

far north queensland
hospital
foundation



| ANNUAL REPORT 2011-2012 |



putting the pieces together
for a healthier north

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GENERAL INFORMATION

These financial statements cover the Far North Queensland Hospital Foundation.

The Far North Queensland Hospital Foundation is a hospital foundation established under the *Hospitals Foundations Act 1982*.

The Far North Queensland Hospital Foundation is controlled by the State of Queensland.

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

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

A description of the Foundation's objectives and principal activities is included in the notes to the financial statements.

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

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

VISION STATEMENT

"Superior Health Care in Far North Queensland."

MISSION STATEMENT

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

PRINCIPAL ACTIVITIES

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.



The office of the Far North Queensland Hospital Foundation

Front cover: Cairns Base Hospital Paediatric Cardiologist, Dr Ben Reeves, putting the echocardiography system to good use.



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 2011-2012

CHAIRMAN

Dr Ken Chapman MB BS (Qld)

DEPUTY CHAIRMAN

Mr Graham Coonan BCom. FCA

MEMBERS

Ms Patricia Bailey

Ms Julie Hartley-Jones CBE

Mr Charles Marino LLB

Professor William McBride MB BS DTM&H FRACP FRCPA PhD

Mr Robert McGill

Associate Professor Jane Mills PhD RN MN MEd BN FACN

Mr Steve Russell

SECRETARY

Ms Terri Knight CPA BCom.

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



Back row: Mr Steve Russell, Mr Charles Marino, Professor William McBride, Ms Julie Hartley-Jones, Mr Robert McGill and Mr Graham Coonan
Front row: Ms Patricia Bailey, Dr Ken Chapman and Associate Professor Jane Mills
Absent: Ms Terri Knight

Name	Number Eligible to Attend	Number Attended
K Chapman	6	5
G Coonan	6	6
P Bailey	6	5
J Hartley-Jones	6	6
C Marino	6	5
W McBride	6	5
R McGill	6	5
J Mills	6	5
S Russell	6	6



Foundation management staff:

Steve McGuinness - Manager, Commercial Operations

Tony Franz - CEO

Glenys Duncombe - Manager, Fundraising & Marketing

Anne Chirio - Manager, Volunteer Program



CHAIRMAN'S REPORT

Despite tough economic times, the Far North Queensland Hospital Foundation has continued to grow and contribute strongly to health care in the region. In fact, the Foundation's fundraising efforts produced record results, with a gross profit of just over one million dollars for the 2011-12 financial year.

Commercial operations trading remained at a similar level throughout the year, but the great fundraising results contributed to a record surplus of \$1,512,211, before distribution of grants.

Just over a million dollars of this sum was spent on grants and equipment purchases. In addition, further funds were set aside for the Paediatric Playground Project.

Specialised equipment purchases included a portable paediatric echocardiography system, a neonatal Omnidex and brain monitor, a total of 21 pressure relieving mattress systems, and 53 televisions for hospital units across the region.

The Foundation also committed up to \$500,000 to fund the start-up of the new Rapid Access Chest Pain Clinic (RACPC), including the appointment of a cardiologist and cardiology nurse to staff the clinic.

This is a first for Queensland and the RACPC, which opened in March 2012, is already achieving great results – enabling cardiac patients to obtain prompt treatment.

Planning and fundraising for the Paediatric Playground Project continued throughout the year, with more than \$750,000 raised to date and construction expected to start in 2012-13.

Funds have also been set aside for several major capital projects associated with the redevelopment of the Cairns Base Hospital, including the patient television system, fit out

for a second cafe (in the new Block D), and redevelopment of the Sea Breeze Café.

The Foundation has continued to expand its services across the region. The establishment of a new Friends of the Foundation committee in Innisfail has already yielded great benefits for the Innisfail Hospital.

There are now Friends of the Foundation committees supporting local hospitals and clinics in Gordonvale, Babinda, Mareeba, Cow Bay, Cooktown and Innisfail. We wish to thank these volunteers for their enthusiasm and hard work.

The Foundation also boasts 105 active volunteers based at the Cairns Base Hospital, where they play a major role in the provision of support services, as well as fundraising activities.

We sincerely appreciate their tireless dedication.

Volunteers are the heart and soul of the Foundation. The contribution they make to this organisation is incalculable. Of course, the Foundation's board members are also volunteers and their support is greatly appreciated.

Thanks also to our many donors, sponsors and supporters who enable us to set goals – and achieve them.

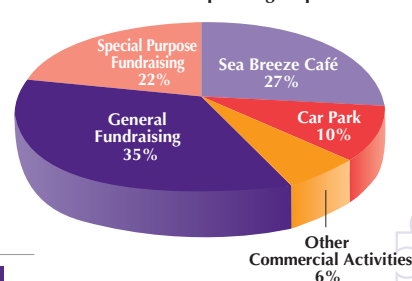
The past financial year has yielded great results for the Foundation. We look forward to maintaining that momentum over the next 12 months, as we pursue our vision of superior health care in Far North Queensland.

Dr Ken Chapman

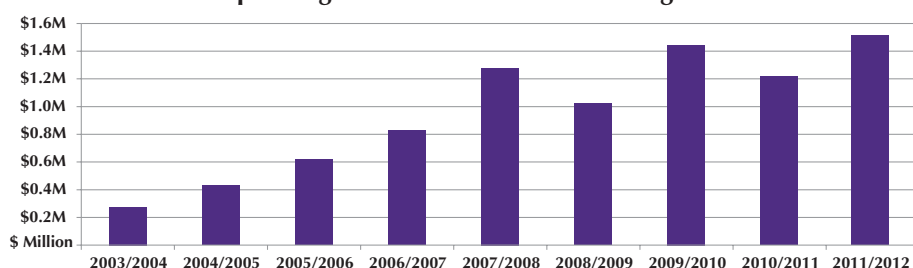


Some of our wonderful volunteers

Contributions to operating surplus



Operating result before distribution of grants





Cairns Base Hospital Special Care Baby Unit Clinical Nurse, Kathy Wheeler, utilising the Giraffe Omnibed which was proudly provided by the Hospital Foundation

THE YEAR IN REVIEW

The 2011-12 financial year proved to be another highly successful year for the Far North Queensland Hospital Foundation.

Revenue from continuing operations totalled \$3.55 million, representing an increase of 13.3 percent on the previous year's result of \$3.13 million.

The increase in revenue enabled the Foundation to post an operating surplus, before distribution of grants, of \$1.5 million – an increase of 24 percent on the previous year's result of \$1.2 million.

The Foundation's strong financial performance ensured that it achieved the main objective of the organisation's Strategic Plan – to grow and maximise the benefits of the principal activities that appear on page two of this report.

The Foundation almost doubled the amount of funding for grants in 2012, which totalled \$1 million, compared to the previous year's figure of \$0.52 million.

The Foundation made a number of significant contributions during the course of 2011-12, including the purchase of a portable echocardiography system, at a cost of \$115,200, for the newly-appointed specialist paediatric cardiologist at the Cairns Base Hospital, Dr Ben Reeves.

The Foundation also funded equipment to assist in the treatment of sick and/or premature babies, including an additional Giraffe Omnibed and a brain monitor for the Cairns Base Hospital Special Care Baby Unit, at a total cost of \$81,785.

In addition, the Foundation invested \$241,500 in the purchase of 21 Nimbus

alternating pressure relieving mattresses for regional hospitals located in and around the Cairns & Hinterland Health Service District.

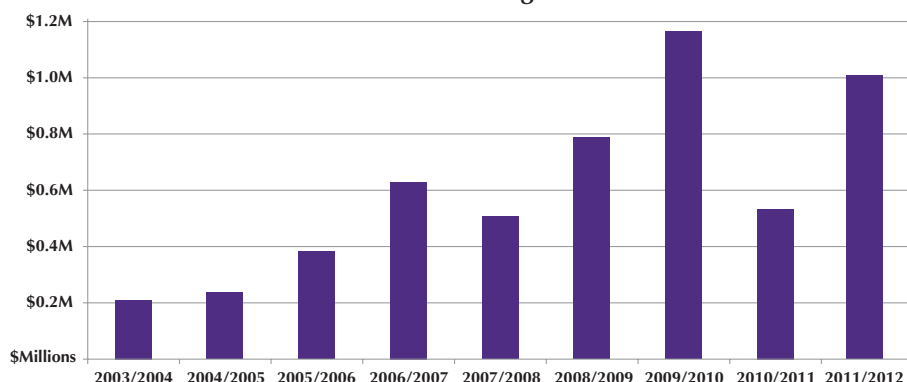
The Foundation realised another critical strategic objective during the past financial year – an increase in fundraising income. A favourable variance of \$325,029 saw fundraising income increase by 36.7 percent to \$1.21 million, compared with the previous year's result of \$0.88 million.

The establishment of the Innisfail Friends of the Foundation ensured that the organisation met another objective – to expand its network of services in the region. This achievement also enabled the Foundation to demonstrate its support of Queensland Government's values, including the desire to improve health outcomes for Queenslanders by providing better health care in the community and empowering local communities with a greater say in their hospital and local health services.



Anne and Les Mills from the Mills Family Foundation with Mareeba Hospital Nurse Unit Manager, Robyn George, and Facility Manager, Lyn Wardlaw, at the handover of the \$11,500 Nimbus alternating pressure relieving mattress.

Distribution of grants



THE YEAR IN REVIEW (continued)

VOLUNTEER SERVICES

The Foundation's Volunteer Program is now in its 23rd year, and our volunteer team continues to provide a most valuable service to patients, visitors and staff at the Cairns Base Hospital. We are extremely fortunate to be able to count on these people to donate their time and skills to help the Foundation achieve its vision.

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

FRIENDS OF THE FOUNDATION

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

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

Collectively, they have raised more than \$143,000 towards the improvement of health care services in their respective communities. During the year, they funded the purchase of:

- Vital signs monitors for the Cooktown Hospital
- Thirty-eight televisions, complete with nurse-call pendants, for the Mareeba Hospital
- Three syringe drivers, a Nimbus alternating pressure relieving mattress, a VersaCare bed system, four patient day chairs and a Tilt-in-space shower commode for the Gordonvale Hospital
- A Princess Bed air comfort seating system for the Innisfail Hospital

COMMERCIAL OPERATIONS

The Foundation operates a number of profitable commercial businesses, which enable the organisation to cover its administration and operating expenses, and at the same time maximise the funds available for donation back into health care services.

During the past year, the Sea Breeze Café, Block E car park, television service and telephone system continued to ensure that patients and visitors to the Cairns Base Hospital received quality services that enhanced their comfort.

Sea Breeze Café

The Sea Breeze Café provides quality food and retail services to patients, staff and visitors to the Cairns Base Hospital, from its scenic location opposite the Cairns Esplanade. At the same time, it generates substantial funds that are used to improve health care services in the region. The café, which boasts both indoor and outdoor dining areas that can cater for up to 60 people, has become an integral part of the hospital's social life.



Vending Machines

The Foundation coordinates the placement of a range of food and beverage vending services, including soft drink machines, coffee machines and snack food machines. A Phoneaway/phonecard vending machine supports the telephones that the Foundation has installed at the bedside of every in-patient at the Cairns Base Hospital. The Foundation also manages the Automatic Teller Machine (ATM) located at the hospital.



Block E Car Park

The Foundation manages the Block E car park at the Cairns Base Hospital. With 667 car parking spaces, including 24 spaces reserved for people with a disability, the car park provides a crucial service to both hospital staff and visitors. The parking fee represents a minor outlay in return for the security and ease of parking on site at the hospital. The car park is equipped with video surveillance which is particularly appreciated by hospital staff that finish their shifts at night or during the early hours. The car park also accommodates a large number of hospital pool vehicles, which ensure staff quick and easy access to transport.

Television Hire Service

The Foundation installed and now operates an integrated multi-access television system throughout the Cairns Base Hospital. The self-access system allows patients to view their televisions without the assistance of hospital staff. A Foundation staff member visits patients daily to ensure prompt service and collect rental payments. The television hire service is widely appreciated by patients.



THE YEAR IN REVIEW (continued)

FUNDRAISING

As previously mentioned the Foundation covers all its administration and operating expenses from the profits generated by the organisation's commercial businesses, including the Sea Breeze Cafe and the Block E hospital car park. This means that 100 percent of monies donated to the Far North Queensland Hospital Foundation are guaranteed to be used for the purpose intended.

The Foundation has forged a number of strong and rewarding relationships with individuals, local businesses and service organisations that recognise the importance of the Foundation's goals and have been motivated to provide monetary and in-kind donations to help the charity achieve those goals.

The Foundation greatly appreciates the generosity and support of donors, including the following organisations, which donated \$2,000 or more to the FNQHF during the past financial year:

- Bendigo Bank
- Brian White & Associates
- Brothers Leagues Club
- Cairns to Karumba Bike Ride
- Cazalys Cairns
- Children's Health Foundation Queensland
- Commonwealth Bank
- Defence Health
- Enigma Business Products
- Ergon Energy
- Freemasons Gregory Lodge
- Gambling Community Benefit Fund
- Gilligan's Backpackers Resort and Hotel
- Good Price Pharmacy Warehouse
- Halpin Partners Accountants
- Harvest Cabaret
- Lions Club of Innisfail
- Lioness Club of Innisfail
- Mareeba Rotary Club
- McDonald's, Cairns
- Michael Aw The Good Guys United Way Program
- Mid Life Crisis Club
- Mills Family Foundation
- Nu Nu Restaurant
- Piccones SUPA IGA
- Qantas Flight Operations
- Qld Hotels Association Hotel Care
- Serco Sedexo
- Servier Laboratories (Aust)
- The Courier-Mail Children's Fund
- Trinity Petroleum
- USM Events
- Wayne Leonard Motorcycles
- Woolworths Fresh Food Kids Hospital Appeal
- Yellow Pages™

The Foundation continues to strive to raise the public profile of the organisation's existing fundraising events and activities, while also seeking to identify and/or develop new events to add to its annual calendar. The major fundraising events and activities for 2011-12 were:

- Yellow Pages™ Cardiac Challenge Cairns to Cooktown bike ride
- Wayne Leonard's Cairns to Mission Beach Motorcycle Muster
- Sea Fm's Give Me 5 for Kids
- Cairns Central Xmas Wrap
- "Unit's" Jet Ski FundRun
- "Save the Date" Wedding Expo



Participants in the second annual "Unit's" Jet Ski FundRun on Fitzroy Island



Fifth annual Yellow Pages™ Cardiac Challenge three day bike ride from Cairns to Cooktown

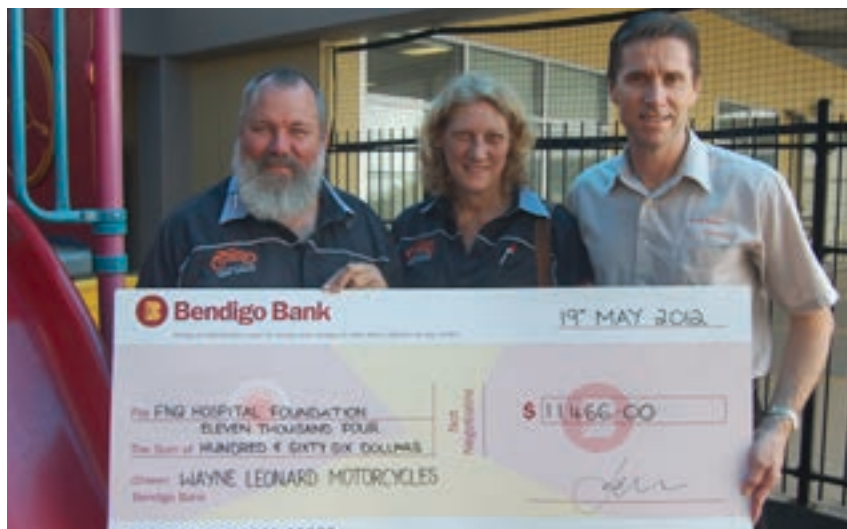




ACHIEVING OUR AIMS

During the past year, the Foundation has pursued its Vision of "Superior Health Care in Far North Queensland", through the donation of more than \$1 million towards health care services in this region.

This figure was supplemented by the incalculable value of the many services and tasks undertaken by the Foundation's volunteer team, as well as its permanent staff. Many of the services provided by the Foundation have become an integral part of hospital life. One can only imagine the total financial value of these services to the community, if they were costed appropriately.



Wayne and Rhonda Leonard presenting a cheque to Foundation CEO, Tony Franz, with proceeds going to the Paediatric Playground Project



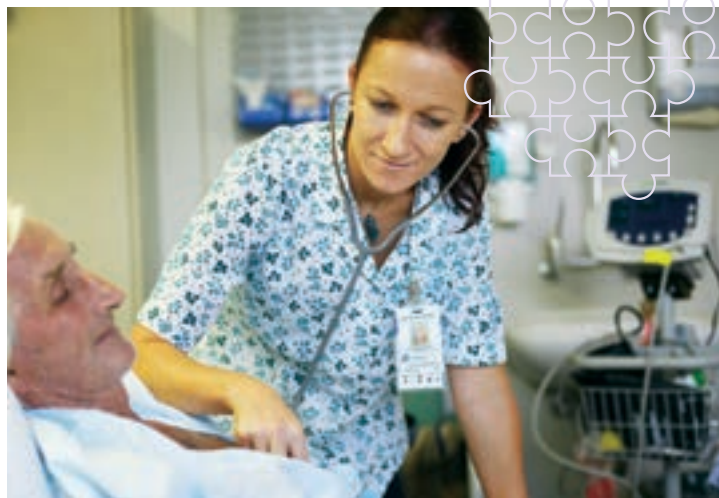
Eleventh annual Wayne Leonard's Motorcycle Muster



ACHIEVING OUR AIMS

THE FOUNDATION'S MAJOR PURCHASES THIS YEAR INCLUDED:

- A vital signs monitor complete with mobile stand for the Orthopaedic Ward, Cairns Base Hospital
- Two Symphony breast pumps complete with stands for the Paediatric Ward, Cairns Base Hospital
- An iPad, Wii game console and games, and a notebook computer for the patient recreation and study area in the Paediatric Ward, Cairns Base Hospital
- Three respiratory humidifiers complete with stands for the Paediatric Ward, Cairns Base Hospital
- A Vivid portable echocardiograph for the Paediatric Ward, Cairns Base Hospital
- A vital signs monitor complete with stand for the Paediatric Ward, Cairns Base Hospital
- Two Grasby sleep apnoea monitors for the Paediatric Ward, Cairns Base Hospital
- A BrainZ BRM3 brain monitor for the Special Care Baby Unit, Cairns Base Hospital
- A Giraffe Omnibed for the Special Care Baby Unit, Cairns Base Hospital
- A blood pressure monitor for the Cardiology Unit, Cairns Base Hospital
- Three televisions for the Liz Plummer Cancer Care Centre, Cairns Base Hospital
- A shower commode for the Occupational Therapy Department, Cairns Base Hospital
- Six Dyson tower fans for the Medical 4 Ward, Cairns Base Hospital
- Three Nimbus alternating pressure relieving mattresses for the Mossman Multi-Purpose Health Service
- A television and wall mounting bracket for the Smithfield Community Health facility
- An ergonomic hygiene chair, powered patient lifter, and patient standing and raising aids for the Innisfail Hospital Rehabilitation Program
- Seven Nimbus alternating pressure relieving mattresses for the Innisfail Hospital
- Two Nimbus alternating pressure relieving mattresses for the Tully Hospital
- Three Nimbus alternating pressure relieving mattresses for the Babinda Hospital
- Three televisions and ceiling brackets for the Mareeba Hospital
- Five Nimbus alternating pressure relieving mattresses for the Mareeba Hospital
- One Nimbus alternating pressure relieving mattress for the Herberton Hospital
- Eight televisions, complete with nurse-call pendants, for the Dialysis Unit at the Atherton Hospital



THE FOUNDATION ALSO FUNDED THE FOLLOWING:

- Associated travel and course costs for a Cairns Base Hospital orthopaedic physiotherapist to attend a post-graduate course in radiology for physiotherapists at the University of Melbourne
- Associated conference costs for a Cairns Sexual Health employee to attend the annual Australasian Sexual Health Conference in Canberra
- An educational camp/family weekend for children with diabetes, on Fitzroy Island
- The Lesley Gabriel Scholarship, which enabled three staff members from within the Cairns and Hinterland Health Service District to further their training in diabetes education
- Associated travel and course costs for the Innisfail Hospital speech pathologist to attend a three-day course at the Royal Brisbane and Women's Hospital
- Repairs and improvements to the gazebo at the Tully Hospital, which was damaged during Cyclone Yasi in early 2011
- Installation costs of 16 televisions at the Tully Hospital
- Installation costs of two televisions complete with nurse-call pendants at the Babinda Hospital
- The annual FNQHF Small Research Grants program
- Rental fees and the commissioning/decommissioning of the Vitalcall alarm service for numerous palliative care patients



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Income from continuing operations			
Revenue			
Revenue from sale of goods	4(a)	2,170,196	2,099,371
Revenue from fundraising	4(b)	1,209,833	884,804
Finance income	5	166,777	137,394
Increase in market value of investments	10	-	9,567
Total income from continuing operations		3,546,806	3,131,136
Expenses from continuing operations			
Cost of sales	4(a)	769,836	741,205
Cost of fundraising	4(b)	141,640	149,044
Employment expenses	6	897,430	786,416
Supplies and services	7	129,890	121,445
Other expenses	8	29,786	37,970
Depreciation	9	61,833	77,077
Decrease in market value of investments	10	4,180	-
Total expenses from continuing operations		2,034,595	1,913,157
Operating result before distribution of grants		1,512,211	1,217,979
Distribution of grants	11	(1,007,154)	(524,616)
Operating result from continuing operations		505,057	693,363
Total comprehensive income		505,057	693,363

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

ACCUMULATED SURPLUS

Balance as at 1 July		3,055,097	2,361,734
Operating result from continuing operations		505,057	693,363
Balance as at 30 June	19	3,560,154	3,055,097

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 2012

	Note	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	12	3,941,221	3,178,574
Trade and other receivables	13	12,575	14,783
Inventories	14	21,132	21,190
Total current assets		3,974,928	3,214,547
NON-CURRENT ASSETS			
Property, plant and equipment	15	143,096	117,731
Total non-current assets		143,095	117,731
Total assets		4,118,024	3,332,278
CURRENT LIABILITIES			
Trade and other payables	16	520,847	250,242
Total current liabilities		520,847	250,242
NON-CURRENT LIABILITIES			
Provisions	17	37,023	26,939
Total non-current liabilities		37,023	26,939
Total liabilities		557,870	277,181
Net assets		3,560,154	3,055,097
EQUITY			
Accumulated surplus	19	3,560,154	3,055,097
Total equity		3,560,154	3,055,097

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 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows:</i>			
Cash receipts in the course of operations		3,602,439	3,236,642
Investment income		166,777	137,394
GST received from customers		1,142	1,343
GST input tax credits from ATO		115,821	118,060
<i>Outflows:</i>			
Cash payments in the course of operations			
Employee expenses		(887,822)	(765,495)
Supplies and services		(888,275)	(1,286,556)
Distribution of grants	11	(1,007,154)	(524,616)
GST paid to suppliers		(31,797)	(10,332)
GST remitted to ATO		(221,286)	(218,498)
Net cash provided by from operating activities	22	849,845	687,942
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Outflows:</i>			
Payments for property, plant and equipment		(87,198)	(66,244)
Net cash used in investing activities		(87,198)	(66,244)
Net increase in cash and cash equivalents		762,647	621,698
Cash and cash equivalents at beginning of financial year		3,178,574	2,556,876
Cash and cash equivalents at end of financial year	12	3,941,221	3,178,574

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 2012

1. OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE FOUNDATION

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.

The principal activities of the Foundation are to fund the purchase of state-of-the-art equipment and establishment of first class health related facilities; assist in the establishment of Far North Queensland as a centre of excellence in health services by funding supporting and encouraging education and research and provide support services for the patients and staff.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(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 ended 30 June 2012, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Foundation has applied those requirements applicable 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 except for deposits and investments which are at fair value.

(c) Functional and presentation currency

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

(d) Accounting estimates and judgements

The preparation of financial statements necessarily require the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements 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 future periods as relevant.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June as well as deposits at call with financial institutions.

(b) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment where necessary. There has been no provision for impairment as at 30 June as all receivables are collectable.

(c) Financial instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Foundation becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows;

- Cash – held at amortised cost
- Deposits and investments – held at fair value through profit or loss
- Receivables – held at amortised cost
- Payables – held at amortised cost

(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) 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.

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 - 10 years
 - Furniture and fittings 5 years
 - Motor vehicles 5 years
- Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(f) 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.

(ii) Impairment of non-current assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Foundation determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Employee benefits

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

Workers compensation insurance is a consequence of employing employees but is not counted in an employee's total remuneration package. It is an employee benefit, but is recognised separately as employee related expenses.

(i) Superannuation

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

(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. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

3. SIGNIFICANT ACCOUNTING POLICIES

(g) Employee benefits (Cont.)

(v) Key executive management personnel and remuneration

Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to note 24 for the disclosures on key executive management personnel and remuneration.

(h) 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.

(i) Payables

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

(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 are dependent upon the various fundraising events conducted during the year.

(k) Finance income

Finance income comprises interest and dividend income on funds invested. Interest income is recognised as it accrues, using the effective interest method. Dividends are re-invested for additional units.

(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 or the previous year.

(m) Insurance

The Foundation's property, plant and equipment and other risks are insured and premiums are being paid on a risk assessment basis. In addition, the Foundation pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(n) Income tax

The entity is a state body as defined under the Income Tax Assessment Act 1936 and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

(o) Issuance of financial statements

The financial statements are authorised for issue by the Chairman and Chief Executive Officer at the date of signing the Management Certificate.

(p) 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.

(q) Comparatives

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

(r) New and revised accounting standards

The Foundation did not voluntarily change any of its accounting policies during 2011-12. Australian accounting standard changes applicable for the first time for 2011-12 have had minimal effect on the Foundation's financial statements, as explained below.

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] became effective from reporting periods beginning on or after 1 January 2011. Given the Foundation's existing financial instruments, there was no impact on the Foundation's financial instruments note (note 18), in relation to disclosures about credit risk.

As the Foundation held no collateral or other credit enhancements in respect of its financial instruments, and did not renegotiate the terms of any financial assets, during the reporting periods presented in these financial statements, there were no other changes required to the Foundation's financial instruments note arising from the amendments to AASB 7 *Financial Instruments: Disclosures*.

AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project* [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113] also became effective from reporting periods beginning on or after 1 July 2011. The only potential implication for the Foundation from this amending standard was the deletion from AASB 101 *Presentation of Financial Statements* of the requirement for disclosure of commitments. However, Treasury Foundation's Financial Reporting Requirements require continuation of commitments disclosures, so this deletion from AASB 101 has no impact on the Foundation.

The Foundation is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the Foundation has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Foundation applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

AASB 13 *Fair Value Measurement* applies from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of "fair value", as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the Foundation's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The potential impacts of AASB 13 relate to the fair value measurement methodologies used, and financial statement disclosures made in respect of, such assets and liabilities. The Foundation does not plan to adopt this standard early and the impact on the Foundation's Financial Statements has not been determined.

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023

& 1038 and Interpretations 2, 5, 10, 12, 19 & 127] become effective from reporting periods beginning on or after 1 January 2013. The main impacts of these standards on the Foundation are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Foundation has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the Foundation's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Foundation enters into, it is not expected that any of the Foundation's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2013-14 financial statements, all of the Foundation's financial assets are expected to be required to be measured at fair value, and classified accordingly. The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the Foundation's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

AASB 1053 *Application of Tiers of Australian Accounting Standards* applies as from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements – Australian Accounting Standards (commonly referred to as "tier 1"), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as "tier 2"). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the tier 1 and tier 2 requirements is that tier 2 requires fewer disclosures than tier 1.

Details of which disclosures in standards and interpretations are not required under tier 2 reporting are set out in amending standards AASB 2010-2, AASB 2011-2, AASB 2011-6 and AASB 2011-11 (which also apply from reporting periods beginning on or after 1 July 2013). However, Treasury Department's Financial Reporting Requirements effectively do not allow application of AASB 2011-6 in respect of controlled entities, associates or interests in jointly controlled entities.

AASB 1053 acknowledges the power of a regulator to require application of the tier 1 requirements. In the case of the Foundation, Treasury Department is the regulator. Treasury Department has advised that its policy decision is to require adoption of tier 1 reporting by all Queensland Government departments and statutory bodies, including the Foundation, that are consolidated into the whole-of-Government financial statements. Treasury's policy also prohibits the early adoption of the arrangements outlined in AASB 1053 and its accompanying amending standards. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the Foundation.

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 AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$	2011 \$
4. REVENUE		
(a) Revenue from sale of goods		
Sales revenue		
Sea Breeze Cafe	1,726,613	1,662,875
Vending machines	45,451	24,920
Telephone	5,330	18,735
Television	107,729	102,513
Car park	244,415	255,712
Sundry	40,658	34,616
	2,170,196	2,099,371
Cost of sales		
Sea Breeze Cafe	753,087	715,307
Vending machines	3,380	-
Telephone	4,357	15,747
Television	3,168	8,342
Sundry	5,844	1,809
	769,836	741,205
Gross profit		
Sea Breeze Cafe	973,526	947,568
Vending machines	42,071	24,920
Telephones	973	2,988
Television	104,561	94,171
Car park	244,415	255,712
Sundry	34,814	32,807
	1,400,360	1,358,166
(b) Revenue from fundraising		
Fundraising and other contributions		
Fundraising for general purposes	814,518	634,597
Fundraising for specific purposes	339,582	195,346
	1,154,100	829,943
Volunteer service	55,673	52,365
Specialised equipment scheme	60	2,496
	1,209,833	884,804
Cost of fundraising		
Fundraising	115,568	125,029
Volunteer service	26,072	23,237
Specialised equipment scheme	-	778
	141,640	149,044
Gross profit		
Fundraising	1,038,532	704,914
Volunteer service	29,601	29,128
Specialised equipment scheme	60	1,718
	1,068,193	735,670

	2012 \$	2011 \$
5. FINANCE INCOME		
Interest	162,118	122,723
Dividends	4,659	14,671
	166,777	137,394
6. EMPLOYMENT EXPENSES		
Wages and salaries	774,777	683,221
Employer superannuation contributions	68,263	60,125
Workers compensation	5,784	3,883
Other	48,606	39,187
	897,430	786,416

At year-end, there were 16 (2011: 16) employees employed on a full-time equivalent basis.

7. SUPPLIES AND SERVICES		
Consultants	20,097	12,000
Banking and merchant fees	15,525	5,833
Computer repairs and support	6,121	6,168
Cleaning	12,476	11,879
Consumables	1,279	5,253
PCard purchases	2,156	8,753
Motor vehicle operating costs	13,639	17,262
Repairs and maintenance	23,346	20,021
Printing and stationery	21,552	20,588
Security	4,068	4,182
Telephone	4,266	4,941
Other	5,365	4,575
	129,890	121,445

8. OTHER EXPENSES		
External audit fees	7,449	15,100
Legal fees	350	2,772
Insurance	21,987	20,098
	29,786	37,970

There are no non-audit services included in the external audit fees.

9. DEPRECIATION		
Depreciation and amortisation were incurred in respect of:		
Leasehold improvements	25,931	30,939
Plant and equipment	21,124	34,735
Furniture and fittings	5,665	4,429
Specialised hire equipment	-	110
Motor vehicles	9,113	6,864
	61,833	77,077



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$	2011 \$
10. MARKET VALUATION OF INVESTMENTS		
DDH investment access funds		
at beginning of year	266,783	242,545
Dividend reinvestment	4,559	14,671
Increase/(decrease) in market value	(4,180)	9,567
	-----	-----
Market valuation at end of year	267,162	266,783
	=====	=====

11. GRANTS AND SUBSIDIES

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

Cairns Base Hospital		
Emergency Medicine	-	75,689
Aged Care	364	4,243
Paediatrics	232,320	76,153
Women's Health	870	29,257
Palliative Care	1,432	1,376
Liz Plummer Cancer Care Centre	4,143	-
Medical Imaging	-	599
Oncology	606	54,453
Mental Health	3,244	8,436
Renal Medicine	1,816	4,472
Cardiology	3,301	12,374
Orthopaedics	8,789	9,379
Diabetes	12,933	9,450
Other	7,171	69,725
Physicians Fund	9,233	10,839
Medical 4 Clinics	4,852	8,789
Medical Research	113,661	13,156
Research	19,907	3,439
Sundry	32,104	22,569
Gordonvale Friends of the Foundation	39,137	25,072
Babinda Friends of the Foundation	-	591
Innisfail Friends of the Foundation	5,811	-
Mareeba Friends of the Foundation	71,448	4,268
Cow Bay Friends of the Foundation	710	-
Cooktown Hospital	9,159	52,534
Gordonvale Hospital	59,955	3,298
Mossman Hospital	58,996	5,189
Mossman MPHS	4,473	-
Innisfail Hospital	110,957	1,455
Babinda Hospital	36,588	2,600
Herberton Hospital	11,500	-
Mareeba Hospital	58,534	4,553
Atherton Hospital	14,836	-
Yarrabah Hospital	-	6,520
Tully Hospital	52,244	2,426
Cow Bay Clinic	15,395	1,712
Smithfield Community Health	665	-
	-----	-----
	1,007,154	524,616
	=====	=====

12. CASH AND CASH EQUIVALENTS

Cash on hand	46,142	41,732
Cash at bank	326,568	133,091
Deposits (at call)	3,301,349	2,736,968
Investments (Note 10)	267,162	266,783
	-----	-----
	3,941,221	3,178,574
	=====	=====

Deposits and managed investments schemes are held with Queensland Treasury Corporation (QTC) and DDH Graham Limited. QTC deposits are bearing floating interest rates between 4.12% and 5.66%. The investment with DDH Graham Limited is an investment access fund.

	2012 \$	2011 \$
13. TRADE AND OTHER RECEIVABLES		
Current		
Trade debtors	12,575	14,783
	=====	=====

No interest is earned on amounts due from debtors. No provision for impairment during the financial year has been recognised as the amounts are fully collectible.

14. INVENTORIES

Current		
P-Cards	160	240
Sea Breeze Cafe	17,620	19,923
Vending machines	2,112	-
Telephone system cards	1,240	1,027
	-----	-----
	21,132	21,190
	=====	=====

15. PROPERTY, PLANT AND EQUIPMENT

Leasehold improvements, at cost	309,390	309,390
Less: accumulated amortisation	(306,221)	(280,290)
	-----	-----
	3,169	29,100
	-----	-----
Plant and equipment, at cost	351,386	313,564
Less: accumulated depreciation	(283,770)	(264,268)
	-----	-----
	67,616	49,296
	-----	-----
Furniture and fittings, at cost	55,910	50,108
Less: accumulated depreciation	(27,104)	(31,271)
	-----	-----
	28,806	18,837
	-----	-----
Motor vehicles, at cost	66,446	34,325
Less: accumulated depreciation	(22,941)	(13,827)
	-----	-----
	43,505	20,498
	-----	-----
Total property, plant and equipment, at net book value	143,096	117,731
	=====	=====

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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation

	Leasehold improvements \$	Plant and equipment \$	Furniture and fittings \$	Specialised equipment \$	Motor vehicles \$	Total \$
2012						
Carrying amount at 1 July	29,100	49,296	18,837		20,498	117,731
Acquisitions	-	39,444	15,634	-	32,120	87,198
Disposals	-	-	-	-	-	-
Depreciation/amortisation	(25,931)	(21,124)	(5,665)	-	(9,113)	(61,833)
	-----	-----	-----	-----	-----	-----
Carrying amount at 30 June	3,169	67,616	28,806	-	43,505	143,096
	=====	=====	=====	=====	=====	=====
2011						
Carrying amount at 1 July	60,039	39,420	1,633	110	27,362	128,564
Acquisitions	-	44,611	21,633	-	-	66,244
Disposals	-	-	-	-	-	-
Depreciation/amortisation	(30,939)	(34,735)	(4,429)	(110)	(6,864)	(77,077)
	-----	-----	-----	-----	-----	-----
Carrying amount at 30 June	29,100	49,296	18,837	-	20,498	117,731
	=====	=====	=====	=====	=====	=====

The Foundation has plant and equipment and furniture and fittings with an original cost of \$561,436 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.

	2012 \$	2011 \$
16. TRADE AND OTHER PAYABLES		
Current		
Trade creditors	349,764	113,643
Customer deposits	30,063	26,171
Payroll liabilities	6,299	5,816
GST	39,019	35,166
Provision for employee benefits	50,336	34,190
Sundry creditors and accruals	45,366	35,256
	-----	-----
	520,847	250,242
	=====	=====

	2012 \$	2011 \$
17. PROVISIONS		
Non-current		
Long service leave	37,023	26,939
	=====	=====
Movement in provisions		
Balance at 1 July	26,939	16,579
Additional provisions	10,084	10,360
	-----	-----
Balance at 30 June	37,023	26,939
	=====	=====



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

18. 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 Chief Executive Officer who implements the changes. The Foundation does not enter into any derivative financial instruments and does not speculate in any type of financial instruments.

(ii) Credit risk exposure

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 its 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, volatility in investments in managed funds may result in some 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.

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 AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

18. 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	2012 \$	2011 \$
Financial assets			
Cash and cash equivalents	12	3,941,221	3,178,574
Trade debtors	13	12,575	14,783
Total		3,953,796	3,193,357

Financial assets past due but not impaired

	Less than 30 days	30-60 days	Overdue 61-90 days	More than 90 days	Total
2012					
Trade debtors	7,944	975	-	3,656	12,575
Total	7,944	975	-	3,656	12,575
2011					
Trade debtors	8,792	153	291	5,547	14,783
Total	8,792	153	291	5,547	14,783

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 on 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.

(c) Liquidity risk

Liquidity risk refers to the situation where the Foundation may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

18. FINANCIAL INSTRUMENTS (continued)

	Note	<1 year \$	Payable in 1-5 years \$	>5 years \$	Total \$
2012					
Financial liabilities					
Trade and other payables	16	470,511	-	-	470,511
		=====	=====	=====	=====
2011					
Financial liabilities					
Trade and other payables	16	216,052	-	-	216,052
		=====	=====	=====	=====

(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 net surplus and equity if interest rates were to change by +/- 1% from the year-end rates applicable to the Foundation's financial assets and liabilities. With all other variables held constant, the Foundation would have a surplus and equity increase/(decrease) of \$35,491 (2011: \$27,291). This is predominantly attributable to the Foundation's exposure to variable interest rates on its capital guaranteed cash fund.

	Carrying Amount \$	Surplus \$	-1% Equity \$	+1% Surplus \$	Equity \$
2012					
Cash and cash equivalents	3,941,221	(35,491)	(35,491)	35,491	35,491
		=====	=====	=====	=====
		(35,491)	(35,491)	35,491	35,491
		=====	=====	=====	=====
2011					
Cash and cash equivalents	3,178,574	(27,291)	(27,291)	27,291	27,291
		=====	=====	=====	=====
		(27,291)	(27,291)	27,291	27,291
		=====	=====	=====	=====



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
19. ACCUMULATED SURPLUS		
Accumulated surplus comprises:		
Unrestricted funds	2,957,185	2,422,029
Restricted funds	602,969	633,068
	-----	-----
	3,560,154	3,055,097
	=====	=====

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

20. INDUSTRY SEGMENT

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

21. CONTINGENT LIABILITIES

The Foundation has no known material contingent liabilities.

	2012	2011
	\$	\$
22. NOTES TO THE STATEMENT OF CASH FLOWS		
Reconciliation of surplus to net cash from operating activities		
Operating result before distribution of grants	1,512,211	1,217,979
Less: Distribution of grants	(1,007,154)	(524,616)
<i>Add non-cash items:</i>		
Depreciation	61,833	77,077
Amounts set aside to provisions	10,084	10,360
	-----	-----

Net cash flows provided by operating activities before change in assets and liabilities	576,974	780,800
<i>Change in assets and liabilities during the financial year:</i>		
(Increase)/decrease in receivables	2,208	28,132
(Increase)/decrease in inventories	58	(2,389)
Increase/(decrease) in payables	270,605	(123,542)
(Increase)/decrease in prepayments	-	4,941
	-----	-----
Net cash flows from operating activities	849,845	687,942
	=====	=====

23. 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 Patricia Bailey, Ms Julie Hartley-Jones, Mr Charles Marino, Professor William McBride, Mr Robert McGill, Dr Jane Mills, and Mr Stephen Russell. Ms Terri Knight is Secretary.

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

Members may have used the Foundation managed car park or made purchases from the Sea Breeze Cafe 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.

Professor William McBride and Dr Jane Mills were employed by James Cook University which is the beneficiary of research grant funding. All grants are awarded on a competitive arms-length basis.

Mr Charles Marino is a partner in Marino Moller Lawyers which provided legal services to the Foundation during the year for which they were paid \$350 (2011:\$2,773). These services were provided on a normal arms-length basis.

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 (2011: \$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.

24. KEY MANAGEMENT PERSONNEL AND REMUNERATION

Key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Foundation. The remuneration and other terms of employment for key executive management personnel are specified in employment contracts. The contracts provide for the provision of short term employee benefits, post-employment benefits and other benefits.

The Chief Executive Officer (CEO) was appointed on 2 February 2004 under a common law contract. The CEO's title changed from General Manager on 15 February 2012. The CEO is responsible for the efficient, effective and economic administration of the Foundation. Short term employee benefits of \$104,093 (2011: \$93,331) superannuation benefits of \$9,368 (2011: \$8,400) and non-monetary benefits of \$10,000 were paid to the CEO. The long service leave provision was \$13,549 (2011: \$3,985).

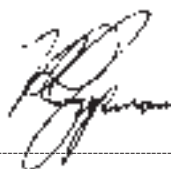


CERTIFICATE OF THE FAR NORTH QUEENSLAND HOSPITAL FOUNDATION

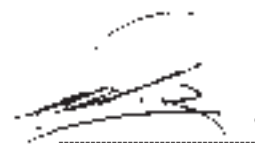
These general purpose financial statements have been prepared pursuant to section 62(1) of the provisions of the *Financial Accountability Act 2009* ("the Act") and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (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 2012 and of the financial position of the Foundation at the end of the year.

Cairns, 28 August 2012



Dr Kenneth Chapman
CHAIRMAN



Tony Franz
CHIEF EXECUTIVE OFFICER

INDEPENDENT AUDIT REPORT

To the Board of the Far North Queensland Hospital Foundation

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Far North Queensland Hospital Foundation for the year ended 30 June 2012. Where the financial report is included on Far North Queensland Hospital Foundation's website the Board is responsible for the integrity of Far North Queensland Hospital Foundation's website and I have not been engaged to report on the integrity of Far North Queensland Hospital Foundation's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Report on the Financial Report

I have audited the accompanying financial report of Far North Queensland Hospital Foundation which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairman and Chief Executive Officer.

The Board's Responsibility for the Financial Report

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

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. Those 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 of the financial report, whether due to fraud or error. In making those risk assessments,

the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 used 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

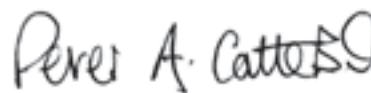
The *Auditor-General Act 2009* promotes the independence of the Auditor General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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.

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 presents 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 2011 to 30 June 2012 and of the financial position as at the end of that year.



PETER CATTERSON
(as Delegate of the Auditor-General of Queensland)

Cairns, 28 August 2012



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 us:

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INTERPRETER SERVICE

If you have difficulty in understanding the Annual Report, you can contact us and we will arrange an interpreter to effectively communicate the report to you.



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