

# The Fred Hollows Foundation NZ

20 years of restoring sight

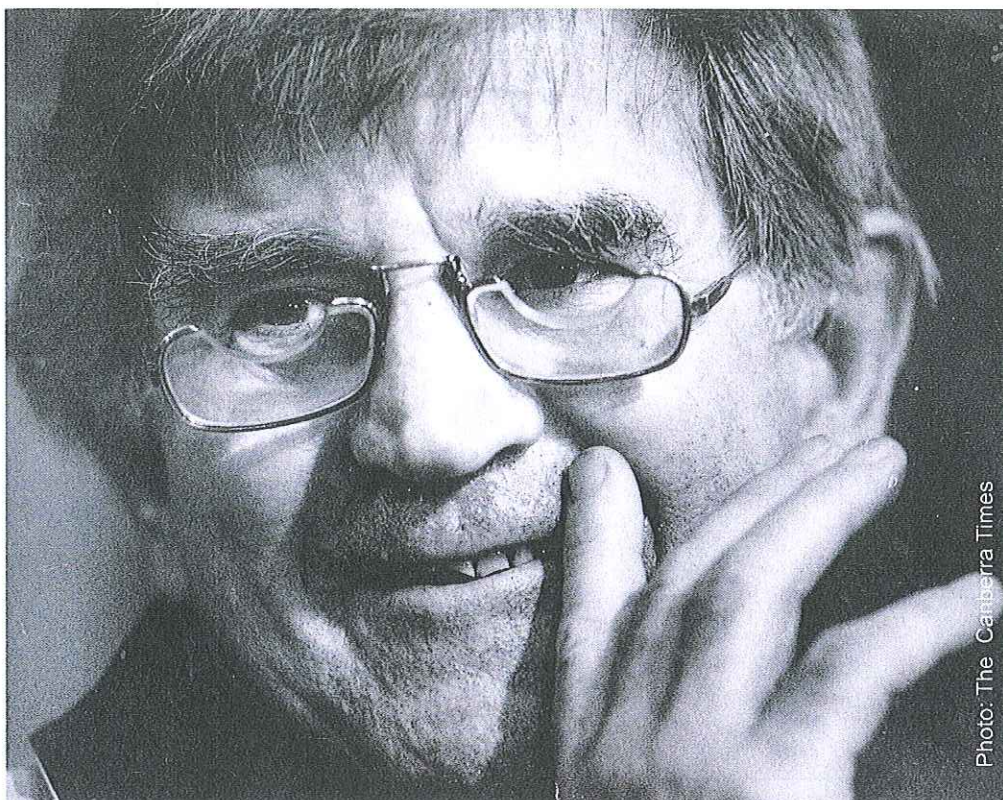


Photo: The Canberra Times

## ANNUAL REPORT 2012

0800 227 229  
[www.hollows.org.nz](http://www.hollows.org.nz)

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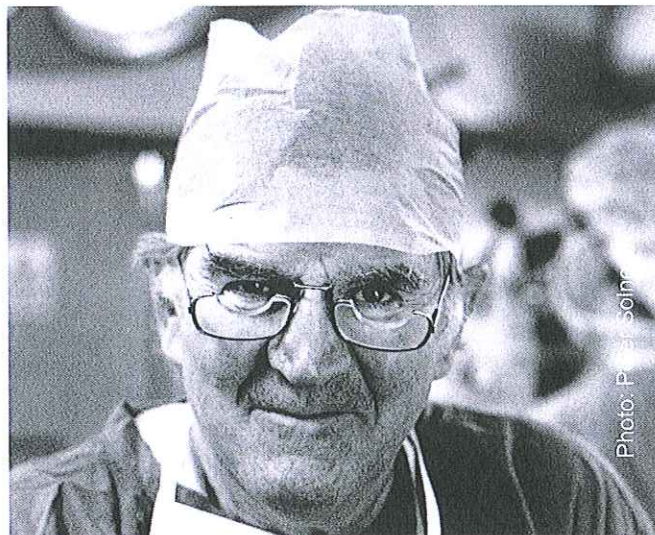
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## Who We Are

The Fred Hollows Foundation NZ works in the Pacific Islands, Papua New Guinea and Timor-Leste, where 4 out of 5 people who are blind don't need to be; their condition is treatable or preventable. We carry on the work of a very special New Zealander, the late Professor Fred Hollows (1929-1993). Fred was an internationally acclaimed eye surgeon and social justice activist who championed the right of all people to high quality, affordable eye care. His vision is a world where no one is needlessly blind.

## Our Mission

Our mission is to restore sight to the needlessly blind by providing sight-saving surgeries and treatments, and by training local eye health specialists to deliver eye care services in their own communities.



# What We Do

## Restore sight

We perform thousands of sight-restoring surgeries and treatments every year at our clinics and through our surgical outreach program into underserved communities. We screen patients for a full range of eye problems, provide cataract and other sight-restoring surgeries, and dispense brand new, low cost, ready-made spectacles. We also build, renovate and equip clinics to ensure our doctors and nurses have the tools they need to provide high quality eye care.

## Train doctors and nurses

Training local eye doctors and nurses is the only way to eliminate avoidable blindness in a sustainable way. We provide specialist medical training to local doctors and nurses so they can take over the sight-restoring work carried out by visiting surgical teams. We also train community health workers and technicians to provide eye care support services such as diabetes screening, vision testing and dispensing of spectacles. All our graduates return home to work for their Ministry of Health, giving thousands of people access to permanent, high quality eye care services.

## Build local eye care systems

Our graduates often return home to work in challenging and professionally isolating environments. We provide ongoing logistical and technical support so they can deliver high quality eye care while continuing to improve their skills. We also support them to advocate to their local Ministry of Health for increased funding and resources for eye care. On a regional level we foster the Pacific Eye Care Society, a regional network that promotes peer support, best practice and recognised clinical standards. To ensure our work is sustainable in the long-term, we work with local governments to develop and implement national and regional eye care strategies.

## Ensure our approach is tested and effective

We aim to have the greatest possible impact on avoidable blindness with the resources we have. We are committed to ensuring our eye care programs are locally appropriate and meet international best practice. Our program approach is based on findings and recommendations from clinical and population-based research and is critically evaluated against clear indicators. Our work is also heavily informed by our graduates on the ground, who are an invaluable source of local knowledge. Like Fred, we believe in 'no survey without service,' and ensure our research findings translate into tangible outcomes for people who are needlessly blind.

# Our People

## Board of Trustees

Rob Fenwick CNZM (Chair) – Founding Director, Living Earth Ltd  
John McElhinney – Director, Maculity Ltd  
David Walden - Director, Whybin/TBWA Group  
Brent Impey – Director, Man Cave Consulting Ltd  
Howard Davies – Director, The Fred Hollows Foundation Australia  
Franceska Banga – Chief Executive, NZ Venture Investment Ltd  
Dr Colin Tukuitonga – Chief Executive, Ministry of Pacific Island Affairs  
Dr Nick Mantell – Ophthalmologist, Eye Institute  
Craig Fisher – Chairman/Audit Director, Hayes Knight NZ  
Debbie Sorenson – Programme Director, Health Specialists Ltd, Chief Executive, PMA

## Executive Team

Andrew Bell – Executive Director  
Dr John Szetu – Director, Pacific Eye Institute  
Dr Neil Murray – Medical Director  
Meg Rogers – Finance Director



## Meet Gabi Hollows

Gabi Hollows is The Fred Hollows Foundation's Founding Director and Patron. She has been our inspiration and driving force, ever since she and her husband Fred established The Foundation over 20 years ago.

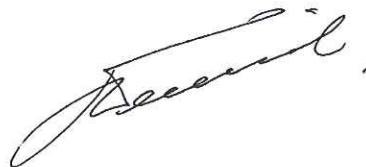
Gabi works tirelessly for the prevention of avoidable blindness right across the globe, and has been recognised for her work through an Advance Australia Award for Community Service, a Paul Harris Fellowship from Rotary International, a Centenary Medal from the Australian Government (2003), and an honorary doctorate from The University of Sydney (2012). She has also been named one of Australia's 100 Living National Treasures.

# Message from our Chairman

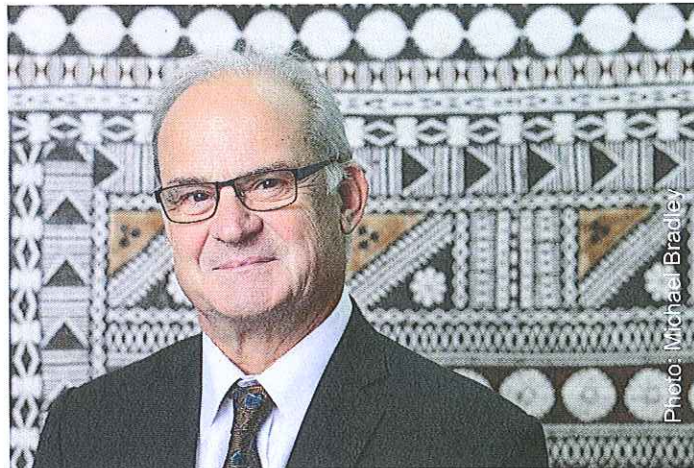
Coming off our 20<sup>th</sup> anniversary year in 2012, I'm pleased to report that The Fred Hollows Foundation NZ is stronger than ever. Our Board recently welcomed two new members, former Chief Executive of Department of Prime Minister and Cabinet Sir Maarten Wevers, and widely respected advertising specialist Kath Watson. They join an expert team intent on realising Fred Hollows' vision of a world where no one is needlessly blind.

New figures confirm our strategic objective of training local specialists is both sustainable and highly successful. In Suva, Fiji, for example, the Pacific Eye Institute performs over half of the total cataract surgeries in the country each year. At this rate, we could expect that the backlog of avoidable blindness there will be eliminated in the next three to five years. The statistics prove that our approach works.

Each day we combine solid governance with cutting-edge healthcare knowledge and a deep compassion for the human race. Our work is made possible by the generosity of thousands of New Zealanders and the support of our development partners like the New Zealand Aid Programme and Australian Aid, (AusAID). It's both humbling and a profound privilege to be one of the custodians of Fred's legacy and to see The Foundation implement his dream.



Rob Fenwick CNZM  
Board Chair



# Message from our Executive Director

Twenty years ago we lost a Kiwi hero. Professor Fred Hollows was a world-renowned eye surgeon, humanitarian and social justice activist whose actions changed the lives of millions in the developing world.

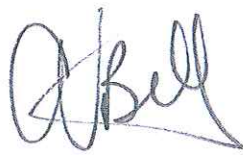
We are making serious in-roads on a journey started by Fred, to create a world where no one is needlessly blind.

While the most obvious benefit of our work is that individuals can see again, there are also widespread gains for families and communities. With almost 30 surgical outreaches last year, many individuals who were previously dependent on others regained their confidence, could go back to work and once again became active members of their communities.

By bringing eye care to developing countries, we directly impact on the causes of poverty. We do this by giving people back their ability to work and contribute to their community, and by reducing the social isolation many people experience when they lose their sight.

With an outstanding team of staff, donors and supportive governments in New Zealand, Australia and across the Pacific, this year we're looking ahead to expand our horizons. With your support, we will be able to meet complex challenges head on, such as the growing incidence of trachoma (a bacterial infection which thrives in developing countries), diabetes, an ongoing scarcity of resources, and insecure working conditions.

Our combined efforts mean that each year brings us a step closer to eliminating avoidable blindness –the future looks bright.

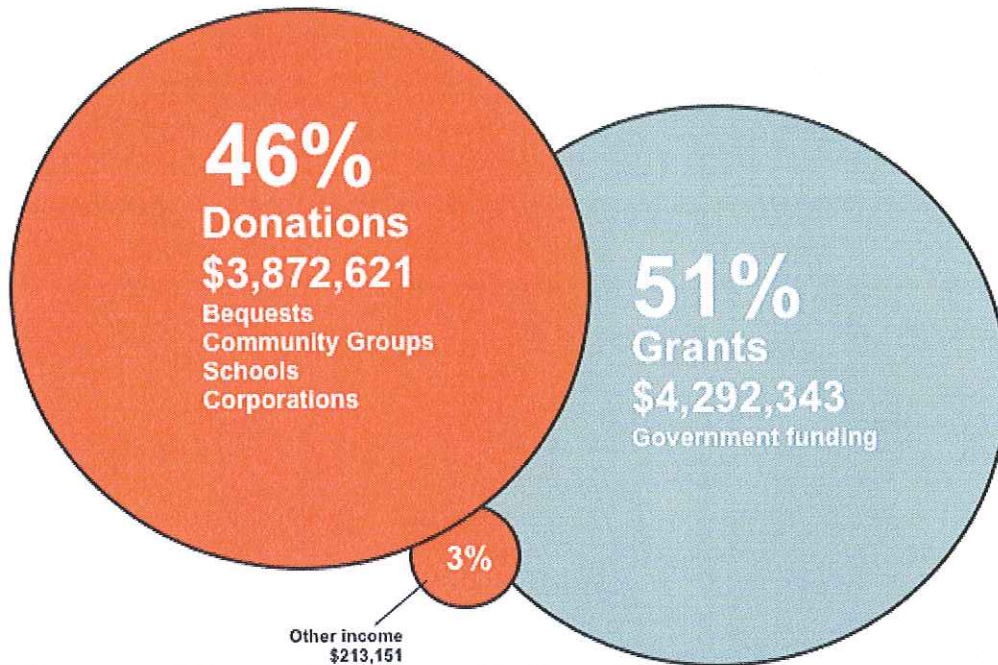


Andrew Bell  
Executive Director

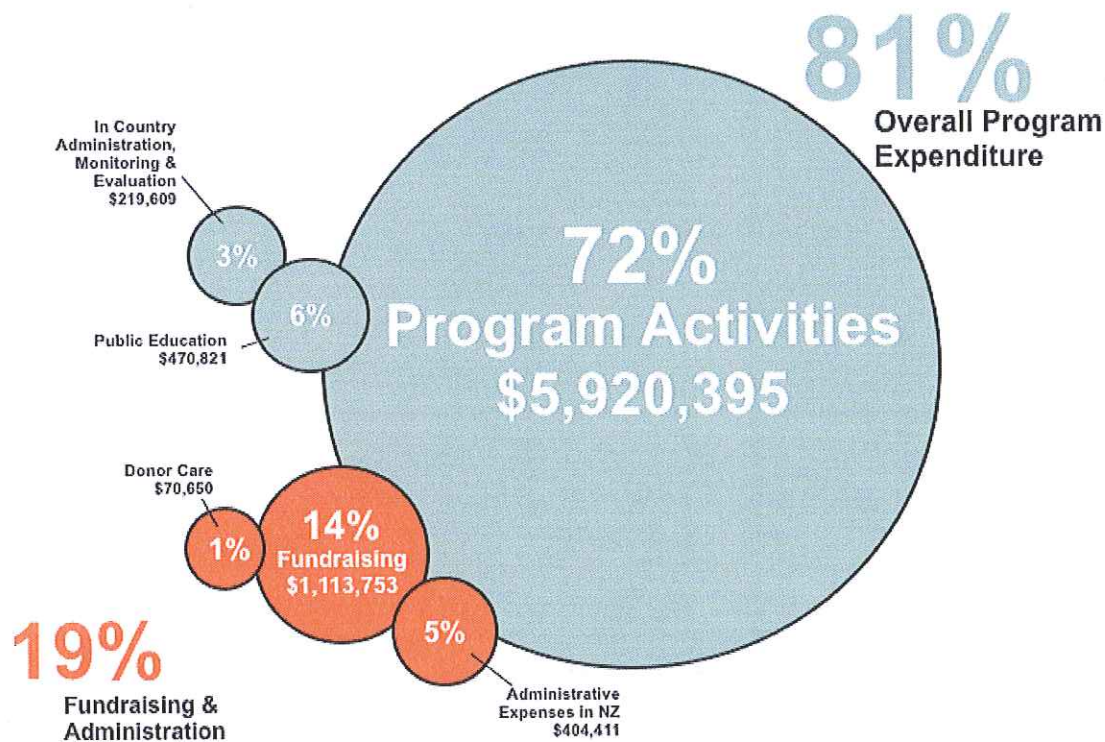


# Financial Overview

## Where the Money Came From



## Where the Money Went



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE FRED HOLLOWES FOUNDATION (NZ)**

**Report on the Financial Statements**

We have audited the financial statements of The Fred Hollowes Foundation (NZ) ("the Foundation") and its subsidiary (together as "the Group") on pages 9 to 16, which comprise the consolidated and separate statements of financial position as at 31 December 2012, and the consolidated and separate statements of changes in accumulated funds, and statements of financial performance for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Members, as a body, in accordance with the Rules of the Foundation. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Board Responsibility for the Financial Statements**

The Board are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Foundation or its subsidiary.



**Opinion**

In our opinion, the financial statements on pages 9 to 16, present fairly, in all material respects, the financial position of the Foundation and the Group as at 31 December 2012, and its consolidated and separate financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

**Other Matter**

The financial statements of The Fred Hollows Foundation (NZ) for the year ended 31 December 2011 were audited by another auditor who expressed an unmodified opinion on those statements on 9 July 2012.

A handwritten signature in blue ink that reads 'BDO Auckland'.**BDO AUCKLAND****16 May 2013****Auckland  
New Zealand**

**The Fred Hollows Foundation (NZ)  
Statement of Financial Performance  
For the year ended 31 December 2012**

	Note	Group 31 December 2012	Restated * Group 31 December 2011	Parent 31 December 2012	Restated * Parent 31 December 2011
<b>OPERATING REVENUE</b>					
Community and corporate support	2	3,872,621	2,842,101	3,862,776	2,842,101
Grants	11	4,292,343	6,274,047	3,604,037	3,360,239
Other income	3	73,111	193,499	71,731	134,284
Spectacle sales & patient fees		140,040	131,911	107,749	105,430
<b>Total operating revenue</b>		<b>8,378,115</b>	<b>9,441,558</b>	<b>7,646,293</b>	<b>6,442,054</b>
<b>OPERATING EXPENSES</b>					
Grants, community and corporate support expenses	4	1,659,934	1,360,940	1,875,983	1,360,940
Administration expenses	5	624,020	625,031	490,818	485,915
Programme expenses	11	5,915,685	6,870,599	5,194,541	4,032,099
Cost of spectacles & medical supplies consumed		46,522	12,364	31,558	-
<b>Total operating expenses</b>		<b>8,246,161</b>	<b>8,868,934</b>	<b>7,592,900</b>	<b>5,878,954</b>
<b>Net surplus for the year</b>		<b>131,954</b>	<b>572,624</b>	<b>53,393</b>	<b>563,100</b>

\*Refer to note 21

**The Fred Hollows Foundation (NZ)**  
**Statement of Changes in Accumulated Funds**  
**For the year ended 31 December 2012**

	Group 31 December 2012	Restated * Group 31 December 2011	Parent 31 December 2012	Restated * Parent 31 December 2011
Accumulated funds at beginning of year	2,094,926	1,522,302	2,068,971	1,505,871
Recognised revenue and expenses				
Net surplus for the year	131,954	572,624	53,393	563,100
Foreign Currency Translation Movement	143	-	-	-
<b>Total recognised revenue and expenses</b>	<b>132,097</b>	<b>572,624</b>	<b>53,393</b>	<b>563,100</b>
<b>Accumulated funds at end of year</b>	<b>2,227,023</b>	<b>2,094,926</b>	<b>2,122,364</b>	<b>2,068,971</b>

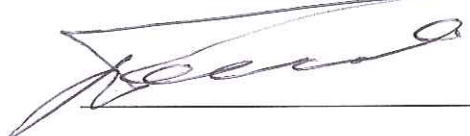
\*Refer to note 21

**The Fred Hollows Foundation (NZ)  
Statement of Financial Position  
As at 31 December 2012**


	Note	Group 31 December 2012	Restated * Group 31 December 2011	Parent 31 December 2012	Restated * Parent 31 December 2011
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents		2,347,912	3,341,474	2,287,862	2,995,612
Receivables	7	108,234	829	403	245,903
Prepayments		209,806	31,465	209,806	24,373
GST refund		98,130	57,423	98,130	57,423
Inventories	8	40,291	12,678	21,851	-
<b>Total Current Assets</b>		<b>2,804,373</b>	<b>3,443,869</b>	<b>2,618,052</b>	<b>3,323,312</b>
<b>Non Current Assets</b>					
Property, plant & equipment	9	304,995	417,715	65,342	69,837
<b>Total Non Current Assets</b>		<b>304,995</b>	<b>417,715</b>	<b>65,342</b>	<b>69,837</b>
<b>Total Assets</b>		<b>3,109,368</b>	<b>3,861,584</b>	<b>2,683,394</b>	<b>3,393,149</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade payables		419,356	54,427	389,543	299,715
Accruals		56,314	291,486	32,852	43,463
Employee entitlements		91,676	59,819	63,288	56,466
Deferred revenue	10	75,347	1,013,047	75,347	924,534
<b>Total Current Liabilities</b>		<b>642,693</b>	<b>1,418,779</b>	<b>561,030</b>	<b>1,324,178</b>
<b>Non Current Liabilities</b>					
Deferred revenue	10	239,652	347,879	-	-
<b>Total Non Current Liabilities</b>		<b>239,652</b>	<b>347,879</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>882,345</b>	<b>1,766,658</b>	<b>561,030</b>	<b>1,324,178</b>
<b>Accumulated Funds</b>		<b>2,227,023</b>	<b>2,094,926</b>	<b>2,122,364</b>	<b>2,068,971</b>
<b>TOTAL FUNDS EMPLOYED</b>		<b>3,109,368</b>	<b>3,861,584</b>	<b>2,683,394</b>	<b>3,393,149</b>

\*Refer to note 21

Signed for and on behalf of the Board of Trustees who authorised the issue of these financial statements on the 16 May 2013.

  
\_\_\_\_\_  
Trustee

16 May 2013.  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Trustee

16 May 2013  
\_\_\_\_\_  
Date

**The Fred Hollows Foundation (NZ)  
Notes to and forming part of the Financial Statements  
For the year ended 31 December 2012**

**1. Statement of Accounting Policies**

**Reporting Entity**

The Fred Hollows Foundation (NZ) (hereon referred to as 'FHFNZ') is a charitable trust registered under the Charitable Trust Act 1957 and is a registered charity under the Charities Act 2005. FHFNZ was incorporated in New Zealand and is a Public Benefit Entity ('PBE').

FHFNZ and its subsidiary, known as The Fred Hollows Foundation NZ Pacific Eye Institute Limited (hereon referred to as 'FHFNZ-PEI') comprise the Group.

FHFNZ-PEI was incorporated as a Company limited by guarantee and not having a share capital on 18 May 2009 under the Fiji Companies Act, 1983. The company was incorporated and domiciled in the Republic of the Fiji Islands.

The Group exists to end avoidable blindness primarily through providing eye health services and training eye health workers. The areas of operation for the Group is in the Pacific Islands, Papua New Guinea and Timor Leste.

**Basis of Preparation**

The financial statements of FHFNZ have been prepared in accordance with Generally Accepted Accounting Standards in New Zealand as represented by Financial Reporting Standards and applicable Statements of Standard Accounting Practice and apply differential reporting as appropriate for entities that qualify for exemptions.

**Differential Reporting**

FHFNZ qualifies for differential reporting exemptions on the basis that it is not publicly accountable and it is not considered large within the terms of reference of paragraph 4.2 of the Framework for Differential Reporting. All available differential reporting exemptions allowed under the framework have been adopted.

**Measurement Base**

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Group.

Certain comparative numbers have been reclassified to ensure consistency with the current period presentation. The reclassifications have had no impact on the net operating surplus of the Group. The financial statements are shown in New Zealand dollars (\$).

**Specific Accounting Policies**

The following specific accounting policies, which materially affect the measurement of financial performance and financial position, have been applied:

**i) Revenue Recognition**

Revenue for the Group consists of one-off and regular donations from individuals, trusts, foundations and corporate entities. Grants are received from governments, interest from registered banking institutions and spectacle sales and patient fees from clinic patients.

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

The following specific recognition criteria must be met before revenue is recognised:

Grants and Donations

Grants and donations income is recognised as income when it becomes receivable unless there is a liability to repay the grant if the requirements of the grant or donation are not fulfilled. A liability is recognised to the extent that such conditions are unfulfilled at the end of the reporting period.

Bequests

Bequests are recognised in the statement of financial performance when they are received.

Interest

Interest revenue is recognised as interest accrues using the effective interest method.

Spectacle sales and Patient fees

Spectacle sales and patient fees are recognised in the statement of financial performance when they are received.

**ii) Receivables and Prepayments**

Receivables are stated at their estimated realisable value after making provision for doubtful 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.

**iii) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

**iv) Goods and Services Tax**

All amounts are shown exclusive of goods and services tax except for receivables and payables that are stated inclusive of goods and services tax.

**v) Foreign Currency**

Foreign Currency Transactions

Transactions in foreign currencies are translated into the reporting currency using the exchange rate in effect at the transaction date. Monetary items receivable or payable in a foreign currency are translated at balance date at the closing rate.

Exchange differences on foreign currency balances are recognised in the statement of financial performance.

Translation of the Financial Statements of the Subsidiary

Assets and liabilities of the subsidiary are translated at balance date at the closing rate. Revenue and expense items are translated at a weighted average of exchange rates over the financial period, as a surrogate for the spot rates at transaction dates.

Exchange differences arising from the foregoing are taken to the foreign currency translation reserve and recognised in the statement of changes in accumulated funds.

**vi) Leases**

Leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the statement of financial performance on a straight line basis over the lease term.

**The Fred Hollows Foundation (NZ)  
Notes to and forming part of the Financial Statements  
For the year ended 31 December 2012**

**vii) Provisions**

Accrued Expenses

A liability is accrued for expenses incurred in the period estimated at the future cash outflows for the service provided and yet to be billed.

Employee Entitlements

A liability for annual leave is accrued and recognised in the statement of financial position. The liability is equal to the present value of the estimated future cash outflows as a result of employee services provided at balance date.

**viii) Property, Plant and Equipment**

All items of property, plant and equipment are initially recorded at cost, including costs directly attributable to bringing the asset to its working condition.

All items of property, plant, and equipment have been capitalised and depreciated over the period of expected benefit from their use.

When an item of property, plant and equipment is disposed of, the difference between net disposal proceeds and the carrying amount is recognised as a gain, or loss, in the statement of financial performance.

Depreciation is provided for on a straight line basis on all property, plant and equipment at depreciation rates calculated to allocate the assets' cost over their estimated useful lives.

Below is a summary of depreciation rates used:

Office Equipment & Furniture and Fittings	10% - 20% SL
Leasehold Improvements	33% SL
Computer Equipment	33% - 40% SL
Medical & Teaching Equipment	30% SL
Motor Vehicles	30% SL

If the recoverable amount of an asset is less than its carrying amount, the item is written down to its recoverable amount. The write-down of an asset is recognised as an expense in the statement of financial performance.

**ix) Trade Payables and Accruals**

Accounts payable and accruals are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided prior to the end of the financial year that are unpaid and when an obligation arise to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

**x) Inventories**

Inventories are recognised at the lower of cost and net realisable value. Inventories consist of finished goods only.

**xi) Basis of Consolidation**

The consolidated financial statement includes FHFNZ and FHFNZ PEI. The consolidated financial statements have been prepared by aggregating the items of assets, liabilities, revenues and expenses on a line-by-line basis.

All significant inter-entity transactions are eliminated on consolidation.

**xii) Deferred Revenue**

Deferred revenue is made up of grant and/or donation income tied to a specific purpose.

In the subsidiary, long term deferred revenue arises from plant and equipment acquired through funding received. Such donations and funding are treated as deferred income which are recognised as income over the assets estimated useful life.

**xiii) Income Tax**

The group has been approved as a charitable organisation in each operating region for income tax purposes and has no income tax liability.

**Changes in Accounting Policies**

Elimination of Inter-Entity Transactions

There is a variation in the method used to eliminate grant revenue and programme expenditure relating to FHFNZ-PEI within the Parent results. This variation was due to the Group's improvement in accounting processes.

For the reporting period ended 31 December 2012, grant revenue and programme expenditure relating to FHFNZ-PEI were included in the Parent results. In comparison, the reporting period ended 31 December 2011 did not include grant revenue and programme expenditure relating to FHFNZ-PEI within the Parent results.

The effect of this change has increased both grant revenue and programme expenditure by \$1,184,000 within the Parent results for 31 December 2012 .

**2. Community and Corporate Support**

	Group 31-Dec-12	Group 31-Dec-11	Parent 31-Dec-12	Parent 31-Dec-11
Bequests	586,975	282,312	586,975	282,312
Donations > 10,000	416,222	128,189	416,222	128,189
Corporate Donations	165,178	-	155,332	-
All others <10,000	2,704,246	2,431,600	2,704,247	2,431,600
Total community and corporate Support	<b>3,872,621</b>	<b>2,842,101</b>	<b>3,862,776</b>	<b>2,842,101</b>

**3. Other Income**

	Group 31-Dec-12	Group 31-Dec-11	Parent 31-Dec-12	Parent 31-Dec-11
Interest Received	73,111	135,233	71,731	133,964
Administration Income	-	58,266	-	320
	<b>73,111</b>	<b>193,499</b>	<b>71,731</b>	<b>134,284</b>

**The Fred Hollows Foundation (NZ)**  
**Notes to and forming part of the Financial Statements**  
**For the year ended 31 December 2012**

**4. Grants, community and corporate support expenses**

	Group 31-Dec-12	Group 31-Dec-11	Parent 31-Dec-12	Parent 31-Dec-11
Fundraising	635,965	546,075	635,965	546,075
Investment in fundraising initiatives	756,226	546,065	756,226	546,065
Donor care	94,200	89,490	94,200	89,490
Advocacy	26,400	20,400	26,400	20,400
Communications	147,143	158,910	147,143	158,910
	<u>1,659,934</u>	<u>1,360,940</u>	<u>1,659,934</u>	<u>1,360,940</u>

**5. Administration Expenses**

	Group 31-Dec-12	Group 31-Dec-11	Parent 31-Dec-12	Parent 31-Dec-11
Leasing and rental charges	102,040	99,060	102,040	99,060
(Gain)/Loss on disposal of fixed asset	(10,486)	6,782	(10,486)	6,782
Auditor's remuneration				
- Group auditor	21,000	-	21,000	-
Depreciation				
- Computer equipment	17,416	25,402	8,425	12,376
- Office equipment	7,283	6,245	1,325	1,902
- Furniture & fittings	3,170	3,332	2,597	2,808
- Leasehold Improvements	13,728	13,767	13,728	13,767
- Motor Vehicles	16,255	15,245	-	-
- Medical & teaching	100,866	105,978	-	-
Employee remuneration	289,887	223,901	289,887	223,901

**6. Programme Funding**

The FHFNZ eye care programs in the regions restore sight through outreach and clinical service provision, including training of eye care workers, management support of eye care programs and purchasing equipment for regional clinics. Any assets purchased for the establishment of FHFNZ programs in the region region are recorded as an expense in the year incurred as it is unlikely that these assets would ever be returned to FHFNZ with the exception of assets specifically purchased for use by FHFNZ-PEI. Any assets which are donated to the clinics and over which FHFNZ retains no ownership rights, are also recorded as an expense in the year of donation.

**7. Receivables**

	Group 31-Dec-12	Group 31-Dec-11	Parent 31-Dec-12	Parent 31-Dec-11
Inter-entity Receivables	-	-	-	245,288
Funding Receivables	108,234	829	403	615
	<u>108,234</u>	<u>829</u>	<u>403</u>	<u>245,903</u>

**8. Inventories**

	Group 31-Dec-12	Group 31-Dec-11	Parent 31-Dec-12	Parent 31-Dec-11
Spectacles	40,291	12,678	21,851	-
	<u>40,291</u>	<u>12,678</u>	<u>21,851</u>	<u>-</u>

**9. Property, Plant and Equipment**

	Group 31-Dec-12	Group 31-Dec-11	Parent 31-Dec-12	Parent 31-Dec-11
Computer Equipment	115,044	118,451	62,524	68,353
Accumulated Depreciation	(78,733)	(88,734)	(41,330)	(59,713)
	<u>36,311</u>	<u>29,717</u>	<u>21,194</u>	<u>8,640</u>
Office Equipment	44,808	40,001	15,541	16,691
Accumulated Depreciation	(22,453)	(17,105)	(7,650)	(8,075)
	<u>22,355</u>	<u>22,896</u>	<u>7,891</u>	<u>8,616</u>
Furniture and Fittings	34,783	33,493	29,418	29,418
Accumulated Depreciation	(21,046)	(17,943)	(18,547)	(15,951)
	<u>13,737</u>	<u>15,550</u>	<u>10,871</u>	<u>13,467</u>
Leasehold Improvements	82,402	82,402	82,402	82,402
Accumulated Depreciation	(57,016)	(43,288)	(57,016)	(43,288)
	<u>25,386</u>	<u>39,114</u>	<u>25,386</u>	<u>39,114</u>
Medical & teaching	571,307	583,893	-	-
Accumulated Depreciation	(430,973)	(337,192)	-	-
	<u>140,334</u>	<u>246,701</u>	<u>-</u>	<u>-</u>
Motor Vehicles	126,304	107,834	-	-
Accumulated Depreciation	(59,432)	(44,097)	-	-
	<u>66,872</u>	<u>63,737</u>	<u>-</u>	<u>-</u>
Net Book Value	<u>304,995</u>	<u>417,715</u>	<u>65,342</u>	<u>69,837</u>

**The Fred Hollows Foundation (NZ)**  
**Notes to and forming part of the Financial Statements**  
**For the year ended 31 December 2012**

**10. Deferred Revenue**

	Group 31-Dec-12	Group 31-Dec-11	Parent 31-Dec-12	Parent 31-Dec-11
Current	75,347	1,013,047	75,347	924,534
Non-current	239,652	347,879	-	-
	<u>314,999</u>	<u>1,360,926</u>	<u>75,347</u>	<u>924,534</u>

**11. Grants and Programme Expenses**

	Group 31-Dec-12	Group 31-Dec-11	Parent 31-Dec-12	Parent 31-Dec-11
<b>Grants</b>				
Tripartite Agreement - FHFNZ-PEI	1,184,000	2,682,751	1,184,000	59,580
Tripartite Agreement - Papua New Guinea	316,000	1,383,021	316,000	1,383,021
Tripartite Agreement - Timor Leste	-	934,335	-	934,335
FHA - Timor Leste	1,120,661	966,715	1,120,661	966,715
Funding previously deferred - FHFNZ-PEI	857,560	-	724,915	-
Funding previously deferred - Papua New Guinea	203,279	-	203,279	-
Other Programme Revenue	328,119	32,933	55,182	16,588
Ranzco Funding	173,558	274,292	-	-
IAPB Funding	109,166	-	-	-
	<u>4,292,343</u>	<u>6,274,047</u>	<u>3,604,037</u>	<u>3,360,239</u>
<b>Programme Expenses</b>				
FHFNZ-PEI	3,215,241	2,838,500	2,710,147	-
Papua New Guinea	1,530,772	1,989,547	1,530,772	1,989,547
Timor Leste	1,116,840	1,880,316	1,116,840	1,880,316
Other Programme Expenses	52,831	162,236	52,831	162,236
	<u>5,915,685</u>	<u>6,870,599</u>	<u>5,410,590</u>	<u>4,032,099</u>

**12. Operating Lease Commitments**

FHFNZ operates from leased offices at Level 6, 100 Carlton Gore Road, Newmarket, Auckland. In 2008 the lease was signed for a period of six years with the right of renewal. This was exercised a year early with the next right of renewal in 2017.

FHFNZ leases a photocopier from Rent Plus Ltd. The photocopier was upgraded and the lease renewed in October 2010 for 5 years.

Commitments under non-cancellable operating leases:

	Group 31-Dec-12	Group 31-Dec-11	Parent 31-Dec-12	Parent 31-Dec-11
<b>Building</b>				
Current	107,458	104,328	107,458	104,328
Non-current	342,106	218,140	342,106	218,140
Total Building	<u>449,564</u>	<u>322,468</u>	<u>449,564</u>	<u>322,468</u>
<b>Photocopier</b>				
Current	4,473	4,713	4,473	4,713
Non-Current	21,246	11,782	21,246	11,782
Total Photocopier	<u>25,719</u>	<u>16,495</u>	<u>25,719</u>	<u>16,495</u>
Total lease commitments	<u>475,283</u>	<u>338,963</u>	<u>475,283</u>	<u>338,963</u>

**13. Transactions with Related Parties**

The Fred Hollows Foundation Australia (FHA) is a related party as it had directors who were also trustees of FHFNZ during the reporting period. FHFNZ is in a partnership agreement with FHA. This agreement formalises the responsibilities of, and arrangements between, the FHFNZ and FHA for the operations carried out in Timor Leste. During the reporting period, FHFNZ has recognised income received from Fred Hollows Foundation Australia to fund the Timor Leste operations amounting to \$1,136,082 (2011: \$966,715).

In 2009, NZ Aid and Aus Aid entered into a Tripartite Funding Arrangement with FHFNZ for operations carried out in the Pacific. Letters of variation to the original arrangement were obtained after the original expiry date of 31 December 2011, securing further funding during the reporting period. FHFNZ continues to utilise this funding in accordance with the letters of variation, in addition to general donations, for FHFNZ-PEI's operations. FHFNZ's funding to FHFNZ-PEI for the reporting period totalled \$2,566,114 (2011: \$2,838,500).

**14. Capital Commitments**

There are no capital commitments at reporting date (2011: \$nil).

**15. Contingencies**

The are no contingencies as at reporting date (2011: \$nil).

**16. Remuneration of Board Members**

The Trustees of FHFNZ provide governance services on an honorary basis. No money or benefits have been given to any member for their time or services.



**The Fred Hollows Foundation (NZ)**  
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**For the year ended 31 December 2012**

**17. Subsidiary**

The consolidated financial statements include the financial statements of FHFNZ-PEI which is incorporated in Fiji as a company limited by guarantee without issuance of share capital in May 2009. The composition of the members and directors of FHFNZ-PEI have been set up by FHFNZ in order for FHFNZ to have control over FHFNZ-PEI. Accordingly FHFNZ-PEI is considered a subsidiary.

**18. Bank Credit Facility**

FHFNZ has a credit card facility with a limit of \$120,000. A term deposit of an equal value to the facility limit has a restriction on its withdrawal, this being the security held over the credit card facility. The outstanding balance of the facility as at 31 December 2012 is \$nil (2011: \$nil).

**19. Going Concern**

These financial statements have been prepared on a going concern basis. The Trustees believe this continues to be a valid basis and have reached this conclusion having regard to the circumstances considered likely to affect the Group in the foreseeable future which could impact the going concern assumption.

The organisation currently enjoys the support of, and is reliant on, funding from a variety of sources such as the NZ public, Government via New Zealand Aid Programme (NZAP), The Fred Hollows Foundation Australia (FHA), The Australian Agency for International Development (AusAID) and a variety of other funding bodies in order to carry out its charitable work.

The Group's regional blindness programme was significantly funded by NZAP and FHA during the current reporting period ending 31 December 2012. FHFNZ was successful in securing funding from NZAP which looks to continue their financial support until 2015.

**20. Reserves Policy**

As a prudent financial governance approach, the Board has a policy of aiming to hold approximately 6 months of operating expenses in reserve. The express purpose of this reserve is to allow the organisation to accommodate any unexpected changes in funding and minimise the disruption to continuing to be able to provide its charitable works.

**21. Prior Period Restatement**

Adjustments have been made to the comparative financial statements for a Papua New Guinea bank account previously unaccounted to the balances of "Cash and cash equivalents", "Accumulated funds at beginning of year" and "Accumulated funds at end of year". A further adjustment has been made to the comparative financial statements for revenue previously unaccounted to the balances of "Spectacle sales & patient fees". The amounts were considered material to require restatement.

The adjustments have been made as a result of FHFNZ's progressive improvement in recording and reporting systems. Internet banking has allowed FHFNZ to accurately monitor the bank account in Papua New Guinea which FHFNZ previously had no visibility over.

	Audited Group 31-Dec-11	Audited Parent 31-Dec-11	Adjustment Group	Adjustment Parent	Restated Group 31-Dec-11	Restated Parent 31-Dec-11
<b>Statement of Financial Performance</b>						
Spectacle sales & patient fees	26,481	-	105,430	105,430	131,911	105,430
<b>Statement of Changes in Accumulated Funds</b>						
Accumulated funds at beginning of year	1,432,745	1,416,314	89,557	89,557	1,522,302	1,505,871
Accumulated funds at end of year	1,899,939	1,873,984	194,987	194,987	2,094,926	2,068,971
<b>Statement of Financial Position</b>						
Cash and cash equivalents	3,146,487	2,800,625	194,987	194,987	3,341,474	2,995,612

**22. Subsequent Events**

There were no known material subsequent events impacting these financial statements at reporting date (2011: nil).

# Acknowledgement & Thanks

The Fred Hollows Foundation NZ's Trustees and staff would like to acknowledge the generous contributions and encouragement of thousands of individuals, families, businesses, community groups, schools and partners who supported our work in 2012. Our sight-restoring work would simply not be possible without you.

## Development partners

We wish to acknowledge our development partners' ongoing and continued assistance, which is fundamental to the delivery of our programs.



The New Zealand Aid Programme, the Australian Agency for International Development (AusAID), the World Diabetes Foundation and The Fred Hollows Foundation Australia contribute significantly to The Foundation's work in the Pacific, Papua New Guinea, and Timor-Leste.

**In the Pacific Islands:** Local Ministries of Health; CWM Hospital; Fiji School of Medicine; Fiji National University; University of the South Pacific; RANZCO and Counties Manukau District Health Board.

**In Papua New Guinea:** Papua New Guinea Ministry of Health; Divine Word University; Modilion General Hospital and Callan Services.

**In Timor-Leste:** Ministry of Health/Eye Health Unit; Fo Naramon Timor-Leste; Guido Valadares National Hospital; Royal College of Surgeons/East Timor Eye Program.

## Corporate partners

Our corporate partners contribute in-kind and financially towards our programs, as well as helping to promote The Foundation to new friends and supporters.



We are celebrating the second year of our partnership with **Specsavers**, which provides valuable financial support and enables us to raise awareness of our work through their nationwide chain of retail stores.

We are deeply grateful to **Agility Logistics** who ship vital equipment to our programs around the Pacific, free of charge.

We are fortunate to receive pro-bono legal services from **DLA Phillips Fox**.

A special thanks to **Healthpost** and all their wonderful customers who continue to select The Fred Hollows Foundation NZ as their chosen charity.

**Alcon, Robt.Jones Holdings Ltd, Bossley Architects, Digital Mobile** and the many businesses that have supported The Foundation this year, thank you.

## Trusts, foundations & individual donors

Once again we have enjoyed strong support from the following trusts and foundations:

David Ellison Charitable Trust; David Levene Charitable Trust; DLR Trust; James and Mabel Thorburn Family Charitable Trust; Kees and Laura Bakker Trusts; Keith Hay Trust; L J Reynolds Trust No 2; Olive Hutchins Charitable Trust; Parker Trust; Reshiyth Charitable Trust; Silverseas Trust; Springhill Trust; Tasman Smith Charitable Trust; West Georgia Trust; Wildermoth Family Trust; Windermere Charitable Trust; Worcester Trust.

We owe tremendous thanks to all the generous individuals who are members of our regular giving program, the Miracle Club. Your regular donations allow us to plan ahead with confidence.

Just as Fred's legacy continues to restore sight and change lives around the world, many people made a lasting impact by remembering The Foundation through their will in 2012. While we are rarely able to thank the giver personally, we believe that the use of their gift is a living memorial that transforms lives.

## Special Thanks

Thanks to the numerous schools, community and service groups throughout New Zealand who have enthusiastically supported our work in 2012. A very special thank you to Monique Bakker who has selflessly volunteered in our Auckland office one day a week, every week, for ten years!