

The Fred Hollows Foundation
A.C.N. 070 556 642
Income Statement
YEAR ENDED 31 DECEMBER 2008

	Notes	2008 \$	2007 \$
CONTINUING OPERATIONS			
Revenues			
Gross proceeds from fundraising appeals		19,144,249	14,904,226
Gross proceeds from sale of goods		34,797	35,735
AusAID Grants		1,645,195	1,146,592
Other Australian (Govt Depts/Organisations)		382,888	540,181
Corporate funding		1,305,570	1,075,199
Investment (Loss) / Income		(271,121)	803,108
Other income	2(m)	<u>325,358</u>	<u>218,478</u>
Revenue		<u>22,566,936</u>	<u>18,723,519</u>
EXPENSES FROM CONTINUING OPERATIONS			
Overseas project expenses		10,485,467	8,153,463
Domestic project expenses		3,802,949	2,327,490
Community education		1,383,255	1,282,578
Fundraising expenses		4,170,459	3,455,946
Administration expenses		<u>1,504,530</u>	<u>1,060,590</u>
		<u>21,346,660</u>	<u>16,280,067</u>
NET SURPLUS FROM CONTINUING OPERATIONS		1,220,276	2,443,452
Charge to Income on impairment of investment	2(g)	(1,646,593)	0
(DEFICIT) SURPLUS ATTRIBUTABLE TO MEMBERS OF THE FRED HOLLOWES FOUNDATION		(426,317)	<u>2,443,452</u>

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

Balance Sheet
AS AT 31 DECEMBER 2008

	Notes	2008 \$	2007 \$
Assets			
CURRENT ASSETS			
Cash and cash equivalents	10b	3,541,639	2,032,591
Financial assets	5b	313,756	293,673
Trade and other receivables	3	1,647,712	1,183,851
Inventories	4	15,282	16,965
Prepayments		29,477	87,217
Total Current Assets		<u>5,547,866</u>	<u>3,614,297</u>
NON CURRENT ASSETS			
Property, plant and equipment	6	528,147	407,001
Financial assets available for sale	5a	5,164,158	8,509,611
Financial assets held to maturity		0	0
Total Non Current Assets		<u>5,692,305</u>	<u>8,916,612</u>
TOTAL ASSETS		<u>11,240,171</u>	<u>12,530,909</u>
Liabilities			
CURRENT LIABILITIES			
Trade and other payables	7	1,642,283	2,471,309
Provisions	8	272,619	199,363
Total Current Liabilities		<u>1,914,902</u>	<u>2,670,672</u>
NON CURRENT LIABILITIES			
Payables		0	0
Provisions	8	71,239	45,367
Total Non Current Liabilities		<u>71,239</u>	<u>45,367</u>
TOTAL LIABILITIES		<u>1,986,141</u>	<u>2,716,039</u>
NET ASSETS		<u>9,254,030</u>	<u>9,814,870</u>
ACCUMULATED SURPLUS AND RESERVES			
		<u>9,254,030</u>	<u>9,814,870</u>
EQUITY			
Accumulated Funds		6,418,981	6,736,655
Future Projects reserve	9a	2,835,049	2,835,049
Investment reserve	9b	0	134,523
Tied Funds reserve		0	108,643
TOTAL EQUITY		<u>9,254,030</u>	<u>9,814,870</u>

The Fred Hollows Foundation
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Statement of changes in Equity for the year ended 31st December 2008

	Notes	Retained Earnings	Future Project Reserve	Investment Reserve	Tied Funds Reserve	TOTAL
		\$	\$	\$	\$	\$
Balance at 1st Jan 2008		6,736,655	2,835,049	134,523	108,643	9,814,870
Surplus from continuing operation for the year		1,220,276				1,220,276
Available for sale financial assets						
- Valuation gain / (loss) taken directly to equity	2(g)			(134,523)		(134,523)
- Charge to Profit & Loss on impairment of investment	2(g)	(1,646,593)				(1,646,593)
Total income / expense recognized		<u>6,310,338</u>	<u>2,835,049</u>	<u>0</u>	<u>108,643</u>	<u>9,254,030</u>
Transfer from reserve		108,643				108,643
Transfer to retained Earnings					(108,643)	(108,643)
As at 31 December 2008		<u>6,418,981</u>	<u>2,835,049</u>	<u>0</u>	<u>0</u>	<u>9,254,030</u>

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

Statement of Cash Flows
YEAR ENDED 31 DECEMBER 2008

	Notes	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Bequests		5,120,537	2,867,743
International Corporate donations		1,305,570	1,075,199
Government grants		1,575,077	1,676,208
Receipt from customers		14,004,476	11,362,266
Program expenditure		(14,158,958)	(10,480,953)
Payment to suppliers and employees		(7,380,975)	(5,560,787)
Investment (loss) / income		(287,525)	671,006
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	10(a)	178,202	1,610,682
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment		(306,779)	(218,239)
Disposal of plant & equipment		18,009	22,362
Purchase of available-for-sale assets		(2,960,387)	(1,835,077)
Disposal of available-for-sale assets		4,600,086	971,490
Disposal of financial assets held to maturity		(20,083)	(16,884)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		1,330,846	(1,076,348)
NET INCREASE/(DECREASE) IN CASH HELD		<u>1,509,048</u>	<u>534,334</u>
Add opening cash brought forward		2,032,591	1,498,257
CLOSING CASH CARRIED FORWARD	10(b)	<u>3,541,639</u>	<u>2,032,591</u>

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

Notes to the Financial Statements
YEAR ENDED 31 DECEMBER 2008

1. Corporate Information

The financial report of The Fred Hollows Foundation for the year ended 31 December 2008 was authorized in accordance with a resolution of the Directors on 6th April 2009.

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').

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 2008.

(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 if there is any objective evidence of impairment. Investment in an equity instrument is considered to be impaired if there has been a significant or prolonged decline in the fair value below its cost

The impairment for these impaired assets is recognised 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 recognised through the profit and loss

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impaired loss shall be reversed, with the amount of the reversal recognised in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument shall not be reversed through profit or loss. Any future increase in the fair value of an impaired equity instrument shall be recognised directly in investment reserve.

(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:	2008	2007
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 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.

The foreign currency exchange gain of \$43,379 determined for the year is included in "Other Income".

(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 21(d) 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.

	2008 \$	2007 \$
3. TRADE AND OTHER RECEIVABLES		
Current Debtors	608,880	489,853
Project Clearing Accounts	<u>1,038,832</u>	<u>693,998</u>
	<u>1,647,712</u>	<u>1,183,851</u>

Current debtors are non-interest bearing and are generally on 30 day terms
Project Clearing Accounts are funds paid in advance for project expenses

4. INVENTORIES		
Merchandise stock	<u>15,282</u>	<u>16,965</u>
	<u>15,282</u>	<u>16,965</u>

5. FINANCIAL ASSETS		
a) Available for sale		
ANZ Endowment Fund	217,187	213,263
Queensland Community Foundation	9,409	12,123
Investment in securities listed on the ASX	504,904	840,873
GSJB Were portfolio investment:		
- Fixed Interest	190,380	1,161,077
- Property	0	882,088
- Equities	3,825,060	4,779,624
- International Managed Funds	<u>417,218</u>	<u>620,563</u>
	5,164,158	8,509,611
b) Held to Maturity		
Westpac Term Deposit Investment	<u>313,756</u>	<u>293,673</u>
	<u>5,477,914</u>	<u>8,803,284</u>

ANZ Endowment Fund is repayable on demand.
Queensland Community Foundation funds are held in trust for perpetuity.
GSJB Were managed portfolio
Westpac Fixed Deposit is repayable on demand, maturing within twelve months

6. PROPERTY, PLANT AND EQUIPMENT		
Property	0	0
Plant and equipment, at cost	1,126,160	839,027
Accumulated depreciation	<u>(598,013)</u>	<u>(432,026)</u>
	<u>528,147</u>	<u>407,001</u>
<i>Movement in Non Current Assets</i>		
Balance at beginning of the year	407,001	333,835
Additions	306,780	218,239
Disposals	(18,009)	(22,362)
Depreciation expense	<u>(167,625)</u>	<u>(122,711)</u>
Balance at the end of the year	<u>528,147</u>	<u>407,001</u>

7. TRADE AND OTHER PAYABLES		
Trade payables	112,730	114,719
Accrued Expenses	85,151	213,963
Tied Funds	863,088	874,559
Government Grants	380,404	898,890
Other Grants	4,468	190,272
Other creditors	<u>198,442</u>	<u>178,906</u>
	<u>1,642,283</u>	<u>2,471,309</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
Tied funds consist of also domestic government grants for the Indigenous Program. * Government grants* only includes international government grants

8. PROVISIONS - Employee Benefits.		
(a) Current		
<u>Annual leave</u>		
As at 1 January	199,363	124,432
Utilized	(58,686)	(39,758)
Accrued during period	<u>131,942</u>	<u>114,689</u>
As at 31 December	<u>272,619</u>	<u>199,363</u>
(b) Non current		
<u>Long service leave</u>		
As at 1 January	45,367	45,021
Utilized	(300)	(8,931)
Accrued during period	<u>26,172</u>	<u>9,276</u>
As at 31 December	<u>71,239</u>	<u>45,367</u>

9. RESERVES

(a) Future Projects

Nature and purpose of reserve

This reserve contains amounts of retained profits that have been set aside by directors for the purpose of funding future projects/activities.

(b) Investment Reserve

The Investment Reserve is used to record the movements in the value of the available-for-sale financial assets

10. STATEMENT OF CASH FLOWS

	2008	2007
	\$	\$
(a) Reconciliation of the net profit/(loss) after tax to the net cash flows from operations		
Operating surplus/(deficit) after tax	1,220,276	2,443,452
Depreciation of non current assets	167,625	122,711
Provision for employee entitlements	99,128	75,277
Bequest income received in shares available-for-sale assets	(75,363)	(870,566)
Investment income reinvested	0	(132,102)
<i>Changes in assets and liabilities</i>		
Receivables	(463,861)	(598,045)
Inventory	1,683	(8,284)
Payables	(829,026)	595,019
Prepayments	57,740	(16,780)
Net cash flow from (used in) operating activities	<u>178,202</u>	<u>1,610,682</u>
(b) Reconciliation of cash		
Cash balance comprises:		
- cash and cash equivalents	3,541,639	2,032,591
Closing cash balances	<u>3,541,639</u>	<u>2,032,591</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 for the annual financial audit. During the year the following fees were paid for other services provided by the auditors

Other Services

Ernst and Young Australian firm

Audit of Income Statements prepared for funding acquittals to the

Department of Health and Ageing

1,600

-

Ernst and Young China firm

Audit of Expenditure Statement for The Foundation's China Program.

18,658

-

13. RELATED PARTY DISCLOSURES

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

Andrew Want	Gabi Hollows
Michael Johnson	Shelley Reys (Resigned May 2008)
Howard Davies	Stephanie Young
Robert Dalziel	John McElhinney
John Richardson (Resigned September 2008)	Sarah Elliott
David Moran	Phillip Brown
Mary Kostakidis (Appointed May 2008)	
Romlie Mokak (Appointed May 2008)	

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 \$2,200 (including GST) was paid to Dr D Moran, a Director of the Foundation, being the balance for consultancy work in establishing the Foundation's Instrument Disinfection Policy.

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 long-term returns to support The Foundation's future projects and programs.

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.

(b) Concentrations of risk

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)

(c) 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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, though it does have currency exposure through Australian investments with significant overseas operations and the underlying international investments of unit trusts and USD 146,000 held in a bank account.

(h) 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	2008		2007	
	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	306/(306)	+10 / -10	401/(401)

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 expired in September 2008. Current rental payable is on a month-by-month basis until June 2009. The Foundation will move its principal office to Roseberry in July 2009 to accommodate a significant expansion in staffing and operations. The new lease requires rental payments three months in advance. The future minimal rental payable for The Foundation's five offices is as follows:

	2008	2007
	\$	\$
Within 1 year	299,939	101,124

After 1 year and not more than 3 years	1,283,904	58,952
	1,583,843	160,076

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

	2008	2007
	\$	\$
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	343,653	342,403
- post employment benefits	29,059	27,174

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

21 (a) DETAILS OF AGGREGATE GROSS INCOME AND TOTAL EXPENDITURE OF FUNDRAISING APPEALS	2008		2007	
	\$	\$	\$	\$
Gross proceeds from Fundraising appeals		19,179,046		14,939,961
Donations	9,721,172		8,306,211	
Functions and Special events	959,829		572,231	
Bequests	5,195,900		3,738,309	
Miracle Club	3,267,348		2,287,475	
Merchandise sales	34,797		35,735	
	<u> </u>		<u> </u>	
Direct costs of Fundraising appeals		4,170,459		3,455,946
Donations	3,495,889		2,888,934	
Functions and Special events	200,090		298,667	
Bequests	224,496		191,693	
Miracle Club	171,017		0	
Merchandise costs	16,071		20,312	
Cost of raising Government funds	62,896		56,340	
	<u> </u>		<u> </u>	
Net surplus from Fundraising appeals		<u><u>15,008,587</u></u>		<u><u>11,484,015</u></u>

21(b) STATEMENT SHOWING HOW FUNDS RECEIVED ARE APPLIED FOR CHARITABLE PURPOSES	2008		2007	
	\$	\$	\$	\$
Net surplus obtained from Fundraising appeals		<u>15,008,587</u>		<u>11,484,015</u>
<i>Applied for charitable purposes as follows:</i>				
Office administration		1,504,530		1,060,590
<i>Expenditures on direct services:</i>				
Community education	1,383,255		1,282,578	
International programs	10,485,467		8,153,463	
Indigenous programs	3,802,949		2,327,490	
	<u> </u>		<u> </u>	
Total expenditure		<u>17,176,201</u>		<u>12,824,121</u>
Surplus/(Shortfall)		(2,167,614)		(1,340,106)
<i>Shortfall was provided by the following sources:</i>				
AusAID grants	1,645,195		1,146,592	
Other Government Grants	382,888		540,181	
Investment (loss) /income	(271,121)		803,108	
Impairment of investment	(1,646,593)		0	
Corporate funding	1,305,570		1,075,199	
Miscellaneous	325,358		218,478	
	<u> </u>		<u> </u>	
		1,741,297		3,783,558
(Deficit) Surplus transfer to Accumulated Funds for future use		(426,317)		<u><u>2,443,452</u></u>

21(c) COMPARISON BY MONETARY FIGURES AND PERCENTAGES	2008 \$	2007 \$
Gross income from Fundraising appeals	19,179,046	14,939,961
Total direct cost of Fundraising appeals	4,170,459	3,455,946
Total direct cost of Fundraising as a percentage of gross income from Fundraising appeals	22%	23%
Net surplus from Fundraising appeals	15,008,587	11,484,015
Net surplus from Fundraising as a percentage of gross income from Fundraising appeals	78%	77%
Total cost of Direct services	15,671,671	11,763,531
Total Expenditure (excluding direct cost of Fundraising appeals)	17,176,201	12,824,121
Total cost of Direct services as a percentage of Total expenditure	91%	92%
Total Income received (including net profit from Fundraising appeals)	15,008,587	11,484,015
Total cost of Direct services as a percentage of Total income received	104%	102%

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 2008

	2008 \$	2007 \$
REVENUE		
Donations and gifts - monetary & non-monetary	13,948,349	11,165,917
Legacies and bequests	5,195,900	3,738,309
Grants		
- AusAID	1,645,195	1,146,592
- Other Australian-Government Departments /Organisation	382,888	540,181
Corporate funding	1,305,570	1,075,199
Investment	(271,121)	803,108
Other income		
- Merchandise sales	34,797	35,735
- Miscellaneous	325,358	218,478
Total revenue	22,566,936	18,723,519
DISBURSEMENTS		
Overseas projects		
- Funds to overseas projects	10,485,467	6,293,449
- Other project costs		1,860,014
Domestic projects	3,802,949	2,327,490
Community education	1,383,255	1,282,578
Fundraising costs		
- public	4,107,563	3,399,606
- government and multilaterals	62,896	56,340
Administration	1,504,530	1,060,590
Total disbursements	21,346,660	16,280,067
Extraordinary items	0	0
Excess of revenue over expenses (shortfall) from continuing operations	1,220,276	2,443,452
Charge to Income on impairment of investment	(1,646,593)	0
(Deficit) Surplus attributable to members of The Fred Hollows Foundation	(426,317)	2,443,452

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 2008.

**22(c) Balance Sheet
AS AT 31 DECEMBER 2008**

	Notes	2008 \$	2007 \$
CURRENT ASSETS			
Cash and cash equivalents	10b	3,541,639	2,032,591
Financial assets	5b	313,756	293,673
Trade and other receivables	3	1,647,712	1,183,851
Inventories	4	15,282	16,965
Prepayments		29,477	87,217
Total Current Assets		<u>5,547,866</u>	<u>3,614,297</u>
NON CURRENT ASSETS			
Property, plant and equipment	6	528,147	407,001
Financial assets available for sale	5a	5,164,158	8,509,611
Financial assets held to maturity		0	-
Total Non Current Assets		<u>5,692,305</u>	<u>8,916,612</u>
TOTAL ASSETS		<u>11,240,171</u>	<u>12,530,909</u>
CURRENT LIABILITIES			
Trade and other payables	7	1,642,283	2,471,309
Provisions	8	272,619	199,363
Total Current Liabilities		<u>1,914,902</u>	<u>2,670,672</u>
NON CURRENT LIABILITIES			
Payables		0	0
Provisions	8	71,239	45,367
Total Non Current Liabilities		<u>71,239</u>	<u>45,367</u>
TOTAL LIABILITIES		<u>1,986,141</u>	<u>2,716,039</u>
NET ASSETS		<u>9,254,030</u>	<u>9,814,870</u>
ACCUMULATED SURPLUS AND RESERVES		<u>9,254,030</u>	<u>9,814,870</u>

22(d) Statement of changes in Equity for the year ended 31st December 2008

	Retained Earnings	Future Project Reserve	Investment Reserve	Tied Funds Reserve	TOTAL
	\$	\$	\$	\$	\$
Balance at 1st Jan 2008	6,736,655	2,835,049	134,523	108,643	9,814,870
Surplus from continuing operation for the year	1,220,276	0	0	0	1,220,276
Available for sale financial assets	0	0	0	0	0
- Valuation gain / (loss) taken directly to equity	2(g) 0	0	(134,523)	0	(134,523)
- Charge to Profit & Loss on impairment of investment	2(g) (1,646,593)	0	0	0	(1,646,593)
Total income / expense recognized	6,310,338	2,835,049	0	108,643	9,254,030
Transfer from reserve	108,643	0	0	0	108,643
Transfer to retained Earnings	0	0	0	(108,643)	(108,643)
As at 31 December 2008	<u>6,418,981</u>	<u>2,835,049</u>	<u>0</u>	<u>0</u>	<u>9,254,030</u>

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

Directors' Declaration
YEAR ENDED 31 DECEMBER 2008

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 2008 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

Sydney - This 6th day of April 2009

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

**Statement by Principal Officer
YEAR ENDED 31 DECEMBER 2008**

**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 6th day of April 2009