable or if no longer required are written off after the required board approval.

|                               | 2010<br>\$ | 2009<br>\$ |
|-------------------------------|------------|------------|
| <b>17. PAYABLES</b>           |            |            |
| <b>Current</b>                |            |            |
| Trade creditors               | 298,851    | 97,169     |
| Customer deposits             | 260        | 100        |
| Payroll liabilities           | 4,856      | 7,779      |
| GST                           | 10,830     | 13,075     |
| Sundry creditors and accruals | 32,125     | 21,282     |
|                               | -----      | -----      |
|                               | 346,922    | 139,405    |
|                               | =====      | =====      |

|                                      | 2010<br>\$ | 2009<br>\$ |
|--------------------------------------|------------|------------|
| <b>18. ACCRUED EMPLOYEE BENEFITS</b> |            |            |
| <b>Current</b>                       |            |            |
| Annual leave                         | 26,862     | 21,562     |
|                                      | -----      | -----      |
| <b>Non-current</b>                   |            |            |
| Long service leave                   | 16,579     | 13,625     |
|                                      | -----      | -----      |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 19. FINANCIAL INSTRUMENTS

#### (a) Financial risk management

##### (i) Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

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

##### (ii) Credit risk

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

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

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

##### (iii) Liquidity risk

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

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

##### (iv) Market risk

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

The Foundation only holds deposits at call and managed funds and does not trade in derivatives. However, investments in managed funds may result in some volatility impact on the statement of comprehensive income.

##### Currency risk

The Foundation is not exposed to currency risk.

##### Interest rate risk

Interest rate risk refers to the risk that changes in interest rates will affect the Foundation's income or the value of its obligations, and arises on floating rate debt.

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

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

##### Other market price risks

The Foundation is not exposed to other market price risks.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

19. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit risk

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

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

| Maximum exposure to credit risk | Note | 2010<br>\$ | 2009<br>\$ |
|---------------------------------|------|------------|------------|
| <b>Financial assets</b>         |      |            |            |
| Cash                            | 12   | 2,556,876  | 2,004,806  |
| Receivables                     | 13   | 42,915     | 14,306     |
|                                 |      | -----      | -----      |
| Total                           |      | 2,599,791  | 2,019,112  |
|                                 |      | =====      | =====      |

2010 Financial Assets Past Due But Not Impaired

|             | Less than<br>30 days | 30-60 days | Overdue<br>61-90 days | More than<br>90 days | Total  |
|-------------|----------------------|------------|-----------------------|----------------------|--------|
| Receivables | 21,018               | 6,210      | 15,687                | -                    | 42,915 |
|             | -----                | -----      | -----                 | -----                | -----  |
| Total       | 21,018               | 6,210      | 15,687                | -                    | 42,915 |
|             | =====                | =====      | =====                 | =====                | =====  |

2009 Financial Assets Past Due But Not Impaired

|             | Less than<br>30 days | 30-60 days | Overdue<br>61-90 days | More than<br>90 days | Total  |
|-------------|----------------------|------------|-----------------------|----------------------|--------|
| Receivables | 9,814                | 266        | 4,166                 | -                    | 14,306 |
|             | -----                | -----      | -----                 | -----                | -----  |
| Total       | 9,814                | 266        | 4,166                 | -                    | 14,306 |
|             | =====                | =====      | =====                 | =====                | =====  |

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

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

The Foundation also manages credit risk through diversification and its reliance with DDH Graham Limited as a fund administrator of Q Invest, which is a jointly owned entity by the State Public Sector Superannuation Scheme and Queensland Investment Corporation, a Statutory Government Owned Corporation. The market value of the financial assets subject to credit risk as at 30 June 2010 is \$242,544 (2009: \$220,968).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

**19. FINANCIAL INSTRUMENTS (CONTINUED)**

**(c) Liquidity risk**

**The Foundation is exposed to liquidity risk in respect of its payables.**

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

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

|                              | Note | <1 year<br>\$ | Payable in<br>1-5 years<br>\$ | >5 years<br>\$ | Total<br>\$ |
|------------------------------|------|---------------|-------------------------------|----------------|-------------|
| <b>2010</b>                  |      |               |                               |                |             |
| <b>Financial liabilities</b> |      |               |                               |                |             |
| Payables                     | 17   | 346,922       | -                             | -              | 346,922     |
|                              |      | =====         | =====                         | =====          | =====       |
| <b>2009</b>                  |      |               |                               |                |             |
| <b>Financial liabilities</b> |      |               |                               |                |             |
| Payables                     | 17   | 139,405       | -                             | -              | 139,405     |
|                              |      | =====         | =====                         | =====          | =====       |

**(d) Market risk**

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

**Interest rate sensitivity analysis**

The following interest rate sensitivity analysis depicts the outcome to profit and loss if interest rates were to change by +/- 1% from the year-end rates applicable to the Foundation's financial assets and liabilities. With all other variables held constant, the Foundation would have a surplus and equity increase/(decrease) of \$22,714 (2009: \$18,444). This is predominantly attributable to the Foundation's exposure to variable interest rates on its capital guaranteed cash fund.

|   | Carrying Amount<br>\$ | -1%<br>Surplus<br>\$ | -1%<br>Equity<br>\$ | +1%<br>Surplus<br>\$ | +1%<br>Equity<br>\$ |
|---|-----------------------|----------------------|---------------------|----------------------|---------------------|
| <b>2010</b>                                     |                       |                      |                     |                      |                     |
| Cash  | 2,556,876             | (22,714)             | (22,714)            | 22,714               | 22,714              |
|   |                       | -----                | -----               | -----                | -----               |
| <b>Overall effect on surplus<br/>and equity</b> |                       | (22,714)             | (22,714)            | 22,714               | 22,714              |
|   |                       | =====                | =====               | =====                | =====               |
| <b>2009</b>                                     |                       |                      |                     |                      |                     |
| Cash  | 1,858,986             | (18,444)             | (18,444)            | 18,444               | 18,444              |
|   |                       | -----                | -----               | -----                | -----               |
| <b>Potential impact</b>                         |                       | (18,444)             | (18,444)            | 18,444               | 18,444              |
|   |                       | =====                | =====               | =====                | =====               |





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

|                                | 2010      | 2009      |
|--------------------------------|-----------|-----------|
|                                | \$        | \$        |
| <b>20. ACCUMULATED SURPLUS</b> |           |           |
| Accumulated surplus comprises: |           |           |
| Unrestricted funds             | 1,774,940 | 1,433,922 |
| Restricted funds               | 586,794   | 625,712   |
|                                | -----     | -----     |
|                                | 2,361,734 | 2,059,634 |
|                                | =====     | =====     |

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.

**21. INDUSTRY SEGMENT**

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

**22. CONTINGENT LIABILITIES**

The Foundation has no known material contingent liabilities.

**23. NOTES TO THE STATEMENT OF CASH FLOWS**

|   | 2010        | 2009      |
|---|-------------|-----------|
|   | \$          | \$        |
| <b>Reconciliation of surplus to net cash provided by operating activities</b>           |             |           |
| Operating result before distribution of grants  | 1,452,423   | 1,018,712 |
| Less: Distribution of grants  | (1,150,323) | (786,572) |
| <i>Add non-cash items:</i>  |             |           |
| Depreciation  | 72,978      | 71,510    |
| Amounts set aside to provisions   | 8,254       | 3,161     |
|   | -----       | -----     |
| Net cash flows provided by operating activities before change in assets and liabilities | 383,332     | 306,811   |
| <i>Change in assets and liabilities during the financial year:</i>                      |             |           |
| (Increase)/decrease in receivables  | (28,609)    | 2,575     |
| (Increase)/decrease in inventories  | (5,324)     | 547       |
| Increase/(decrease) in payables   | 207,516     | (135,590) |
| (Increase)/decrease in prepayments  | 1,193       | 5,802     |
|   | -----       | -----     |
| Net cash flows provided by operating activities   | 558,108     | 180,145   |
|   | =====       | =====     |

**24. RELATED PARTIES**

**Members**

The names of each person holding the position of member of the Foundation during the financial year are: Dr Kenneth Chapman (Chairman), Mr Graham Coonan (Deputy Chairman), Ms Julie Hartley-Jones, Ms Patricia Bailey, Professor Caroline de Costa, Mr Roy Lavis (resigned 25 February 2010), Mr Charles Marino, Mr Robert McGill, Mr Peter Piccone and Mr Steve Russell (Ex Officio Member). Ms Terri Knight is Secretary.

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.

Ms Julie Hartley-Jones and Ms Terri Knight 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 (2009: \$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 11.

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



## CERTIFICATE OF THE FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

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

- (a) the prescribed requirements in respect of the establishing and keeping the accounts of the Far North Queensland Hospital Foundation have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Foundation for the year ended 30 June 2010 and of the financial position of the Foundation at the end of the year.

Cairns, 31 August 2010

Dr Kenneth Chapman  
CHAIRMAN

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 auditor's report relates to the financial report of Far North Queensland Hospital Foundation for the financial year ended 30 June 2010 included on Far North Queensland Hospital Foundation's website. The Board is responsible for the integrity of the Far North Queensland Hospital Foundation's website. I have not been engaged to report on the integrity of the Far North Queensland Hospital Foundation's website. The auditor's 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 Far North Queensland Hospital Foundation, to confirm the information included in the audited financial report presented on this website.

#### Report on the Financial Report

I have audited the accompanying financial report of the Far North Queensland Hospital Foundation which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 for the financial administration of Far North Queensland Hospital Foundation, for the year ended 30 June 2010.

#### 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 Accountability Act 2009 and the Financial and Performance Management Standard 2009, 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 the 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 Auditor-General Act 2009 promotes the independence of the Auditor General and all 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.

#### Auditor's Opinion

In accordance with s.40 of the Auditor-General Act 2009 –

- (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 2009 to 30 June 2010 and of the financial position as at the end of that year.

PETER CATTERSON

(as Delegate of the Auditor-General of Queensland)

Cairns, 31 August 2010



## 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 CNR GROVE & DIGGER STS CAIRNS OR PO BOX 957 CAIRNS QLD 4870

**p** 07 4226 6553 **f** 07 4226 6663 **e** gm@fnqhf.com.au **w** www.fnqhf.com.au



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