

**The Fred Hollows Foundation**  
**A.C.N. 070 556 642**  
**Income Statement**  
**YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 \$	2006 \$
<b>CONTINUING OPERATIONS</b>			
<b>Revenues</b>			
Gross proceeds from fundraising appeals		14,904,226	9,881,528
Gross proceeds from sale of goods		35,735	78,970
AusAID Grants		1,146,592	1,190,671
Other Australian (Govt Depts/Organisations)		540,181	568,830
Corporate funding		1,075,199	1,049,458
Investment income		803,108	684,741
Other income		218,478	103,698
		<u>18,723,519</u>	<u>13,557,896</u>
<b>Revenue</b>			
<b>EXPENSES FROM CONTINUING OPERATIONS</b>			
Overseas project expenses		8,153,463	6,455,055
Domestic project expenses		2,327,490	1,791,011
Community education		1,282,578	919,259
Fundraising expenses		3,455,946	2,493,171
Administration expenses		1,060,590	739,272
		<u>16,280,067</u>	<u>12,397,768</u>
<b>NET SURPLUS FROM CONTINUING OPERATIONS</b>			
		2,443,452	1,160,128
<b>SURPLUS/(DEFICIT) ATTRIBUTABLE TO MEMBERS OF THE FRED HOLLOWES FOUNDATION</b>			
		<u>2,443,452</u>	<u>1,160,128</u>

The Fred Hollows Foundation  
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Balance Sheet  
AS AT 31 DECEMBER 2007

	Notes	2007 \$	2006 \$
<b>Assets</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10b	2,032,591	1,498,257
Financial assets		0	0
Trade and other receivables	3	1,183,851	585,806
Inventories	4	16,965	8,681
Prepayments		87,217	70,437
<b>Total Current Assets</b>		<u>3,320,624</u>	<u>2,163,181</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	6	407,001	333,835
Financial assets available for sale	5	8,509,611	7,178,789
Financial assets held to maturity		293,673	276,789
<b>Total Non Current Assets</b>		<u>9,210,285</u>	<u>7,789,413</u>
<b>TOTAL ASSETS</b>		<u>12,530,909</u>	<u>9,952,594</u>
<b>Liabilities</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	2,471,309	1,876,290
Provisions	8	199,363	124,432
<b>Total Current Liabilities</b>		<u>2,670,672</u>	<u>2,000,722</u>
<b>NON CURRENT LIABILITIES</b>			
Payables		0	0
Provisions	8	45,367	45,021
<b>Total Non Current Liabilities</b>		<u>45,367</u>	<u>45,021</u>
<b>TOTAL LIABILITIES</b>		<u>2,716,039</u>	<u>2,045,743</u>
<b>NET ASSETS</b>		<u>9,814,870</u>	<u>7,906,851</u>
<b>ACCUMULATED SURPLUS AND RESERVES</b>			
		<u>9,814,870</u>	<u>7,906,851</u>
<b>EQUITY</b>			
<b>Accumulated Funds</b>			
Future Projects reserve	9a	6,736,655	4,693,203
Investment reserve	9b	2,835,049	2,435,049
Tied Funds reserve		134,523	669,956
		108,643	108,643
<b>TOTAL EQUITY</b>		<u>9,814,870</u>	<u>7,906,851</u>

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Statement of changes in Equity for the year ending 31st December 2007

	Retained Earnings	Future Project Reserve	Investment Reserve	Tied Funds Reserve	TOTAL
	\$	\$	\$	\$	\$
Balance at 1st Jan 2007	4,693,203	2,435,049	669,956	108,643	7,906,851
Surplus/(deficit) for the year	2,443,452				2,443,452
Available for sale financial assets					
- Valuation gain / loss taken directly to equity			(535,433)		(535,433)
- Transferred to Profit & Loss on sale					
Total income / expense recognized	7,136,655	2,435,049	134,523	108,643	9,814,870
Transfer from reserve	(400,000)				(400,000)
Transfer to reserve		400,000			400,000
As at 31 December 2007	6,736,655	2,835,049	134,523	108,643	9,814,870

The Fred Hollows Foundation  
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Statement of Cash Flows  
YEAR ENDED 31 DECEMBER 2007

	Notes	2007 \$	2006 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Bequests		2,867,743	2,563,747
International Corporate donations		1,075,199	1,049,458
Government grants		1,676,208	998,275
Receipt from customers		11,362,266	7,815,591
Program expenditure		(10,480,953)	(8,246,066)
Payment to suppliers and employees		(5,560,787)	(3,043,650)
Interest received		671,006	618,048
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	10(a)	1,610,682	1,755,403
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of plant and equipment		(218,239)	(199,540)
Disposal of plant & equipment		22,362	14,500
Purchase of available-for-sale assets		(1,835,077)	(3,692,489)
Disposal of available-for-sale assets		971,490	453,817
Disposal of financial assets held to maturity		(16,884)	(14,430)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(1,076,348)	(3,438,142)
NET INCREASE/(DECREASE) IN CASH HELD		534,334	(1,682,739)
Add opening cash brought forward		1,498,257	3,180,996
<b>CLOSING CASH CARRIED FORWARD</b>	10(b)	2,032,591	1,498,257

**The Fred Hollows Foundation**  
**A.C.N. 070 556 642**

**Notes to the Financial Statements**  
**YEAR ENDED 31 DECEMBER 2007**

**1. Corporate Information**

The financial report of The Fred Hollows Foundation for the year ended 31 December 2007 was authorized in accordance with a resolution of the Directors on 3rd April 2008

The Fred Hollows Foundation is a company limited by guarantee incorporated in Australia.  
The nature of operations and principal activities of The Foundation are described in Note 16.  
The registered office and principal place of business is 4 Mitchell Street, Enfield.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standards. Other mandatory professional reporting requirements such as the Charitable Fundraising Act 1991 and the Australian Council for International Development Code of Conduct, have also been complied with.

The financial report has been prepared in accordance with the historical cost convention, except for the available-for-sale assets, which are measured at fair value.

**(b) Statement of Compliance**

The financial report complies with Australian Accounting standards, which include Australian Equivalents to International Financial Reporting Standard ('AIFRS'). Compliance with AIFRS does not ensure that the financial report, comprising the financial statements and notes thereto, complies with the International Financial Reporting Standards ('IFRS').

Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended but are not yet effective and have not been adopted by The Fred Hollows Foundation for the annual reporting period ended 31 December 2007. The Directors have not yet assessed the impact of these new or amended standards.

**(c) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term deposits with an original maturity of three months or less. These amounts are stated at the lower of cost and net realisable value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(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) Financial Assets**

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 designated as available-for-sale financial assets or financial assets held to maturity.

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

*Available-for-sale financial assets*

- \* shares in listed entities at quoted market bid price at balance date;
- \* Managed Funds at the redemption price at balance date quoted by the investment manager;

*Financial assets held to maturity*

- \* Fixed interest securities are valued at amortized cost;

After initial recognition available-for-sale financial assets are measured at fair value with the gains and losses recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

**(f) Inventories**

Inventories are valued at the lower of cost and net realizable value. The cost incurred in inventory is made up of the purchase of merchandise. The cost is the purchase price of the items.

**(g) Impairment**

At each reporting date, assets are reviewed to determine whether there is any indication that an asset is impaired. Where an indicator of impairment exists, a formal estimate of the asset's recoverable amount is made, and where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to recoverable amount. An asset's recoverable amount is higher of its fair value less costs to sell and value in use.

In assessing the value in use of plant and equipment The Foundation takes into account the depreciated replacement cost of an asset, which is the replacement cost of the asset less, where applicable, accumulate depreciation.

An impairment for a non-revalued asset is recognized in the profit and loss. However an impairment for a revalued asset is recognized directly against the investment reserve for the class of asset to the extent that it does not exceed the amount in the investment reserve. Amounts in excess of the reserve are recognized in the profit and loss.

**(h) Property, Plant and equipment**

*Cost and valuation*

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

*Depreciation*

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

Major depreciation periods are:	<b>2007</b>	<b>2006</b>
Property	N/a	N/a
Plant and equipment:	3 to 20 years	3 to 20 years

**(i) Trade and other payables**

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity.

**(j) Revenue recognition**

Revenue is recognized 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 recognized.

*Donation income and Grants*

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

*Sale of goods*

Control of the goods has passed to the buyer.

*Interest*

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

**(k) Taxes**

*Income tax*

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

*Goods and Services Tax (GST)*

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

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognized 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 Balance Sheet.

Cash Flows are included in the Cash Flow Statement 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 operating cash flows.

**(l) Provisions**

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include annual leave and long service leave.

Liabilities arising in respect of annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash flow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

Employee entitlements expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave entitlements, and  
- other types of employee entitlements  
are expensed in their respective categories.

The Foundation contributes to various superannuation funds in respect of its superannuation obligations for its employees.

A superannuation contribution of 9% of the employees' salaries and wages is legally enforceable.  
Funding is provided to defined contribution style funds only.

**(m) Foreign currency translations**

Foreign currency translations in relation to overseas currency bank accounts and inventory held at year end are converted to local currency using rates of exchange prevalent at the end of the financial year.

Transactions in foreign currency are recorded at a fixed rate determined at the time the budget is approved.

**(n) Fundraising activities**

As a charitable Institution, The Foundation has requirements under the Charitable Fundraising Act 1991. This act prescribes the manner in which fundraising appeals are conducted, controlled and reported in NSW. These are shown in note 20 in the financial statements.

**(o) Operating Leases**

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

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

**The Fred Hollows Foundation**  
A.C.N. 070 556 642

**Notes to the Financial Statements**  
**YEAR ENDED 31 DECEMBER 2007**

	2007	2006
	\$	\$
<b>3. TRADE AND OTHER RECEIVABLES</b>		
<b>Trade Receivables</b>	1,183,851	585,806
Current debtors are non-interest bearing and are generally on 30 day terms		
<b>4. INVENTORIES</b>		
Merchandise stock	16,965	8,681
	<u>16,965</u>	<u>8,681</u>
<b>5. FINANCIAL ASSETS</b>		
ANZ Endowment Fund	213,263	189,834
Queensland Community Foundation	12,123	13,271
Westpac Term Deposit Investment	0	500,000
GSJB Were portfolio investment	7,443,352	6,475,684
Investment in securities listed on the ASX	840,873	0
	<u>8,509,611</u>	<u>7,178,789</u>
ANZ Endowment Fund is repayable on demand. Queensland Community Foundation funds are held in trust for perpetuity. Westpac Fixed Deposit is repayable on demand. GSJB Were managed portfolio		
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Property	0	0
Plant and equipment, at cost	839,027	647,618
Provision for depreciation	(432,026)	(313,783)
	<u>407,001</u>	<u>333,835</u>
<i>Movement in Non Current Assets</i>		
Balance at beginning of the year	333,835	246,060
Additions	218,239	199,540
Disposals	(22,362)	(14,500)
Depreciation expense	(122,711)	(97,265)
Balance at the end of the year	<u>407,001</u>	<u>333,835</u>
<b>7. TRADE AND OTHER PAYABLES</b>		
Trade payables	114,719	156,497
Accrued Expenses	213,963	0
Tied Funds	874,559	1,136,268
Government Grants	898,890	459,402
Other Grants	190,272	8,966
Other creditors	178,906	115,157
	<u>2,471,309</u>	<u>1,876,290</u>
Trade creditors are non-interest bearing and are normally settled in 30 days Other payables are non-interest bearing and have an average term of 6 months AusAID grants are credited with interest and have an average term of one year		
<b>8. PROVISIONS - Employee Benefits.</b>		
<b>(a) Current</b>		
<u>Annual leave</u>		
As at 1 January	124,432	125,002
Utilized	(39,758)	(64,058)
Accrued during period	114,689	63,488
As at 31 December	<u>199,363</u>	<u>124,432</u>
<b>(b) Non current</b>		
<u>Long service leave</u>		
As at 1 January	45,021	24,556
Utilized	(8,931)	0
Accrued during period	9,276	20,465
As at 31 December	<u>45,367</u>	<u>45,021</u>
<b>9. RESERVES</b>		
<b>(a) Future Projects</b>		
<i>Nature and purpose of reserve</i>		
This reserve contains amounts of retained profits that have been set aside by directors for the purpose of funding future projects/activities.		
<b>(b) Investment Reserve</b>		
The Investment Reserve is used to record the movements in the value of the available-for-sale financial assets		

10. STATEMENT OF CASH FLOWS	2007	2006
	\$	\$
<b>(a) Reconciliation of the net profit/(loss) after tax to the net cash flows from operations</b>		
Operating surplus/(deficit) after tax	2,443,452	1,160,128
Depreciation of non current assets	122,711	97,265
Provision for employee entitlements	75,277	19,895
Bequest income received in shares available-for-sale assets	(870,566)	0
Investment income reinvested	(132,102)	(66,693)
<i>Changes in assets and liabilities</i>		
Receivables	(598,045)	(253,688)
Inventory	(8,284)	(5,492)
Payables	595,019	828,421
Prepayments	(16,780)	(24,433)
Net cash flow from (used in) operating activities	<u>1,610,682</u>	<u>1,755,403</u>
<b>(b) Reconciliation of cash</b>		
Cash balance comprises:		
- cash and cash equivalents	2,032,591	1,498,257
Closing cash balances	<u>2,032,591</u>	<u>1,498,257</u>

#### 11. REMUNERATION OF DIRECTORS

As per section 6.1 of The Fred Hollows Foundation's Constitution, no money or benefit will be given by The Foundation to any director. There is no director's remuneration.

#### 12. AUDITORS' REMUNERATION

##### Audit

The auditors of The Fred Hollows Foundation act on an honorary basis.

#### 13. RELATED PARTY DISCLOSURES

The directors of The Fred Hollows Foundation during the financial year were:

Nigel Milan (Resigned 21st May 2007)	Gabi Hollows
Michael Johnson	Shelley Reys
Howard Davies	Stephanie Young
Andrew Want	John McElhinney
Robert Dalziel	Sarah Elliot
Sharon Galleguillos (Resigned 21st May 2007)	Phillip Brown (Appointed September 2007)
John Richardson	
David Moran	

A Directors and officers Liability Insurance Policy cover is in place and is paid for jointly by The Foundation and its Directors.

During the year \$6,600 (including GST) was paid to Dr D Moran, a Director of the Foundation, for consultancy work in establishing the Foundation's Instrument Disinfection Policy. Additional payment may be required to cover for unidentified research or follow-up work. The terms of reference in relation to this service estimates the value as between \$8,000 and \$11,000.

#### 14 Risk Management

##### (a) Financial Risk Management Objectives, Policies and Processes

The Foundations' principal financial instruments comprise units in unit trusts, equity securities, cash and short-term deposits. The main purpose of these financial instruments is to generate a return on investment.

The Foundation also has other financial instruments such as sundry receivables and payables, which arise directly from its operations.

The Foundation manages the risks through a process of ongoing identification, measurement and monitoring. The Foundation is exposed to credit risk, liquidity risk and market risk, including interest rate, equity price and foreign currency risk.

The Directors are responsible for identifying and controlling the risks that arise from these financial instruments. The Directors review and agree policies for managing each of these risks and they are summarised below. The Foundation also monitors the market price risk arising from all financial instruments.

Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Foundation. These mandate limits reflect the investment strategy and market environment of the Foundation, as well as the level of risk that the Foundation is willing to accept. This information is prepared by management and reported to the Directors on a regular basis.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Foundation monitors its exposure to ensure concentrations of risk remain within acceptable levels and either reduces exposure or otherwise manages excessive risk concentrations when they arise.

## 14 Risk Management (cont'd)

### (b) Credit risk

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

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

The Foundation holds no collateral as security or any other credit enhancements. There are no significant financial assets that are past due or impaired.

The Credit risk is not considered to be significant to The Foundation.

### (c) Liquidity risk

Liquidity risk is the risk that The Foundation will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Foundation's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Foundation maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Foundation does not have a significant exposure to financial liabilities. Financial liabilities of The Foundation comprise insignificant trade and other payables which are typically settled within 30 days.

### (d) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. Market risk is minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

#### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Foundation has set investment allocation ranges, which are monitored regularly, to meet its objectives. The Foundation does not have any direct holdings in interest bearing assets other than cash and term deposits therefore no sensitivity analysis to a reasonably possible change in interest rates has been provided.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Foundation holds investments entirely denominated in Australian Dollars, therefore has no direct exposure to currency fluctuations, though it does have currency exposure through Australian investments with significant overseas operations and the underlying international investments of unit trusts.

#### Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk exposure arises from the Foundation's investment portfolio.

The effect on the Balance Sheet due to a reasonably possible change in market factors, as represented by the equity indices, with all other variables held constant, is indicated in the table below.

Index	2007		2006	
	Change in Equity Price %	Effect on net assets / Investment returns \$'000	Change in Equity Price %	Effect on net assets / Investment returns \$'000
ASX200	+10 / -10	851/(851)	+10 / -10	718/(718)

## 15. Fair Values

The Foundation's financial assets and liabilities included in the Balance Sheet are carried at their fair value or at amounts that approximate their fair values. Refer to Note 2(e) for the methods and assumptions adopted in determining fair values for investments.

## 16. Nature of Operations

The Fred Hollows Foundation operates as a charitable organisation engaged in one segment being aid and development in eye care and health.

## 17. FH Technologies R & D Pty Limited

FH Technologies R&D Pty Ltd is a wholly owned subsidiary of the Foundation. The subsidiary is in the business of research, development and marketing activities in relation to laser and lens technology. This subsidiary is in the process of wind up and currently has nil assets.

## 18. Commitments

(a) The Foundation has not renewed its standing three-year lease agreement for the Enfield premises which will expire in September 2008. Future minimal rental payable will be on a month-by-month basis. In relation to the remaining locations, the future minimal rental payable is as follows:

	2007	2006
	\$	\$
Within 1 year	101,124	121,202
After 1 year and not more than 3 years	58,952	0
	160,076	121,202



**The Fred Hollows Foundation**  
**NET SURPLUS FROM CONTINUING OPERATIONS**

**Notes to the Financial Statements**  
**YEAR ENDED 31 DECEMBER 2007**

**19. KEY PERSONNEL REMUNERATION**  
**ATTRIBUTABLE TO MEMBERS OF THE FOUNDATION**

	<b>2007</b>	<b>2006</b>
	\$	\$
Compensation received or receivable by key personnel of the Foundation in connection with management of the affairs of the Foundation, whether as an executive officer or otherwise		
Comprising of: Short - term benefits	342,403	285,180
- post employment benefits	27,174	21,884

**20. SUBSEQUENT EVENTS**

Up until the date of this report there have been no significant events after balance date that should be included in this financial report.

**21. INFORMATION FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT 1991**

<b>21 (a) DETAILS OF AGGREGATE GROSS INCOME AND TOTAL EXPENDITURE OF FUNDRAISING APPEALS</b>	<b>2007</b>		<b>2006</b>	
	\$	\$	\$	\$
<b>Gross proceeds from Fundraising appeals</b>		14,939,961		9,960,498
Donations	8,306,211		6,004,825	
Functions and Special events	572,231		483,094	
Bequests	3,738,309		2,563,747	
Miracle Club	2,287,475		829,862	
Merchandise sales	35,735		78,970	
	<hr/>		<hr/>	
<b>Direct costs of Fundraising appeals</b>		3,455,946		2,493,170
Donations	2,888,934		1,944,355	
Functions and Special events	298,667		288,708	
Bequests	191,693		170,814	
Miracle Club	0		0	
Merchandise costs	20,312		43,758	
Cost of raising Government funds	56,340		45,535	
	<hr/>		<hr/>	
<b>Net surplus from Fundraising appeals</b>		<b><u>11,484,015</u></b>		<b><u>7,467,328</u></b>
 <b>21(b) STATEMENT SHOWING HOW FUNDS RECEIVED ARE APPLIED FOR CHARITABLE PURPOSES</b>				
		<b>2007</b>		<b>2006</b>
		\$		\$
Net surplus obtained from Fundraising appeals		<u>11,484,015</u>		<u>7,467,328</u>
<i>Applied for charitable purposes as follows:</i>				
Office administration		1,060,590		739,272
<i>Expenditures on direct services:</i>				
Community education		1,282,578		919,259
International programs		8,153,463		6,455,055
Indigenous programs		2,327,490		1,791,011
		<hr/>		<hr/>
Total expenditure		<u>12,824,121</u>		<u>9,904,597</u>
Surplus/(Shortfall)		<u>(1,340,106)</u>		<u>(2,437,269)</u>
<i>Shortfall was provided by the following sources:</i>				
AusAID grants		1,146,592		1,190,671
Other Government Grants		540,181		568,830
Interest & Investment income		803,108		684,741
Corporate funding		1,075,199		1,049,458
Miscellaneous		218,478		103,697
		<hr/>		<hr/>
<b>Surplus transfer to Accumulated Funds for future use</b>		<b><u>2,443,452</u></b>		<b><u>1,160,128</u></b>

**The Fred Hollows Foundation**  
**A.C.N. 070 556 642**

**Notes to the Financial Statements**  
**YEAR ENDED 31 DECEMBER 2007**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>21(c) COMPARISON BY MONETARY FIGURES AND PERCENTAGES</b>		
Gross income from Fundraising appeals	14,939,961	9,960,498
Total direct cost of Fundraising appeals	3,455,946	2,493,170
Total direct cost of Fundraising as a percentage of gross income from Fundraising appeals	23%	25%
Net surplus from Fundraising appeals	11,484,015	7,467,328
Net surplus from Fundraising as a percentage of gross income from Fundraising appeals	77%	75%
Total cost of Direct services	11,763,531	9,165,325
Total Expenditure (excluding direct cost of Fundraising appeals)	12,824,121	9,904,597
Total cost of Direct services as a percentage of Total expenditure	92%	93%
Total Income received (including net profit from Fundraising appeals)	15,267,573	11,064,725
Total cost of Direct services as a percentage of Total income received	77%	83%

**21(d) FUNDRAISING APPEALS CONDUCTED DURING THE FINANCIAL PERIOD**

Public appeals and Merchandise sales.

**22. INFORMATION FURNISHED UNDER THE ACFID CODE OF CONDUCT**

**22(a) INCOME STATEMENT**  
**FOR THE YEAR ENDING 31 DECEMBER 2007**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>		
Donations and gifts - monetary & non-monetary	11,165,917	7,317,781
Legacies and bequests	3,738,309	2,563,747
Grants		
- AusAID	1,146,592	1,190,671
- Other Australian-Govt Depts /Organisation	540,181	568,830
Corporate funding	1,075,199	1,049,458
Investment income	803,108	684,741
Other income		
- Merchandise sales	35,735	78,970
- Miscellaneous	218,478	103,698
<b>Total revenue</b>	<b>18,723,519</b>	<b>13,557,896</b>
<b>DISBURSEMENTS</b>		
Overseas projects		
- Funds to overseas projects	6,293,449	5,085,928
- Other project costs	1,860,014	1,369,127
Domestic projects	2,327,490	1,791,011
Community education	1,282,578	919,259
Fundraising costs		
- public	3,399,606	2,447,636
- government and multilaterals	56,340	45,535
Administration	1,060,590	739,272
<b>Total disbursements</b>	<b>16,280,067</b>	<b>12,397,768</b>
Extraordinary items	0	0
<b>Excess of revenue over expenses (shortfall) from continuing operations</b>	<b>2,443,452</b>	<b>1,160,128</b>

**22(b) 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 2007.



**The Fred Hollows Foundation  
A.C.N. 070 556 642**

**Notes to the Financial Statements  
YEAR ENDED 31 DECEMBER 2007**

**22(c) Balance Sheet  
AS AT 31 DECEMBER 2007**

		<b>2007</b>	<b>2006</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10b	2,032,591	1,498,257
Financial assets		0	0
Trade and other receivables	3	1,183,851	585,806
Inventories	4	16,965	8,681
Prepayments		<u>87,217</u>	<u>70,437</u>
<b>Total Current Assets</b>		<b>3,320,624</b>	<b>2,163,181</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	6	407,001	333,835
Financial assets available for sale	5	8,509,611	7,178,789
Financial assets held to maturity		<u>293,673</u>	<u>276,789</u>
<b>Total Non Current Assets</b>		<b>9,210,285</b>	<b>7,789,413</b>
<b>TOTAL ASSETS</b>		<b><u>12,530,909</u></b>	<b><u>9,952,594</u></b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	2,471,309	1,876,290
Provisions	8	<u>199,363</u>	<u>124,432</u>
<b>Total Current Liabilities</b>		<b>2,670,672</b>	<b>2,000,722</b>
<b>NON CURRENT LIABILITIES</b>			
Payables		0	0
Provisions	8	<u>45,367</u>	<u>45,021</u>
<b>Total Non Current Liabilities</b>		<b>45,367</b>	<b>45,021</b>
<b>TOTAL LIABILITIES</b>		<b><u>2,716,039</u></b>	<b><u>2,045,743</u></b>
<b>NET ASSETS</b>		<b><u>9,814,870</u></b>	<b><u>7,906,851</u></b>
<b>ACCUMULATED SURPLUS AND RESERVES</b>		<b><u>9,814,870</u></b>	<b><u>7,906,851</u></b>

**The Fred Hollows Foundation**  
**A.C.N. 070 556 642**

**Statement of changes in Equity for the year ending 31st December 2007**

	<b>Retained Earnings</b>	<b>Future Project Reserve</b>	<b>Investment Reserve</b>	<b>Tied Funds Reserve</b>	<b>TOTAL</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1st Jan 2007	4,693,203	2,435,049	669,956	108,643	7,906,851
Surplus/(deficit) for the year	2,443,452	0	0	0	2,443,452
Available for sale financial assets	0	0	0	0	0
- Valuation gain / loss taken directly to equity	0	0	(535,433)	0	(535,433)
- Transferred to Profit & Loss on sale	0	0	0	0	0
Total income / expense recognized	<u>7,136,655</u>	<u>2,435,049</u>	<u>134,523</u>	<u>108,643</u>	<u>9,814,870</u>
Transfer from reserve	(400,000)	0	0	0	(400,000)
Transfer to reserve	0	400,000	0	0	400,000
<b>As at 31 December 2007</b>	<b><u>6,736,655</u></b>	<b><u>2,835,049</u></b>	<b><u>134,523</u></b>	<b><u>108,643</u></b>	<b><u>9,814,870</u></b>

**The Fred Hollows Foundation**  
**A.C.N. 070 556 642**

**Directors' Declaration**  
**YEAR ENDED 31 DECEMBER 2007**

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

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the Corporations Act 2001:

including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2007 and of the company's performance for the year ended on that date; and
- (ii) complying with Accounting Standards and the Corporations Act 2001; and

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

On behalf of the Board,



A Want  
*Chair of the Board*

Sydney - This day 3rd April 2008

**The Fred Hollows Foundation  
A.C.N. 070 556 642**

**Statement by Principal Officer  
YEAR ENDED 31 DECEMBER 2007**

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

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

In my opinion as the Principal Officer:

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

On behalf of The Fred Hollows Foundation,



H Davies  
*Principal Officer*

Sydney - This day 3rd April 2008