

The Fred Hollows Foundation

A.C.N. 070 556 642

Annual Financial Report

For the year ended 31 December 2014

**Registered office and
principal place of business**

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The Fred Hollows Foundation

(A company limited by guarantee)

A.C.N. 070 556 642

Annual financial report

For the year ended 31 December 2014

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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 2014.

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>Chair to May 2014</i>)	May 2011		4	5
John Leslie Fallick (<i>Chair from May 2014</i>)	May 2013		5	5
Ann Porcino (<i>Deputy Chair</i>)	January 2013		5	5
Michael Johnson	May 2013		5	5
Graham Skeates	May 2013		5	5
Gabrielle Hollows	April 1995		5	5
James La Nauze	May 2013		5	5
Paul Torzillo	May 2013		5	5
John Brumby	January 2013		5	5
Joy Savage	January 2013		5	5
Lucy Kathleen Farrell	June 2013		4	5

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 2014-2018 period, The Foundation has five Long-Term Outcomes which it is working towards:

- Cataract being effectively managed;
- Trachoma being eliminated
- Eye health services being available throughout the world for people living with diabetes
- Eye health services and systems being sustainable, and integrated into national health systems
- Eye health being appropriately resourced.

The Foundation has 15 strategic objectives - which sit below these Long-Term Outcomes - which set out what The Foundation wants to achieve by 2018:

- *The results we seek*
 1. Support for the provision of universal access to high quality, affordable, comprehensive eye care services
 2. Strengthened national health systems, with a focus on eye health
 3. Increased government support for committing adequate resources to eye health
- *How we deliver our work*
 4. High quality in-country programs designed and delivered with local partners that have a significant and sustainable impact
 5. Strategic organisational partnership at regional and global levels that extend our influence and impact
 6. Effective in-country and global advocacy that builds political will and drives appropriate eye health financing
 7. High impact research and technological innovation
- *Our organisational base*
 8. Highly committed, capable and supported global workforce
 9. Effective global governance, management structures and processes
 10. Leading brand and international profile
 11. Global business systems that provide access to information, and ensure transparency and efficiency
 12. Disciplined and effective management of all our work, from planning to monitoring evaluation and learning
 13. Integrated risk management systems, underpinned by a strong and proactive risk culture
- *Our financial resources*
 14. Continued growth in public support and diversification of income sources
 15. Efficient and strategic use of resources.

In 2014, The Foundation worked directly or through partners in 24 countries in Africa, Asia, Middle East and Pacific 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:

- 2,993,829 people had their eyes screened
- 119,805 cataract operations were performed
- 66,710 pairs of spectacles were distributed
- 7,384,594 doses of antibiotics for trachoma were distributed
- 23,396 Trachomatous Trichiasis surgeries performed
- 16,368 procedures for diabetic retinopathy were performed
- 569,350 other sight saving or improving interventions were undertaken
- 217 surgeons and 1,146 clinic support staff received clinical training
- 48,840 community health workers received eye care training
- 14,937 eye health professionals or community workers attended other courses or were supported with continuing education or mentoring
- 63 eye health facilities were constructed, renovated or upgraded
- Equipment to the value of \$4,383,999 was provided.

The Foundation also achieved an increasing amount, in terms of its global partnerships, advocacy, and research work, including:

- Established an Annual Partnership Agreement with the International Diabetes Federation (IDF)¹
- Established a Memorandum of Understanding with Helen Keller International (HKI)²
- Began the exploration of a range of innovative eye health financing mechanisms and opportunities.

The Foundation continued to strengthen its organisational (including financial) base in 2014, through:

- Design and implementation of multiple digital campaigns, in support of The Foundation's fundraising and advocacy work
- Refreshment and re-launch of The Foundation's intranet (enabling improved internal communications, global information sharing and learning)

¹ International Diabetes Federation website: www.idf.org

² Helen Keller International website: www.hki.org

- Development of key indicators of progress for each of The Foundation's Long-Term Outcomes
- Development of a Risk Appetite Statement
- Investment (and resulting growth) in online fundraising
- Incorporation of The Fred Hollows Foundation (HK) Limited, an entity to enable fundraising in Hong Kong
- Establishment of an internal audit function.

Based on the multi-year Strategic Plan, the Board monitored the implementation of the approved 2014 budget and organisational work plan. A comprehensive set of Key Performance Indicators (KPIs) were also developed, setting out a small number of KPIs for each of the 15 strategic objectives. 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 Fred Hollows Foundation and its subsidiaries (collectively, the Group) was \$64,848,511 (2013: \$58,159,430) and expenses amounted to \$63,296,043 (2013: \$58,736,763), resulting in a surplus of \$1,552,468 (2013: deficit of \$577,333). Total equity as at 31 December 2014 stood at \$16,799,178 (2013: \$15,246,710). The cash balance including term-deposits was \$10,798,226 (2013: \$8,410,446).

Significant changes in state of affairs

In 2014, The Foundation has prepared consolidated financial statements incorporating the assets, liabilities and results of the subsidiaries The Fred Hollows Foundation Kenya and The Fred Hollows Foundation (UK). Preparation of financial statements on a group basis will provide greater transparency and understanding of The Foundation's operations globally.

There were no other significant changes 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 2014. The amount of cover is reviewed periodically.

Directors' qualifications and experience, and their special responsibilities on the Board during 2014

Name	Experience and Qualifications	Special responsibilities within FHF
John Leslie Fallick	Chairman, Granite Capital Pty Ltd Fellow, Australian Institute of Company Directors Chairman, Continuity Capital Partners Pty Ltd 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 (from May 2014) <i>Ex Officio</i> Member of the Finance & Audit Committee and Governance & Nominations Committee (from May 2014) Chair of the Board of The Fred Hollows Foundation Kenya (from 9 September 2014) Chair of the Board of The Fred Hollows Foundation (HK) Limited since 31 December 2014

Name	Experience and Qualifications	Special responsibilities within FHF
Robert Dalziel	Chair, Pacwel Pty Ltd Chair, Wine Preserva Deputy Chair, Melbourne Rebels Director, Dacland Management <u>Previously</u> Chair, Harris Scarfe Pty Ltd and Just Group; Director, Angus & Coote (Holdings); Managing Director, Mayne Nickless; Executive Chair, Optus Communications.	Chair of the Board (to May 2014) Member of the Governance & Nominations Committee <i>Ex Officio</i> Member of the Finance & Audit Committee (to May 2014) Chair of the Board of The Fred Hollows Foundation Kenya (to 9 September 2014).
Michael Johnson	Associate Professor, School of Social Sciences, University of NSW <u>Previously</u> Coordinator, Development Studies Program, School of Social Sciences, UNSW; Director, Public Sector Research Centre, UNSW	Chair of the Governance & Nominations Committee Member of the Finance & Audit Committee Director of The Fred Hollows Foundation Kenya Director of The Fred Hollows Foundation (HK) Limited since 31 December 2014
Ann Porcino	Director and Principal Consultant, RPR Consulting Masters of Business Administration BA in Health Services Administration <u>Previously</u> Vice President of Relationships Australia; CEO, Australian Council on Healthcare Standards; Director of Research and Development, Prince Henry and Prince of Wales Hospital Group; CEO, North Harbour Private Hospital	Deputy Chair of the Board Member of the Governance & Nominations Committee
Graham Skeates	Chartered Accountant with 40 years' experience in the accounting profession and financial services industry. <u>Previously</u> Group Chief Accountant, AMP; Regional Finance Director, Asian Operations of Prudential Insurance UK	Chair of the Finance & Audit Committee Director of The Fred Hollows Foundation (HK) Limited since 31 December 2014

Name	Experience and Qualifications	Special responsibilities within FHF
John Brumby	<p>Chair of MTAA Super</p> <p>Deputy Chair, Industry Super Australia</p> <p>Chair, Citywide Solutions Pty. Ltd.</p> <p>Independent Director, Huawei Technologies (Australia)</p> <p>Professorial Fellow at both Melbourne and Monash Universities</p> <p><u>Previously</u> Victorian Premier (2007-2010) Victorian Treasurer (2000-2007)</p>	Member of the Finance & Audit Committee
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>	Member of the Finance and Audit Committee
Gabi Hollows	<p>Orthoptist</p> <p>Officer of the Order of Australia</p> <p>Orthoptic Associate, Royal Australian and New Zealand College of Ophthalmologists</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>

Name	Experience and Qualifications	Special responsibilities within FHF
Joy Savage	CEO, Aboriginal Hostels Ltd. Masters of Business Administration <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	Member of the Programs Advisory Committee
Paul Torzillo	Head of Respiratory Medicine, Royal Prince Alfred Hospital, Sydney Executive Clinical Director, Royal Prince Alfred Hospital Senior Physician, Intensive Care Unit, Royal Prince Alfred Hospital, Medical Director, Nganampa Health Council Clinical Professor of Medicine, University of Sydney Clinical Director, Critical Care Services, Sydney Local Area Health District Consultant in Child Health (Integrated Management of Childhood Illness (IMCI) program, World Health Organization	Member of the Medical Advisory Committee.

Company Secretary

Ram Neupane (to December 2014)
 Victoria Morris (from December 2014)

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 2014.

	Finance and Audit Committee	Program Advisory Committee	Medical Advisory Committee	Governance and Nominations Committee
<i>No of meetings in 2014</i>	4	0*	1	4
<i>Meetings attended</i>				
Les Fallick	1	n/a	n/a	2
Robert Dalziel	2	n/a	n/a	2
Ann Porcino	n/a	n/a	n/a	4
John Brumby	4	n/a	n/a	n/a
Lucy Kathleen Farrell	2	n/a	n/a	n/a
Gabi Hollows	n/a	n/a	n/a	3
Michael Johnson	4	n/a	n/a	4
Jamie La Nauze	n/a	n/a	1	n/a
Joy Savage	n/a	n/a	n/a	n/a
Graham Skeates	4	n/a	n/a	n/a
Paul Torzillo	n/a	n/a	1	n/a

* The Program Advisory Committee (PAC) was formally put into abeyance in the Board's June 2014 meeting, while a broader review of Board Sub-Committees was undertaken. Notwithstanding this, the Board assembled a working group (whose attendees included the remaining PAC members) to carry out the key functions of the PAC, including review of the peer review process, and review of programs budget.

A number of Foundation members and associates who are not Directors also served on various Board Committees during 2014 as set out below:

Finance & Audit Committee	Christine Hawkins
Program Advisory Committee	Sarah Elliott (Chair, resigned March 2014); Jo Thomson (resigned March 2014).
Medical Advisory Committee	Dr. Stephanie Young; Dr David Moran; Dr Katherine Smallcombe; Dr Tim Henderson; Dr Richard Wormald; Dr. Neil Murray (invited participant – Medical Director FHF NZ, resigned March 2014)

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 2011.

Signed in accordance with resolution of the Directors.

A handwritten signature in black ink that reads "Les Fallick". The signature is written in a cursive style with a horizontal line underneath the name.

Les Fallick
Chair
Date: 30 March 2015
Sydney, NSW Australia

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

In relation to our audit of the consolidated financial report of The Fred Hollows Foundation for the financial year ended 31 December 2014, 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

Kieren Cummings
Partner
Sydney
30 March 2015

The Fred Hollows Foundation

A.C.N 070 556 642

Consolidated statement of comprehensive income

For the year ended 31 December 2014

		2014	2013
	Notes	\$	\$
INCOME FROM CONTINUING OPERATIONS			
Community and corporate support			
Donations and gifts		36,413,190	33,288,038
Bequests and legacies		13,482,096	9,319,294
Grants			
- Department of Foreign Affairs and Trade (DFAT)		10,068,606	10,482,277
- Other Australian government		675,916	694,970
- Other overseas		2,881,788	1,689,423
Net gains/(losses) on investments at fair value	5	1,270,717	1,986,213
Other income	6	56,198	699,215
Total income		64,848,511	58,159,430
EXPENDITURE FROM CONTINUING OPERATIONS			
International aid and development programs expenditure			
International Programs			
- Funds to international programs		28,131,209	26,645,292
- Program support costs		7,740,316	6,230,060
Community education		2,582,142	2,231,506
Fundraising costs			
- Public fundraising		9,383,081	8,288,509
- Government, multilateral and private		115,820	83,165
Accountability and administration		3,501,701	3,084,141
Total international aid and development programs expenditure		51,454,269	46,562,673
Domestic aid and development programs expenditure			
Domestic Programs		8,264,210	8,610,774
Community Education		595,232	584,812
Fundraising costs		2,184,825	2,179,517
Accountability and administration		797,507	798,987
Total domestic aid and development programs expenditure		11,841,774	12,174,090
Total Expenditure		63,296,043	58,736,763
Net surplus (deficit) of income over expenditure		1,552,468	(577,333)
Other comprehensive income		-	-
Net surplus/(deficit) for the period		1,552,468	(577,333)

Notes:

(a) There were 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 Consolidated statement of comprehensive income should be read in conjunction with accompanying notes.

The Fred Hollows Foundation

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Consolidated statement of financial position

As at 31 December 2014

	Note	2014 \$	2013 \$
ASSETS			
Current assets			
Cash and cash equivalents		4,788,226	4,400,446
Other interest bearing deposits		6,010,000	4,010,000
Trade and other receivables	8	2,305,620	3,386,042
Prepayments		706,519	593,281
Total current assets		13,810,365	12,389,769
Non-current assets			
Financial assets at fair value	9	11,460,422	10,494,422
Property, plant and equipment	10	2,401,861	2,725,046
Total non-current assets		13,862,283	13,219,468
TOTAL ASSETS		27,672,648	25,609,237
LIABILITIES			
Current liabilities			
Trade and other payables	11	9,367,040	9,014,921
Provisions	12	1,140,905	927,365
Total current liabilities		10,507,945	9,942,286
Non-current liabilities			
Provisions	12	229,667	260,680
Deferred liability	14	135,858	159,561
Total non-current liabilities		365,525	420,241
TOTAL LIABILITIES		10,873,470	10,362,527
NET ASSETS		16,799,178	15,246,710
EQUITY			
Accumulated funds		16,799,178	15,246,710
TOTAL EQUITY		16,799,178	15,246,710

Notes:

(a) There are no net tax liabilities. See related Notes 8 and 11.

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

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Consolidated statement of changes in equity

For the year ended 31 December 2014

	Total \$
Balance at 1 January 2014	15,246,710
Surplus (Deficit) for the year	<u>1,552,468</u>
As at 31 December 2014	<u><u>16,799,178</u></u>
Balance at 1 January 2013	15,824,043
Surplus (Deficit) for the year	<u>(577,333)</u>
As at 31 December 2013	<u><u>15,246,710</u></u>

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Consolidated statement of cash flows

For the year ended 31 December 2014

	2014	2013
	\$	\$
Cash flows from operating activities		
Receipt from donors	36,413,190	33,217,873
Receipts from bequests	12,969,732	9,239,738
Receipt of government grants	11,655,525	9,943,130
Receipt of international corporate grants	2,830,206	1,675,397
Payment of program and operating expenditures	(43,857,202)	(42,669,451)
Payment to employees	(17,602,415)	(14,683,869)
Net cash flows from/(used in) operating activities	2,409,036	(3,277,182)
Cash flows from investing activities		
Acquisition of plant and equipment	(706,090)	(697,447)
Acquisition of financial assets	(2,000,000)	(1,000,000)
Disposal of plant and equipment	13,666	10,962
Disposal of financial assets at fair value	480,480	7,000,000
Interest received	137,509	413,603
Dividends received	53,179	163,304
Net cash flows from/(used in) investing activities	(2,021,256)	5,890,422
Net cash flows from/(used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	387,780	2,613,240
Cash and cash equivalents at beginning of the period	4,400,446	1,787,206
Cash and cash equivalents at end of the period	4,788,226	4,400,446

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

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Notes to consolidated financial statements

For the year ended 31 December 2014

1 Corporate information

The consolidated financial statements of The Fred Hollows Foundation and its subsidiaries (collectively, the Group) for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 30 March 2015. The Fred Hollows Foundation who is the parent entity is a not for profit entity and a limited company incorporated and domiciled in Australia and the registered office is located at Rosebery, NSW, Australia.

(a) Basis of preparation

The consolidated financial statements of the Group are a general purpose financial report which have been prepared in accordance with the requirements of the Australian Accounting Standards Reduced Disclosure Requirements, the Australian Charities and Not-for-Profits Commission Act 2012, 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 Group has 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) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than the majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date of the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2 Parent and Subsidiaries financial information

a) Parent entity

The parent entity within the Group is The Fred Hollows Foundation Australia.

Information related to The Fred Hollows Foundation, the parent entity	2014 \$	2013 \$
Current assets	13,484,516	12,293,200
Non-current assets	13,728,350	13,078,845
Total assets	27,212,866	25,372,045
Current liabilities	10,179,411	9,835,674
Non-current liabilities	351,549	406,143
Total liabilities	10,530,960	10,241,817
Net assets	16,681,906	15,130,228

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Notes to consolidated financial statements

For the year ended 31 December 2014

2 Parent and Subsidiaries financial information (continued)

a) Parent entity (continued)

Profit (loss) of Parent entity.

	2014	2013
	\$	\$
INCOME FROM CONTINUING OPERATIONS		
Community and corporate support		
Donations and gifts	36,404,116	33,217,873
Bequests and legacies	13,482,096	9,319,294
Grants		
- Department of Foreign Affairs and Trade (DFAT)	10,068,606	10,482,277
- Other Australian government	675,916	694,970
- Other overseas	2,809,031	1,615,058
Net gains/(losses) on investments at fair value	1,270,717	1,986,213
Other income	53,073	676,325
Total income	64,763,555	57,992,010
EXPENDITURE FROM CONTINUING OPERATIONS		
<i>International aid and development programs expenditure</i>		
International Programs		
- Funds to international programs	28,110,167	26,626,645
- Program support costs	7,740,316	6,230,060
Community education	2,582,142	2,231,506
Fundraising costs		
- Public fundraising	9,383,081	8,233,362
- Government, multilateral and private	94,779	83,165
Accountability and administration	3,459,618	3,048,749
<i>Total international aid and development programs expenditure</i>	51,370,103	46,453,487
<i>Domestic aid and development programs expenditure</i>		
Domestic Programs	8,264,210	8,610,774
Community Education	595,232	584,812
Fundraising costs	2,184,825	2,179,517
Accountability and administration	797,507	798,987
<i>Total domestic aid and development programs expenditure</i>	11,841,774	12,174,090
Total Expenditure	63,211,877	58,627,577
Net surplus (deficit) of income over expenditure	1,551,678	(635,567)
Other comprehensive income	-	-
Net surplus/(deficit) for the period	1,551,678	(635,567)

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Notes to consolidated financial statements

For the year ended 31 December 2014

2 Parent and Subsidiaries financial information (continued)

b) Subsidiaries

The subsidiaries of the Parent entity are The Fred Hollows Foundation (UK)and The Fred Hollows Foundation Kenya, both controlled by the Parent entity.

Information related to the subsidiaries:	2014	2013
	\$	\$
Current assets	325,849	96,569
Non-current assets	133,932	140,623
Total assets	<u>459,781</u>	<u>237,192</u>
Current liabilities	328,533	106,612
Non-current liabilities	13,976	14,098
Total liabilities	<u>342,509</u>	<u>120,710</u>
Net assets	<u>117,271</u>	<u>116,482</u>
Profit (loss) of the subsidiaries		
Total comprehensive income of the subsidiaries	<u>(2,316)</u>	<u>35,346</u>

3 Summary of significant accounting policies

(a) Cash and cash equivalents

Cash and cash equivalent In the Group's 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.

(b) Other interest bearing deposits

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

(c) 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.

(d) 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 Group have been determined as follows:

Managed Funds

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

(e) 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.

(f) Property, Plant and equipment

(i) Cost and valuation

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

The Fred Hollows Foundation

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Notes to consolidated financial statements

For the year ended 31 December 2014

3 Summary of significant accounting policies (continued)

(f) Property, Plant and equipment (continued)

(ii) Depreciation

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

	2014
Motor vehicles	3-5 years
Office machines and equipment	3-10 years
Office furniture and equipment	3-10 years
Leasehold improvements	5-15 years

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.

(g) 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 Group prior to the end of the financial year that are unpaid and arise when The Group 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.

(h) Provisions

Provisions are recognised when the Group 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 Group 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.

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Notes to consolidated financial statements

For the year ended 31 December 2014

3 Summary of significant accounting policies (continued)

(i) 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 Group 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 Group are treated as gains or losses on investments.

(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.

(iv) Dividend and interest

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.

(j) Taxes

(i) Current income tax

The parent entity has been registered under the provisions of The Charitable Fundraising Act 1991 and under Subdivision 50-B of the Income Tax Assessment Act 1997 in Australia, it is an income tax exempt charitable entity. Accordingly, this status is accorded by governments in the countries where all the subsidiaries operate.

(ii) Goods and Services Tax (GST)

In Australia, where the parent entity operates, revenue, expenses and assets are recognised net of the amount - 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.

(iii) Withholding Tax

In countries where the subsidiaries are covered with withholding tax legislation, revenue, expenses and assets are recognized net of withholding tax while receivables and payables are stated net of the withholding tax.

(k) Foreign currency translations

Foreign currency assets and liabilities 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.

The Fred Hollows Foundation

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Notes to consolidated financial statements

For the year ended 31 December 2014

3 Summary of significant accounting policies (continued)

(l) Fundraising activities

The parent entity, The Fred Hollows Foundation, being a charitable institution, 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 21 of the financial statements.

(m) 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.

(n) 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.

(o) 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 Group 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 Group'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.

4 Financial risk management objectives and policies

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

Risk exposures and responses

The Group 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 Group's financial targets while protecting future financial security.

The main risks arising from the Group'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.

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Notes to consolidated financial statements

For the year ended 31 December 2014

4 Financial risk management objectives and policies (continued)

Risk exposures and responses (continued)

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 Group'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 cost.

(b) Foreign currency risk

The Group's international program prepares local currency budgets. The Group's commitments are limited by the funds raised by the parent entity which is in Australian dollar equivalent to local currency budgets.

(c) Price risk

The Group's investment in equity securities are subject to price risk. To limit this risk the Group has a policy to diversify its portfolio ensuring the majority of the equity investments are of a high quality and are publicly traded. The Group's investments are currently placed in a fund called Responsible Investment Leaders Balanced Fund managed by AMP Investors Capital Limited. The Group also has direct shareholdings that it receives from estates. These are mostly of high quality and are liquidated after a holding period of 45 days.

(d) Credit risk

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

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

(e) Liquidity risk

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

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

The Group 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 Group 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.

The Fred Hollows Foundation

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Notes to consolidated financial statements

For the year ended 31 December 2014

4 Financial risk management objectives and policies (continued)

(f) Fair value (continued)

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 Group'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.

	2014	2013
	\$	\$
5 Net gains or losses on investments at fair value		
Dividend, interest, and market movements of investments	<u>1,270,717</u>	<u>1,986,213</u>

6 Other income

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

	2014	2013
	\$	\$
Gain (loss) on disposal of property, plant and equipment	(97,488)	(22,996)
Exchange gains/(losses)	20,864	412,442
Others	<u>132,822</u>	<u>309,769</u>
	<u>56,198</u>	<u>699,215</u>

The Group 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.

	2014	2013
	\$	\$

7 Expenses

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

Parent entity and consolidated subsidiaries	918,121	851,171
Other country programs	<u>166,635</u>	<u>85,781</u>
	<u>1,084,756</u>	<u>936,952</u>

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

Minimum lease payments - operating lease	<u>1,006,112</u>	<u>885,746</u>
	<u>1,006,112</u>	<u>885,746</u>

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Notes to consolidated financial statements

For the year ended 31 December 2014

8 Trade and other receivables		2014	2013
		\$	\$
Trade receivables		78,490	447,223
Receivables from related parties	8(a)	1,448,783	2,205,586
Partner/equipment advances		317,026	297,005
Dividend and interest receivables		146,790	90,307
GST receivable	8(b)	197,173	270,289
Others		117,358	75,632
		2,305,620	3,386,042

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.

(a) Receivables from related parties

These represent remittance of monies to the group's country programs. The monies are intended for program expenditures which remain unspent as at balance date.

(b) Net tax liability

At reporting dates the net GST is a receivable. Other tax liabilities (PAYG and FBT) are shown separately in Note 11. The net of GST and other tax liabilities were a receivable of \$197,173 and \$ 270,289 as at balance date of 2014 and 2013 respectively.

9 Financial assets at fair value		2014	2013
		\$	\$
AMP Responsible Industry Leader Fund		11,128,465	10,220,791
Directly Held Listed Domestic Shares		331,957	271,037
JB Were portfolio investment			
- International Managed Funds		-	2,594
		11,460,422	10,494,422

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.

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.

10 Property, plant and equipment

(a) Carrying amount as of balance date		2014	2013
		\$	\$
Motor vehicles		117,622	113,434
Office furniture and equipment		3,207,272	3,471,813
Leasehold improvements		1,549,162	1,331,603
Accumulated depreciation		(2,472,195)	(2,191,804)
		2,401,861	2,725,046

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Notes to consolidated financial statements

For the year ended 31 December 2014

10 Property, plant and equipment (continued)

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

Movement in non-current assets

	Motor vehicles	Office furniture & equipment	Leasehold improve- ments	Total
	\$	\$	\$	\$
As at 1 January 2014 net of accumulated depreciation and impairment	37,900	1,788,601	898,545	2,725,046
Additions	-	250,400	454,861	705,261
Disposals, cost less accumulated depreciation	-	(10,105)	(101,049)	(111,154)
Depreciation charge for the year	(12,943)	(759,668)	(145,510)	(918,121)
Exchange differential in revaluating opening balance to closing exchange rates	472	(188)	545	829
	<u>25,429</u>	<u>1,269,040</u>	<u>1,107,392</u>	<u>2,401,861</u>
As at 31 December 2014	25,429	1,269,040	1,107,392	2,401,861

	Motor vehicles	Office furniture & equipment	Leasehold improve- ments	Total
	\$	\$	\$	\$
As at 1 January 2013 net of accumulated depreciation and impairment	51,427	1,813,892	1,003,907	2,869,226
Additions	-	696,043	24,056	720,099
Disposals, cost less accumulated depreciation	-	(34,644)	-	(34,644)
Depreciation charge for the year	(20,133)	(697,658)	(133,380)	(851,171)
Exchange differential in revaluating opening balance to closing exchange rates	6,606	10,968	3,962	21,536
	<u>37,900</u>	<u>1,788,601</u>	<u>898,545</u>	<u>2,725,046</u>
As at 31 December 2013	37,900	1,788,601	898,545	2,725,046

11 Trade and other payables

	2014	2013
	\$	\$
Trade payables	2,014,472	2,601,075
Accrued expenses	686,286	603,038
Deferred grants:		
- Government grants	6,400,278	5,489,275
- Other grants	146,471	198,053
Tax liabilities	8,649	14,000
Other Creditors	110,884	109,480
	<u>9,367,040</u>	<u>9,014,921</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 in Note 8.

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Notes to consolidated financial statements

For the year ended 31 December 2014

11 Trade and other payables (continued)

(c) Other payables

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

	2014	2013
	\$	\$
12 Provisions		
(a) Current as at 31 December		
Annual leave	944,442	844,530
Long service leave	196,463	82,835
Total current provisions	<u>1,140,905</u>	<u>927,365</u>
(b) Non current as at 31 December		
Long service leave	<u>229,667</u>	<u>260,680</u>

13 Key management personnel

As per section 8.1 of parent entity's constitution, no money or benefit will be given by the Group to any of its directors.

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

	2014	2013
	\$	\$
Short-term employee benefits	452,119	442,084
Other long-term employee benefits	47,688	32,746
	<u>499,807</u>	<u>474,830</u>

14 Leasing commitments

The Group has existing lease agreements for its principal office at Rosebery, its the offices in Darwin and Melbourne as well as its subsidiaries in United Kingdom and Kenya.

The Group 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:

	2014	2013
	\$	\$
Within one year	938,885	953,692
After one year but not more than five years	1,366,446	1,067,583
After more than five years	-	-
Total minimum lease payments	<u>2,305,331</u>	<u>2,021,275</u>

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 \$135,858 (\$159,561 in 2013), and are shown in the Statement of financial position as deferred liability.

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Notes to consolidated financial statements

For the year ended 31 December 2014

15 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.

16 Limitation of members' liability

The parent entity, 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.

17 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.

18 Related party disclosure

The Fred Hollows Foundation 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 .

19 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 2014.

20 Auditors remuneration

The Group's auditors are Ernst & Young.

	2014	2013
	\$	\$
<i>Amounts received or due and receivable</i>		
<i>For audit of financial report</i>		
Ernst & Young Australia	75,000	75,000
Ernst & Young Cambodia	11,528	11,362
Ernst & Young China	29,693	29,370
Ernst & Young United Kingdom	13,122	15,580
Ernst & Young Vietnam	14,485	13,507
Deloitte & Touché Kenya	13,486	15,610
 <i>For other services</i>		
Ernst & Young Australia- review of accounting systems	5,520	-
	<hr/> 162,835	<hr/> 160,430 <hr/>

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Notes to consolidated financial statements

For the year ended 31 December 2014

21 Information furnished under the Charitable Fundraising Act

The following information related to the Parent entity only and is a requirement of the Charitable Fundraising Act 1991.

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

	2014	2013
	\$	\$
<u>Proceeds from fundraising appeals</u>		
Donations	20,524,679	18,177,940
Functions and special events	354,730	329,360
Bequests	13,482,096	9,319,294
Miracle Club	15,524,707	14,710,573
	<hr/>	
Gross proceeds from fundraising appeals	49,886,212	42,537,167
	<hr/>	
<u>Direct costs of fundraising appeals</u>		
Donations	7,375,269	6,466,010
Functions and special events	31,092	28,883
Bequests	542,599	344,229
Miracle Club	3,597,097	3,551,962
Cost of raising Government funds	116,627	104,960
	<hr/>	
Total direct costs of fundraising appeals	11,662,684	10,496,044
	<hr/>	
Net surplus from fundraising appeals	38,223,528	32,041,122

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

	2014	2013
	\$	\$
Net surplus obtained from Fundraising appeals	38,223,528	32,041,122
Applied for charitable purposes as follows:		
Office administration	4,257,125	3,847,737
Costs of direct services:		
Community education	3,177,374	2,816,318
International programs	35,850,483	32,856,705
Indigenous programs	8,264,210	8,610,774
	<hr/>	
	47,292,067	44,283,797
	<hr/>	
Total expenditure	51,549,192	48,131,534
	<hr/>	
Surplus/(shortfall)	(13,325,664)	(16,090,412)

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

	2014	2013
	\$	\$
Shortfall was provided by the following sources:		
Department of Foreign Affairs and Trade (DFAT)	10,068,606	10,482,277
Other government grants	675,916	694,970
Other overseas grants	2,809,031	1,615,058
Investment income	1,270,717	1,986,213
Other income	53,073	676,325
	<hr/>	
	14,877,342	15,454,844
	<hr/>	
(Deficit) surplus transfer to Accumulated Funds for future use	1,551,678	(635,568)

The Fred Hollows Foundation

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Notes to consolidated financial statements

For the year ended 31 December 2014

21d Information furnished under the Charitable Fundraising Act (continued)

(d) Comparison by monetary figures and percentages	2014	2013
	\$	\$
Gross proceeds from fundraising appeals	49,886,211	42,537,167
Total direct costs of fundraising appeals	11,662,684	10,496,044
Total direct costs of fundraising as a percentage of gross proceeds from fundraising appeals	23%	25%
Net surplus from fundraising appeals	38,223,527	32,041,122
Net surplus from fundraising as a percentage of gross proceeds from fundraising appeals	77%	75%
Total cost of direct services	47,292,068	44,283,797
Total expenditure (excluding direct cost of fundraising appeals)	51,549,192	48,131,534
Total costs of direct services as a percentage of total expenditure	92%	92%
Total income received (including net profit from fundraising appeals)	38,223,527	32,041,122
Total cost of direct services as a percentage of total income received	124%	138%

(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 Parent entity, The Fred Hollows Foundation, I state that:

In the opinion of the directors:

(a) the financial statements and notes of The Fred Hollows Foundation and its subsidiaries (the Group) for the financial year ended 30 December 2014 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2014 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 Group will be able to pay its debts as and when they become due and payable.

A handwritten signature in black ink that reads "Les Fallick". The signature is written in a cursive style with a horizontal line underneath the name.

Les Fallick

Chair

Date: 30 March 2015

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 Parent entity, The Fred Hollows Foundation, I declare that:

- (a) the Consolidated statement of comprehensive income gives a true and fair view of all revenue and expenditure of The Fred Hollows Foundation and its subsidiaries (the Group) with respect to fundraising appeals; and
- (b) the Consolidated statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals conducted by the Group; 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 Group; and
- (d) the internal controls exercised by the Group are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals of its fundraising appeals.

on behalf of The Fred Hollows Foundation and its subsidiaries.



Graham Skeates
Director
Date: 30 March 2015
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 consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal controls as the directors determine are necessary to enable the preparation of the consolidated 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 consolidated 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 200* and the *Australian Charities and Not-for-Profits Commission Act 2012*. 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* and the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- (i) giving a true and fair view of the consolidated financial position of The Fred Hollows Foundation as at 31 December 2014 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* and the *Australian Charities and Not-for-Profits Commission Act 2012*.

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 consolidated 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

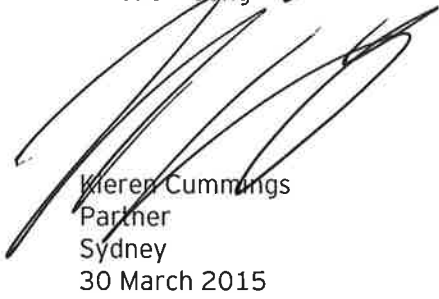
In our opinion:

- 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 2014, 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 2014 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.



Ernst & Young



Kieren Cummings
Partner
Sydney
30 March 2015

