

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

**TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979**

CONTENTS

	Page No.
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to and Forming Part of the Financial Statements	6-19
Certificate of the Townsville Hospital Foundation	20
Independent Audit Report	21

General Information:

These financial statements cover the Townsville Hospital Foundation.

The Townsville Hospital Foundation established under the provisions of the *Hospital Foundations Act 1982*.

The Foundation is controlled by the State of Queensland which is the ultimate parent.

The object of the foundation is to acquire, manage and apply property and income to continuing objects within or associated with the Townsville Hospital Health Service. This is in respect of the health and well-being of people, provision of improved facilities for education in medicine, and preventative medicine. As well as the discovery of the nature, origins and causes of disease, research into and development of branches of medical and other health sciences, technological research with a view to general improvement in health services and the production and marketing of results of research and development.

The principal place of business of the Foundation is:

Townsville Hospital Foundation
Townsville Hospital
100 Angus Smith Drive
Douglas QLD 4814

For information in relation to the Foundation's Financial Statements :

Phone : 07 4433 1337
Facsimile: 07 4433 1347
E-Mail: thfoundation@health.qld.gov.au
Web Site: www.thfoundation.org.au

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Income from Continuing Operations			
Revenue	2	596,711	897,480
Grant income		75,000	81,819
Total Income from Continuing Operations		<u>671,711</u>	<u>979,299</u>
Expenses from Continuing Operations			
Employee benefits expense	3(a)	(183,026)	(168,491)
Administration expenses		(5,870)	(5,879)
Supplies & services	3(b)	(255,182)	(357,130)
Depreciation	3(c)	(11,523)	(2,839)
Other expenses		(1,920)	(2,199)
Total Expenses from Continuing Operations		<u>(457,521)</u>	<u>(536,538)</u>
Operating Result from Continuing Operations		<u>214,190</u>	<u>442,761</u>
Other Comprehensive Income		-	-
Total Comprehensive Income		<u><u>214,190</u></u>	<u><u>442,761</u></u>

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	2,977,625	2,623,232
Trade and other receivables	7	3,720	4,063
Other current assets	8	17,578	137,255
TOTAL CURRENT ASSETS		<u>2,998,923</u>	<u>2,764,550</u>
NON-CURRENT ASSETS			
Plant and equipment	9	25,103	36,626
TOTAL NON-CURRENT ASSETS		<u>25,103</u>	<u>36,626</u>
TOTAL ASSETS		<u><u>3,024,026</u></u>	<u><u>2,801,176</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	21,916	13,626
Accrued Employee Benefits	11	5,101	4,731
TOTAL CURRENT LIABILITIES		<u>27,017</u>	<u>18,357</u>
TOTAL LIABILITIES		<u><u>27,017</u></u>	<u><u>18,357</u></u>
NET ASSETS		<u><u>2,997,009</u></u>	<u><u>2,782,819</u></u>
EQUITY			
Restricted Reserves		2,481,352	2,345,351
Accumulated Surplus		515,657	437,468
TOTAL EQUITY		<u><u>2,997,009</u></u>	<u><u>2,782,819</u></u>

**TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Accumulated Surplus \$	Restricted Fundraising Reserve \$	Restricted Research Reserve \$	Total \$
Balance as at 1 July 2014	541,723	1,228,586	569,749	2,340,058
Operating Result from Continuing Operations	442,761	-	-	442,761
Transfers in	-	569,722	-	569,722
Transfers out	(547,016)		(22,706)	(569,722)
Balance as at 30 June 2015	<u>437,468</u>	<u>1,798,308</u>	<u>547,043</u>	<u>2,782,819</u>
Balance as at 1 July 2015	437,468	1,798,308	547,043	2,782,819
Operating Result from Continuing Operations	214,190	-	-	214,190
Transfers in		142,528		142,528
Transfers out	(136,001)		(6,527)	(142,528)
Balance as at 30 June 2016	<u>515,657</u>	<u>1,940,836</u>	<u>540,516</u>	<u>2,997,009</u>

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from Gifts and Donations		54,351	38,437
Receipts from Grant Income		75,000	81,819
Receipts from Restricted Income		274,105	590,828
Receipts from Fundraising Activities		165,357	152,910
Interest Received		76,632	80,453
Other Income		26,266	34,852
Payments to Suppliers and Employees		(302,239)	(558,365)
Payments in relation to Research Expenses		(15,079)	(23,395)
Net cash provided by/(used in) operating activities	15(b)	354,393	397,539
Net cash used in investing activities			
Net increase/(decrease) in Cash and cash equivalents		354,393	397,539
Cash and cash equivalents at beginning of financial year		2,623,232	2,225,693
Cash and cash equivalents at end of financial year	15(a)	2,977,625	2,623,232

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The Townsville Hospital Foundation has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009 and the Financial Accountability Act 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 2016, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Townsville Hospital Foundation has applied those requirements applicable to not-for-profit entities, as the Townsville Hospital Foundation is a not-for-profit entity. Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The financial statements cover the Townsville Hospital Foundation as an individual entity. Townsville Hospital Foundation is a statutory body in Australia under the *Hospitals Foundation Act 1982*.

(c) Taxation

The Foundation 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).

GST is the only tax accounted for by the Townsville Hospital Foundation. GST credits receivable from, and GST payable to the ATO, are recognised (refer to note 7 and 10).

(d) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of Plant and Equipment is depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The useful life in years used for each class of depreciable asset are:

Class of Fixed Asset:	Useful Life
Motor vehicles	10 Yrs
Plant and equipment	5-10 Yrs

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(e) Financial Instruments
Recognition

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

Classification

Financial instruments are classified and measured as follows:

- Cash and Cash Equivalents - measured at fair value
- Trade and Other Receivables - held at amortised cost
- Trade and Other Payables - measured at amortised cost

The Foundation does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the entity holds no financial assets classified at fair value through profit and loss.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the entity are included in Note 14.

(f) Impairment of assets

At the end of each reporting period, the Foundation assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

(g) Employee Benefits

Employer superannuation contributions, annual leave and long service leave 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 not an employee benefit and is recognised separately as employee related expenses.

Wages, Salaries and Sick Leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

As the Foundation expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

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

Annual Leave

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Annual leave due but unpaid at reporting date is recognised as an accrual in the Statement of Financial Position at the amounts expected to be paid when the liability is settled.

Long term employee benefits

The provision for long service leave is recognised, and is measured at the present value of the estimated future cash outflows to be made for those benefits. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Due to length of employment of current employees, there is no requirement to accrue an amount for long service leave in the accounts.

Superannuation

Employees of the Foundation are able to choose a complying superannuation fund. Contributions made on behalf of employees into their respective superannuation schemes are charged and expensed as the contributions are paid or become payable. The Foundation's default fund is Sunsuper.

(h) 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 receipted but not banked at 30 June as well as deposits at call with financial institutions.

(i) Receivables

Trade and other receivables 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. There were no bad debts written-off during the year.

(j) Revenue and Other Income

Interest revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Foundation obtains control over them. Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangement.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Restricted fundraising and research income is recognised separately and is that revenue that is identified at the source as being for a specified purpose. The net restricted income is transferred to the relevant reserve at the end of the financial year.

(k) Goods and Services Tax (GST)

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Other Presentation Matters

Currency and Rounding

Currency and Rounding - Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1.

Comparatives

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

Current/Non-Current Classification

Assets and liabilities are classified as either 'current' or non-current' in the Statement of Financial Position and associated notes. Assets are classified as 'current' when their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Foundation does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

(m) Services Received Free of Charge or for Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

(n) Trade and Other Payables

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

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(o) Authorisation of Financial Statements for Issue

The financial statements are authorised for issue by the Chairperson and General Manager at the date of signing the Certificate of the Townsville Hospital Foundation.

(p) Insurance

The Foundation's non-current physical assets and other risks are insured through the Aon & IC Firth Associates Insurance Services and Jardine Lloyd Thompson, premiums being paid on a risk assessment basis. In addition, the entity pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(q) Accounting Estimates and Judgements

The preparation of financial statements necessarily requires 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. There are no assumptions that have a potential significant effect on the financial statements.

(r) Employee Benefits - Key executive management personnel and remuneration

Key executive management personnel and remuneration disclosures are made in accordance with the section 5 to the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to note 4 for the disclosures on key executive management personnel and remuneration.

(s) Related party disclosures

There were no transactions with related parties or members of their families.

(t) New and revised Accounting Standards

The Foundation did not voluntarily change any of its accounting policies during 2015-16.

From the reporting period commenced 1 July 2016, the Foundation has complied with the requirements of AASB 124 *Related Party Disclosures*. That accounting standard requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities and relationships between parent and controlled entities. The Foundation already discloses information about the remuneration expenses for key management personnel (refer to note 4) in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for the Foundation financial statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.

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 Queensland Treasury. Two Australian Accounting Standards have been early adopted for the 2015-16 year as required by Queensland Treasury. These are *AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049] and AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]*.

No new Australian Accounting Standards effective for the first time in the 2015-16 year had any material impact on this financial report.

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
2. REVENUE			
Revenue from continuing operations:			
Gifts and Donations		54,351	38,437
Fundraising		165,357	152,910
Interest received		76,632	80,453
Other revenue		26,266	34,852
Restricted fundraising event income		133,941	358,343
Restricted donations income		<u>140,164</u>	<u>232,485</u>
		<u>596,711</u>	<u>897,480</u>
3. EXPENSES			
a) Employee benefits expense			
Payroll expenses		370	(2,383)
Salaries and wages		166,809	156,063
Employer's superannuation contributions		<u>15,847</u>	<u>14,811</u>
		<u>183,026</u>	<u>168,491</u>
The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:		2.5	2.5
Employer superannuation contributions are regarded as employee benefits.			
b) Supplies & Services			
Function Expenses		16,950	14,182
Fundraising Expenses		65,612	53,119
Insurance		6,904	7,210
Marketing		1,950	2,846
Motor vehicle expenses		3,807	5,798
Printing and stationery		1,463	1,881
Restricted equipment purchases		26,309	106,459
Restricted events fundraising		96,716	122,061
Research expenses		15,079	23,395
Other		<u>20,392</u>	<u>20,179</u>
		<u>255,182</u>	<u>357,130</u>
c) Depreciation			
Depreciation was incurred in respect of:			
Motor Vehicles & Plant and Equipment		<u>11,523</u>	<u>2,839</u>
		<u>11,523</u>	<u>2,839</u>

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

4. KEY MANAGEMENT PERSONNEL AND REMUNERATION EXPENSES

Key Management Personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Foundation during 2015-16.

Position and Responsibility	Contract classification and appointment authority	Date appointed to position
General Manager Responsible for the overall management and strategic direction of the Foundation	Engaged on employment contract	Feb-16
Office Manager Responsible for the efficient, effective and economic management of the Foundation	Engaged on employment contract	Feb-13
Fundraising & Volunteer Co-ordinator Responsible for the delivery of fundraising and marketing for the Foundation	Engaged on employment contract	Jun-16

Remuneration Expenses

Remuneration policy for the Foundation's key management personnel is set by the Board. The remuneration and other terms of employment for the key management personnel are specified in employment contracts.

The following disclosures focus on the expenses incurred by the Foundation during the respective reporting periods, that is attributable to key management positions. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

Remuneration expenses for key management personnel comprises the following components:

- Short term employee expenses include salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
 - Post employment expenses include amounts expensed in respect of employer superannuation contributions.
 - Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- There is currently no material long service leave accrued.

	Note	2016 \$	2015 \$
General Manager			
Short-term benefits		30,957	-
Post employment benefits		2,941	-
Total remuneration		<u>33,898</u>	<u>-</u>
Office Manager			
Short-term benefits		69,990	69,845
Post employment benefits		6,649	6,632
Total remuneration		<u>76,639</u>	<u>76,477</u>

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Fundraising & Marketing Manager			
Short-term benefits		43,109	58,530
Post employment benefits		4,095	5,554
Total remuneration		<u>47,204</u>	<u>64,084</u>
Performance payments			
The Townsville Hospital Foundation does not have any key management personnel that are entitled to performance based payments.			
5. AUDITORS REMUNERATION			
Auditors' remuneration		5,870	5,879
Total external audit fees relating to the 2015-16 financial year are estimated to be \$5,870 (2015: \$5,879). There are no non-audit services included in this amount.			
6. CASH AND CASH EQUIVALENTS			
Term Deposits - Restricted		2,756,235	2,353,543
Petty Cash imprest		93	187
Cash at bank - Foundation		221,297	269,502
		<u>2,977,625</u>	<u>2,623,232</u>
7. TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade receivables		2,188	2,272
Good and services tax		1,532	1,791
		<u>3,720</u>	<u>4,063</u>
Credit risk			
Trade receivables			
Past due but not impaired:			
< 30 days overdue		-	2,272
< 60 days overdue		2,188	-
		<u>2,188</u>	<u>2,272</u>
Refer to Note 14(c) Financial Instruments (Credit Risk Exposure) for an analysis of movements in the allowance for impairment loss.			
8. OTHER ASSETS			
CURRENT			
Accrued Interest		17,578	30,333
Prepayments		-	3,369
Accrued Income		-	103,553
		<u>17,578</u>	<u>137,255</u>
9. PLANT AND EQUIPMENT			
Motor vehicles		53,725	53,725
Plant and equipment		6,390	6,390
Less accumulated depreciation		(35,012)	(23,489)
		<u>25,103</u>	<u>36,626</u>

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
(a) Movement in carrying amounts			
		Motor Vehicles \$	Plant and Equipment \$
			Total \$
Carrying amount at 1 July 2015		33,151	36,626
Additions		-	-
Disposals		-	-
Depreciation expense		(10,544)	(11,523)
Carrying amount at 30 June 2016		<u><u>22,607</u></u>	<u><u>25,103</u></u>
Carrying amount at 1 July 2014		34,712	39,465
Additions		-	-
Disposals		-	-
Depreciation expense		(1,561)	(2,839)
Carrying amount at 30 June 2015		<u><u>33,151</u></u>	<u><u>36,626</u></u>
 10. TRADE AND OTHER PAYABLES			
CURRENT			
Accrued Expenses		5,870	5,870
Visa Credit Card		330	-
Trade creditors		339	-
Liabilities		4,560	-
Payroll Liabilities		3,231	-
Withholding taxes payable		7,586	7,756
		<u><u>21,916</u></u>	<u><u>13,626</u></u>
 11. ACCRUED EMPLOYEE BENEFITS			
Annual Leave payable		5,101	4,731
		<u><u>5,101</u></u>	<u><u>4,731</u></u>
 12. CONTINGENT ASSETS			
There were no known contingent assets/liabilities of a significant nature at year end.			
 13. EVENTS AFTER THE BALANCE SHEET DATE			
No events subsequent to the balance sheet date were noted requiring adjustment and disclosure in the financial statements.			
 14. FINANCIAL INSTRUMENTS			
The Foundation's financial instruments consist mainly of deposits with banks, trade and other receivables and trade and other payables.			
Financial Assets			
Cash and Cash Equivalents	6	2,977,625	2,623,232
Trade and Other Receivables	7	3,720	4,063
		<u><u>2,981,345</u></u>	<u><u>2,627,295</u></u>
 Financial Liabilities			
Trade and Other Payables	10	21,916	13,626
		<u><u>21,916</u></u>	<u><u>13,626</u></u>

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Financial Risk Management Policies

The main risks the Foundation is exposed to through its financial instruments are, credit risk, liquidity risk and market risk.

The Board has overall responsibility for the establishment and oversight of the risk management framework.

The Foundation provides principles for overall risk management, as well as policies covering specific areas. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Foundation.

Townsville Hospital Foundation measures risk exposure using a variety of methods as follows:

Risk Exposure	Measurement method
Market risk	Interest rate sensitivity analysis
Credit risk	Ageing analysis
Liquidity risk	Sensitivity analysis

Specific Financial Risk Exposures and Management

(a) 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 cash deposited in interest bearing accounts. The Foundation does not undertake any hedging in relation to interest rate risk.

Sensitivity Analysis

The Foundation has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

	Note	2016 \$		2015 \$
At year end the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:				
		Operating Result		Equity
Year ended 30 Jun 2016				
+/- 1% in interest rates	+/-	29,776	+/-	29,776
Year ended 30 Jun 2015				
+/- 1% in interest rates	+/-	26,232	+/-	26,232

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

(b) 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 entity is exposed to liquidity risk in respect to its payables.

The Foundation manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the entity 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 bank accounts so as to match the expected duration of various employee and supplier liabilities.

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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

Financial liability maturity analysis

	Within 1 Year	
Financial liabilities due for payment		
Trade and other payables	10 21,916	13,626
Total expected outflows	21,916	13,626
Net (outflow)/inflow on financial instruments	(21,916)	(13,626)

(c) Credit risk exposure

Credit risk exposure refers to the situation where the Foundation may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum 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 Foundation manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Foundation invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

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

The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor is overdue in paying a debt to the Foundation according to the due date (normally terms of 30 days). Economic changes impacting the Foundation's debtors and relevant industry data, also form part of the Foundation's documented risk analysis.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If the Foundation determines that an amount owing by such a debtor does become uncollectible (after appropriate range of debt recovery actions), that amount is recognised as a Bad Debt expense and written-off directly against Receivables. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a Bad Debt expense and written-off directly against Receivables.

The Foundation has only one Receivable past due date as at 30 June 2016 for \$2,188 due <60 days. This debt is not impaired.

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
15. RECONCILIATION OF OPERATING SURPLUS TO NET CASH FROM OPERATING ACTIVITIES			
(a) Reconciliation of Cash			
Cash at the end of financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:			
Cash at Bank		221,390	269,689
Short term deposits		<u>2,756,235</u>	<u>2,353,543</u>
	6	<u><u>2,977,625</u></u>	<u><u>2,623,232</u></u>
(b) Reconciliation of operating result to net cash from operating activities			
Operating surplus		214,190	442,761
Depreciation		11,523	2,839
Change in assets and liabilities:			
(Increase)/Decrease in Trade and Other Receivables		343	5,038
(Increase)/Decrease in Other Assets		119,677	(48,452)
Increase/(Decrease) in Trade and Other Payables		8,290	(2,264)
Increase/(Decrease) in Provisions		<u>370</u>	<u>(2,383)</u>
Net cash from operating activities		<u><u>354,393</u></u>	<u><u>397,539</u></u>

16. COMMITMENTS

The Foundation does not have any commitments which are not disclosed in the financial statements.

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

17. BUDGET VS ACTUAL COMPARISON

Statement of Comprehensive Income		Budget 2016	Actual 2016	Variance	Variance % of Budget
		\$	\$	\$	
Income from Continuing Operations					
Revenue	(1)	969,185	596,711	(372,474)	-38.4%
Grant income		75,000	75,000	-	0.0%
Total Income from Continuing Operations		<u>1,044,185</u>	<u>671,711</u>	<u>(372,474)</u>	<u>-35.7%</u>
Expenses from Continuing Operations					
Employee benefits expense		(183,522)	(183,026)	496	0.3%
Administration expenses		(5,870)	(5,870)	-	0.0%
Supplies & services	(2)	(219,715)	(255,182)	(35,467)	-16.1%
Depreciation		-	(11,523)	(11,523)	100%
Other expenses		(1,859)	(1,920)	(61)	-3.3%
Total Expenses from Continuing Operations		<u>(410,966)</u>	<u>(457,521)</u>	<u>(46,555)</u>	<u>-11.3%</u>
Operating Result from Continuing Operations		<u>633,219</u>	<u>214,190</u>	<u>(419,029)</u>	<u>-66.2%</u>
Total Comprehensive Income		<u>633,219</u>	<u>214,190</u>	<u>(419,029)</u>	<u>-66.2%</u>
Statement of Financial Position		Budget 2016	Actual 2016	Variance	Variance % of Budget
		\$	\$	\$	
ASSETS					
Current assets					
Cash and cash equivalents	(1&2)	3,379,412	2,977,625	(401,787)	-11.9%
Trade and other receivables		-	3,720	3,720	-100.0%
Other current assets		25,000	17,578	(7,422)	-29.7%
Total current assets		<u>3,404,412</u>	<u>2,998,924</u>	<u>(405,488)</u>	<u>-11.9%</u>
Non-current assets					
Plant and equipment		36,626	25,103	(11,523)	-31.5%
Total non-current assets		<u>36,626</u>	<u>25,103</u>	<u>(11,523)</u>	<u>-31.5%</u>
TOTAL ASSETS		<u>3,441,038</u>	<u>3,024,027</u>	<u>(417,011)</u>	<u>-12.1%</u>
LIABILITIES					
Current liabilities					
Trade and other payables		25,000	21,916	3,084	12.3%
Accrued Employee Benefits		-	5,101	(5,101)	100.0%
Total current liabilities		<u>25,000</u>	<u>27,017</u>	<u>(2,017)</u>	<u>-8.1%</u>
TOTAL LIABILITIES		<u>25,000</u>	<u>27,017</u>	<u>(2,017)</u>	<u>-8.1%</u>
NET ASSETS		<u>3,416,038</u>	<u>2,997,009</u>	<u>(419,029)</u>	<u>-12.3%</u>
EQUITY					
Restricted Reserves		2,782,819	2,481,352	-	0.0%
Accumulated Surplus		633,219	515,657	(117,562)	-18.6%
TOTAL EQUITY		<u>3,416,038</u>	<u>2,997,009</u>	<u>(419,029)</u>	<u>-12.3%</u>

TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Statement of Cash Flows	Budget 2016	Actual 2016	Variance	Variance % of Budget
	\$	\$	\$	
Cash flows from operating activities				
Receipts from Gifts and Donations	49,120	54,351	5,231	10.6%
Receipts from Grant Income	75,000	75,000	-	0.0%
Receipts from Restricted Income	(1) 665,000	274,105	(390,895)	-58.8%
Receipts from Fundraising Activities	176,765	165,357	(11,408)	-6.5%
Interest Received	50,400	76,632	26,232	52.0%
Other Income	27,900	26,266	(1,634)	-5.9%
Payments to Suppliers and Employees	(2) (288,005)	(302,239)	(14,234)	4.9%
Payments in relation to Research Expenses	-	(15,079)	(15,079)	100.0%
Net cash provided by/(used in) operating activities	<u>756,180</u>	<u>354,393</u>	<u>(401,787)</u>	<u>-53.1%</u>
Net cash used in investing activities				
Net increase/(decrease) in Cash and cash equivalents	756,180	354,393	(401,787)	-53.1%
Cash and cash equivalents at beginning of financial year	<u>2,623,232</u>	<u>2,623,232</u>	<u>-</u>	<u>0.0%</u>
Cash and cash equivalents at end of financial year	<u>3,379,412</u>	<u>2,977,625</u>	<u>(401,787)</u>	<u>-11.9%</u>

Explanations of Major Variances

1. Childrens ward redevelopment revenue under budget by \$383k,donations received in excess of budgeted \$28k.
2. Equipment purchases \$26k not budgeted.

**TOWNSVILLE HOSPITAL FOUNDATION
ABN 81 763 914 979**

CERTIFICATE OF THE TOWNSVILLE HOSPITAL FOUNDATION

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping accounts have been complied with in all material respects; and
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Townsville Hospital Foundation for the financial year ended 30 June 2016 and of the financial position of the Foundation at the end of that year; and
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

Chairperson



Fay Barker

General Manager



Judy Higgins

Dated this 17th day of August 2016

**INDEPENDENT AUDIT REPORT
TO THE BOARD OF
TOWNSVILLE HOSPITAL FOUNDATION**

Report on the Financial Report

We have audited the accompanying financial report of Townsville Hospital Foundation, which comprises the statement of financial position as at 30 June 2016, 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 the certificate given by the Chairperson and General Manager.

Director'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 Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009* and for such internal control as the Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit 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 judgment, including the assessment of the 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. 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.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Townsville Hospital Foundation as at 30 June 2016 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, and the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*.

Crowe Horwath NQ

Crowe Horwath NQ



M. Andrejic
Principal

Townsville, 18/8/2016