

The Fred Hollows Foundation

A.C.N. 070 556 642

Annual Financial Report

For the year ended 31 December 2015

**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

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ABN:

46 070 556 642

The Fred Hollows Foundation

(A company limited by guarantee)

Corporate information

A.C.N. 070 556 642

Directors

J Brumby (Chair)
J Savage (Deputy Chair)
H Evans
L Fallick
C Hawkins
G Hollows
M Johnson
J La Nauze
G Skeates
P Torzillo

Company Secretary

Victoria Morris

**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

Bankers

Westpac Banking Corporation

Auditors

Ernst & Young

The Fred Hollows Foundation

(A company limited by guarantee)

A.C.N. 070 556 642

Annual financial report

For the year ended 31 December 2015

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Directors' Report

The Directors present this report to the Members of The Fred Hollows Foundation for the year ended 31 December 2015.

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.

<i>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.</i>	Date appointed to current term of office	Date of cessation during the year	2015 Board Meetings	
			A	B
John Leslie Fallick (<i>Chair to February 2016</i>)	May 2013		5	5
Ann Porcino (<i>Deputy Chair to February 2016</i>)	January 2013		4	5
John Brumby (<i>Chair from February 2016</i>)	January 2013		5	5
Robert Dalziel	May 2014	26 May 2015	1	2
Helen Evans	May 2015		3	3
Lucy Kathleen Farrell	June 2013	31 March 2015	0*	2
Christine Hawkins	May 2015		3	3
Gabrielle Hollows	April 1995		5	5
Michael Johnson	May 2013		5	5
James La Nauze	May 2013		5	5
Joy Savage Porcino (<i>Deputy Chair from February 2016</i>)	January 2013		4	5
Graham Skeates	May 2013		5	5
Paul Torzillo	May 2013		4	5

*This Director was absent with leave at the time of these meetings.

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 2015, The Foundation worked directly or through partners in 27 countries in Africa, Asia, Middle East and Pacific as well as conducting Indigenous health initiatives in remote and under-served communities in Australia. As a direct result of this work, the following results were achieved during the year:

- 3,490,071 people had their eyes screened
- 890,066 eye operations and treatments were performed including:
 - 137,216 cataract operations
 - 46,211 trachomatous trichiasis surgeries
 - 12,486 procedures to treat diabetic retinopathy
 - 694,153 other sight saving or improving interventions
- 8,203,202 people were treated with antibiotics for trachoma
- 85,337 pairs of glasses were distributed
- 64,613 people were trained including:

- 232 surgeons
- 547 clinic support staff
- 35,185 community health workers
- 12,081 teachers
- 110 medical facilities were constructed, renovated or equipped
- \$2,482,444 worth of equipment was supplied
- 3,780,085 school children and community members participated in eye health education activities

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

- The launch of “Diabetes Eye Health: A Guide for Health Professionals” (in collaboration with the International Diabetes Federation (IDF)¹), a clinical guidance document for health practitioners on timely, integrated management of eye health in people with diabetes.
- Successful work with the Global Partnership for Education (GPE) as well as broader civil society to achieve the inclusion of school health as a strategic priority in GPE’s new strategy.
- The official launch of Arclight, the low cost ophthalmoscope funded by The Foundation, and now available on the IAPB Standard List for purchase and distribution anywhere in the world.

The Foundation continued to strengthen its organisational (including financial) base in 2015, through:

- Refreshment and re-launch of The Foundation’s external website (enabling donors, supporters and the general public better access to information on the work of The Foundation)
- Organisation wide rollout of global collaboration tools, service desk and networks; including the rollout of BlueJeans video conferencing, a virtual collaboration tool that enables video and voice conferencing via desktop, browser or mobile phone.
- Development of a Global Learning and Development Strategy.
- Diversifying fundraising efforts with the launch of The Fred Hollows Foundation Hong Kong

Based on the multi-year Strategic Plan, the Board monitored the implementation of the approved 2015 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 \$69,557,000 (2014: \$64,848,000) and expenses amounted to \$67,436,000 (2014: \$63,296,000), resulting in a surplus of \$2,121,000 (2014: surplus of \$1,552,000). Total equity as at 31 December 2015 stood at \$18,920,000 (2014: \$16,799,000). The cash balance including term-deposits was \$11,212,000 (2014: \$10,798,000).

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.

¹ *International Diabetes Federation website: www.idf.org*

Indemnification and insurance of directors

The Foundation held Directors and Officers Liability cover during 2015. The amount of cover is reviewed periodically.

Directors' qualifications and experience, and their special responsibilities on the Board during 2015

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 Previously 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 Ex Officio Member of the Finance & Audit Committee and Governance & Nominations Committee, and the Programs and Partnerships Committee Chair of the Board of The Fred Hollows Foundation Kenya Chair of the Board of The Fred Hollows Foundation (HK) Limited
Ann Porcino	Director and Principal Consultant, RPR Consulting Masters of Business Administration BA in Health Services Administration Graduate, Australian Institute of Company Directors Previously Vice President of Relationships Australia NSW; 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 Chair of the Programs and Partnerships Committee Member of the Governance & Nominations Committee

Name	Experience and Qualifications	Special responsibilities within FHF
John Brumby	<p>Chair of MTA 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>Chair, Olivia Newton-John Cancer Research Institute</p> <p>National President, Australia China Business Council</p> <p>Previously Victorian Premier (2007-2010) Victorian Treasurer (2000-2007)</p>	Member of the Finance & Audit Committee
Robert Dalziel	<p>Chair, Pacific Apparel Solutions</p> <p>Deputy Chair, Melbourne Rebels, Director, White Lion, Dacland Pty Ltd</p> <p>Previously Chair, Wine Preserva, Harris Scarfe Pty Ltd, Just Group, and Pacwel Pty Ltd; Director, Angus & Coote (Holdings); Managing Director, Mayne Nickless Limited; Executive Chair, Optus Communications</p>	Member of the Governance & Nominations Committee (to May 2015)
Helen Evans	<p>Director, Burnet Institute</p> <p>Associate Professor at the Nossal Institute for Global Health and the University of Melbourne</p> <p>Previously Deputy CEO, Gavi, The Vaccine Alliance; Deputy Executive Director, The Global Fund to Fight AIDs, Tuberculosis and Malaria; First assistant Secretary, Office for Aboriginal and Torres Strait Islander Health, Department of Health</p>	Member of the Programs and Partnerships Committee

Name	Experience and Qualifications	Special responsibilities within FHF
Lucy Kathleen Farrell	<p>Judge of the Federal Court of Australia</p> <p>Deputy President, Australian Competition Tribunal</p> <p>Previously 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 (to March 2015)
Christine Hawkins	<p>Director, Kimbriki Environmental Enterprises Pty Limited, Plant Biosecurity Cooperative Research Centre Limited</p> <p>Managing Director Cinnabar International Pty Ltd</p> <p>Fellow of the Australian Institute of Company Directors</p> <p>BComm(Hons) MComm UNSW CPA</p> <p>Previously Inaugural Chair, Wheat Quality Australia Ltd; Independent director of several Commonwealth Statutory Corporations and Chairman of a Ministerial Council; non-executive director of a number of organisations in food and health, agribusiness, research and development; Chairman of superannuation fund; executive director of investment bank; Director YWCA of Sydney, Nuffield Australia Ltd</p>	Member of the Finance and Audit Committee

Name	Experience and Qualifications	Special responsibilities within FHF
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> <p>Member of the Programs and Partnerships Committee</p>
Michael Johnson	<p>Associate Professor, School of Social Sciences, University of NSW</p> <p>Area Editor, Economic and Labour Relations Review</p> <p>Life Member, Clare Hall Cambridge</p> <p>Member of the Order of Australia</p> <p>Previously Coordinator, Development Studies Program, School of Social Sciences, UNSW; Head of the School of Social Science and Policy, UNSW; Member of the Expert Advisory Committee on the Social and Economic Sciences of the Australian Research Council; Foundation Director, Public Sector Research Centre, UNSW</p>	<p>Chair of the Governance & Nominations Committee</p> <p>Member of the Finance & Audit Committee</p> <p>Director of The Fred Hollows Foundation Kenya</p> <p>Director of The Fred Hollows Foundation (HK) Limited</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>Member of the Governance and Nominations Committee</p> <p>Member of the Programs and Partnerships Committee</p>
Joy Savage	<p>CEO, Aboriginal Hostels Ltd.</p> <p>Masters of Business Administration</p> <p>Previously: 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 and Partnerships 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>Previously Group Chief Accountant, AMP; Regional Finance Director, Asian Operations of Prudential Insurance UK</p>	<p>Chair of the Finance & Audit Committee</p> <p>Director of The Fred Hollows Foundation (HK) Limited</p>
Paul Torzillo	<p>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</p>	

Company Secretary

Victoria Morris

Board Committee Meetings

The Board has established three 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 2015.

	Finance and Audit Committee	Governance and Nominations Committee	Programs and Partnerships Committee
<i>No of meetings in 2015</i>	4	5	1*
<i>Meetings attended</i>			
Les Fallick	n/a	n/a	n/a
Robert Dalziel	n/a	2 out of a possible 3	n/a
Ann Porcino	n/a	4	1
John Brumby	3	n/a	n/a
Helen Evans	n/a	n/a	1
Lucy Kathleen Farrell	n/a	n/a	n/a
Christine Hawkins	3	n/a	n/a
Gabi Hollows	n/a	5	1
Michael Johnson	4	5	n/a
Jamie La Nauze	n/a	2 out of a possible 2	1
Joy Savage	n/a	n/a	1
Graham Skeates	4	n/a	n/a
Paul Torzillo	n/a	n/a	n/a

At the Board's June 2015 meeting, the Program Advisory Committee (PAC) was formally decommissioned along with the Medical Advisory Committee. The Programs and Partnerships Committee was convened for the first time in October 2015 to provide strategic advice to the Board on the efficacy of its programs, projects and initiatives to achieve The Foundation's strategic objectives, and on the management of substantive risk.

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

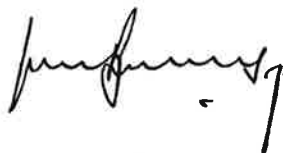
AUDITOR'S INDEPENDENCE

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, appearing to read 'John Brumby', with a stylized flourish at the end.

John Brumby
Chair
Date: 29 March 2016
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 2015 and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.



Ernst & Young



Kieren Cummings
Partner
29 March 2016

The Fred Hollows Foundation

A.C.N 070 556 642

Consolidated statement of comprehensive income

For the year ended 31 December 2015

		2015	2014
	Notes	\$000	\$000
INCOME FROM CONTINUING OPERATIONS			
Community and corporate support			
Donations and gifts		41,141	36,413
Bequests and legacies		10,905	13,482
Grants			
- Government Grants - Department of Foreign Affairs and Trade (DFAT)		10,582	10,069
- Other Australian government		291	676
- Other overseas		5,140	2,882
Net gains on investments at fair value	5	779	1,271
Other income	6	719	55
Total income		69,557	64,848
EXPENDITURE FROM CONTINUING OPERATIONS			
<i>International aid and development programs expenditure</i>			
International Programs			
- Funds to international programs		29,518	28,131
- Program support costs		7,685	7,740
Community education		3,839	2,582
Fundraising costs			
- Public fundraising		11,007	9,383
- Government, multilateral and private		111	116
Accountability and administration		3,843	3,502
Total international aid and development programs expenditure		56,003	51,454
<i>Domestic aid and development programs expenditure</i>			
Domestic Programs		7,595	8,264
Community Education		784	595
Fundraising costs		2,270	2,185
Accountability and administration		784	798
Total domestic aid and development programs expenditure		11,433	11,842
Total Expenditure		67,436	63,296
Net surplus of income over expenditure		2,121	1,552
Other comprehensive income		-	-
Net surplus for the period		2,121	1,552

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

A.C.N. 070 556 642

Consolidated statement of financial position

As at 31 December 2015

	Note	2015	2014
		\$000	\$000
ASSETS			
Current assets			
Cash and cash equivalents		5,952	4,788
Other interest bearing deposits		5,260	6,010
Trade and other receivables	8	4,249	2,306
Prepayments		960	707
Total current assets		16,421	13,811
Non-current assets			
Investments at fair value	9	12,100	11,460
Property, plant and equipment	10	2,263	2,402
Total non-current assets		14,363	13,862
TOTAL ASSETS		30,784	27,673
LIABILITIES			
Current liabilities			
Trade and other payables	11	10,294	9,367
Provisions	12	1,274	1,141
Total current liabilities		11,568	10,508
Non-current liabilities			
Provisions	12	244	230
Deferred liability	13	52	136
Total non-current liabilities		296	366
TOTAL LIABILITIES		11,864	10,874
NET ASSETS		18,920	16,799
EQUITY			
Accumulated surplus		6,283	3,089
Contingency reserve	14	12,637	13,710
TOTAL EQUITY		18,920	16,799

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.

The Fred Hollows Foundation

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Consolidated statement of changes in equity

For the year ended 31 December 2015

	Accumulated Surplus \$000	Contingency Reserve \$000	Total \$000
Balance at 1 January 2015	3,089	13,710	16,799
Movements in contingency reserves	1,073	(1,073)	-
Surplus for the year	<u>2,121</u>	<u>0</u>	<u>2,121</u>
As at 31 December 2015	<u><u>6,283</u></u>	<u><u>12,637</u></u>	<u><u>18,920</u></u>
Balance at 1 January 2014	2,547	12,700	15,247
Movements in contingency reserves	(1,010)	1,010	-
Surplus for the year	<u>1,552</u>	<u>0</u>	<u>1,552</u>
As at 31 December 2014	<u><u>3,089</u></u>	<u><u>13,710</u></u>	<u><u>16,799</u></u>

The Fred Hollows Foundation

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Consolidated statement of cash

For the year ended 31 December 2015

	2015	2014
	\$000	\$000
Cash flows from operating activities		
Receipt from donors	41,141	36,413
Receipts from bequests	10,230	12,970
Receipt of government grants	8,653	11,655
Receipt of international corporate grants	7,828	2,830
Payment of program and operating expenditures	(47,674)	(43,857)
Payment to employees	(19,861)	(17,602)
Net cash flows from/(used in) operating activities	317	2,409
Cash flows from investing activities		
Acquisition of plant and equipment	(666)	(706)
Acquisition of financial assets	-	(2,000)
Disposal of plant and equipment	37	14
Disposal of financial assets at fair value	1,269	480
Interest received	114	138
Dividends received	93	53
Net cash flows from/(used in) investing activities	847	(2,021)
Net cash flows from/(used in) financing activities	-	-
Net increase in cash and cash equivalents	1,164	388
Cash and cash equivalents at beginning of the period	4,788	4,400
Cash and cash equivalents at end of the period	5,952	4,788

The Fred Hollows Foundation

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Notes to consolidated financial statements

For the year ended 31 December 2015

1 Corporate information

The consolidated financial statements of The Fred Hollows Foundation and its subsidiaries (collectively, the Group) for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 29 March 2016. 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.

The Group is principally engaged in the the promotion of its vision of a world in which no person is needlessly blind and Indigenous Australians exercise their right to good health. Further information on the nature of the operations and principal activities of the Group is provided in the directors' report.

(a) Basis of preparation

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency, and are rounded to the nearest thousand (\$000) except where indicated otherwise. For each entity, the Group determines the functional currency and items included in the financial statements of each entity and are measured using that functional currency.

The Group's consolidated financial statements 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.

Where additional disclosures are presented in the reporting year, the Group has disclosed the same comparative information for the prior year.

(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 2015. 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.

The Fred Hollows Foundation

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Notes to consolidated financial statements

For the year ended 31 December 2015

2 Subsidiaries and Parent financial information

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

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

a) Statement of financial position information

Financial position information related to the subsidiaries and parent entity.

(i) Subsidiaries

Financial position information related to the subsidiaries:

	2015	2014
	<u>\$000</u>	<u>\$000</u>
Current assets	3,704	326
Non-current assets	<u>91</u>	<u>134</u>
Total assets	<u>3,795</u>	<u>460</u>
Current liabilities	3,428	329
Non-current liabilities	<u>11</u>	<u>14</u>
Total liabilities	<u>3,439</u>	<u>343</u>
Net assets	<u>356</u>	<u>117</u>

(ii) Parent entity

Financial position information related to the parent entity.

	2015	2014
	<u>\$000</u>	<u>\$000</u>
Current assets	13,859	13,485
Non-current assets	<u>14,273</u>	<u>13,728</u>
Total assets	<u>28,132</u>	<u>27,213</u>
Current liabilities	9,282	10,179
Non-current liabilities	<u>285</u>	<u>352</u>
Total liabilities	<u>9,567</u>	<u>10,531</u>
Net assets	<u>18,565</u>	<u>16,682</u>

b) Statement of comprehensive income information

Comprehensive income information related to the subsidiaries and parent entity.

(i) Subsidiaries

	2015	2014
	<u>\$000</u>	<u>\$000</u>
Comprehensive income of the subsidiaries	<u>238</u>	<u>(2)</u>

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Notes to consolidated financial statements

For the year ended 31 December 2015

	2015	2014
2 Parent and Subsidiaries financial information (continued)	\$000	\$000
b) Statement of comprehensive income information		
(ii) Parent Entity		
Comprehensive income information related to Parent entity.		
INCOME FROM CONTINUING OPERATIONS		
Community and corporate support		
Donations and gifts	41,017	36,404
Bequests and legacies	10,806	13,482
Grants		
- Department of Foreign Affairs and Trade (DFAT)	10,582	10,069
- Other Australian government	291	676
- Other overseas	5,140	2,809
Net gains/(losses) on investments at fair value	779	1,271
Other income	597	53
Total income	69,212	64,764
EXPENDITURE FROM CONTINUING OPERATIONS		
<i>International aid and development programs expenditure</i>		
International Programs		
- Funds to international programs	29,443	28,110
- Program support costs	7,685	7,740
Community education	3,838	2,582
Fundraising costs		
- Public fundraising	11,009	9,383
- Government, multilateral and private	111	95
Accountability and administration	3,841	3,460
<i>Total international aid and development programs expenditure</i>	55,927	51,370
<i>Domestic aid and development programs expenditure</i>		
Domestic Programs	7,570	8,264
Community Education	783	595
Fundraising costs	2,267	2,185
Accountability and administration	783	798
<i>Total domestic aid and development programs expenditure</i>	11,403	11,842
Total Expenditure	67,330	63,212
Net surplus (deficit) of income over expenditure	1,882	1,552
Other comprehensive income	-	-
Net surplus/(deficit) for the period	1,882	1,552

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3 Summary of significant accounting policies

a. Current and non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when it is:

- Expected to be settled in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

b. 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.

c. Other interest bearing deposits

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

d. 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.

e. Investments 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:

i. Managed Funds

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

ii. Directly Held Shares

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

f. 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.

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Notes to consolidated financial statements

For the year ended 31 December 2015

3 Summary of significant accounting policies (continued)

g. 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.

(ii) Depreciation

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

	2015
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.

h. 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.

i. 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 2015

3 Summary of significant accounting policies (continued)

j. 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.

k. 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.

l. 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.

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Notes to consolidated financial statements

For the year ended 31 December 2015

3 Summary of significant accounting policies (continued)

m. 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.

n. 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.

o. 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.

p. 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 2015

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 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. There is a policy to liquidate the shares 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 effective working capital management practices,

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.

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Notes to consolidated financial statements

For the year ended 31 December 2015

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, a validation process that include reference to secondary pricing sources before releasing the updated prices on daily basis.

	<u>2015</u>	<u>2014</u>
5 Net gains or losses on investments at fair value	\$000	\$000
Dividend, interest, and market movements of investments	<u>779</u>	<u>1,271</u>
	<u>2015</u>	<u>2014</u>
6 Other income	\$000	\$000
This includes income or losses from disposal of plant and equipment, foreign currency transactions and other sundry receipts.		
Gain (loss) on disposal of property, plant and equipment	37	(98)
Exchange gains/(losses)	(64)	21
Sundry receipts	<u>746</u>	<u>132</u>
	<u>719</u>	<u>55</u>

Sundry receipts includes reimbursements; contributions from Top End Health Service in the Northern Territory for purchase of medical equipment; contribution from ICTC (International Coalition of Trachoma Control) for engagement of PricewaterhouseCoopers (PwC) towards a study on elimination of Trachoma.

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 revenues.

	<u>2015</u>	<u>2014</u>
7 Expenses	\$000	\$000
(a) Depreciation, impairment and amortisation included in Statement of comprehensive income		
Parent entity and consolidated subsidiaries, net of exchange gain (loss)	806	918
Other country programs	<u>239</u>	<u>167</u>
	<u>1,045</u>	<u>1,085</u>
	<u>2015</u>	<u>2014</u>
(b) Lease payments and other expenses included in Statement of comprehensive income	\$000	\$000
Minimum lease payments - operating lease	<u>1,096</u>	<u>1,006</u>
	<u>1,096</u>	<u>1,006</u>

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		<u>2015</u>	<u>2014</u>
		<u>\$000</u>	<u>\$000</u>
8 Trade and other receivables			
Trade receivables		17	78
Receivables from related parties	8(a)	2,129	1,449
Partner/equipment advances		694	317
Dividend and interest receivables		235	147
GST receivable	8(b)	526	197
Others		648	118
		<u>4,249</u>	<u>2,306</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. Other receivables include commitments from the United Kingdom's DFID (Department for International Development), and RTI International (Research Training Institute) for assistance on Foundation's projects; as well as security deposits on leases transacted during the year. 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 have been held 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 \$265 thousand and \$ 197 thousand as at balance date of 2015 and 2014 respectively.

		<u>2015</u>	<u>2014</u>
		<u>\$000</u>	<u>\$000</u>
9 Investments at fair value			
AMP Responsible Industry Leader Fund		11,633	11,128
Directly Held Listed Domestic Shares		467	332
		<u>12,100</u>	<u>11,460</u>

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

Directly held shares are shares donated to The Foundation most of which by way of bequest. The shares are actively traded in Australian Exchange as listed securities.

		<u>2015</u>	<u>2014</u>
		<u>\$000</u>	<u>\$000</u>
10 Property, plant and equipment			
(a) Carrying amount as of balance date			
Motor vehicles		\$116.00	\$118.00
Office furniture and equipment		\$3,777.00	\$3,207.00
Leasehold improvements		\$1,549.00	\$1,549.00
Accumulated depreciation		<u>(3,179)</u>	<u>(2,472)</u>
		<u>2,263</u>	<u>2,402</u>

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Notes to consolidated financial statements

For the year ended 31 December 2015

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 \$000	Office furniture & equipment \$000	Leasehold improve- ments \$000	Total \$000
As at 1 January 2015 net of accumulated depreciation and impairment	25	1,269	1,108	2,402
Additions	-	666	-	666
Disposals, cost less accumulated depreciation	-	(1)	-	(1)
Depreciation charge for the year	(12)	(636)	(149)	(797)
Exchange differential in revaluing opening balance to closing exchange rates	(2)	(4)	(1)	(7)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2015	11	1,294	958	2,263

	Motor vehicles \$000	Office furniture & equipment \$000	Leasehold improve- ments \$000	Total \$000
As at 1 January 2014 net of accumulated depreciation and impairment	38	1,789	899	2,726
Additions	-	250	455	705
Disposals, cost less accumulated depreciation	-	(10)	(101)	(111)
Depreciation charge for the year	(13)	(760)	(146)	(919)
Exchange differential in revaluing opening balance to closing exchange rates	-	-	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2014	25	1,269	1,108	2,402

	2015 \$000	2014 \$000
11 Trade and other payables		
Trade payables	1,548	2,014
Accrued expenses	1,011	686
Deferred grants:		
- Government grants	4,180	6,400
- Other grants	3,383	147
Tax liabilities	3	9
Other Creditors	169	111
	<hr/>	<hr/>
	10,294	9,367

(a) Government grants

Government grants are credited with interest and have an average term of one to three years.

(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

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11 Trade and other payables (continued)

(c) Other payables

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

12 Provisions	2015	2014
(a) Current as at 31 December	\$000	\$000
Annual leave	985	945
Long service leave	289	196
Total current provisions	1,274	1,141
(b) Non current as at 31 December		
Long service leave	244	230

13 Leasing commitments

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

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:

	2015	2014
	\$000	\$000
Within one year	1,130	939
After one year but not more than five years	3,939	1,366
After more than five years	-	-
Total minimum lease payments	5,069	2,305

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 \$52 thousand (\$136 thousand in 2014), and are shown in the Statement of financial position as deferred liability.

14 Contingency Reserve

The Foundation calculates and maintains a contingency reserve primarily to protect The Foundation against any catastrophic event resulting in cessation or significant reduction in income.

15 Key Management Personnel

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

	2015	2014
	\$000	\$000
Compensation of key management personnel of the Group:		
Short-term employee benefits	842	935
Other long-term employee benefits	19	15
	861	950

The amounts disclosed in the table are the amounts recognised as an expense during the reported period related to key management personnel.

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Notes to consolidated financial statements

For the year ended 31 December 2015

16 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.

17 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.

18 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.

19 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. For the years 2015 and 2014, FHF remitted the amounts of AUD 1.384 million and AUD 1.009 million FHF NZ for this purpose.

Funding were also given to support the programs of The Foundation's subsidiaries as follows:

	2015	2014
	\$000	\$000
The Fred Hollows Foundation (Hong Kong)	337	0
The Fred Hollows Foundation (Kenya)	2,422	4,433
The Fred Hollows Foundation (UK)	567	896
	<u>3,326</u>	<u>5,329</u>

20 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

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 2015.

	2015	2014
	\$000	\$000
21 Auditors remuneration		
The Group's auditors are Ernst & Young Australia.		
<i>For audit or review of financial report</i>		
Ernst & Young (Australia) Ltd.	78	75
Ernst & Young Overseas	91	75
Non- Ernst & Young audit firms	70	65
<i>For other services</i>		
Ernst & Young (Australia) Ltd.- assurance related	1	6
Non-Ernst & Young audit firms- business advice & tax related	1	32
	<u>241</u>	<u>253</u>

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Notes to consolidated financial statements

For the year ended 31 December 2015

	<u>2015</u>	<u>2014</u>
	\$000	\$000
22 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		
<u>Proceeds from fundraising appeals</u>		
Donations	24,373	20,525
Functions and special events	357	355
Bequests	10,806	13,482
Miracle Club	16,287	15,525
Gross proceeds from fundraising appeals	<u>51,823</u>	<u>49,887</u>
<u>Direct costs of fundraising appeals</u>		
Donations	9,473	7,375
Functions and special events	29	31
Bequests	568	543
Miracle Club	3,207	3,597
Cost of raising Government funds	111	117
Total direct costs of fundraising appeals	<u>13,388</u>	<u>11,663</u>
Net surplus from fundraising appeals	<u><u>38,435</u></u>	<u><u>38,224</u></u>
b. Statement showing how funds received are applied for charitable purposes		
Net surplus obtained from fundraising appeals	<u>38,435</u>	<u>38,224</u>
Applied for charitable purposes as follows:		
Office administration	<u>4,623</u>	<u>4,258</u>
Costs of direct services:		
Community education	4,621	3,177
International programs	37,128	35,851
Indigenous programs	7,570	8,264
	<u>49,319</u>	<u>47,292</u>
Total expenditure	<u>53,942</u>	<u>51,550</u>
Surplus/(shortfall)	<u>(15,507)</u>	<u>(13,326)</u>
c. Statement showing how funds received are applied for charitable purposes		
Shortfall was provided by the following sources:		
Department of Foreign Affairs and Trade (DFAT)	10,582	10,069
Other government grants	291	676
Other overseas grants	5,140	2,809
Investment income	779	1,271
Other income	597	53
	<u>17,389</u>	<u>14,878</u>
Surplus transfer to Accumulated Surpluses for future use	<u>1,882</u>	<u>1,552</u>

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Notes to consolidated financial statements

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	<u>2015</u>	2014
	<u>\$000</u>	\$000
22 Information furnished under the Charitable Fundraising Act (continued)		
d. Comparison by monetary figures and percentages		
Gross proceeds from fundraising appeals	51,823	49,887
Total direct costs of fundraising appeals	13,388	11,664
Total direct costs of fundraising as a percentage of gross proceeds from fundraising appeals	<u>26%</u>	<u>23%</u>
Net surplus from fundraising appeals	<u>38,435</u>	<u>38,225</u>
Net surplus from fundraising as a percentage of gross proceeds from fundraising appeals	<u>74%</u>	<u>77%</u>
Total cost of direct services	49,319	47,293
Total expenditure (excluding direct cost of fundraising appeals)	<u>53,942</u>	<u>51,550</u>
Total costs of direct services as a percentage of total expenditure	<u>91%</u>	<u>92%</u>
Total income received (including net profit from fundraising appeals)	<u>38,435</u>	<u>38,225</u>
Total cost of direct services as a percentage of total income received	<u>128%</u>	<u>124%</u>

(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:

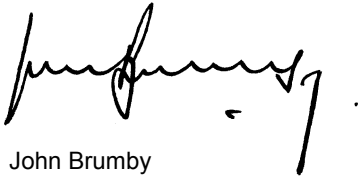
In the opinion of the directors:

(a) the financial statements and notes of The Fred Hollows Foundation and its subsidiaries (the Group) for the financial year ended 30 December 2015 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 2015 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.



John Brumby
Chair
Date: 29 March 2016
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
29-March-2016
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 2015, 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 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 *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 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 registered 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 *Australian Charities and Not-for-Profits Commission Act 2012*. We have given to the directors of the registered entity 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 *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 2015 and of its performance for the year ended on that date; and
- ii complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

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 2015, 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 2015 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.

A handwritten signature in blue ink, appearing to be 'MS', is written above the text 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink, appearing to be 'Kieren Cummings', is written above the text 'Ernst & Young'.

Kieren Cummings
Partner
Sydney
29 March 2016