



THE FRED HOLLOWES
FOUNDATION

The Fred Hollows Foundation
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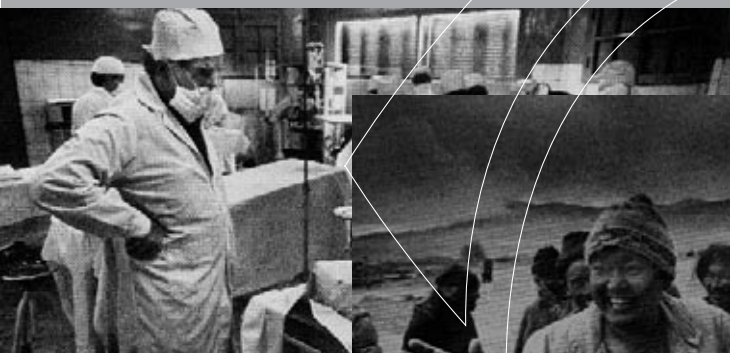
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**THE FRED HOLLOWES
FOUNDATION**

ABN 46 070 556 642

Financial Report

FOR THE YEAR ENDED 31 DECEMBER 2000



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The Fred Hollows Foundation is a member of the Australian Council for Overseas Aid (ACFOA) and is a signatory to the ACFOA Code of Conduct. The Code requires non-government development organisations like The Foundation to meet high standards of corporate governance, public accountability and financial management. Our adherence to The Code demonstrates our commitment to ethical practice in our operations in Australia and overseas.

More information about the ACFOA Code of Conduct can be obtained from The Foundation or ACFOA: Telephone (02) 6285 1816, Facsimile (02) 6285 1720, Email acfoa@acfoa.asn.au and Website www.acfoa.asn.au.

Front cover: (left) Professor Fred Hollows watches the video screen donated to the Institute of Ophthalmology as Vietnamese eye surgeons watch Dr Sanduk Ruit perform a cataract extraction; (middle) Dr Ruit tests 78-year old Pemasumta's eye after his operation, saying after the removal of his patch: "I feel like the sun"; (right) Archie Andrews, aged 72 years, with cataract affected eye, one day before surgery.



The Foundation acknowledges the support of the Australian Agency for International Development (AusAID) for its program overseas.



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1 Directors' Report

The directors submit their report for the year ended 31 December 2000.

Directors

The names and details of the directors of The Fred Hollows Foundation in office during the financial year and until the date of this report are:

Names, qualifications, experience and special responsibilities:

R.G. Martin	<i>Chairman</i>	Journalist
H. Davies	<i>Treasurer</i>	Company Director
V.M. Rubensohn	<i>Secretary</i>	Communications Consultant
F. Abraham		Business & Development Consultant
J. Dawkins		Company Director
T. Fischer		Federal Member for Farrer
M. Gillies		Ophthalmologist
G.B. Hollows		Orthoptist
M.R. Johnson		Associate Professor, School of Social Science and Policy, UNSW
N. Milan		Managing Director, SBS Corporation
H.R. Taylor		Chairman, Department of Ophthalmology, University of Melbourne

Directors were in office from the beginning of the financial year until the date of this report unless otherwise stated.

Principal Activity

The principal activity of The Fred Hollows Foundation during 2000 was as a charitable organisation engaged in:

- Financial, technical and marketing support to Intraocular Lens manufacturing laboratories in Nepal and Eritrea. This support included preparation for an international audit of the Eritrea laboratory, and successful compliance audit of the Nepal laboratory. Both the laboratory in Eritrea and Nepal are independent organisations.
- Cataract surgery and surgical training programs in Nepal, Vietnam, Pakistan, China, Cambodia, and PNG and the Pacific. Equipment and consumables have been provided for these programs, and to support on-going local surgery.
- Development of an indigenous health initiative to develop models to ensure the provision of healthy foods in remote communities. Initial work with communities in Far North Queensland and the Katherine East region of the Northern Territory.
- Some local eye care service delivery to remote indigenous communities in North Queensland and the Torres Strait.
- Continuing to work with the Commonwealth on the development of implementation strategies relating to the recommendations from the report prepared by Professor Hugh Taylor concerning indigenous Eye Health.
- Consolidation of research and development work concerning the automation of several steps in the intraocular lens manufacturing process.

There has been no significant changes in the nature of the above activities during the financial year.

Operating Results

Operating Surplus for 2000	\$ 362,024
Operating Deficit for 1999	(86,849)



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Review of Operations

The Fred Hollows Foundation maintained its technical, logistical, marketing and financial support to The Fred Hollows IOL Laboratory, Asmara, Eritrea during 2000. An accreditation audit was completed in January. One hundred and twenty-five thousand lenses were produced and sold in more than 30 countries.

The Fred Hollows IOL Laboratory, Kathmandu, Nepal maintained its CE Mark Certification and ISO9002/EN46002 accreditation following a compliance audit in 1999. The Laboratory will be audited on an annual basis in order to maintain certification. The Foundation will provide technical, logistical and financial support to the audit process. The Foundation continued to provide marketing support to assist with distribution of IOLs.

During 2000 the FH2000 lathe machine developed by The Foundation through the Research and Development arm was validated for production purposes at the Nepal Laboratory. A second FH2000 was installed and validated for production purposes at the Asmara Laboratory in Eritrea. Both lathes are now operational.

Implementation of an IOL marketing strategy, developed at an IOL summit held in Kathmandu in 1999 took place in the second half of 2000.

Training of surgeons and paramedic staff from Nepal and the Region continued at the Tilganga Surgicentre during 2000. In excess of 90,000 patients were examined and more than 6,000 surgeries were performed. To date 91 eye doctors and 53 paramedic and support staff have been trained at Tilganga.

During 2000 The Foundation reaffirmed its commitment to continue working in Vietnam. Surgical Training Courses and conferences supported by The Foundation were held throughout the year. A Sutureless Surgery Training Workshop was conducted and a five-year commitment to provide 10,000 IOLs per annum was made with support from The Silverton Foundation. A Memorandum of Understanding between The Foundation and the Vietnam National Institute of Ophthalmology was formally agreed to during 2000.

The Foundation continued to work with the Provincial Bureau of Health in Jiangxi Province, China to further develop a cataract surgery and management training program. Training sessions were conducted throughout the year to build on the training done in 1998-99. Three training courses were held including nine ongoing surgical development camps. A total of 68 village doctors were trained in screening. The first review of the China Program was conducted during 2000.

Negotiations for the development of a public eye health program in the Eastern Cape Province, South Africa were conducted during 2000 and commencement of the program will occur in early 2001 with the appointment of a Regional Coordinator. It is anticipated that this program will be extended to sub Saharan Africa over the next two years.

The Foundations involvement in Pakistan continued to expand during 2000. Training continued in the North West Frontier Province and Balochistan Province and was extended to the Sindh and Punjab Provinces during 2000. The program in Pakistan is likely to be dramatically expanded in 2001 as a result of the success to date.

In Cambodia The Foundation continued to support the National Eye Health Program through the continuation of Education Workshops for Basic Eye Doctors. During 2000 The Foundation was involved in the support of renovations to two eye units and supported a Vision 2020 National Planning Meeting. A Memorandum of Understanding between The Foundation and the Cambodian National Sub Committee for the Prevention of Blindness was completed.

The development of a proposal to commence work in eye care in Papua New Guinea and the Pacific was completed following research work conducted during 1999. A preliminary program in the Solomon Islands will commence in January 2001.

Within Australia, the Healthy Foods Initiative commenced in 1999, between The Foundation and the Jawoyn Association, was expanded and consolidated. The scope of this project now includes five communities in the Katherine East Region. The Foundation also commenced negotiations with the Yarrabah Community in North Queensland, in respect to the development of an integrated community health strategy.

The Fred Hollows Foundation continued to work with the Commonwealth Government in regard to implementing the recommendations made in the Taylor Report on Indigenous Eye Health. Specific negotiations are continuing towards the development of a National Trachoma Initiative expected to commence in 2001. Limited eye care services were provided to remote communities in North Queensland and the Torres Strait Islands.



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Likely Developments

The Foundation will maintain its commitments in Eritrea, Nepal, Vietnam, Pakistan, China, Cambodia, PNG and the Pacific in 2001. An increase in the production capacity of the IOL Laboratories in Nepal and Eritrea will be supported. A South Africa Regional Office will be opened in 2001 with the potential to expand activities into sub Saharan Africa. It is also likely that support for cataract surgery training and the provision of IOLs will be extended to Thailand. The Foundation will maintain and expand its' commitment to indigenous programs during 2001. The Foundation will expand its' commitment to the Health and Science Division (formerly R&D) during 2001.

Significant Changes in State of Affairs

During 2000 there was no significant change in the state of affairs of The Foundation.

Significant Events after Balance Date

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

Indemnification and Insurance of Directors

The Foundation took out Directors and Officers Liability cover during 2000. The insurance contract does not allow for the terms or amount of the contract to be disclosed.

Directors' Meetings

During the financial year 7 meetings of directors were held. The number of meetings at which directors were in attendance is as follows:

	Meetings held while in office	Meetings attended
R.G. Martin (Chairman)	7	7
H. Davies (Treasurer)	7	6
V.M. Rubensohn (Secretary)	7	5
F. Abraham	7	7
J. Dawkins	7	7
T. Fischer	7	4
M. Gillies	7	7
G.B. Hollows	7	7
M.R. Johnson	7	6
N. Milan	7	6
H.R. Taylor	7	6

Due to the size of the operation no audit committee is in place. This will be subject to review by the directors and an audit committee constituted if this is warranted by growth in the volume of operations.

Signed in accordance with a resolution of the directors.

R.G. Martin

Director

Sydney, 2001



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2 Profit and Loss Statement

	Notes	2000 \$	1999 \$
Operating Revenue	2	<u>5,324,683</u>	<u>4,766,233</u>
Operating Surplus/(Deficit)	4	362,024	(86,849)
Operating Surplus/(Deficit) after Income Tax		<u>362,024</u>	<u>(86,849)</u>
Accumulated Surplus at the beginning of the Financial Year		2,677,050	2,763,899
Accumulated Surplus at the end of the Financial Year		<u>3,039,074</u>	<u>2,677,050</u>



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3 Balance Sheet

	Notes	2000 \$	1999 \$
Current Assets			
Cash		2,669,011	2,555,677
Receivables	9	434,582	170,448
Investments	10	118,639	109,250
Prepayments	11	33,086	11,127
Inventory	12	366,247	-
Total Current Assets		<u>3,621,565</u>	<u>2,846,502</u>
Non-current Assets			
Receivables	9	126,152	276,325
Plant & Equipment	13	140,306	155,231
Total Non-current Assets		<u>266,458</u>	<u>431,556</u>
TOTAL ASSETS		<u>3,888,023</u>	<u>3,278,058</u>
Current Liabilities			
Accounts Payable	14	756,638	524,726
Provisions	15	76,828	64,814
Total Current Liabilities		<u>833,466</u>	<u>589,540</u>
Non-current Liabilities			
Provisions	15	15,483	11,468
Total Non-current Liabilities		<u>15,483</u>	<u>11,468</u>
TOTAL LIABILITIES		<u>848,949</u>	<u>601,008</u>
NET ASSETS		<u>3,039,074</u>	<u>2,677,050</u>
ACCUMULATED SURPLUS		<u>3,039,074</u>	<u>2,677,050</u>



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4 Statement of Cash Flows

	Notes	2000 \$	1999 \$
Cash Flows from Operating Activities			
Donation Income		4,136,164	3,466,825
Merchandise Sales		87,257	89,274
Payments to Suppliers and Employees		(4,849,760)	(4,692,726)
Research and Development Expenditure		(310,203)	(279,456)
Interest Received		157,733	151,570
Foreign Currency Gain		10,430	-
Grants Received		933,549	447,970
Net Cash Flows from/(used in) Operating Activities	(16) (a)	<u>165,170</u>	<u>(816,543)</u>
Cash Flows from Investing Activities			
Acquisition of Plant & Equipment		(51,836)	(105,495)
Purchase of Investments		-	(109,250)
Net Cash Flows used in Investing Activities		<u>(51,836)</u>	<u>(214,745)</u>
NET INCREASE/(DECREASE) IN CASH HELD		<u>113,334</u>	<u>(1,031,288)</u>
Add Opening Cash Brought Forward		<u>2,555,677</u>	<u>3,586,965</u>
CLOSING CASH CARRIED FORWARD	(16) (b)	<u>2,669,011</u>	<u>2,555,677</u>



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Notes to and forming part of the Financial Statements

1. Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared in accordance with historical cost convention.

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Law which includes applicable accounting standards and Urgent Issues Group Consensus Views. Other mandatory professional reporting requirements such as the Charitable Fund Raising Act 1991 and the Australian Council for Overseas Aid Code of Conduct, have also been complied with.

(b) Foreign Currencies

Transactions in foreign currencies are converted to local currency at the rate of exchange ruling at the date of the transaction.

Cash balances outstanding at the balance date, which are denominated in foreign currency have been converted to local currency using the rates of exchange ruling at the end of the financial year.

All resulting exchange differences are brought to account in determining the operating surplus/(deficit) for the financial year.

(c) Cash

Cash on hand and in banks and short term deposits are stated at the lower of cost and net realisable value.

For the purpose of the statement of cash flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days.

Unused credit facilities (bank overdraft) at the balance date total \$40,000.

(d) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable 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. Interest is not charged on the outstanding amounts.

(e) Investments

All current investments are carried at the lower of cost and recoverable amount.

(f) Prepayments

Prepayments are recognised and carried at original invoice amount.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value.

(h) Plant & Equipment

Cost and Valuation

Items of Plant & Equipment are carried at cost.

Depreciation

Depreciation is provided for on a diminishing value basis on all Plant & Equipment.

Major depreciation periods are:

	2000	1999
Plant & Equipment:	3 to 10 years	3 to 10 years

(i) Research and Development Costs

Research and Development costs are expensed as incurred.

(j) Trade and Other Payables

Liabilities for trade creditors and other amounts 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. Accounts payable are normally settled within 60 days from the invoice and no interest is incurred on the accounts.

(k) Employee Entitlements

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 outflow to be made in respect of services provided by employees up to the reporting date. In determining the



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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 charged against profits on a net basis in their respective categories.

(l) 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

Donations are recognised when control of the asset has been attained.

(ii) Grants

Grants received are recognised as income when the relevant expense is incurred.

(iii) Interest

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

(iv) Research and Development Commercialisation

Commercialisation proceeds have been recognised on an accrual basis.

(v) Sale of Goods

Merchandise sales are recognised when control of the asset has been relinquished and the cash received.

(m) Income Tax

The Foundation has been registered under the provisions of The Charitable Fund raising Act, 1991, and in accordance with Subdivision 50-B of the Income Tax Assessment Act 1997, is not liable for income tax.

(n) Comparative Figures

Comparative figures have been adjusted for consistency of presentation with the current year.

2. Operating Profit

	2000	1999
	\$	\$
The Operating Profit is arrived at after charging/(crediting) the following items:		
Depreciation of Non-current Assets: Plant & Equipment	54,895	47,891
Provision for Doubtful Debts	280,000	-
Provision for Employee Entitlements	16,029	38,183
Superannuation Contributions	56,786	58,423
Net Foreign Currency (Gains)/Losses	(10,430)	9,012
Loss on Disposal of Plant & Equipment	8,614	4,398
Research & Development Expenditure	310,203	279,456
Included in the Operating Profit are the following items of operating revenue:		
Proceeds from Fundraising Appeals	4,136,164	3,466,825
Sale of Merchandise for Fundraising Appeals	87,257	89,274
AusAID Grants	859,497	1,023,392
Other Revenue		
Research and Development Commercialisation Proceeds	90,087	47,225
Interest - Other Corporations	141,248	139,517
Operating Revenue	<u>5,324,683</u>	<u>4,766,233</u>



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**3. Information to be furnished under
 the Charitable Fund Raising Act 1991**

	2000	1999
\$	\$	\$
Details of Aggregate Gross Income and Total Expenses of Fundraising Appeals		
Gross Proceeds from Fundraising Appeals	4,223,421	3,556,099
Other Donations	2,069,791	1,579,766
Functions	251,184	256,698
Bequests	1,433,086	1,104,276
Miracle Club	234,079	165,089
Business Forum	148,024	137,858
Merchandise Sales	87,257	89,274
Sutureless Surgery Appeal	-	147,389
Indigenous Health Appeal	-	75,749
Less: Total Costs of Fundraising Appeals	723,275	805,877
Other Donations	542,119	575,795
Functions	84,830	92,647
Bequests	52,681	33,328
Miracle Club	1,575	701
Business Forum	719	7,281
Merchandise Sales	41,351	85,190
Sutureless Surgery Appeal	-	4,706
Indigenous Health Appeal	-	6,229
Net Surplus Obtained from Fundraising Appeals	<u>3,500,146</u>	<u>2,750,222</u>



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**4. Information to be furnished under
 the Charitable Fund Raising Act 1991**

	2000	1999
\$	\$	\$
Statement showing how Funds Received are applied for charitable purposes		
Net Surplus obtained from Fundraising Appeals	3,500,146	2,750,222
This money was applied for charitable purposes in the following manner:		
Expenditure on Office Administration	450,160	392,573
Expenditure on Direct Service		
Project Administration	1,049,685	838,969
Local Program Awareness	94,058	135,820
IOL Laboratory	431,756	271,593
IOL Laboratory Accreditation	110,696	299,403
Surgical Equipment	767,989	582,093
Surgical Training	359,310	707,806
Research and Development	310,203	279,456
Indigenous Programs	621,215	509,536
Cost Recovery	44,312	29,956
	<u>3,789,224</u>	<u>3,654,632</u>
Surplus/(Shortfall)	<u>(739,238)</u>	<u>(1,296,983)</u>
The shortfall of \$739,238 between the \$3,500,146 available from fundraising appeals conducted and the total expenditure of \$4,239,384 was provided by the following sources:		
AusAID Grants	859,497	1,023,392
R&D Commercialisation Proceeds	90,087	47,225
Interest - Other Corporations	141,248	139,517
Foreign Currency Gains	10,430	-
	<u>1,101,262</u>	<u>1,210,134</u>
Balance of Income Transferred to Accumulated Funds for future needs	<u><u>362,024</u></u>	<u><u>(86,849)</u></u>



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**5. Information to be furnished under
 the Charitable Fund Raising Act 1991**

	2000	1999
	\$	\$
Comparisons by monetary figures and percentages		
Gross Income from Fundraising	4,223,421	3,556,099
Total Cost of Fundraising	723,275	805,877
Total Cost of Fundraising as a Percentage of Gross Income from Fundraising	17%	23%
Net Surplus from Fundraising	3,500,146	2,750,222
Net Surplus from Fundraising as a Percentage of Gross Income from Fundraising	83%	77%
Total Cost of Services	3,789,224	3,654,632
Total Expenditure (excluding cost of Fundraising Appeals)	4,239,384	4,047,205
Total Cost of Services as a Percentage of Total Expenditure	89%	90%
Total Income Received (including Net Profit from Appeals)	4,601,408	3,960,356
Total Cost of Services as a Percentage of Total Income Received	82%	92%

**6. Information to be furnished
 under the ACFOA Code of Conduct**

	2000	1999
	\$	\$
Operating Statement for the year ending 31 December 2000		
Revenue		
Donations & Gifts - Monetary	2,703,078	2,362,549
Legacies & Bequests	1,433,086	1,104,276
Grants - AusAID	859,497	1,023,392
Investment Income	141,248	139,517
Other Income - Research & Development	90,087	47,225
Other Income - Merchandise Sales	87,257	89,274
Other Income - Foreign Currency Gains	10,430	-
Total Revenue	<u>5,324,683</u>	<u>4,766,233</u>
Disbursements		
Overseas Projects - Funds to Overseas Projects	1,949,610	2,465,459
Overseas Projects - Other Project Costs	1,124,341	543,817
Domestic Projects - Aboriginal Project	621,215	509,536
Community Education	94,058	135,820
Public Fundraising Costs	723,275	805,877
Administration	450,160	392,573
Total Disbursements	<u>4,962,659</u>	<u>4,853,082</u>
Excess of Revenue over Disbursements	362,024	(86,849)
Funds Available for Future Use at the Beginning of the Financial Year	2,677,050	2,763,899
Funds available for future use at the end of the Financial Year	<u>3,039,074</u>	<u>2,677,050</u>



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**7. Information to be furnished
 under the ACFOA Code of Conduct**

	2000	1999
	\$	\$
Statement of Financial Position as at 31 December 2000		
ASSETS		
Cash	2,669,011	2,555,677
Investments	118,639	109,250
Property, Plant & Equipment	140,306	155,231
Other	960,067	457,900
Total Assets	<u>3,888,023</u>	<u>3,278,058</u>
LIABILITIES		
Creditors and Borrowings	756,638	524,726
Provisions	92,311	76,282
Total Liabilities	<u>848,949</u>	<u>601,008</u>
Net Assets	<u>3,039,074</u>	<u>2,677,050</u>
EQUITY		
Funds available for future use	<u>3,039,074</u>	<u>2,677,050</u>
Total Equity	<u>3,039,074</u>	<u>2,677,050</u>

**8. Information to be furnished
 under the ACFOA Code of Conduct**

Statement of Cash Flows for the year ending 31 December 2000

	Funds available at beginning of period \$	Raised during period \$	Disbursed during period \$	Available end of period for future use \$
General Purposes	2,164,625	4,356,528	4,001,847	2,519,306
AusAID - Pakistan	1,723	169,032	146,728	24,027
AusAID - Cambodia	8,732	-	8,732	-
AusAID - ANCP 98/99	36,952	9,761	46,713	-
AusAID - ANCP 99/00	275,256	233,670	508,926	-
AusAID - ANCP 00/01	-	555,692	157,130	398,562
Cambodia Appeal 1998	46,747	-	46,747	-
Sutureless Surgery Appeal 1999	143,015	-	45,836	97,179
Total	2,677,050	5,324,683	4,962,659	3,039,074



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	2000	1999
	\$	\$
9. Receivables		
Debtors	840,734	446,773
Provision for Doubtful Debts	<u>(280,000)</u>	<u>-</u>
	<u>560,734</u>	<u>446,773</u>
Receivables (current)	434,582	170,448
Receivables (non-current)	126,152	276,325
	<u>560,734</u>	<u>446,773</u>
10. Investments (current)		
ANZ Endowment Fund	108,639	99,250
Queensland Community Foundation	<u>10,000</u>	<u>10,000</u>
	<u>118,639</u>	<u>109,250</u>
11. Prepayments (current)		
Prepayments	<u>33,086</u>	<u>11,127</u>
12. Inventory (current)		
Intraocular Lenses	<u>366,247</u>	<u>-</u>
13. Plant & Equipment		
Plant & Equipment:		
At Cost	298,035	307,342
Provision for Depreciation:	<u>(157,729)</u>	<u>(152,111)</u>
Total Plant & Equipment	<u>140,306</u>	<u>155,231</u>
14. Accounts Payable (current)		
Trade Creditors	305,542	202,062
Other Creditors	<u>451,096</u>	<u>322,664</u>
	<u>756,638</u>	<u>524,726</u>
15. Provisions		
The Aggregate Employee Entitlement Liability is comprised of:		
Provisions (Current)	76,828	64,814
Provisions (Non-current)	<u>15,483</u>	<u>11,468</u>
	<u>92,311</u>	<u>76,282</u>



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16. Notes to Statement of Cashflows

	2000	1999
	\$	\$
(a) Reconciliation of the Operating Profit/(loss) after Tax to the Net Cash Flows from Operations:		
Operating Profit/(Loss) after Tax	362,024	(86,849)
Depreciation of Non-current Assets	54,895	47,891
(Profit)/Loss on disposal of Non-current Assets	8,614	4,398
Transfer Non-current Asset to Operating Expense	3,252	-
Changes in assets and liabilities		
(Increase)/Decrease in Receivables	(113,961)	12,073
(Increase)/Decrease in Investments	(9,389)	-
(Increase)/Decrease in Prepayments	(21,959)	(203,345)
(Increase)/Decrease in Inventory	(366,247)	-
Increase/(Decrease) in Accounts Payable	231,912	(628,894)
Increase/(Decrease) in Provision for Employee Entitlements	16,029	38,183
Net Cash Flow from Operating Activities	<u>165,170</u>	<u>(816,543)</u>
(b) Reconciliation of Cash		
Cash Balance comprises:		
Cash at Hand	588,039	342,939
Short Term Interest Bearing Deposits	<u>2,080,972</u>	<u>2,212,738</u>
Total Cash	<u>2,669,011</u>	<u>2,555,677</u>

17. Information to be furnished under the Charitable Fund Raising Act 1991

Fundraising appeals conducted during the financial period

Public Appeals and Merchandise Sales

18. Directors' Remuneration

As per Section 5.4 of The Fred Hollowes Foundation's Memorandum of Association, no money or benefit will be given by The Foundation to any director. There is no director's remuneration.

19. Auditors' Remuneration

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



**THE FRED HOLLOWES
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20. Related Party Disclosures

(a) The directors of The Fred Hollows Foundation Limited during the financial year were:

R.G. Martin	H. Davies
V.M. Rubensohn	F. Abraham
J. Dawkins	T. Fischer
M. Gillies	G.B. Hollows
M.R. Johnson	N. Milan
H.R. Taylor	

As per Section 5.4 of The Fred Hollows Foundation's Memorandum of Association no money or benefit will be given by The Foundation to any director.

During 2000 no director of The Foundation received or became entitled to receive a benefit.

21. Segment Reporting

The Fred Hollows Foundation operates as a charitable organisation engaged in one segment being aid and development. The details of the activities are:

- Financial, technical and marketing support to Intraocular Lens manufacturing laboratories in Nepal and Eritrea. These laboratories will be audited on an annual basis to maintain certification. The laboratories in Eritrea and Nepal are independent organisations.
- Cataract surgery and surgical training programs in Nepal, Vietnam, Pakistan, China, Cambodia, and PNG and the Pacific. Equipment and consumables have been provided for these programs, and to support on-going local surgery.
- Development of indigenous health projects in Northern Territory and Far North Queensland, involving the development of models to ensure access to a nutritious food supply in remote communities.
- Eye care service to remote Aboriginal communities in the Cape York and Torres Strait regions.

The Fred Hollows Foundation operates within Australia supporting projects both within Australia and overseas. The Fred Hollows Foundation New Zealand is an independent body responsible for its own fundraising, and determining where these funds are to be applied. Funds raised during the year are donated to The Fred Hollows Foundation. The Fred Hollows Foundation has reimbursed administrative and marketing costs incurred in New Zealand until 31 December 2000.

22. Financial Instruments

(a) Interest Rate Risk

All financial assets held at balance date are non interest bearing with the following exceptions:

Cash and short term deposits \$2,669,011 (1999: \$2,555,677) which have a weighted average interest rate of 5.9% (1999: 5.1%). All short term deposits held at balance date are due to mature in 1 year or less.

(b) Net Fair Values

All financial assets and liabilities have been recognised at the balance date at their net fair values. The methods of determining net market value are described in Note 1.

(c) Credit Risk

Maximum credit risk is the recorded values of financial assets as disclosed in the financial report.

23. Significant events after balance date

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



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Directors' Declaration

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

- (a) the financial statements and notes of the company are in accordance with the Corporations Law, including:
- (i) giving a true and fair view of the company's financial position as at 31 December 2000 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations; 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.

R.G. Martin
Director
Sydney, 2001

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Statement by Principal Officer

Declaration by Principal Officer in respect of fundraising appeals under the Charitable Fund Raising Act 1991:

In accordance with a resolution of the directors of The Fred Hollowes Foundation I declare that:

- (1) In my opinion as the principal officer;
- (a) the accounts give a true and fair view of the state of all income and expenditure of The Fred Hollowes Foundation Limited 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; and
 - (c) the provisions of the Charitable Fund Raising Act 1991 and the regulations under that Act and the conditions attached to the authority have been complied with.
 - (d) the internal controls exercised by The Fred Hollowes Foundation Limited are appropriate and effective in accounting for all income received.

On behalf of The Fred Hollowes Foundation Limited

H Davies
Principal Officer
Sydney, 2001



THE FRED HOLLOWES
FOUNDATION



Independent Audit Report

To the members of The Fred Hollows Foundation Limited



Scope

We have audited the financial report of The Fred Hollows Foundation Limited for the financial year ended 31 December 2000, as set out on pages 5 to 16, and the Directors' Declaration. The Foundation's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Foundation.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia, including the Charitable Fundraising Act 1991, so as to present a view which is consistent with our understanding of the Foundation's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of The Fred Hollows Foundation is in accordance with:

- a) the Corporations Law including:
 - i) giving a true and fair view of the Foundation's financial position as at 31 December 2000 and its performance for the year ended on that date; and
 - ii) complying with Accounting Standards and the Corporations Regulations; and
- b) other mandatory professional reporting requirements; and

In our opinion

1. The accounts and associated records of The Fred Hollows Foundation Limited have been properly kept during the year in accordance with the Charitable Fundraising Act 1991; and
2. There is reasonable grounds to believe that The Fred Hollows Foundation Limited will be able to pay its debts as and when they fall due.

Ernst & Young

Anne McDonald Partner
Sydney, 24 May 2001