

Townsville Hospital Foundation

Financial Statements

For the Year Ended 30 June 2017

Townsville Hospital Foundation

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For the Year Ended 30 June 2017

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Townsville Hospital Foundation

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

		2017	2016
	Note	\$	\$
Revenue	2	897,658	671,711
Employee benefits expense	3	(225,120)	(183,026)
Depreciation and amortisation expense	6	(7,150)	(11,523)
Other expenses	3	(278,125)	(262,972)
Profit before income tax		387,263	214,190
Income tax expense	1(a)	-	-
Profit for the year		387,263	214,190
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		387,263	214,190

The accompanying notes form part of these financial statements.

Townsville Hospital Foundation

Statement of Financial Position

30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,384,926	2,977,625
Trade and other receivables		500	3,720
Inventories		3,223	-
Other assets		24,394	17,578
TOTAL CURRENT ASSETS		3,413,043	2,998,923
NON-CURRENT ASSETS			
Property, plant and equipment	6	17,953	25,103
TOTAL NON-CURRENT ASSETS		17,953	25,103
TOTAL ASSETS		3,430,996	3,024,026
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	40,541	21,916
Provision for employee benefits		6,183	5,101
TOTAL CURRENT LIABILITIES		46,724	27,017
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		46,724	27,017
NET ASSETS		3,384,272	2,997,009
EQUITY			
Reserves		2,715,605	2,481,352
Retained earnings		668,667	515,657
TOTAL EQUITY		3,384,272	2,997,009

The accompanying notes form part of these financial statements.

Townsville Hospital Foundation

Statement of Changes in Equity
For the Year Ended 30 June 2017

2017

	Accumulated Surplus	Restricted Fundraising Reserve	Restricted Research Reserve	Total
Note	\$	\$	\$	\$
Balance at 1 July 2016	515,657	1,940,836	540,516	2,997,009
Operating result from continuing operation	387,263	-	-	387,263
Transfers in / (out)	(234,253)	234,253	-	-
Balance at 30 June 2017	668,667	2,175,089	540,516	3,384,272

2016

	Accumulated Surplus	Restricted Fundraising Reserve	Restricted Research Reserve	Total
Note	\$	\$	\$	\$
Balance 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 at 30 June 2016	515,657	1,940,836	540,516	2,997,009

The accompanying notes form part of these financial statements.

Townsville Hospital Foundation

Statement of Cash Flows For the Year Ended 30 June 2017

	2017	2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	814,855	595,079
Payments to suppliers and employees	(493,577)	(317,318)
Interest received	86,023	76,632
Net cash provided by/(used in) operating activities	9 <u>407,301</u>	<u>354,393</u>
Net increase/(decrease) in cash and cash equivalents held	407,301	354,393
Cash and cash equivalents at beginning of year	<u>2,977,625</u>	<u>2,623,232</u>
Cash and cash equivalents at end of financial year	5 <u><u>3,384,926</u></u>	<u><u>2,977,625</u></u>

The accompanying notes form part of these financial statements.

Townsville Hospital Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies

(a) Tax

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).

(b) Revenue and other income

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

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.

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.

(c) Goods and services tax (GST)

Revenue, 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). The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

(d) Property, plant and equipment

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

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the assets useful life to the Foundation, commencing when the asset is ready for use.

Townsville Hospital Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies

(d) Property, plant and equipment

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	10-20%
Motor Vehicles	15%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(g) 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.

(h) Key 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.

(i) Related Parties

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

(j) New and revised Accounting Standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted as the Foundation is not permitted to do so, unless approval is obtained from Queensland Treasury.

No new Australian Accounting Standards effective for the first time in the 2016-17 year had any material impact on this financial report.

Townsville Hospital Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2017

Compliance with Prescribed Requirements

The Townsville Hospital Foundation has prepared these financial statements in compliance with section 49(5) 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 2017, 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.

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.

Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Rounding of amounts

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

Current / Non-current Classification

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 with 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.

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.

Authorisation of Financial Statements for Issue

The financial statements are authorised for issue by the Acting Chairperson and General Manager at the date of signing the Management Certificate.

2 Revenue and Other Income

	2017	2016
	\$	\$
Other Income		
- Gifts and donations	64,767	-
- Interest received	86,023	76,632
- Fundraising	251,508	218,835

Townsville Hospital Foundation

Notes to the Financial Statements For the Year Ended 30 June 2017

2 Revenue and Other Income

	2017	2016
	\$	\$
- Restricted fundraising event income	226,375	106,731
- Restricted donations income	172,021	140,164
- other income	(3,069)	54,351
- grants	100,031	75,000
Total Other Income	<u>897,656</u>	<u>671,713</u>

3 Expenses

	2017	2016
	\$	\$
Employee benefits expense:		
Leave entitlements	1,081	370
Salaries and wages	204,661	166,809
Employer's superannuation contributions	19,378	15,847
Total employee benefits expense	<u>225,120</u>	<u>183,026</u>
Supplies & Services:		
- Function expenses	13,796	16,950
- Fundraising expenses	76,839	65,612
- Insurance	9,280	6,904
- Marketing	4,251	1,950
- Motor vehicle expenses	3,791	3,807
- Printing and stationary	1,556	1,463
- Restricted equipment purchases	39,382	26,309
- Restricted events fundraising	84,127	96,716
- Research expenses	5,902	15,079
- Other expenses	31,619	20,392
- Auditors remuneration	6,600	5,870
- Donations	983	1,920
Total Supplies & Services	<u>278,125</u>	<u>262,972</u>

Townsville Hospital Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2017

4 Key Management Personnel Remuneration

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 2016-17.

Position and Responsibility	Contract Classification & 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

Townsville Hospital Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2017

4 Key Management Personnel Remuneration

There is currently no material long service leave accrued..

	2017	2016
	\$	\$
General Manager		
Short-term benefits	77,349	30,957
Post employment benefits	4,440	2,941
Total remuneration	<u>81,789</u>	<u>33,898</u>
Office Manager		
Short-term benefits	72,684	69,990
Post employment benefits	1,358	6,649
Total remuneration	<u>74,042</u>	<u>76,639</u>
Fundraising & Marketing Manager		
Short-term benefits	54,648	43,109
Post employment benefits	384	4,095
Total remuneration	<u>55,032</u>	<u>47,204</u>
Total KMP remuneration	<u>210,863</u>	<u>157,741</u>

Performance Payments

The Townsville Hospital Foundation does not have any key management personnel that are entitled to performance based payments.

Remuneration of the Board

Members of the Board did not receive remuneration from the Foundation in the 2017 financial year, (2016:None).

5 Cash and Cash Equivalents

	2017	2016
	\$	\$
Cash at bank - Foundation	328,241	221,297
Short-term deposits	338	93
Deposits at call	3,056,347	2,756,235
	<u>3,384,926</u>	<u>2,977,625</u>

6 Property, plant and equipment

	2017	2016
	\$	\$
Plant, equipment and motor vehicles		
At cost	60,115	60,115
Accumulated depreciation	(42,162)	(35,012)
Total plant and equipment	<u>17,953</u>	<u>25,103</u>
Total property, plant and equipment	<u>17,953</u>	<u>25,103</u>

Townsville Hospital Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2017

6 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment \$	Motor Vehicles \$	Total \$
Year ended 30 June 2017			
Opening balance	2,496	22,607	25,103
Additions	-	-	-
Disposals	-	-	-
Depreciation	(1,278)	(5,872)	(7,150)
Balance at the end of the year	1,218	16,735	17,953
Year ended 30 June 2016			
Opening balance	3,475	33,151	36,626
Additions	-	-	-
Disposals	-	-	-
Depreciation	(979)	(10,544)	(11,523)
Balance at the end of the year	2,496	22,607	25,103

7 Trade and Other Payables

	Note	2017 \$	2016 \$
Current			
Trade creditors		16,294	339
GST payable		7,611	-
Accrued expense		6,600	5,870
Visa credit card		-	330
Liability		-	4,560
Payroll liabilities		5,004	3,231
Withholding taxes payable		5,032	7,586
		40,541	21,916

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

8 Financial Instruments

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

Townsville Hospital Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2017

8 Financial Instruments

Current assets

	2017	2016
	\$	\$
Financial Assets		
Cash & Cash Equivalents	5 3,384,926	2,977,625
Trade and other receivables	500	3,720
Total	3,385,426	2,981,345

Current liabilities

	2017	2016
	\$	\$
Financial Liabilities		
Trade and other payables	40,541	21,916
Total	40,541	21,916

Townsville Hospital Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2017

8 Financial Instruments

Financial Risk Management Policies

The main risks the Foundation is exposed to through its financial instruments are, 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. The 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:

Market risk	Interest rate sensitivity analysis
Liquidity risk	Sensitivity analysis

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.

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 June 2017		
+/- 1% in interest rates	33,846	33,846
Year ended 30 June 2016		
+/- 1% in interest rates	29,776	29,776

Townsville Hospital Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2017

8 Financial Instruments 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 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

	2017	2016
	\$	\$
Financial liabilities due for payment within 1 year		
Trade and other payables	40,541	21,916
Total expected outflows	<u>40,541</u>	<u>21,916</u>

9 Cash Flow Information

Reconciliation of operating result to net cash provided by operating activities:

	2017	2016
	\$	\$
Surplus for the year	387,263	214,190
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	7,150	11,523
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	3,220	343
- (increase)/decrease in other assets	(6,816)	119,677
- (increase)/decrease in inventories	(3,223)	-
- increase/(decrease) in trade and other payables	18,625	8,290
- increase/(decrease) in employee benefits	1,082	370
Cashflows from operations	<u>407,301</u>	<u>354,393</u>

10 Contingencies

In the opinion of the Directors, the Foundation did not have any contingent assets/liabilities at 30 June 2017 (30 June 2016:None).

11 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation in future financial years.

Townsville Hospital Foundation

Notes to the Financial Statements
For the Year Ended 30 June 2017

12 Budget VS Actual Comparison

Statement of Comprehensive Income

	Budget 2017	Actual 2017	Variance	Variance % of budget
	\$	\$	\$	\$
Income from Continuing Operations				
Revenue	353,565	797,627	444,062	125
Grant income	90,000	100,031	10,031	11
Total Income from Continuing Operations	443,565	897,658	454,093	136
Expenses from Continuing Operations				
Employee benefits expense	251,485	225,120	(26,365)	10
Auditors remuneration	6,000	6,600	600	10
Supplies & services	136,069	271,525	135,456	99
Depreciation	-	7,150	7,150	100
Total Expenses from Continuing Operations	393,554	510,395	116,841	219

Townsville Hospital Foundation

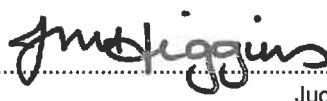
Certificate of Townsville Hospital Foundation

The directors of the Foundation declare that:

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 2017 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.

Acting Chairperson..........
Scott Morrison

General Manager..........
Judy Higgins

Dated this5th..... day ofSeptember.... 2017

Townsville Hospital Foundation

Independent Auditor's Report to the Board of Townsville Hospital Foundation

Opinion

We have audited the financial report of Townsville Hospital Foundation (the Foundation), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and certificate given by the Chairperson and General Manager.

In our opinion, the accompanying financial report of the Foundation has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Foundation's financial position as at 30 June 2017 and of its financial performance and cash flows for the year then ended; and
- (ii) complies with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009*, the *Australian Charities and Not-for-profit Commission Act 2012*, the *Australian Charities and Not-for-profit Commission Regulation 2013* and Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Foundation in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Directors for the Financial Report

The directors of the Foundation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009*, and for such internal control as the directors determine 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.

In preparing the financial report, the directors are responsible for assessing the ability of the Foundation to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Townsville Hospital Foundation

Independent Auditor's Report to the Board of Townsville Hospital Foundation (Cont.)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

Crowe Horwath NQ

CROWE HORWATH NQ



Mark Andrejic
Partner

Townsville, 5 / 9 / 2017.