

The Fred Hollows Foundation

A.C.N. 070 556 642

General Purpose Financial Statements

For the year ended 31 December 2013

**Registered office and
principal place of business**

Level 2, 61 Dunning Ave,
Rosebery, NSW 2018 Australia

Postal Address

Locked Bag 5021,
Alexandria NSW 2015, Australia

Contact details

Website:

www.hollows.org.au

Donation Line:

1800 352 352

Telephone:

+612 8741 1900

Facsimile:

+612 8741 1999

Email:

fhf@hollows.org

ABN:

46 070 556 642

The Fred Hollows Foundation

(A company limited by guarantee)

A.C.N. 070 556 642

Annual financial report

For the year ended 31 December 2013

Contents to financial report

Directors' Report	1
Auditor's independence declaration	9
Statement of comprehensive income	11
Statement of financial position	12
Statement of cash flows	13
Statement of changes in equity	14
Notes	
1 Corporate information	15
2 Summary of significant accounting policies	15
3 Financial risk management objectives and policies	18
4 Net gains or losses on investments at fair value	20
5 Other income	20
6 Expenses	20
7 Trade and other receivables	20
8 Financial assets at fair value	21
9 Property, plant and equipment	21
10 Trade and other payables	22
11 Provisions	23
12 Key management personnel	23
13 Leasing commitments	23
14 Events subsequent to reporting date	24
15 Limitation of members' liability	24
16 ACFID Code of Conduct	24
17 Information furnished under the ACFID Code of Conduct	24
18 Related party disclosure	24
19 Auditors remuneration	24
20 Information furnished under the Charitable Fundraising Act 1991	25
Directors' Declaration	27
Statement of principal officer	29
Independent auditor's report	31

The Fred Hollows Foundation

A.C.N 070 556 642

Directors' Report

The Directors present this report to the Members of The Fred Hollows Foundation for the year ended 31 December 2013.

Directors

The names of each person who has been a Director during the year, and the number of meetings each has attended, are set out in the table below.

Note: Column A shows the number of meetings attended while Column B shows the number of meetings held during the time each Director held office during the year.

	Date appointed to current term of office	Date of cessation during the year	Board Meeting	
			A	B
Robert Dalziel (<i>Acting Chair from February 2013; Chair from June 2013</i>)	May 2011		6	6
John Leslie Fallick (<i>Chair until February 2013</i>)	May 2013		4	6
Ann Porcino (<i>Deputy Chair from June 2013</i>)	January 2013		6	6
Michael Johnson (<i>Deputy Chair to June 2013</i>)	May 2013		6	6
Graham Skeates	May 2013		6	6
Gabrielle Hollows	April 1995		6	6
James La Nauze	May 2013		6	6
Paul Torzillo	May 2013		6	6
John Brumby	Jan 2013		5	6
Joy Savage	Jan 2013		5	6
Lucy Kathleen Farrell	June 2013		3	3

Details of Directors' qualifications, experience and special responsibilities within The Foundation are shown later in this report.

Objectives, strategies, principal activities and performance measures

The Foundation is an independent, not-for-profit, non-political and secular international development agency. Its vision is a world in which no person is needlessly blind and Indigenous Australians exercise their right to good health.

For the 2011 to 2013 period, The Foundation had four key strategic objectives:

- end avoidable blindness by 2020 in the communities and countries in which we work
- improve Indigenous health
- build a strong organisation
- create an international structure.

In 2013 The Foundation worked directly or through partners in 22 countries in Africa, Asia and the Middle East, as well as conducting Indigenous health initiatives in remote communities in Australia. As a direct result of this work, the following results were achieved during the year:

- 2,493,916 people had their eyes screened
- 123,193 cataract operations were performed
- 81,065 pairs of spectacles were distributed
- 1,396,032 other sight saving or improving interventions were undertaken
- 159 surgeons and 811 nurses and other support staff received clinical training
- 28,861 community health workers received eye care training
- 2,747 existing eye health professionals attended other courses or were supported with continuing education or mentoring
- 48 eye health facilities were constructed or upgraded
- Equipment to the value of \$4,524,040 was provided.

Some noteworthy initiatives undertaken in 2013 either directly by The Foundation or through key partners included:

- Diabetic retinopathy: Through a new partnership with the International Diabetes Federation, The Foundation will work to increase the number of people being detected with and treated for the blinding disease of diabetic retinopathy. At The World Diabetes Congress in Melbourne in December 2013 The Foundation advocated for the importance of annual eye tests for all diabetics to over 10,300 health professionals from 140 countries. The Foundation has diabetic retinopathy programs in countries including Bangladesh, Nepal, Pakistan and Palestine
- New and emerging programs - The Foundation commenced new projects in *Myanmar* (outreach eye camps through the Tilganga Institute of Ophthalmology), *Palestine* (diabetic retinopathy screening and treatment with the World Diabetes Foundation); *India* (eye outreach services in Leh in the Himalaya (through the Tilganga Institute of Ophthalmology) and *Sri Lanka* (improved access to eye health services by older people through a partnership with Burnet Institute and local NGOs). The Foundation also launched a *Philippines* project and negotiations are continuing for a new project in *Yemen*
- Technological innovations: With partners, The Foundation tested and refined the Arclight (a lightweight, hardy, low-cost and solar powered ophthalmoscope and otoscope); held telemedicine trials to make tele-retinal imaging available in health clinics in remote Indigenous Australia; and supported trachoma lid surgery training through the use of a rubber model called Headstart which helps trachoma doctors learn the skills
- New infrastructure: The new Migori Eye Centre, which will service a population of one million people, opened in Kenya and the Berhan Eyni Tertiary Hospital was completed in Eritrea
- Indigenous program: A strategic refocus on eye health took place in 2013. Over 200 eye surgeries took place at eye intensives in Darwin, Alice Springs, Katherine and Dubbo, amongst other programs.

The Foundation built a stronger organisational base in 2013 through:

- developed and rolled out strategic plan for the next 5 years (2014-2018)
- secured PCI compliance certification
- substantially increased the number of donors
- implemented sophisticated electronic documents and records management system
- outsourced IT infrastructure management

In pursuit of its objectives in 2013, The Foundation also significantly expanded its research and advocacy capacity and continued to conduct community education and a wide range of fundraising activities.

Based on the multi-year Strategic Framework, the Board monitored the implementation of the approved 2013 budget and organisational work plan. A comprehensive set of Key Performance Indicators (KPIs)

were developed, setting out a targeted list of desired objectives under each of the four strategic goals. These KPIs were regularly monitored by Management to measure organisational performance, with results reported to the Board.

Operating results for the year

The gross operating revenue of The Foundation was \$57,992,010 (2012: \$48,288,361) and expenses amounted to \$58,627,578 (2012: \$50,968,341), resulting in a deficit of \$635,568 (2012: deficit of \$2,679,980). Total equity as at 31 December 2013 stood at \$15,130,228 (2012: \$15,765,796). The cash balance including term-deposits was \$8,162,951 (2012: \$12,797,206).

Significant changes in state of affairs

There has been no significant change in the state of affairs of The Foundation during the financial year.

Significant events after the balance date

Up to the date of this report, there have been no significant events after the balance date that should be included in this financial report nor significantly affect The Foundation’s operations in future years.

Indemnification and insurance of directors

The Foundation held Directors and Officers Liability cover during 2013. The amount of cover is reviewed periodically.

Directors’ qualifications and experience, and their special responsibilities on the Board during 2013

Name	Experience and Qualifications	Special responsibilities within FHF
John Leslie Fallick	Founder and Director, Principle Advisory Services Fellow, Australian Institute of Company Directors Masters of Arts Masters of Letters in Economics <u>Previously</u> Directorships in over 20 companies in Australia, the UK, Europe and Asia; Chairman, Carbon Advisory Board for Greening Australia; Lecturer in Economics	Chair of the Board (until 5 February 2013) Chair of the Governance & Nominations Committee (until 5 February) <i>Ex Officio</i> Member of the Finance & Audit Committee (until 5 February 2013)

Name	Experience and Qualifications	Special responsibilities within FHF
Robert Dalziel	<p>Chair, Dacland Management</p> <p>Chair, Pacwel Pty Ltd</p> <p>Chair, Wine Preserva</p> <p>Deputy Chair, Melbourne Rebels</p> <p><u>Previously</u> Chair, Harris Scarfe Pty Ltd and Just Group; Director, Angus & Coote (Holdings); Managing Director, Mayne Nickless; Executive Chair, Optus Communications.</p>	<p>Acting Chair of the Board (from 5 February to 17 June 2013)</p> <p>Chair of the Board (from 18 June)</p> <p>Honorary Secretary (until 30 May when this Office Bearer position was removed from the Constitution)</p> <p>Member of the Governance & Nominations Committee</p> <p>Director of The Fred Hollows Foundation Kenya</p> <p><i>Ex Officio</i> Member of the Finance & Audit Committee (from 5 February 2013)</p>
Michael Johnson	<p>Associate Professor, School of Social Science, University of NSW</p> <p><u>Previously</u> Coordinator, Development Studies Program, School of Social Sciences, UNSW; Director, Public Sector Research Centre, UNSW</p>	<p>Deputy Chair of the Board (until 17 June)</p> <p>Member and (from 5 February) Chair of the Governance & Nominations Committee</p> <p>Member of the Finance & Audit Committee</p> <p>Director of The Fred Hollows Foundation Kenya</p>
Ann Porcino	<p>Director and Principal Consultant of RPR Consulting</p> <p>Vice President, Relationships Australia NSW</p> <p>Masters of Business Administration</p> <p>BA in Health Services Administration</p> <p><u>Previously:</u> CEO, Australian Council on Healthcare Standards; Director of Research and Development, Prince Henry and Prince of Wales Hospital Group; CEO, North Harbour Private Hospital</p>	<p>Deputy Chair of the Board (from 18 June 2013)</p> <p>Member of the Governance & Nominations Committee</p>

Name	Experience and Qualifications	Special responsibilities within FHF
Graham Skeates	<p>Chartered Accountant with 40 years' experience in the accounting profession and financial services industry</p> <p><u>Previously</u> Group Chief Accountant, AMP; Regional Finance Director, Asian Operations of Prudential Insurance UK</p>	<p>Treasurer (until 30 May when this Office Bearer position was removed from the Constitution)</p> <p>Chair of the Finance & Audit Committee</p>
John Brumby	<p>Chair of MTAA Super</p> <p>Chair, Council of Australian Governments (COAG) Reform Council</p> <p>Deputy Chair, Industry Super Australia</p> <p>Independent Director, Citywide Services Pty. Ltd.</p> <p>Independent Director, Huawei Technologies (Australia)</p> <p>Vice-Chancellor's Professorial Fellow at both Melbourne and Monash Universities</p> <p><u>Previously</u> Victorian Premier (2007-2010) Victorian Treasurer (2000-2007)</p>	<p>Member of the Finance & Audit Committee</p>
Lucy Kathleen Farrell	<p>Judge of the Federal Court of Australia</p> <p>Deputy President, Australian Competition Tribunal</p> <p>Director, National Institute of Company Directors</p> <p><u>Previously</u> President of the Federal Government's Takeovers Panel; Partner then Consultant, Freehills; Chairman, Business Law Section of the Law Council of Australia; National Co-ordinator for Enforcement, Australian Securities Commission (now known as ASIC); Law Council of Australia's representative on the ASX Corporate Governance Council; Director of a number of commercial, government and not-for-profit enterprises</p>	<p>Member of the Finance and Audit Committee</p>

Name	Experience and Qualifications	Special responsibilities within FHF
Gabi Hollows	<p>Orthoptist</p> <p>Officer of the Order of Australia</p>	<p>Founding Director</p> <p>Member of the Governance & Nominations Committee</p>
Jamie La Nauze	<p>Ophthalmic Surgeon</p> <p>Master's Degree in Clinical Epidemiology</p> <p>Fellow, Royal Australian and New Zealand College of Ophthalmologists</p>	<p>Chair of the Medical Advisory Committee</p> <p>Member of the Program Advisory Committee</p>
Joy Savage	<p>CEO, Aboriginal Hostels Ltd.</p> <p>Masters of Business Administration</p> <p><u>Previously:</u> Assistant Secretary, Social Policy Division, Department of Prime Minister and Cabinet; Head of the Remote Health Services Development Branch, Department of Health and Ageing; CEO of two Aboriginal-controlled health services in Queensland</p>	<p>Member of the Programs Advisory Committee</p>
Paul Torzillo	<p>Head of Respiratory Medicine, Royal Prince Alfred Hospital, Sydney</p> <p>Executive Clinical Director, Royal Prince Alfred Hospital</p> <p>Senior Physician, Intensive Care Unit, Royal Prince Alfred Hospital,</p> <p>Medical Director, Nganampa Health Council</p> <p>Clinical Professor of Medicine, University of Sydney</p> <p>Clinical Director, Critical Care Services, Sydney Local Area Health District</p> <p>Ministerial appointee to the National Indigenous Health Equity Council and the National Health Performance Authority</p>	<p>Member of the Medical Advisory Committee.</p>

Company Secretary

Ram Neupane

Board Committee Meetings

The Board has established four Committees which report directly to it.

The following table shows these Committees, the number of meetings held during the year and the attendance record of those Directors who were members of the Committees during 2013.

	Finance and Audit Committee	Program Advisory Committee	Medical Advisory Committee	Governance and Nominations Committee
No of meetings in 2013	4	3	2	4
Meetings attended				
Robert Dalziel	3	n/a	n/a	4
Ann Porcino	n/a	n/a	n/a	3 out of a possible 3
John Brumby	3 out of a possible 3	n/a	n/a	n/a
Lucy Kathleen Farrell	1 out of a possible 1	n/a	n/a	n/a
Gabi Hollows	n/a	n/a	n/a	2
Michael Johnson	4	n/a	n/a	4
Jamie La Nauze	n/a	2	2	n/a
Joy Savage	n/a	2	n/a	n/a
Graham Skeates	4	n/a	n/a	n/a
Paul Torzillo	n/a	n/a	1 out of a possible 2	n/a

A number of Foundation members and associates who are not Directors also served on various Board Committees during 2013 as set out below:

Finance & Audit Committee	Christine Hawkins
Program Advisory Committee	Sarah Elliott (Chair); Jo Thomson; Kate Gilbert (resigned October 2013)
Medical Advisory Committee	Dr. Stephanie Young; Dr David Moran; Dr Katherine Smallcombe; Dr Tim Henderson; Dr Richard Wormald (corresponding member); Dr. Neil Murray (invited participant – Medical Director FHF NZ)

LIMITATION OF MEMBERS LIABILITY

The Fred Hollows Foundation is a company limited by guarantee. In accordance with its Constitution, the liability of its Members is limited to \$50.00 per person in the event of the company being wound-up.

AUDITOR'S INDEPENDENCE

The Directors have received an independent declaration from the auditor of The Fred Hollows Foundation, Ernst & Young.

AUDITOR

Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'R. Dalziel', is written over a faint, illegible background.

Robert Rae Dalziel
Chair
8 April 2014
Sydney, NSW Australia

Auditor's Independence Declaration to the Directors of The Fred Hollows Foundation

In relation to our audit of the financial report of The Fred Hollows Foundation for the financial year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Nigel Stevenson
Partner
Sydney
8 April 2014

Statement of comprehensive income

For the year ended 31 December 2013

	2013	2012
	\$	\$
INCOME FROM CONTINUING OPERATIONS		
Community and corporate support		
Donations and gifts		
- Monetary	33,217,873	29,144,150
Bequests and legacies	9,319,294	7,499,286
Grants		
- Department of Foreign Affairs and Trade (DFAT)	10,482,277	8,265,726
- Other Australian government	694,970	234,215
- Other overseas	1,615,058	1,332,350
Net gains/(losses) on investments at fair value	1,986,213	1,611,927
Other income	676,325	200,707
Total income	57,992,010	48,288,361
EXPENDITURE FROM CONTINUING OPERATIONS		
<i>International aid and development programs expenditure</i>		
International Programs		
- Funds to international programs	26,626,645	21,573,593
- Program support costs	6,230,060	5,649,906
Community education	2,231,506	2,006,225
Fundraising costs		
- Public fundraising	8,233,362	7,228,254
- Government, multilateral and private	83,165	73,013
Accountability and administration	3,048,750	2,844,588
Total international aid and development programs expenditure	46,453,488	39,375,579
<i>Domestic aid and development programs expenditure</i>		
Domestic Programs	8,610,774	8,015,007
Community Education	584,812	590,663
Fundraising costs	2,179,517	2,149,603
Accountability and administration	798,987	837,489
Total domestic aid and development programs expenditure	12,174,090	11,592,762
Total Expenditure	58,627,578	50,968,341
Net surplus (deficit) of income over expenditure	(635,568)	(2,679,980)
Other comprehensive income	-	-
Net surplus/(deficit) for the period	(635,568)	(2,679,980)

Notes:

(a) There was no non-monetary donations and gifts received during the reporting periods.

(b) There are no revenue nor expenditure for international political or religious proselytisation programs.

(c) The above Statement of comprehensive income should be read in conjunction with accompanying notes.

Statement of financial position

As at 31 December 2013

	Note	2013 \$	2012 \$
ASSETS			
Current assets			
Cash and cash equivalents		4,152,951	1,787,206
Other interest bearing deposits		4,010,000	11,010,000
Trade and other receivables	7	3,563,073	3,584,911
Prepayments		567,176	608,537
Total current assets		12,293,200	16,990,654
Non-current assets			
Financial assets at fair value	8	10,494,422	7,878,385
Property, plant and equipment	9	2,584,423	2,713,749
Total non-current assets		13,078,845	10,592,134
TOTAL ASSETS		25,372,045	27,582,788
LIABILITIES			
Current liabilities			
Trade and other payables	10	8,908,309	10,618,718
Provisions	11	927,365	783,814
Total current liabilities		9,835,674	11,402,532
Non-current liabilities			
Provisions	11	246,582	207,013
Deferred liability		159,561	207,447
Total non-current liabilities		406,143	414,460
TOTAL LIABILITIES		10,241,817	11,816,992
NET ASSETS		15,130,228	15,765,796
EQUITY			
Accumulated funds		15,130,228	15,765,796
TOTAL EQUITY		15,130,228	15,765,796

Notes:

(a) There are no net tax liabilities. See related Notes 7 and 10.

(b) Items having nil balances in 2013 and 2012 are not shown above.

(c) The above Statement of financial position should be read in conjunction with accompanying notes.

Statement of cash flows

For the year ended 31 December 2013

	2013	2012
	\$	\$
Cash flows from operating activities		
Receipt from donors	33,217,873	29,144,150
Receipts from bequests	9,239,738	7,347,885
Receipt of government grants	9,943,130	7,105,962
Receipt of international corporate grants	1,675,397	1,003,771
Payment of program and operating expenditures	(42,916,946)	(36,989,551)
Payment to employees	(14,683,869)	(13,202,145)
Net cash flows from/(used in) operating activities	(3,524,677)	(5,589,927)
Cash flows from investing activities		
Acquisition of plant and equipment	(697,447)	(1,117,813)
Acquisition of financial assets	(1,000,000)	-
Disposal of plant and equipment	10,962	(6,295)
Disposal of financial assets at fair value	-	194,697
Redeem interest bearing deposits	7,000,000	5,367,410
Interest received	413,603	400,258
Dividends received	163,304	235,464
Net cash flows from/(used in) investing activities	5,890,422	5,073,720
Net cash flows from/(used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	2,365,745	(516,206)
Cash and cash equivalents at beginning of the period	1,787,206	2,303,412
Cash and cash equivalents at end of the period	4,152,951	1,787,206

The above statement of cash flows should be read in conjunction with accompanying notes.

Statement of changes in equity

For the year ended 31 December 2013

	Accumulated funds \$
Balance at 1 January 2013	<u>15,765,796</u>
Surplus (Deficit) for the year	(635,568)
Other comprehensive income	-
Total comprehensive income (loss) for the period	<u>(635,568)</u>
As at 31 December 2013	<u><u>15,130,228</u></u>
Balance at 1 January 2012	<u>18,445,776</u>
Surplus for the year	(2,679,980)
Other comprehensive income	-
Total comprehensive income for the period	<u>(2,679,980)</u>
As at 31 December 2012	<u><u>15,765,796</u></u>

The Fred Hollows Foundation

A.C.N. 070 556 642

Notes to financial statements

For the year ended 31 December 2013

1 Corporate information

The financial report of The Fred Hollows Foundation for the year ended 31 December 2013 was authorized in accordance with a resolution of the Directors on 8 April 2014.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Australian Accounting Standards Reduced Disclosure Requirements and the Corporations Act 2001, the Charitable Fundraising Act 1991, the Charitable Collections Act 1946 (WA) and the Australian Council for International Development (ACFID) Code of Conduct. The financial report has been prepared in accordance with the historical cost convention except for the investments which are measured at fair value.

(b) Statement of Compliance

The Foundation has early adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The adoption of AASB1053 and AASB 2010-2 has allowed the Foundation to remove a number of disclosures, in particular the disclosures around Financial risk management objectives and policies.

(c) Cash and cash equivalents

Cash and cash equivalent in the Statement of financial position comprise of cash at bank and in hand and short-term deposits with an original maturity of three months or less.

(d) Other interest bearing deposits

These are short-term deposits with maturities over three months but less than one year.

(e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(f) Financial Assets at fair value

All financial assets are initially recognised at fair value of the consideration given plus the transaction costs associated with the investment. The investments are then recorded at fair value through Statement of comprehensive income on subsequent measurements.

The fair value of the financial assets of The Foundation have been determined as follows:

Managed Funds

Managed funds are valued at redemption price as at balance date quoted by the investment manager.

(g) Impairment

At each reporting date, assets other than mentioned under item (e) are reviewed to determine if there is any objective evidence of impairment.

The impairment for these assets is recognised directly against Statement of comprehensive income for the class of asset.

(h) Property, Plant and equipment

(i) Cost and valuation

The Foundation does not own any realty. Items of plant and equipment are valued at cost, less accumulated depreciation and any accumulated impairment.

(ii) Depreciation

Depreciation is provided for on a straight line basis at rates over the estimated useful lives of the assets as follows:

	2013	2012
Office machines and equipment	3-10 years	3-10 years
Office furniture and equipment	3-10 years	3-10 years
Leasehold improvements	5-15 years	5-15 years

The Fred Hollows Foundation

A.C.N. 070 556 642

Notes to financial statements

For the year ended 31 December 2013

2 Summary of significant accounting policies

(h) Property, Plant and equipment (continued)

(ii) Depreciation (continued)

The assets' residual values, useful lives and amortisation methods are reviewed at the end of each financial year.

(iii) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(i) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to The Foundation prior to the end of the financial year that are unpaid and arise when The Foundation becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Provisions

Provisions are recognised when The Foundation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When The Foundation expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of comprehensive income net of any reimbursement.

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the discounted present value method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Donation income and grants

Control of a right to receive the donation is attained, usually evidenced by receipt of cash. Donations and grants received, which are unspent at balance date and are for a specific project not yet complete, are only recognised as income when the project occurs as these amounts are repayable if not fully utilised on the specific project.

(ii) Bequest

The Foundation recognises bequest income on receipt. Bequests received in the form of shares are recognised as bequest income at the market value on the date the shares were transferred to the Foundation from the estates. Any market movement in value of shares following the transfer date of beneficial ownership to the Foundation are treated as gains or losses on investments.

The Fred Hollows Foundation

A.C.N. 070 556 642

Notes to financial statements

For the year ended 31 December 2013

2 Summary of significant accounting policies

(k) Revenue recognition (continued)

(iii) Net gains or losses on financial instruments at fair value

Gains or losses (excluding interest and dividend income) on financial instruments at fair value through profit or loss is calculated as the difference between the fair value at sale or at year end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

Dividend income and interest revenue arising from financial assets at fair value is also included in "net gains and losses on financial instruments at fair value". Dividends are recognised at the time the right to receive dividends has been established, usually through a formal announcement of the company distributing the dividends.

Interest revenue is recognised using the effective interest method, with interest accrued over the relevant period using the effective interest rate, which is the rate that exactly discounts the estimated future cash flows over the expected life of the financial asset to the net carrying amount of the financial asset.

(l) Taxes

(i) Income tax

The Foundation has been registered under the provisions of The Charitable Fundraising Act 1991 and under Subdivision 50-B of the Income Tax Assessment Act 1997, it is an income tax exempt charitable entity.

(ii) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable: and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of financial position.

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

(m) Foreign currency translations

Foreign currency bank accounts are translated to Australia Dollars at reporting dates using the spot rate of the day.

Expenditures in foreign currency are translated at the monthly average rate.

(n) Fundraising activities

As a charitable institution, The Foundation has requirements under the Charitable Fundraising Act 1991. This Act provides the manner in which fundraising appeals are conducted, controlled and reported. These are shown in Note 20 of the financial statements.

(o) Operating Leases

Leases where the lessor retains substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

Operating lease payments are recognised as an expense in the Statement of comprehensive income on a straight-line basis over the term of the lease.

The Fred Hollows Foundation

A.C.N. 070 556 642

Notes to financial statements

For the year ended 31 December 2013

2 Summary of significant accounting policies (continued)

(p) Government grants

Government grants are recognised in the Statement of financial position as a liability when the grant is received.

When the grant relates to a future program costs (provision of program services), it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(q) Significant accounting judgments

Management has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(i) Valuation of investments

The Foundation classifies its investments in listed and unlisted securities at fair value. The fair value of listed shares has been determined by reference to published price quotations in an active market. The fair values of unlisted securities not traded in an active market are determined by appropriately qualified independent professional valuers commissioned by The Foundation's fund managers.

(ii) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as on manufacturers' warranties (for plant and equipment), and turnover policies (for motor vehicles). In addition, the condition of the the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(r) Consolidation

Consolidated financial statements have not been prepared in accordance with AASB 127 Consolidated and Separate Financial Statements on the grounds that the controlled entities are not material to these financial statements. The controlled entities are FHF Eastern Africa and The Fred Hollows Foundation (UK).

3 Financial risk management objectives and policies

The Foundation's principal financial instruments comprise cash and short-term deposits, receivables, payables, bank borrowings and investments.

Risk exposures and responses

The Foundation manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Foundation's financial risk management policy. The objective of the policy is to support the delivery of the Foundation's financial targets while protecting future financial security.

The main risks arising from The Foundation's financial instruments are interest rate risk, foreign currency risk, credit risk, price risk and liquidity risk. The Foundation uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate, equity price risk and foreign exchange risk and assessments of market forecasts for interest and foreign exchange rates as well as prices of shares in equity. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Finance and Audit Committee under the authority of the board.

(a) Interest rate risk

The Foundation's exposure to market interest rates relates primarily to The Foundation's cash balances. No interest rate risk relates to bank borrowings as they are under fixed interest rate and are carried at amortised costs.

The Fred Hollows Foundation

A.C.N. 070 556 642

Notes to financial statements

For the year ended 31 December 2013

3 Financial risk management objectives and policies (continued)

(b) Foreign currency risk

The Foundation's international program prepares local currency budgets. The Foundation's commitments are limited by the Australian dollar equivalent to local currency budgets.

(c) Price risk

The Foundation's investment in equity securities are subject to price risk. To limit this risk The Foundation has a policy to diversify its portfolio ensuring the majority of the equity investments are of a high quality and are publicly traded. The Foundation's investments are currently placed in a fund called Responsible Investment Leaders Balanced Fund managed by AMP Investors Capital Limited.

(d) Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause The Foundation to incur financial loss.

The Foundation's exposure to credit risk arises from default of the counterparty, with the current maximum exposure at the reporting date equal to the fair value of these instruments as disclosed in the Statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values.

The majority of The Foundation's receivables are from the Australian government; trade receivables are not material and historically The Foundation is not exposed to normal trading risk. There are no financial assets that are past due or impaired and the foundation holds no collateral as security or any other credit enhancements.

(e) Liquidity risk

Liquidity risk arises from the financial liabilities of The Foundation and its subsequent ability to meet its obligation to repay these liabilities as and when they fall due.

The Foundation's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and bank loans.

The Foundation manages its liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis. In addition, The Foundation maintains sufficient cash to meet worldwide programs' normal operating requirements.

(f) Fair value

The Foundation uses various methods in estimating the fair value of a financial instrument. These methods include: fair value using quoted prices in active markets; fair value estimates using inputs from observable prices either directly (as prices) or indirectly (derived from prices); and fair value estimates using inputs from non-observable market data.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, The Foundation's investment managers uses a direct feed valuation provided daily by professional valuers. The investment managers conduct, where available, validation process that include reference to secondary pricing sources before releasing the updated prices on daily basis.

The Fred Hollows Foundation

A.C.N. 070 556 642

Notes to financial statements

For the year ended 31 December 2013

	2013	2012
	\$	\$
4 Net gains or losses on investments at fair value		
Dividend and interest on and market movements of investments	<u>1,986,213</u>	<u>1,611,927</u>

5 Other income

This includes income or losses from disposal of plant and equipment, foreign currency transactions and other sundry receipts.

	2013	2012
	\$	\$
Gain (loss) disposal of property, plant and equipment	(22,996)	(58,840)
Exchange gains/(losses)	389,552	(168,621)
Others	309,769	428,168
	<u>676,325</u>	<u>200,707</u>

The Fred Hollows Foundation has disclosed most significant revenue categories on the face of the Statement of comprehensive income and as such has only shown by way of note the breakdown of other revenue, which includes the required disclosure of interest and dividend revenue as well as amortisation of financial guarantees.

	2013	2012
	\$	\$

(a) Depreciation, impairment and amortisation included in Statement of comprehensive income

Depreciation	<u>792,814</u>	597,155
	<u>792,814</u>	<u>597,155</u>

(b) Lease payments and other expenses included in Statement of comprehensive income

Minimum lease payments - operating lease	<u>672,584</u>	619,331
	<u>672,584</u>	<u>619,331</u>

7 Trade and other receivables

		2013	2012
		\$	\$
Trade receivables		447,223	79,460
Receivables from related parties	7(a)	2,671,294	2,359,653
Equipment Advances		22,479	254,142
Dividend and interest receivables		90,307	216,749
GST receivable	7(b)	270,289	622,362
Others		61,481	52,545
		<u>3,563,073</u>	<u>3,584,911</u>

Trade receivables are non-interest bearing and are generally on 30-60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. As at balance date all trade receivables are current and collectible and no impairment provision has been recognised.

The Fred Hollows Foundation

A.C.N. 070 556 642

Notes to financial statements

For the year ended 31 December 2013

7 Trade and other receivables (continued)

(a) Receivables from related parties

These represent remittance of monies to The Fred Hollows Foundation entities intended for program expenditure and has been unspent as of balance date. The balance represents remainder of the most current remittances.

(b) Net tax liability

At reporting dates the net GST is a receivable per Note 7. Other tax liabilities (PAYG and FBT) are shown separately in Note 10. The net of GST and other tax liabilities were a receivable of \$260,603 and \$487,728 as at balance date of 2013 and 2012 respectively.

8 Financial assets at fair value	2013	2012
	\$	\$
AMP Responsible Industry Leader Fund	10,220,791	7,724,546
Directly Held Listed Domestic Shares	271,037	151,401
JB Were portfolio investment		
- International Managed Funds	2,594	2,438
	10,494,422	7,878,385

AMP Responsible Industry Leader Fund represents investments in diversified portfolio across all asset types with emphasis on growth assets (shares and property) where the Foundation holds interest expressed in units.

Investments in JB Were are remnants of investments retired in mid 2010 and will be settled.

The fair value of listed investments has been determined directly by reference to published price quotations in an active market.

The fair value of the unlisted investments has been estimated by The Foundation's fund managers using valuation techniques based on assumptions, which are outlined in note 3. Management believes the estimated fair value resulting from the valuation techniques and recorded in the Statement of financial position and the related changes in fair value recorded in Statement of comprehensive income are reasonable and most appropriate at the reporting date.

9 Property, plant and equipment

(a) Carrying amount as of balance date

	2013	2012
	\$	\$
Office furniture and equipment	3,323,923	2,760,949
Leasehold improvements	1,295,471	1,271,866
Accumulated depreciation	(2,034,971)	(1,319,066)
	2,584,423	2,713,749

9 Property, plant and equipment (continued)

(b) Reconciliation of carrying amounts at the beginning and end of the period

Movement in non-current assets

	Office furniture & equipment \$	Leasehold improve- ments \$	Total \$
As at 1 January 2013 net of accumulated depreciation and impairment	1,740,391	973,358	2,713,749
Additions	673,840	23,606	697,446
Disposals, cost less accumulated depreciation	(33,958)	-	(33,958)
Depreciation charge for the year	(666,092)	(126,722)	(792,814)
	<u>1,714,181</u>	<u>870,242</u>	<u>2,584,423</u>

	Office furniture & equipment \$	Leasehold improve- ments \$	Total \$
As at 1 January 2012 net of accumulated depreciation and impairment	1,470,491	814,725	2,285,216
Additions	872,474	273,621	1,146,095
Disposals, cost less accumulated depreciation	(120,408)	-	(120,408)
Depreciation charge for the year	(482,167)	(114,988)	(597,155)
	<u>1,740,391</u>	<u>973,358</u>	<u>2,713,749</u>

10 Trade and other payables	2013 \$	2012 \$
Trade payables	2,550,574	2,717,201
Accrued expenses	560,926	463,197
Deferred grants:		
- Government grants	5,489,275	6,723,392
- Other grants	198,053	303,822
Tax liabilities	-	134,634
Other Creditors	109,481	276,472
	<u>8,908,309</u>	<u>10,618,718</u>

(a) Government grants

Government grants are credited with interest and have an average term of one year.

(b) Tax liabilities

Tax liabilities are credit balance of PAYG and fringe benefits tax liabilities. There is no liability for GST since GST payments are shown under GST Receivable under Note 7.

(c) Other payables

Other payables are non-interest bearing and have an average term of 6 months.

The Fred Hollows Foundation

A.C.N. 070 556 642

Notes to financial statements

For the year ended 31 December 2013

	2013	2012
	\$	\$
11 Provisions		
(a) Current as at 31 December		
Annual leave	844,530	724,581
Long service leave	82,835	59,233
	<hr/>	<hr/>
Total current provisions	927,365	783,814
	<hr/>	<hr/>
(b) Non current as at 31 December		
Long service leave	246,582	207,013
	<hr/> <hr/>	<hr/> <hr/>

12 Key management personnel

As per section 8.1 of The Fred Hollows Foundation's Constitution, no money or benefit will be given by The Foundation to any its directors.

Compensation paid or payable to key personnel of The Foundation, whether as an executive officer or otherwise, is as follows:

	2013	2012
	\$	\$
Short-term employee benefits	442,084	470,878
Other long-term employee benefits	32,746	34,861
	<hr/>	<hr/>
	474,830	505,739
	<hr/> <hr/>	<hr/> <hr/>

13 Leasing commitments

The Foundation has existing lease agreements for its principal office at Rosebery as well as the offices in Darwin and Melbourne.

The Foundation also has existing operating leases on motor vehicles and other premises in Brisbane and the Northern Territory. These leases have an average life of between one and four years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2013	2012
	\$	\$
Within one year	953,692	945,289
After one year but not more than five years	1,067,583	2,236,963
After more than five years	-	-
	<hr/>	<hr/>
Total minimum lease payments	2,021,275	3,182,252
	<hr/> <hr/>	<hr/> <hr/>

The balances of the rent free amounts have been determined and brought to account at balance date, as well as recognition of future rental increases during the term of the lease. As at balance date these amounts are \$159,561 (\$207,446 in 2012), and are shown in the Statement of financial position as deferred liability.

The Fred Hollows Foundation

A.C.N. 070 556 642

Notes to financial statements

For the year ended 31 December 2013

14 Events subsequent to reporting date

The Directors are not aware of any material events occurring after balance date of this report that would require further disclosure in these financial statements.

15 Limitation of members' liability

The Fred Hollows Foundation is a company limited by guarantee and in accordance with its Constitution, in the event of The Fred Hollows Foundation being wound up, the liability of members will not exceed \$50.00 per member.

16 ACFID Code of Conduct

Certain lines of items required in the ACFID Code of Conduct reporting including but not limited to Inventories, Assets held for sale, Intangibles, Investment property and reserves have nil balances for both the reporting periods covered.

17 Information furnished under the ACFID Code of Conduct

(a) Non-monetary gifts and expenditures

Non-monetary donations and gifts are not included in the Statement of comprehensive income. No non-monetary donations or gifts were made during the period.

(b) Revenue (expenditure) for international political or religious proselytisation

No revenue was earned nor expenditure incurred for the year on international political or religious proselytisation programs.

(c) Table of Cash Movements for Designated Purpose

No single appeal or other form of fundraising for a designated purpose generated 10% or more of total income for the year ended 31st December 2013.

18 Related party disclosure

The Fred Hollows Foundation UK (FHF UK) and The Fred Hollows New Zealand (FHF NZ) operate under licensing agreement with The Fred Hollows Foundation (FHF). FHF funds part of the program activities undertaken by FHF NZ and also funds the program and operational costs of FHF UK.

19 Auditors remuneration

The auditors of The Fred Hollows Foundation are Ernst & Young.

	2013	2012
	\$	\$
<i>Amounts received or due and receivable by Ernst & Young (Australia) for:</i>		
Audit of financial report	75,000	71,500
Other non-audit services	4,712	-
	<hr/> 79,712	<hr/> 71,500

The Fred Hollows Foundation

A.C.N. 070 556 642

Notes to financial statements

For the year ended 31 December 2013

20 Information furnished under the Charitable Fundraising Act 1991

a) Details of aggregate gross income and total expenditure of fundraising appeals

	2013	2012
	\$	\$
<u>Proceeds from fundraising appeals</u>		
Donations	18,177,940	15,816,424
Functions and special events	329,360	306,463
Bequests	9,319,294	7,499,286
Miracle Club	14,710,573	13,021,263
	<hr/>	<hr/>
Gross proceeds from fundraising appeals	42,537,167	36,643,436

Direct costs of fundraising appeals

Donations	9,363,799	8,506,280
Functions and special events	28,883	9,063
Bequests	344,229	236,464
Miracle Club	654,173	604,553
Cost of raising Government funds	104,960	94,509
	<hr/>	<hr/>
Total direct costs of fundraising appeals	10,496,044	9,450,869

Net surplus from fundraising appeals	<hr/> 32,041,123	<hr/> 27,192,566
--------------------------------------	-------------------------	-------------------------

(b) Statement showing how funds received are applied for charitable purposes

	2013	2012
	\$	\$
Net surplus obtained from Fundraising appeals	<hr/> 32,041,123	<hr/> 27,192,566
Applied for charitable purposes as follows:		
Office administration	<hr/> 3,847,737	<hr/> 3,682,077
Costs of direct services:		
Community education	2,816,318	2,596,888
International programs	32,856,705	27,223,498
Indigenous programs	8,610,774	8,015,007
	<hr/> 44,283,797	<hr/> 37,835,393

Total expenditure	<hr/> 48,131,534	<hr/> 41,517,471
-------------------	-------------------------	-------------------------

Surplus/(shortfall)	<hr/> (16,090,411)	<hr/> (14,324,904)
---------------------	---------------------------	---------------------------

(c) Statement showing how funds received are applied for charitable purposes

	2013	2012
	\$	\$
Shortfall was provided by the following sources:		
Department of Foreign Affairs and Trade (DFAT)	10,482,277	8,265,726
Other government grants	694,970	234,215
Other overseas grants	1,615,058	1,332,350
Investment income	1,986,213	1,611,927
Other income	676,325	200,707
	<hr/> 15,454,843	<hr/> 11,644,925

(Deficit) surplus transfer to Accumulated Funds for future use	<hr/> (635,568)	<hr/> (2,679,980)
--	------------------------	--------------------------

The Fred Hollows Foundation

A.C.N. 070 556 642

Notes to financial statements

For the year ended 31 December 2013

20 Information furnished under the Charitable Fundraising Act 1991 (continued)

(d) Comparison by monetary figures and percentages	2013	2012
	\$	\$
Gross proceeds from fundraising appeals	42,537,167	36,643,436
Total direct costs of fundraising appeals	10,496,044	9,450,869
Total direct costs of fundraising as a percentage of gross proceeds from fundraising appeals	25%	26%
Net surplus from fundraising appeals	32,041,123	27,192,566
Net surplus from fundraising as a percentage of gross proceeds from fundraising appeals	75%	74%
Total cost of direct services	44,283,797	37,835,393
Total expenditure (excluding direct cost of fundraising appeals)	48,131,534	41,517,471
Total costs of direct services as a percentage of total expenditure	92%	91%
Total income received (including net profit from fundraising appeals)	32,041,123	27,192,566
Total cost of direct services as a percentage of total income received	138%	139%

(e) Fundraising appeals conducted during the financial period:

All fundraising activities are related to Public Appeals.

Directors' Declaration

In accordance with a resolution of the directors of The Fred Hollows Foundation, I state that:

In the opinion of the directors:

(a) the financial statements and notes of The Foundation for the financial year ended 30 December 2013 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of The Foundation's financial position as at 31 December 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

(b) there are reasonable grounds to believe that The Foundation will be able to pay its debts as and when they become due and payable.

A handwritten signature in black ink, appearing to read 'Robert Rae Dalziel', is written over a light grey rectangular background.

Robert Rae Dalziel
Chair
8 April 2014
Sydney, NSW Australia

Statement by Principal Officer

Declaration by the Principal Officer in respect of fundraising appeals under the *Charitable Fundraising Act 1991*.

In accordance with a resolution of the Directors of The Fred Hollows Foundation, I declare that:

- (a) the Statement of comprehensive income gives a true and fair view of all revenue and expenditure of The Fred Hollows Foundation with respect to fundraising appeals; and
- (b) the Statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals conducted by the organisation; and
- (c) the provisions of the *Charitable Fundraising Act 1991*, the regulations under that Act and the conditions attached to the authority have been complied with by the organisation; and
- (d) the internal controls exercised by The Fred Hollows Foundation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

on behalf of The Fred Hollows Foundation.



Graham Skeates
Director
8 April 2014
Sydney, NSW Australia

Independent auditor's report to the members of The Fred Hollows Foundation

Report on the financial report

We have audited the accompanying financial report of The Fred Hollows Foundation, which comprises the statement of financial position as at 31 December 2013, 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 directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal controls as the directors determine are 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 about 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion the financial report of The Fred Hollows Foundation is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the financial position of The Fred Hollows Foundation as at 31 December 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008* and the requirements of the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991* and the *WA Charitable Collections Act (1946)*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008* and the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*.

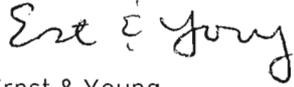
Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non compliance may occur and not be detected. An audit is not designed to detect all instances of non compliance with the requirements described in the above-mentioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

- a) the financial report of The Fred Hollows Foundation has been properly drawn up and associated records have been properly kept during the financial year ended 31 December 2013, in all material respects, in accordance with:
 - (iii) sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
 - (iv) sections 9(6) and 10 of the *NSW Charitable Fundraising Regulations 2008*;
 - (v) the *WA Charitable Collections Act (1946)*; and
 - (vi) the *WA Charitable Collections Regulations (1947)*.

- b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 31 December 2013 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.



Ernst & Young



Nigel Stevenson
Partner
Adelaide
8 April 2014