

“WE DISCOVER
OUR OWN HUMANITY
WHEN WE HELP
OTHERS.”

– Professor Fred Hollows

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022



The Fred Hollows
Foundation

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

**Current Directors
as at 21 March 2023**

Jane Madden (Chair)
Helen Evans, AO (Deputy Chair)
Michael Johnson, AM (Deputy Chair)
Nicki Anderson
Ruwan de Mel
Katrina Fanning, AO PSM
Michelle Gayer
Anthony Hall
Christine Hawkins, AM
Gabrielle Hollows, AO
Tina Wyer

Chief Executive Officer

Ian Wishart

Company Secretary

Penelope Palmer

**Registered office and
principal place of business**

Level 9, 320 Pitt Street,
Sydney, NSW 2000 Australia

Postal Address

Locked Bag 5021,
Alexandria NSW 2015, Australia

ABN

46 070 556 642

Contact details

Website: www.hollows.org

Donation Line: 1800 352 352

Telephone: +612 8741 1900

Facsimile: +612 8741 1999

Email: fhf@hollows.org

Bankers

Westpac Banking Corporation

Auditors

BDO Audit Pty Ltd

Directors' Report	4
Auditor's independence declaration	14
Consolidated Statement of income	15
Consolidated Statement of financial position	16
Consolidated Statement of cash flows	17
Consolidated Statement of changes in equity	18
Notes	19-37
1. General information and statement of compliance	
2. Summary of significant accounting policies	
3. Financial risk management objectives and policies	
4. Revenue	
5. Other income/(expenditure)	
6. Trade and other receivables	
7. Plant and equipment	
8. Intangible assets	
9. Trade and other payables	
10. Provisions	
11. Leases	
12. Borrowings	
13. Financial assets at fair value	
14. Reserves	
15. Events subsequent to reporting date	
16. Limitation of members liability	
17. Contingent liabilities	
18. ACFID code of conduct	
19. Information furnished under the ACFID code of conduct	
20. Auditor's remuneration	
21. Related party disclosure	
22. Parent financial information	
23. Fundraising information	
Directors' Declaration	38
Statement by Chair of Finance and Audit Committee	38
Independent Auditor's report	39-40

DIRECTORS' REPORT

The Directors present this report to the Members of The Fred Hollows Foundation for the year ended 31 December 2022.

Directors and Board Committee Meetings

The name of each person who was a Director during 2022 and the number of meetings each has attended are set out in the table below. The Board has established three Committees which report directly to it. The table also shows the number of Committee meetings held during the year and the attendance record of those Directors who were members of the Committees during 2022.

2022 Meetings	Date commenced current term	Board		Finance and Audit Committee		Governance and Nominations Committee		Programs and Partnerships Committee	
		A	B	A	B	A	B	A	B
No. of meetings		7		5		4		4	
Jane Madden (Chair)	May 2021	7	7	-	-	4	4	-	-
Helen Evans, AO (Deputy Chair)	May 2021	7	7	-	-	-	-	4	4
Michael Johnson, AM (Deputy Chair)	May 2021	7	7	-	-	4	4	4	4
Nicki Anderson	May 2022	2	3	-	-	-	-	-	-
Ruwan de Mel	May 2021	7	7	-	-	-	-	4	4
Katrina Fanning, AO PSM	May 2022	2*	7	4	5	-	-	-	-
Anthony Hall	May 2022	5	7	-	-	-	-	3	4
Christine Hawkins, AM	May 2021	7	7	5	5	3	4	-	-
Gabi Hollows, AO	April 1995	7	7	-	-	4	4	4	4
Paul Ruiz (retired February 2022)	May 2019	0	0	1	1	-	-	-	-
Marten Touw	May 2022	3	3	-	-	-	-	-	-
Tina Wyer	May 2022	3	3	2	2	-	-	-	-

Note: Column A shows the number of meetings attended, while Column B shows the number of meetings held during the time each Director held office during the year.

*Due to health reasons.

Four Foundation members and associates who are not Directors also served on Board Committees during 2022 as set out below:

Finance and Audit Committee: Jason Billings; Izabel Greco

Governance and Nominations Committee: Kate Waterford (joined August 2022)

Programs and Partnerships Committee: Michelle Gayer (joined August 2022)

Our Vision

A world in which no person is needlessly blind or vision impaired.

Our Contribution

The Fred Hollows Foundation's contribution is for a year on year increase in cases of **blindness and vision impairment averted** and **years of sight saved**. We focus on ensuring gender equity, inter-country and internal equity are achieved in this impact.

Our Values

Our values of **integrity, empowerment, collaboration**, and **action** underpin every aspect of our work both here in Australia and around the globe.

2022 in reflection

The Fred Hollows Foundation marked its 30th anniversary in 2022, now having restored sight to more than 3 million people around the world. Our strong focus on continuing Fred Hollows' legacy to end avoidable blindness has not wavered during that time.

We were proud to mark this significant anniversary with celebrations in many of our programming countries and in our global offices. These events were designed to thank our supporters and partners who have been the bedrock of what The Foundation has achieved. There was also a call for governments and the global community to continue to realise the incredible value of eye health and restoring sight both to an individual, but also to a family and for the wider economy.

The Foundation works in more than 25 countries around the world, including some very challenging environments. The past few years have come with the added challenge of a global pandemic which has disrupted services and seen more complex operating conditions. While Covid-19 continues to be a global health challenge, The Foundation has been able to steadily resume and scale up our work over the past year.

Financial health and sustainability remain a key focus for The Foundation, in line with our commitment to strengthening health systems and providing eye health care for some of the most marginalised people around the world. In our 30th anniversary year, The Foundation saw both record revenue and expenditure – both topping \$100 million for the first time. This is an outstanding result as we focus on continuing to rebuild and clear eye health backlogs post-Covid-19, and face a period of economic uncertainty for many people with rising inflation and cost of living.

We continue to be inspired by and remain grateful for the tremendous dedication of The Foundation's global team, our many local partners, volunteers and supporters – whether they are government and institutional funders, corporates, community fundraisers or regular donors. This year's results are a reflection of your long-standing support and commitment to Fred's vision and as a result it is pleasing to see our revenue and operations continuing to expand.

Operating results for the year

The consolidated financial results of The Foundation for the year ended 31 December 2022 were:

	2022	2021
	\$000	\$000
Revenue and Other Income	104,741	94,549
Expenditure	100,740	83,705
Operating Surplus	4,001	10,844

Financial outcomes 2022:

- Having marked The Foundation's 30th Anniversary in 2022, we are pleased to report this year we have ensured The Foundation continues to be in a strong financial position, despite a number of years of significant disruption caused by the pandemic.
- During both 2020 and 2021 we protected The Foundation's future and ensured financial and organisational sustainability, while continuing to support eye health services wherever it was safe and possible to do so. As a result of these measures taken, in 2022 we are pleased to report a record year of revenue and other income of \$104.7m and expenditure of \$100.7m to support Fred's legacy.
- The Foundation's operating surplus was \$4.0m which is down \$6.8m from 2021. The reason for the decrease was The Foundation has been able to steadily resume and scale up our work in 2022 as impacts of Covid-19 ease. Consequently, programming expenditure increased by 21% in 2022 which follows last year's increase of 28%.
- The Foundation has both a strong Contingency reserve of \$10.1m and a strong Accumulated surplus of \$32.6m which has us well placed for the long-term. Of the accumulated surplus of \$32.6m, we estimate \$16.6m is required for working capital to handle the peaks and troughs of cashflows and \$16m is available for future plans.
- Reserves show that we are in a financial position to manage disruption and continue to grow our programs and services to those in need as we emerge from the global pandemic, delivering on Fred's vision of a world where no person is needlessly blind or vision impaired.
- We are very grateful to our many generous donors who have continued to believe in our mission.

Accumulated surplus

Accumulated surplus is that part of The Foundation's equity represented by amounts in excess of the Contingency reserve. These funds are used to support the working capital requirements of The Foundation and ensure we are able to support our planned work by covering the uneven cash flows of revenue being received.

The Foundation has also set aside a portion of the accumulated surplus for future strategic projects and initiatives and to allow us to address some of the backlog of unmet eye health care need caused by the pandemic's disruption over the past few years.

Events subsequent to reporting date

The Directors are not aware of any other material events occurring after balance date of this report that would require further disclosure in these financial statements.

Indemnification and insurance of directors

The Fred Hollows Foundation held Directors and Officers Liability cover during 2022. The amount of cover is reviewed periodically.

Board Directors during 2022



Directors' qualifications and experience, and their special responsibilities on the Board are as follows:

Name	Experience and Qualifications	Special responsibilities within FHF
<p>Jane Madden</p> 	<p>Director, Principal, Brickfielder Insights Board Member, Canberra Institute of Technology Non-Executive Director, Australian Business Volunteers Board Member/President, National Foundation for Australian Women Board Member, Black Dog Institute Graduate of Australian Institute of Company Directors B.Ec /Grad Dip international Law University Tas / ANU</p> <p>Previously</p> <p>Deputy Secretary, Australian Government. Diplomat / Australian Ambassador to UNESCO 2003-2007</p>	<p>Chair of the Board Chair of the Governance and Nominations Committee</p>
<p>Helen Evans AO</p> 	<p>Director, Burnet Institute Member of the Australian Global Health Alliance's Advisory Board Associate Professor (Hon) at the Nossal Institute for Global Health, The University of Melbourne Fellow of the Australian Institute of International Affairs Vice Chair of the Global Fund to Fight AIDS, Tuberculosis and Malaria's Technical Evaluation Reference Group Member of the Technical Reference Group of the Indo-Pacific Centre for Health Security Officer of the Order of Australia</p> <p>Previously</p> <p>Deputy CEO, Gavi - The Vaccine Alliance Deputy Executive Director, The Global Fund to Fight AIDS, Tuberculosis and Malaria First Assistant Secretary, Office for Aboriginal and Torres Strait Islander Health, Commonwealth Department of Health</p>	<p>Deputy Chair of the Board Chair of the Programs and Partnerships Committee Director of The Fred Hollows Foundation (USA)</p>

Name	Experience and Qualifications	Special responsibilities within FHF
<p>Michael Johnson AM</p> 	<p>Honorary Associate Professor, School of Social Sciences, University of NSW</p> <p>Area Editor, Economic and Labour Relations Review</p> <p>Life Member, Clare Hall Cambridge</p> <p>Member of the Australian Institute of Company Directors</p> <p>Member of the Order of Australia</p> <p>Previously</p> <p>Coordinator, Development Studies Program, School of Social Sciences, UNSW</p> <p>Head of the School of Social Science and Policy, UNSW</p> <p>Member of the Expert Advisory Committee on the Social and Economic Sciences of the Australian Research Council</p> <p>Foundation Director, Public Sector Research Centre, UNSW</p>	<p>Deputy Chair of the Board Member of the Governance and Nominations Committee</p> <p>Member of the Programs and Partnerships Committee</p> <p>Director of The Fred Hollows Foundation Kenya</p> <p>Director of The Fred Hollows Foundation (HK) Limited</p> <p>Trustee of The Fred Hollows Foundation (UK)</p>
<p>Nicki Anderson</p> 	<p>Director and Chair Remuneration and Nomination Committee - Graincorp (ASX) and Craig Mostyn Group (Family)</p> <p>Deputy Chair and Chair Nomination Committee Australian Made Campaign Limited</p> <p>Director Prostate Cancer Foundation of Australia.</p> <p>Executive MBA, University of NSW (AGSM) BBus UTS</p> <p>Fellow, Australian Institute of Company Directors</p> <p>Previously</p> <p>Chair and Member of the Monash University Advisory Board for the marketing faculty</p> <p>Head of Major Donor Partnerships, Australian Red Cross</p> <p>Vice President Innovation at Cadbury Schweppes North America (Dr Pepper Snapple); Marketing and Innovation Director - Coca Cola Amatil; McCain Foods; Kraft Foods</p> <p>CEO/Managing Director for Powerforce, demoplus, Artel and Retail Facts</p>	<p>Board Member (<i>from May 2022</i>)</p>
<p>Ruwan de Mel</p> 	<p>Member of the Institute of Chartered Accountants in England and Wales.</p> <p>Member of the Institute of Chartered Accountants Australia and New Zealand.</p> <p>Previously</p> <p>Director of Strategy, The Global Fund to Fight AIDS, Tuberculosis and Malaria</p>	<p>Member of the Programs and Partnerships Committee</p>

Name	Experience and Qualifications	Special responsibilities within FHF
<p data-bbox="199 302 331 398">Katrina Fanning AO PSM</p> 	<p data-bbox="395 293 1043 398">Chair Australian Rugby League Indigenous Council Head of Secretariat Coalition of Peaks - Closing the Gap (ended April 2022)</p> <p data-bbox="395 421 991 479">Board Member ACT Suburban Land Agency (ended September 2022)</p> <p data-bbox="395 501 951 528">Deputy Chairperson ACT Women's Legal Centre</p> <p data-bbox="395 551 911 577">Board member Family of League Foundation</p> <p data-bbox="395 600 767 627">CEO Coolamon Advisors Pty Ltd</p> <p data-bbox="395 649 922 676">Director Callida Indigenous Consulting Pty Ltd</p> <p data-bbox="395 698 767 725">2020 ACT Australian of the Year</p> <p data-bbox="395 748 639 775">Public Service Medal</p> <p data-bbox="395 797 746 824">Office of the Order of Australia</p> <p data-bbox="395 846 523 873"><u>Previously</u></p> <p data-bbox="395 896 943 922">Operations Manager Aboriginal Hostels Limited</p> <p data-bbox="395 945 959 972">National Manager Indigenous Service Centrelink</p> <p data-bbox="395 994 1075 1021">Chair ACT Aboriginal and Torres Strait Islander Elected Body</p>	<p data-bbox="1109 293 1378 351">Member of the Finance and Audit Committee</p>
<p data-bbox="199 1055 331 1128">Anthony Hall</p> 	<p data-bbox="395 1055 1018 1128">Consultant Ophthalmologist and vitreo-retinal surgeon Newcastle</p> <p data-bbox="395 1151 975 1209">Fellow, Royal Australian and New Zealand College of Ophthalmologists</p> <p data-bbox="395 1232 911 1258">Fellow, Royal College of Ophthalmologist UK</p> <p data-bbox="395 1281 1066 1339">Director Kilimanjaro Centre for Community Ophthalmology Tanzania</p> <p data-bbox="395 1361 523 1388"><u>Previously</u></p> <p data-bbox="395 1411 983 1469">Member of Commonwealth Eye Health Consortium advisory committee</p> <p data-bbox="395 1491 1015 1518">Chair RANZCO International Development Committee</p> <p data-bbox="395 1541 735 1568">Director Vision2020 Australia</p> <p data-bbox="395 1590 979 1648">Head of Department of Ophthalmology Kilimanjaro Christian Medical Centre</p>	<p data-bbox="1109 1055 1398 1151">Member of the Programs and Partnerships Committee</p>

Name	Experience and Qualifications	Special responsibilities within FHF
<p>Christine Hawkins AM</p> 	<p>Chair, Australian School of Accounting Independent Director, The Glebe Administration Board Chair, Audit and Risk Committee, NSW Environment Protection Authority Board and Governance Principal, Directors Australia Director, Southern Highlands Botanic Gardens Limited Managing Director Cinnabar International Pty Ltd Member of the Order of Australia BComm(Hons), MComm UNSW Fellow, CPA Australia Fellow, Australian Institute of Company Directors</p> <p><u>Previously</u></p> <p>Chair, Wheat Quality Australia Ltd Director, Kimbriki Environmental Enterprises Pty Limited Chair, Go Grains Health & Nutrition Limited Deputy Chair, Grains Research and Development Corporation Director of organisations in food and health, agribusiness and investment banking</p>	<p>Chair of the Finance and Audit Committee (<i>from March 2022</i>) Member of the Governance and Nominations Committee Chair of the Board of The Fred Hollows Foundation Kenya</p>
<p>Gabi Hollows AO</p> 	<p>Orthoptist Officer of the Order of Australia Orthoptic Associate, Royal Australian and New Zealand College of Ophthalmologists</p>	<p>Founding Director Member of the Governance and Nominations Committee Member of the Programs and Partnerships Committee</p>

Name	Experience and Qualifications	Special responsibilities within FHF
<p data-bbox="231 300 303 371">Paul Ruiz</p> 	<p data-bbox="394 300 989 360">Independent, Non-Executive Director TAL Dai-Ichi Life Australia Pty</p> <p data-bbox="394 378 986 407">Independent, Non-Executive Director TAL Life Limited</p> <p data-bbox="394 425 994 486">Independent, Non-Executive Director Asteron Life and Superannuation Limited</p> <p data-bbox="394 504 1023 564">Independent Non-Executive Director AMA Group Limited (ASX: AMA)</p> <p data-bbox="394 582 1005 611">Independent member of Audit and Risk Committees of:</p> <ul data-bbox="394 622 782 689" style="list-style-type: none"> <li data-bbox="394 622 582 651">• NSW Treasury <li data-bbox="394 663 782 692">• Western Parkland City Authority <p data-bbox="394 710 986 770">Fellow of the Institute of Chartered Accountants in England & Wales</p> <p data-bbox="394 788 1010 817">Graduate of Australian Institute of Company Directors</p> <p data-bbox="394 835 836 864">BSc (Economics) – University of Wales</p>	<p data-bbox="1107 300 1378 456">Chair of the Finance and Audit Committee (<i>retired as Director and Committee member February 2022</i>)</p> <p data-bbox="1107 474 1414 568">Chair of the Board of Alina Vision Pte. Ltd. (<i>retired February 2022</i>)</p>
<p data-bbox="209 909 323 981">Marten Touw</p> 	<p data-bbox="394 909 520 938"><u>Previously</u></p> <p data-bbox="394 960 1059 1021">Group Treasurer and General Manager at Commonwealth Bank</p> <p data-bbox="394 1039 962 1099">Group Treasurer and Executive General Manager at Westpac</p> <p data-bbox="394 1117 1038 1146">Treasurer at Standard Chartered Bank in North East Asia</p> <p data-bbox="394 1164 884 1193">General Manager at Shinsei Bank in Tokyo</p> <p data-bbox="394 1211 863 1240">Country Treasurer at Citibank in Australia</p>	<p data-bbox="1107 909 1414 1003">Board Member (<i>from May 2022 and retired March 2023</i>)</p> <p data-bbox="1107 1021 1388 1115">Director of Alina Vision (<i>from June 2022 and retired March 2023</i>)</p>

Name	Experience and Qualifications	Special responsibilities within FHF
<p>Tina Wyer</p> 	<p>Chair, Empowered Women in Trades</p> <p>Non-Executive Director, Hume Bank, Chair of Audit Committee and Member of Risk Committee</p> <p>Non-Executive Director, FATS Projects Special Purpose Acquisition Company (SPAC), Chair of Compensation Committee</p> <p>Advisory Board Member, MaxMe</p> <p>Facilitator, Frank Team</p> <p>Founder, Unbeatable You</p> <p>Member of the Australian Institute of Company Directors</p> <p>Member of the Institute of Chartered Accountants Australia and New Zealand</p> <p>Bachelor of Commerce Accounting & Information Systems – Deakin University</p> <p><u>Previously</u></p> <p>JPMorgan Chase</p> <ul style="list-style-type: none"> • Firmwide Chief Data Officer • Asia Head of Corporate Technology • Australia & New Zealand CFO <p>KPMG Information Risk Management</p>	<p>Board Member (<i>from May 2022</i>)</p> <p>Member of the Finance & Audit Committee (<i>from August 2022</i>)</p>

Company Secretary

Penelope Palmer

Limitation of Members Liability

The Fred Hollows Foundation is a company limited by guarantee. In accordance with its Constitution, the liability of its 130 Members is limited to \$50.00 per person or an aggregate of \$6,500 in the event of the company being wound-up.

Auditor's Independence

The Directors have received an independence declaration from the auditor of The Fred Hollows Foundation, BDO Audit Pty Ltd (BDO).

Auditor

BDO has been appointed to the office in accordance with the Australian Charities and Not-for-Profits Commission Act 2012.

Signed in accordance with resolution of the Directors.



Jane Madden

Chair

Date: 21 March 2023
Sydney, NSW Australia

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF THE FOUNDATION



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY LEAH RUSSELL TO THE DIRECTORS OF THE FRED HOLLOWES FOUNDATION

As lead auditor of The Fred Hollowes Foundation for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Fred Hollowes Foundation and the entities it controlled during the period.

Leah Russell
Director

BDO Audit Pty Ltd
Sydney
21 March 2023

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2022		2022	2021
	Notes	\$000	\$000
REVENUE AND OTHER INCOME			
Community and corporate support			
Donations and gifts	4	52,021	51,555
Bequests and legacies	4	20,415	14,715
Grants			
Government grants – Department of Foreign Affairs and Trade (DFAT)	4	15,848	14,450
Other Australian	4	2,041	984
Other overseas	4	11,780	12,587
Investment income		606	106
Other Income	5	2,030	152
TOTAL REVENUE AND OTHER INCOME		104,741	94,549
EXPENDITURE			
<i>International aid and development programs expenditure</i>			
International programs			
Funds to international programs		44,089	35,257
Program support costs		17,149	15,326
Community education		8,187	6,926
Fundraising costs			
Public fundraising		17,471	14,783
Government, multilateral and private		176	149
Accountability and administration		5,237	4,607
Total international aid and development programs expenditure		92,309	77,048
<i>Domestic aid and development programs expenditure</i>			
Domestic programs		5,593	4,371
Community education		748	598
Fundraising costs		1,612	1,290
Accountability and administration		478	398
Total domestic aid and development programs expenditure		8,431	6,657
TOTAL EXPENDITURE		100,740	83,705
TOTAL SURPLUS FOR THE YEAR		4,001	10,844
Surplus for the year attributable to:			
Non-controlling interest		[120]	[159]
Members of the parent		4,121	11,003
TOTAL SURPLUS FOR THE YEAR		4,001	10,844

Note: The above Statement of income should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022		2022	2021
	Notes	\$000	\$000
ASSETS			
Current assets			
Cash and cash equivalents		47,705	53,016
Other interest bearing deposits		4,150	10
Trade and other receivables	6	4,593	4,756
Total current assets		56,448	57,782
Non-current assets			
Financial assets at fair value	13	7,988	-
Other receivable	6	101	632
Plant and equipment	7	1,699	1,541
Intangible assets	8	170	340
Right of use asset	11	1,549	2,228
Total non-current assets		11,507	4,741
TOTAL ASSETS		67,955	62,523
LIABILITIES			
Current liabilities			
Trade and other payables	9	5,726	3,741
Deferred grants	4	11,299	12,536
Provisions	10	3,376	2,948
Lease liabilities	11	1,202	1,231
Total current liabilities		21,603	20,456
Non-current liabilities			
Borrowings	12	882	-
Other payables	9	1,527	1,313
Provisions	10	675	848
Lease liabilities	11	360	999
Total non-current liabilities		3,444	3,160
TOTAL LIABILITIES		25,047	23,616
NET ASSETS		42,908	38,907
Total Equity attributable to:			
Non-controlling interest		180	300
Members of the parent		42,728	38,607
TOTAL EQUITY		42,908	38,907

Note: The above Statement of financial position should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022	Notes	2022	2021
		\$000	\$000
Cash flows from operating activities			
Receipts from donors		52,021	51,555
Receipts from bequests		20,415	14,715
Receipt of government grants		15,666	14,004
Receipt of other grants		12,656	14,647
Proceeds from Hospital		1,122	390
Payment of program and operating expenditures		[63,225]	[50,980]
Payment to employees for program and operating activities		[31,562]	[28,869]
Net cash flows from operating activities		7,093	15,462
Cash flows from investing activities			
Purchase of financial assets at fair value		[7,913]	-
Increase in interest bearing deposits		[4,140]	-
Dividends received		72	-
Interest received		380	89
Other receipts		27	89
Acquisition of plant and equipment	7	[403]	[99]
Net cash flows (used in) / from investing activities		[11,977]	79
Cash flows financing activities			
Repayment of leasing liabilities & interest	11	[1,309]	[399]
Receipt of loan	12	882	-
Net cash flows (used in) financing activities		[427]	[399]
Net (decrease) / increase in cash and cash equivalents		[5,311]	15,142
Cash and cash equivalents at beginning of the period		53,016	37,874
Cash and cash equivalents at end of the period		47,705	53,016

Note: The above Statement of cash flows should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Accumulated Surplus	Contingency Reserve	Non- Controlling Interest (i)	Total
		\$000	\$000	\$000	\$000
Balance as at 1 January 2021		15,093	12,511	459	28,063
Surplus/(deficit) for the year		11,003	-	[159]	10,844
Movements in contingency reserves		2,385	[2,385]	-	-
Balance as at 31 December 2021	14	<u>28,481</u>	<u>10,126</u>	<u>300</u>	<u>38,907</u>
Balance as at 1 January 2022		28,481	10,126	300	38,907
Surplus / (deficit) for the year		4,121	-	[120]	4,001
Movements in contingency reserves		[7]	7	-	-
Balance as at 31 December 2022	14	<u>32,595</u>	<u>10,133</u>	<u>180</u>	<u>42,908</u>

(i) The non-controlling interest represents the minority shareholders' interest in Alina Vision Pte Limited.

Note: The above Statement of changes in equity should be read in conjunction with accompanying notes.

1. General information and statement of compliance

The consolidated financial statements of The Fred Hollows Foundation (the parent entity), and its subsidiaries (collectively the group and referred to as The Foundation from here on) for the year ended 31 December 2022, were authorised for issue in accordance with a resolution of the directors on 21 March 2023. The Foundation is a not-for-profit entity, and a public company limited by guarantee. It is an income tax exempt charitable organisation, incorporated and domiciled in Australia. The registered office is located at Level 9, 320 Pitt Street, Sydney, NSW, Australia. The Foundation is principally engaged in the promotion of its vision of a world in which no one is needlessly blind or vision impaired.

(a) Basis of preparation

The Foundation's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency, and are rounded to the nearest thousand dollars (\$000) except where indicated otherwise.

The Foundation's consolidated financial statements are a general purpose financial report which have been prepared in accordance with the requirements of the *Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board (AASB), Australian Charities and Not-for-Profits Commission Act 2012, Australian Charities and Not-for-Profits Commission Regulation 2013, Charitable Fundraising Act 1991 (NSW), Charitable Fundraising Regulation 2015 (NSW), and the Australian Council for International Development (ACFID) Code of Conduct*. The financial report has been prepared in accordance with the historical cost convention except for the financial assets, which are measured at fair value.

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

(b) Statement of compliance

The Foundation has adopted the revised Conceptual Framework from 1 January 2022. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting

Standards, but it has not had a material impact on the Foundations financial statements.

The Foundation has adopted AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities from 1 January 2022. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. The adoption of these standards did not have any significant impact on the financial performance of The Foundation.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of The Foundation and its subsidiaries as at 31 December 2022. For the purpose of compliance with AASB 10, an investee company is deemed to be controlled by The Foundation when The Foundation has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

The Foundation considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Foundation's voting rights and potential voting rights

The Foundation re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date The Foundation gains control until the date The Foundation ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with The Foundation's accounting policies. All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members

1. General information and statement of compliance (cont'd)

of The Foundation are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If The Foundation loses control over a subsidiary, it de-recognises the

related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. Summary of significant accounting policies

(a) Current and non-current classification

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

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

A liability is current when it is:

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

The Foundation classifies all other liabilities as non-current.

(b) Cash and cash equivalents

Cash and cash equivalents in The Foundation's Statement of financial position comprises of cash at bank and in hand (Includes cash and cash equivalents held in foreign bank accounts), and short-term deposits with an original maturity of three months or less.

(c) Other interest-bearing deposits

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

(d) Taxes

(i) Current income tax

The parent entity has been registered under Subdivision 50-B of the Income Tax Assessment Act 1997 in Australia, and accordingly, is an income tax exempt charitable entity.

(ii) Goods and Services Tax (GST)

In Australia, where the parent entity operates, revenue, expenses and assets are recognised 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 recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of financial position.

Cash flows are included in the Statement of cash flows 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, is classified as cash flows from operations.

2. Summary of significant accounting policies (cont'd)

(iii) Withholding tax

In countries where subsidiaries comply with withholding tax legislation, revenue, expenses and assets are recognised net of withholding tax.

(e) Significant accounting judgments

Management identified critical accounting policies for which significant judgments, estimates and assumptions are made and these have been identified and disclosed with the relevant notes.

3. Financial risk management objectives and policies

The Foundation's principal financial instruments comprise cash and short-term deposits, receivables, payables, borrowings, and investments.

temporary overdraft facility with a variable interest rate. At 31 December 2022 no overdraft facility had been utilised.

Risk exposures and responses

The Foundation manages its exposure to key financial risks, including interest rate credit risk, foreign currency risk, price risk and liquidity risk in accordance with The Foundation's Board approved Risk Management Policy. The objective of the policy is to support the delivery of The Foundation's financial targets while protecting future financial security.

The Foundation uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate, equity price risk and foreign exchange risk and assessments of market forecasts for interest and foreign exchange rates as well as prices of shares in equity. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is assessed through the development of cash flow forecasts and monitoring of investment performance if applicable.

Primary responsibility for monitoring the management of financial risks rests with the Finance and Audit Committee under the authority of the Board.

(a) Interest rate risk

The Foundation's exposure to risk with regards to movements in market interest rates is limited to daily cash balances held in interest bearing accounts. The Foundation's long term borrowings have fixed interest rates and it also has a

(b) Foreign currency risk

The Foundation funds program countries based on their local currency budgets on condition that should there be a material devaluation of AUD against their local currencies, The Foundation reserves the right to limit the funding to the AUD budgeted amount. Where possible, The Foundation uses foreign currency grants for settlement of expenses in that currency.

(c) Credit risk

Credit risk represents the risk that the counterparty to the trade or other type of debt will fail to discharge an obligation and cause The Foundation to incur financial loss.

The Foundation's exposure to credit risk arises from default of the counterparty, for the trade or other type of debt, with the current maximum exposure at the reporting date equal to the fair value of these instruments as disclosed in the Statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values. At 31 December 2022, The Foundation is not exposed to any significant credit risk.

(d) Price risk

The Foundation's financial assets, which at balance date consist of an investment portfolio with Ord Minnett, are subject to price risk. To limit this risk, The Foundation has a policy to diversify its exposure across asset classes within its investment portfolio.

3. Financial risk management objectives and policies (cont'd)

(e) Liquidity risk

Liquidity risk arises from the financial liabilities of The Foundation and its subsequent ability to meet its obligation to repay these liabilities as and when they fall due. At balance date the contractual maturity for its non-derivative financial liabilities is less than 60 days except for the lease liabilities of The Foundation.

The Foundation's objective is to maintain a balance between continuity of funding and

flexibility through the use of effective working capital management practices or un-utilised borrowing facilities.

The Foundation manages its liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis. In addition, The Foundation maintains sufficient cash to meet worldwide programs' normal operating requirements.

4. Revenue

Accounting policy for 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.

(a) Donations and gifts

Donations and gifts are recognised upon receipt.

(b) Bequests

The Foundation recognises bequest income on receipt. Bequests received in the form of shares are recognised as bequest income at the market value on the date the shares were transferred to The Foundation from the estate.

Any market movement in value of shares following the transfer date of beneficial ownership to The Foundation is treated as net gains or losses on investments.

(c) Grants

For all revenue contracts, The Foundation assesses each contract to determine whether it is enforceable and whether its performance obligations are sufficiently specific. For those contracts that are not enforceable, or the performance obligations are not sufficiently specific, this will result in immediate revenue recognition under AASB 1058.

Government and other grants are recognised in the Statement of financial position as a contract liability or asset when there is an enforceable contract where the specific performance obligation has not been performed. Grant income for contracts with sufficiently specific performance obligations is recognised over time.

4. Revenue (cont'd)

Revenue from contracts with donors

	2022	2021
	\$000	\$000
Grants		
Government grants – DFAT	15,848	14,450
Other Australian	2,041	984
Other overseas	11,780	12,587
	29,669	28,021

Primary geographic grant markets

Grants		
Australia	17,889	15,434
US	6,543	6,381
UK	1,893	3,259
Hong Kong	405	382
Other	2,939	2,565
	29,669	28,021

Assets and liabilities related to contracts with donors

The Foundation has recognised the following assets and liabilities related to contracts with donors or grant providers.

	2022	2021
	\$000	\$000
Contract assets – other grants	1,200	1,347
Total current assets	1,200	1,347
Contract liabilities – government grants	8,397	8,579
Contract liabilities – other grants	2,902	3,957
Total current liabilities	11,299	12,536

Accounting policy for contract assets and liabilities

Contract assets are included within trade and other receivables, and Contract liabilities are presented separately, in the Statement of financial position. They arise from contracts entered into by The Foundation where the cumulative payments received from donors at each balance date does not equal the amount of revenue recognised on the contracts.

Donations and grants received, which are unspent at balance date and are for a specific project not yet complete, are only recognised as revenue when the project commences as these amounts are repayable if not fully utilised on the specific project.

5. Other income/(expenditure)

This includes income or losses from the impairment of plant and equipment, foreign currency transactions and other receipts.

	2022	2021
	\$000	\$000
Impairment loss on intangibles	-	[1, 235]
Exchange gains	288	532
Paycheck protection loan forgiveness	-	89
Interest expense	[68]	[179]
Hospital revenue net of cost of goods sold	1, 122	390
Sundry receipts	688	555
	2, 030	152

The Foundation has disclosed the most significant revenue categories in the Statement of income and as such has only shown by way of note the breakdown of other revenues.

Accounting policy for foreign currency translations

On consolidation, foreign currency assets and liabilities are translated into Australian dollars at the rate of exchange prevailing at the reporting date and foreign currency income and expenses

are translated at the monthly average exchange rates for the current month. The exchange differences arising on translation for consolidation are recognised in the Statement of income.

6. Trade and other receivables

Accounting policy for trade and other receivables

Due to the short-term nature, trade receivables are recognised at their face value, which is deemed to be their fair value. Trade receivables

are non-interest bearing and are generally on 30-60-day terms. As at balance sheet date all trade receivables are current and collectable.

	Notes	2022	2021
Current		\$000	\$000
Trade receivables		677	568
Contract assets	6(a)	1,200	1,347
Country program advances	6(b)	[868]	509
Partner and equipment advances	6(c)	1,153	539
Dividend and interest receivables		114	51
GST receivable	6(d)	268	248
Prepayments		852	820
Refundable Security Deposits		317	304
Others		880	370
		4,593	4,756
Non Current			
Cameroon Cataract Bond accrual	6(e)	101	632

(a) Contract assets

Contract assets represents funds due from donors where the donor reimburses The Foundation after it spends programs funds as per the requirements specified by the donor. In 2022, the total amount represented accruals from two donors which pay in arrears.

(b) Country program advances

These represent remittance of monies to The Foundation's country programs. The monies have been held for program expenditures which remain unspent as at balance date or are owing to The Foundation's country programs. As at balance sheet date, there is a net payable which was settled in early 2023.

(c) Partner and equipment advances

Advances are given to program partners to carry out project-based tasks or to a third-party supplier to procure medical and other equipment. As at

balance sheet date, all advances are current and The Foundation has raised a provision for impairment of \$180,000 (2021: \$230,000)

(d) GST receivable

At balance sheet date, the net GST is a receivable. Other tax liabilities (PAYG and FBT) are shown separately in Note 9.

(e) Cameroon cataract bond receivables

The Foundation is involved in a project to support the Magrabi ICO Cameroon Eye Institute to significantly increase the volume and quality of cataract surgeries undertaken in Cameroon. The Foundation has recognised the contracted receivables from grant funders Conrad Hilton Foundation and Sightsavers for their contribution to these project costs. As the grant funders are due to meet their remaining commitments from 2023, it has been determined this will be receivable in the next 2 years.

7. Plant and equipment

(a) As at 31 December 2022

	2022			2021		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Motor vehicles (i)	290	[216]	74	233	[200]	33
Office furniture and equipment	1,445	[1,351]	94	1,480	[1,362]	118
Medical Equipment	1,398	[417]	981	1,022	[285]	737
Leasehold improvements	1,573	[1,023]	550	1,559	[906]	653
	4,706	[3,007]	1,699	4,294	[2,753]	1,541

(i) Motor vehicles are used for program delivery in countries.

(b) Reconciliation of carrying amounts at the end of the period

Movement in non-current assets

	Motor vehicles	Office Furniture and equipment	Medical Equipment	Leasehold improvements	Total
	\$000	\$000	\$000	\$000	\$000
As at 1 January 2022 net of accumulated depreciation and impairment	33	118	737	653	1,541
Additions	63	-	301	39	403
Depreciation charge for the year	[22]	[27]	[137]	[126]	[312]
Exchange differential in revaluing opening balance to closing exchange rates		3	80	[16]	67
As at 31 December 2022	74	94	981	550	1,699

Accounting policy for Plant and equipment

(a) Cost and valuation

Items of plant and equipment are valued at cost, less accumulated depreciation and any accumulated impairment.

(b) Depreciation

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

Motor vehicles	3-5 years
Office machines and equipment	3-10 years
Office furniture and equipment	3-10 years
Leasehold improvements	5-15 years

The assets' residual values, useful lives and amortisation methods have been reviewed, and it has been confirmed that they still have economic value to The Foundation.

7. Plant and equipment (cont'd)

(c) Derecognition

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(d) Estimation of useful lives of assets

The estimation of the useful lives of assets has

been based on historical experience as well as on manufacturers' warranties (for plant and equipment), and turnover policies (for motor vehicles).

In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

8. Intangible assets

(a) Carrying amount as of balance date

	2022			2021		
	Cost	Accumulated amortisation	Net	Cost	Accumulated amortisation	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Software and systems	4,422	[4,252]	170	4,422	[4,082]	340
	<u>4,422</u>	<u>[4,252]</u>	<u>170</u>	<u>4,422</u>	<u>[4,082]</u>	<u>340</u>

(b) Reconciliation of carrying amounts at the end of the period

	2022	2021
Software and systems	\$000	\$000
As at 1 January net of accumulated depreciation and impairment	340	3,643
Impairments	-	[1,235]
Reclassification	-	[625]
Amortisation for the year	[170]	[1,443]
As at 31 December	170	340

Accounting policy for intangible assets

Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Goodwill is not amortised

(a) Software and systems

Software development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and

commercially feasible, future economic benefits are probable, and The Foundation intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, software development expenditure is recognised in the Statement of income as incurred.

In April 2021, the IFRS Interpretations Committee (IFRIC) published its final agenda decision on accounting for configuration and customisation costs in a Software as a Service (SaaS) arrangement. The Foundation has reviewed

8. Intangible assets (cont'd)

the findings and made adjustments for software development expenditure related to a SaaS. The amounts have now been recognised as a prepayment over the contract term.

(b) Amortisation

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

Software and Systems 3-5 years

(c) Impairment of non-financial assets

Under AASB 136, an entity is required to regularly assess whether there is any indication that an

asset is recorded at greater than its recoverable amount and if so, to recognise an impairment loss. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of income when the asset is de-recognised.

The intangible assets have been reviewed for appropriate useful life and whether or not they still have any economic value to The Foundation. Post review, adjustments to the accounts were made for de-recognition of certain assets and changes in useful life of other assets.

9. Trade and other payables

	Notes	2022	2021
		\$000	\$000
Current			
Trade payables		3,075	1,961
Accrued expenses		2,555	1,716
Tax liabilities	9(a)	42	28
Other creditors		54	36
		5,726	3,741
Non Current			
Cameroon cataract bond accrual	9(b)	1,527	1,313

Accounting policy for trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to The Foundation prior to the end of the financial year that are unpaid and arise when The Foundation becomes obliged to make future payments in respect of the purchase of these

goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(a) Tax liabilities

Tax liabilities are for PAYG and fringe benefits tax liabilities. There is no liability for GST.

9. Trade and other payables (cont'd)

(b) Cameroon cataract bond accrual

The Foundation is involved in a project to support the Magrabi ICO Cameroon Eye Institute to significantly increase the volume and quality of cataract surgeries undertaken in Cameroon whereby it has guaranteed the capital loan

amount, interest and associated costs incurred by the investing partners OPIC and Netri.

The Foundation has determined these guaranteed amounts will be payable in the next 2 years.

Movement in Cameroon cataract bond guaranteed loan amounts

	2022
	\$000
As at 1 January 2022	1, 313
Current year accrual for loan interest and associated costs	129
Exchange differential in revaluing opening balance to closing exchange rates	85
As at 31 December 2022	1, 527

10. Provisions

	2022	2021
	\$000	\$000
Current		
Annual leave	2, 551	2, 527
Long service leave	691	421
Lease make good	134	-
	3, 376	2, 948
Non Current		
Long service leave	597	639
Lease make good	78	209
	675	848

Accounting policy for provisions

Provisions are recognised when The Foundation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the Statement of income net of any reimbursement.

(a) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

10. Provisions (cont'd)

(b) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and

currencies that match, as closely as possible, to the estimated future cash outflows.

Management judgement is applied in determining the following key assumptions used in the calculation of long-service leave at reporting date:

- (i) future increases in salaries, wages and on costs;
- (ii) experience of employee departures and period of service; and
- (iii) flow of anticipated leave.

11. Leases

(a) Right of use assets

	2022	2021
	\$000	\$000
Properties	1, 548	2, 215
Vehicles	1	13
	1, 549	2, 228

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

	Properties	Vehicles	Total
	\$000	\$000	\$000
As at 1 January 2022 net of accumulated depreciation and impairment	2, 215	13	2, 228
Additions – new leases	589	-	589
Remeasurement of lease	-	-	-
Depreciation charge for the year	[1, 256]	[12]	[1, 268]
As at 31 December 2022	1, 548	1	1, 549

(b) Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2022	2021
	\$000	\$000
Current	1, 202	1, 231
Non-current	360	999
	1, 562	2, 230

11. Leases (cont'd)

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

	2022	2021
	\$000	\$000
Opening Balance	2, 230	455
Additions	589	2, 213
Remeasurement of lease	2	[55]
Lease payments	[1, 309]	[399]
Finance charges	50	16
Closing balance	1, 562	2, 230

Future minimum lease payments as at 31 December 2022 are as follows:

	Within 1 Year	1-2 Years	2-3 Years	Total
	\$000	\$000	\$000	\$000
Lease payments	1, 236	230	146	1, 612
Finance charges	[34]	[12]	[4]	[50]
Lease Liabilities	1, 202	218	142	1, 562

Accounting policy for leases

At the commencement date of the lease, The Foundation recognises lease liabilities measured at the present value of lease payments to be made over the lease term unless they have a lease term of 12 months or less or are considered to be low value.

The Foundation recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease.

12. Borrowings

	2022	2021
Non Current	\$000	\$000
Loan from Rohto Vietnam	882	-

All borrowings are classified as current liabilities unless The Foundation has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

In July 2022 The Foundation's directors approved a resolution that Alina Vision including Alina Vision Pte. Ltd. and Alina Eye Hospital Social Enterprise Company Limited (AEHSE) could enter into the loan of USD 600,000 from Rohto-Mentholatum (Vietnam) Co. Ltd to AEHSE. The total loan will be

used to cover the supply of medical equipment and working capital as part of AEHSE's approved project with Vinmec Times City International Hospital in Hanoi.

Interest does not accrue nor are repayments due until defined EBITDA targets are reached. The interest rate when applicable, is 5% p.a on the residual loan balance. The loan term has a defined end date of 30 September 2028 with no penalties for early repayment.

13. Financial Assets at Fair Value through the consolidated statement of income

	2022	2021
Non Current	\$000	\$000
Ord Minnett Responsible Equities Portfolio	2, 646	-
Australian Listed Securities	5, 342	-
	7, 988	-

In 2022 The Foundation's directors approved Ord Minnett as the preferred investment advisor for the Foundation.

The Ord Minnett investment portfolio invests in diversified asset types with emphasis on enhanced income and growth assets (shares and hybrids).

The Foundation is committed to making socially responsible investments and looks to incorporate ESG factors in our investment decisions and ownership and look to abide by the six Principles

for Responsible Investment as published by the UNPRI (United Nations Principles for Responsible Investment).

The investments have been valued at fair value which is determined directly by reference to published price quotations in an active market.

14. Reserves

Contingency reserve

The Foundation calculates and maintains a Contingency reserve of \$10.1m (2021: \$10.1m) primarily to protect against any catastrophic event resulting in the cessation, or significant reduction

in revenue, impacting its ability to meet the contractual, legal and ethical obligations to partners, suppliers of goods and services and staff.

Accumulated surplus

Accumulated surplus is that part of The Foundation's equity represented by amounts in excess of the Contingency reserve. These funds are used to support the working capital requirements of The Foundation ensuring we are able to support our planned work by covering the uneven cash flows

of revenue being received. The Foundation has also set aside a portion of the accumulated surplus for future strategic projects and initiatives and to allow us to address some of the backlog of unmet eye health care need caused by the pandemic's disruption over the past few years.

15. Events subsequent to reporting date

The Directors are not aware of any other material events occurring after balance date of this report that would require further disclosure in these financial statements.

16. Limitation of members liability

The parent entity, The Fred Hollows Foundation, is a company limited by guarantee and in accordance with its Constitution, in the event of it being wound up, the liability of members will not exceed \$50.00 per member or an aggregate of \$6,500.

17. Contingent liabilities

There are no contingent liabilities that have been incurred by The Foundation in relation to financial year 31 December 2022 (2021: Nil).

18. ACFID code of conduct

Certain items required in the ACFID code of conduct reporting are not displayed. These include, but are not limited to, Inventories, Assets held for sale, Investment property and other reserves which have nil balances for both the reporting periods covered.

19. Information furnished under the ACFID code of conduct

(a) Non-monetary gifts and expenditures

Non-monetary donations and gifts are not included in the Statement of income. No non-monetary donations or gifts were made during the period.

Gifts in-kind

During the year The Foundation received approximately 4.3 million (2021: 16 million) doses of Zithromax donated by Pfizer under the International Trachoma Initiative for collection, distribution and application in the Oromia region of Ethiopia. The Board has taken the view that control and significant risk and rewards of Zithromax never passed to The Foundation and has therefore not accounted for their receipt or distribution in the financial statements.

Volunteer work done within The Foundation is not reported and is not material.

(b) Revenue (expenditure) for international political or religious proselytisation programs

No revenue was earned, nor expenditure incurred for the year on international political or religious proselytisation programs.

(c) Table of cash movements for designated purpose

No single appeal or other form of fundraising for a designated purpose generated 10% or more of total revenue for the year ended 31 December 2022.

20. Auditor's remuneration

	2022	2021
	\$000	\$000
For audit or review of financial report		
BDO Audit Pty Ltd	90	83
BDO – Overseas	309	339
Non-BDO	43	24
	442	446

21. Related party disclosure

(a) Key management personnel

	2022	2021
	\$000	\$000
Compensation of key management personnel of The Foundation:		
Short-term employee benefits	1,299	1,378
Other long-term employee benefits	[12]	5
	1,287	1,383

The Foundation's constitution prohibits the payment of remuneration to any of its directors.

The amounts disclosed in the table are the amounts recognised as an expense during the reported period related to key management personnel (comprising CEO, Executive Director of Public Affairs, Executive Director of Business Operations and Executive Director of Programs).

21. Related party disclosure(cont'd)

(b) Related parties

Grants to / (from) related parties	2022	2021
	\$000	\$000
The Fred Hollows Foundation (HK)	[723]	[1, 139]
The Fred Hollows Foundation Kenya	2, 125	926
The Fred Hollows Foundation (UK)	1, 334	1, 418
The Fred Hollows Foundation (USA)	[305]	137
Alina Vision Pte. Ltd	1, 813	2, 051

Funding was given to support The Foundation's subsidiaries in Kenya and UK. Funding was also given to support the programs of Alina Vision. The Foundation's subsidiaries in USA and Hong Kong provided grants to the parent entity in 2022. There were no transactions with directors, or director related entities, in the year.

22. Parent financial information

The parent entity of the consolidated entity is The Fred Hollows Foundation. The subsidiaries of the parent entity, The Fred Hollows Foundation (UK), The Hollows Foundation Kenya, The Fred Hollows Foundation (HK), The Fred Hollows Foundation (USA), The Fred Hollows Foundation

Social Action Fund (USA), are all 100% owned and controlled by the parent entity. The parent entity also has a 76.6% ownership interest in Alina Vision Pte. Ltd. Alina Vision Pte. Ltd. owns 100% of the shares of Alina Eye Hospital Social Enterprise Company Limited.

a) Statement of financial position – Parent

Financial position information related to the parent entity.

	2022	2021
	\$000	\$000
Current assets	53, 301	56, 505
Non-current assets	9, 812	3, 148
Total assets	63, 113	59, 653
Current liabilities	18, 785	17, 933
Non-current liabilities	2, 556	3, 160
Total liabilities	21, 341	21, 093
Net assets	41, 772	38, 560

b) Statement of revenue – Parent

Surplus for the year for the parent was \$3.212m (2021: \$12.517m).

23. Fundraising information

The following information relates to our fundraising information and the manner in which fundraising appeals are conducted, controlled and reported.

a) Details of aggregate gross revenue and total expenditure of fundraising appeals

	2022	2021
	\$000	\$000
Proceeds from fundraising appeals		
Donations and gifts	52,021	51,555
Bequests and legacies	20,415	14,715
Gross proceeds from fundraising appeals	72,436	66,270
Direct costs of fundraising appeals		
Donations and gifts	18,536	15,755
Bequests and legacies	547	318
Cost of raising Government funds	176	149
Total direct costs of fundraising appeals	19,259	16,222
Net surplus from fundraising appeals	53,177	50,048

b) Statement showing how funds received are applied for charitable purposes

	2022	2021
	\$000	\$000
Net surplus obtained from fundraising appeals	53,177	50,048
Applied for charitable purposes as follows:		
Office Administration	5,715	5,005
Costs of direct services:		
Community education	8,935	7,524
International programs	61,238	50,583
Domestic programs	5,593	4,371
Total costs of direct services	75,766	62,478
Total expenditure	81,481	67,483
Shortfall	[28,304]	[17,435]

23. Fundraising information (cont'd)

c) Shortfall provided by the following sources:

	2022	2021
	\$000	\$000
Department of Foreign Affairs and Trade	15,848	14,450
Other Australian grants	2041	984
Other overseas grants	11,780	12,587
Investment income	606	106
Other income	2,030	152
	32,305	28,279
Surplus	4,001	10,844

d) Fundraising appeals conducted during the financial period

The following fundraising appeals were conducted during the financial year.

- Regular Giving Program
 - Public, Corporate and Trust Donations
 - Direct Mail
- All fundraising activities are related to Public Appeals. Our Regular Giving Program is the only appeal where traders are engaged.

e) Details of aggregate gross revenue and aggregate direct expenditure incurred in appeals in which traders were engaged in 2022:

Activity	2022				2021			
	Proceeds	Cost	Surplus	Costs/ Proceeds	Proceeds	Cost	Surplus	Costs/ Proceeds
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Regular Giving	13,455	3,527	9,928	26%	13,326	3,164	10,072	24%

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of the Parent entity, The Fred Hollows Foundation, I state that in the opinion of the directors:

1. The Annual Financial Report, notes and the additional disclosures included in the Directors' Report of The Foundation and its subsidiaries, designated as audited:
 - a. Give a true and fair view of the Foundation's financial position as at 31 December 2022 and of its performance for the year ended on that date.
 - b. Comply with:
 - (i) Australian Accounting Standards – Simplified Disclosure Requirements;
 - (ii) Australian Charities and Not-for-Profits Commission Act 2012;
 - (iii) Australian Charities and Not-for-Profits Commission Regulation 2013;
 - (iv) Charitable Fundraising Act 1991 (NSW);
 - (v) Charitable Fundraising Regulations 2015 (NSW); and
 - (vi) Australian Council for International Development (ACFID) Code of Conduct.
2. There are reasonable grounds to believe that The Foundation is able to pay its debts as and when they become due and payable.

On behalf of the Board,



Jane Madden
Chair

Date: 21 March 2023

Sydney, NSW Australia

STATEMENT BY CHAIR OF THE FINANCE AND AUDIT COMMITTEE

Declaration by the Chair of the Finance and Audit Committee in respect of fundraising appeals under the Charitable Fundraising Act 1991 (NSW). In accordance with a resolution of the directors of the Parent entity, The Fred Hollows Foundation, I state that:

- a. The Foundation and its subsidiaries (The Foundation) has taken reasonable steps to comply with the provisions of the NSW Charitable Fundraising Act 1991 and the regulations under that Act and the conditions attached to the authority Act; and
- b. The Foundation's financial statements comply with the provisions of the NSW Charitable Fundraising Act 1991 and the regulations under that Act and the conditions attached to the authority; and
- c. There are reasonable grounds to believe that The Foundation will be able to pay its debts as and when they become due and payable; and
- d. The consolidated financial statements gives a true and fair view of the state of affairs with respect to fundraising appeals conducted by The Foundation; and
- e. The internal controls exercised by The Foundation are appropriate and effective in accounting for all income received and applied by The Foundation from any of its fundraising appeals.



Christine Hawkins
Director, Chair of Finance and Audit Committee

Date: 21 March 2023

Sydney, NSW Australia



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of The Fred Hollows Foundation

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Fred Hollows Foundation (the registered entity) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of The Fred Hollows Foundation, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The responsible entities of the registered entity are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the registered entity's annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsible entities of the registered entity are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

Leah Russell
Director





Sydney, 24 March 2023



PHOTO: MICHAEL AVENDOLIA



**The Fred Hollows
Foundation**

1800 352 352 | hollows.org |  The Fred Hollows Foundation |  @FredHollows |  fredhollows |  Fred Hollows