



The Fred Hollows
Foundation NZ

PERFORMANCE REPORT 2019



CONTENTS

3	ENTITY INFORMATION
4	FOREWORDS
5	PROFESSOR FRED HOLLOWS (1929 - 1993)
6	OUR STORIES
18	2019 CONSOLIDATED FINANCIAL STATEMENTS
19	STATEMENT OF COMPLIANCE AND RESPONSIBILITY
20	AUDITOR'S REPORT
23	CONSOLIDATED STATEMENT OF SERVICE PERFORMANCE
30	CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES
31	CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS / EQUITY
32	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
33	CONSOLIDATED STATEMENT OF CASH FLOWS
34	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
50	POLICIES AND PROCEDURES
52	THANK YOU

hollows.org.nz

Email

info@hollows.nz

Phone

NZ 0800 227 229 | INTL 64 9 304 0524

Postal address

Private Bag 99909

Newmarket

Auckland 1149

New Zealand

ENTITY INFORMATION

Patrons



Gabi Hollows AO
Founding Director of
The Fred Hollows Foundation



The Rt Hon Dame Patsy Reddy
GNZM, QSO
Governor-General of New Zealand

The Fred Hollows Foundation (NZ)

Nature of Business

Registered Charity

Registered Office

Level 5, The AIG Building, 41 Shortland Street, Auckland Central, Auckland

Postal Address

Private Bag 99909, Newmarket, Auckland 1149, New Zealand

Telephone

+64 9 304 0524

Charities Registration No.

CC23722

Date of Incorporation

5 November 1992

Auditors

BDO, Chartered Accountants

Solicitors

DLA Piper New Zealand

Board of Trustees

Craig Fisher (Chair) FCA, CMIInstD
Consultant, RSM New Zealand Group Limited

Sir Maarten Wevers (Deputy Chair) KNZM, CMIInstD

Martin Enright BA, LLB, LLM, MBA, MInstD
(leave of absence until August 2020)
Chief Operating Officer, Ngāti Paoa Group Investments Limited; Barrister and Solicitor of the High Court of NZ; Solicitor of Supreme Court of NSW and High Court of Australia

Dr Nick Mantell FRANZCO
Ophthalmologist, Director, Eye Institute Limited

Professor Charles McGhee MB, BSc, PhD, DSc, FRCS, FRANZCO, FRCOphth
Maurice and Phyllis Paykel Chair in Ophthalmology, The University of Auckland; Director, New Zealand National Eye Centre

Debbie Sorensen DCCT, CMIInstD, NZRPN
Chief Executive, Pasifika Medical Association Group; Chief Executive Officer, Pasifika Futures Limited

Sifa Taumoepeau
Director, Thompson Lewis Limited;
Trustee, Anglican Trust for Women and Children

Kath Watson MInstD
Director, Deka 2019 Limited;
Trustee, Spend My Super

Executive Team

Andrew Bell MA
Executive Director

Margi Mellsop
Engagement Director

Marleen Nelisse
Programme Director (resigned 9 August 2019)

Sharon Orr CA, MInstD
Finance and Operations Director

Peter Raynes MSc (Public Health in Developing Countries)
Programme Director (commenced 20 January 2020)

Dr John Szetu MSc (Ophthalmology), DO, MBBS
Medical Director



FOREWORDS



Craig Fisher

Board Chair

One of the honours of a chairman's role is getting to thank people for doing good. 2019 was an exceptional year for The Foundation and that is thanks to Team Fred; the many wonderful people involved in The

Foundation intent on keeping Fred's vision alive of eliminating avoidable blindness. You are a member of Team Fred, along with our other donors, our many partners and collaborators, and our fantastic staff in New Zealand and the Pacific. The passion, the skills and commitment exercised everyday by this team is truly inspiring. But a team cannot achieve the kind of results and impact outlined in this report without committed, skilled and passionate captains, coaches and leaders. This year, I acknowledge two very special leaders who served and guided Team Fred to realise the impact it now is.

Firstly, Sir Robert George Mappin Fenwick KNZM KStJ (5 May 1951 – 11 March 2020), who sadly lost his five-year dance with cancer in early March 2020. Rob was a trustee from 2007 and chaired The Foundation from 2010 till ill health forced him to step down in 2015. Rob was a true champion of the organisation in every respect and gave his governance expertise willingly and to great effect.

Secondly to our Executive Director Andrew Bell who left us in late March 2020 to concentrate on his health and family after being diagnosed with the early onset of idiopathic Parkinson's disease. Andrew joined The Foundation in 2010 as Programme Director and was appointed to lead the organisation as Executive Director in 2012. In his decade with the organisation, Andrew led improvements to all aspects of The Foundation in his execution of the Board's strategy resulting in a more effective, impactful, and sustainable organisation. And all in a humble, caring style that has grown and maintained a great culture within The Foundation. Both Rob and Andrew have truly done Team Fred proud. Their legacy will continue.



Andrew Bell

Executive Director

(Resigned 27 March 2020)

It was a remarkable privilege to attend the funeral of Fred's brother Monty last year. As is often the case, I learnt more about Monty through the tributes than I ever did by meeting him, and

many of the stories included Fred.

When we hear about famous people it is easy to think they have always been famous. This was certainly not the case with Fred. The Hollows family were the consummate humble, hardworking Kiwi family. No special privileges or ceremony beyond a deep commitment to the local church. We were told that Fred was the only brother of four chosen to go to Palmerston North Boys' High as 'he was the one with the brains'.

The story of Fred resonates with Kiwis because we can relate to these humble origins. I think what so many people like is that he never lost touch with his hard-working regional roots and it was his

Kiwi 'can do' attitude that made him famous.

I often call our graduates the 'sons and daughters' of Fred. They are his heirs in so many ways. Humble beginnings. No airs and graces. Just dogged determination to eliminate avoidable blindness. Like most of us they will not be world famous like Fred. But they certainly deserve to be, as do you. Without your amazing support, they would not have trained as eye care specialists and returned home to do the wonderful work they do. It is not a stretch to say that you have helped to restore sight. As Fred famously said, 'You don't need to be an eye doctor to give someone back their sight'.

As the Chair has mentioned, I have unexpectedly had to resign from the job I have loved for 10 years for health reasons. I would like to record my sincere gratitude to the Board for entrusting me with the role. A big thank you to Gabi Hollows for her unwavering and enthusiastic support for my leadership. To the magnificent staff team in New Zealand and across the Pacific, I say a big 'tenkyu tru' for all your amazing efforts every day, to make Fred's vision a reality. And finally to you, the donors, some I have had the pleasure of meeting but most I haven't. Thank you so much for your faithful generosity which has made all of this possible.



Dr John Szetu

Medical Director

Having been with The Foundation since it started delivering programmes in the Pacific in 2001, I cannot express the sense of fulfilment I feel when I look at all that has been achieved over the intervening years. From

establishing the Pacific Eye Institute in Fiji, the region's first ever training centre for Pacific eye health workers, to the incredible milestone we achieved last year of having at least one local eye doctor in the key seven countries where The Foundation works, all supported by trained eye nurses. The sense of progress and

achievement is immense. One of the dreams of Fred Hollows was to train effective, self-sustaining eye care specialists.

However, as Medical Director, I feel The Foundation still has much work to do. This includes ensuring our eye doctor and nurse graduates are supported in the challenging medical environments that they are returning to, as well as tackling the vast eye care challenges faced in Papua New Guinea, a country with one of the highest rates of avoidable blindness in the world.

In the spirit of Fred Hollows himself, I am looking forward to facing future challenges head on and helping to contribute and guide The Foundation towards its ultimate goal of ending avoidable blindness in the Pacific.

PROFESSOR FRED HOLLOWES

1929 - 1993

Legendary New Zealander, Professor Fred Hollows was an internationally renowned eye doctor and social justice activist, who championed the right of all people to high quality and affordable eye care.

Born on 9 April 1929 in Dunedin, Fred and his three brothers grew up in Palmerston North. In the mid-1960s, after studying medicine at the University of Otago, Fred trained as an Ophthalmologist in the United Kingdom. Upon his return, Fred moved to Australia where he began working in the remote indigenous communities. Over several years these 'eye camps' treated over 27,000 indigenous Australians for trachoma and performed 1,000 sight restoring operations. Fred's work amongst indigenous Australians continues to this day through the work of the Foundation in Australia.

As a consultant for the World Health Organization, Fred visited many developing countries and was appalled by the lack of basic eye care services and equipment that was available. Millions of people were suffering needlessly from cataract blindness and Fred believed that modern cataract

surgery should be available to all people. To overcome the prohibitive costs of intraocular lens, Fred raised the money to build factories in Nepal and Eritrea to produce the lens for as little as \$2 instead of over \$200, reducing the cost of cataract surgery to as little as \$25 per patient in some countries. As a result of Fred's initiative, modern cataract surgery using cost-effective manual surgical techniques is now widely used in the developing world.

In 1990, in recognition of his work, Fred was named Australian of the Year and awarded the Human Rights Medal. In 1991, Fred was awarded Australian Humanist of the Year and received honorary citizenship in Eritrea. In 2006 Fred was voted both one of Australia's 100 most influential Australians by The Bulletin magazine and one of New Zealand's top 100 'History Makers' by Prime TV.

Fred died of cancer on 10 February 1993 just three months after he opened The Fred Hollows Foundation NZ. Fred was buried in Bourke, in remote New South Wales to symbolise his love for the indigenous Australians living in the Outback.

OUR STORIES





FIJI

IN 2019

- 3 eye doctor graduates
- 6 eye nurse graduates
- new eye care equipment saw the first corneal cross-linking procedure carried out at the Pacific Eye Institute



PAPUA NEW GUINEA

IN 2019

- 2 eye doctor graduates
- the Ophthalmic Clinicians conference in Port Moresby was attended by 54 eye care graduates from across Papua New Guinea



KIRIBATI

IN 2019

- an eye nurse represented Kiribati at the International Diabetes Federation Congress in Busan



SAMOA

IN 2019

- 1 eye nurse graduate
- mentorship provided to Samoan eye doctor to assist with subspecialty cases - removing the need to refer patients overseas



SOLOMON ISLANDS

IN 2019

- 1 eye doctor graduate
- 1 eye nurse graduate
- noncommunicable disease (NCD) nurses completed training at the Regional Eye Centre to strengthen referral systems between eye care and NCD sectors



VANUATU

IN 2019

- 1 eye nurse graduate
- 6,386 patient consultations conducted at the renovated Vanuatu National Eye Centre



TONGA

In 2019

- 1 eye doctor graduate
- 1 eye nurse graduate
- essential equipment enabled Tonga's only eye doctor to carry out outreaches across the country



GRADUATE PROFILE

Dr Carole Poloso graduated at the end of 2019 and returned to Solomon Islands as a fully qualified eye doctor.

"In my lifetime I wanted to be able to do my best and, at the end of it, be satisfied that I have done as much as I can with what I have been given. I have been privileged to be given this opportunity by The Foundation to serve my people and to do so with the late Fred Hollows' non-discriminatory passion for humankind."

- Dr Carole Poloso

OUR GRADUATE PROGRAMME



As part of our Graduate Programme, the Papua New Guinea National Ophthalmic Clinicians Workshop was held in Port Moresby. The workshop was a huge success with attendees participating from over 25 different hospitals, health centres and departments across Papua New Guinea.

Graduate Programme

In 2019 we reached a major milestone, seven key countries in the Pacific where we work now all have at least one local eye doctor, trained by The Foundation, and supported by trained eye nurses.

Their goal is to deliver high-quality eye care services to people, not only in urban centres but also in remote villages.

However, the medical environments in which our eye specialists work are very different from those enjoyed by their peers in this country. Our eye doctors do not have the facilities, the equipment, the supplies or the support systems found in New Zealand. This requires them to be highly innovative and extremely resourceful. But they also need our support, that is where our Graduate Programme can help.

The programme ensures our eye doctors and nurses have the ongoing training, equipment and support they require to continue to meet the challenges and successfully help their communities.



GRADUATE IMPACT

Following graduation, the eye nurses and eye doctors we train, provide eye care through public hospitals and clinics in their own countries throughout the Pacific.

The achievements of our graduates, working for their local Ministries of Health, demonstrates the impact of our programmes beyond the work of The Foundation. Fred believed that the only way to achieve long-term sustainability in eye care was to develop training programmes for local clinicians. As employees of their local Ministry of Health, the patient data collected does not belong to the clinicians or to The Foundation. Therefore, the clinicians are not obliged or often even permitted

to share the patient data with us. But with care taken to protect patient privacy, we are delighted when Ministries agree that clinicians can share their clinical data with us so that we can measure the impact and celebrate their successes. Given the data submitted is not always complete or regular, forecasting and making meaningful year on year comparisons is not possible. However, the table below does provide an encouraging insight into what is being achieved by our graduates.

Achievements by graduates during the year		Actual 2019	Actual 2018
Increased eye care service provided	Consultations	17,865	17,295
	Surgeries	1,150	1,271
	Patients screened for diabetic eye disease outside the FHFNZ Group's programmes	7	126
	Patients receiving spectacles outside the FHFNZ Group's programmes	1,933	1,357



Graduation ceremony, Fiji, 2019

METUISELA'S STORY



Metuisela from Suva, Fiji, was blind in both eyes before he received a cataract operation at the Pacific Eye Institute

For 20 long years, Metuisela had no vision in his left eye, and then a growing cataract in his right eye left him blind in both eyes.

Metuisela prayed he could be helped, "I am still strong, I want to keep working. I need to provide for my family." Metuisela is one of the many people across the Pacific struggling with blindness and unable to work.

A proud Fijian man and a gardener by profession he lives with his wife and their youngest son. Their home is surrounded by a vibrant garden, which is full of colour, but their house is small and with a leaking roof it provides little shelter, "Please, I just want to see again, I have to work so I can build a new home, but I struggle to get to work. I have to take two buses and it takes me two hours."

With no chance of regaining sight in his left eye, all Metuisela's hopes of being able to see again are reliant on an operation to remove the dense cataract in his right eye.

Finally, Metuisela's prayers were answered. One of our doctors was able to perform sight-restoring surgery. When he arrived at the eye clinic, he was accompanied by his older sister, Lide, "I worry about him. Wherever he goes, I go. It's difficult for me. I don't like to leave him on the bus by himself. I worry he will fall down."

When the time came to take off Metuisela's bandage, he sat patiently, as the nurse gently peeled off his eye patch.

Taking a moment to adjust, Metuisela looked straight at the eye chart ahead, pointed with excitement and said, "I can see that, I can read it!", tears of joy rolled down his face, as the frustration of the past 20 years flowed away. His sister's eyes filled with tears and she wept with relief. With a big smile he took a diary out of his pocket and started to write, his sister looked at him with shock, "He hasn't been able to write for years!"

Because of the generosity of our supporters, Metuisela can return to work and one day build the house he dreams of. But there are too many people living in remote, isolated villages across the Pacific who are struggling with blindness. We need ongoing support so we can reach more people and train more local eye doctors and nurses. As Fred once said: "What we are doing is revolutionary ... what we are doing is giving these people the chance to help themselves. We are giving them independence."

It's with this attitude the Pacific Eye Institute has seen 290 eye doctors and nurses graduate and return to their communities.

One day we will end avoidable blindness in the Pacific, but until then we're not holding back.

KARLPAT'S STORY



A once vital and fit man, Karlpat's good and honest life was torn from under him when he was diagnosed with diabetes.

For Karlpat to receive treatment he must live in Port Vila, hundreds of miles from his home island, Ambrym.

Had we met Karlpat in 2012, his energy and strength would have made a deep impression on us. Living on the island of Ambrym, the broad-shouldered 46-year-old worked as a mechanic and was a proud father to three children. However, unbeknown to him, diabetes was starting to take hold throughout his body.

His diabetes was diagnosed in 2014 after a fever led to him collapsing into a diabetic coma, resulting in an emergency flight to the hospital in Port Vila.

When he awoke, he could not use his arms or his legs. Four years later, things have improved. He can stand with the help of a frame. A wound on his back, too large for a skin graft, took two years to heal.

Sadly, his eyes have not fared so well. The undiagnosed diabetes had damaged his retina. Without treatment there was a very real danger of total blindness.

Tragically, diabetic eye disease cannot be cured, however vision loss can be slowed with treatment.

To date, Karlpat has had two laser treatments. These have preserved his sight for the time being, but more treatment is almost inevitable. To receive treatment, Karlpat must live in Port Vila, hundreds of miles from Ambrym. It has been four years since he left his teenage son, who lives on the island with relatives.

In Port Vila his home is a simple room, with basic furnishings. There is an outside stove, where all the cooking is done. A bare light bulb is the sole illumination. Exposed wires can be seen protruding from the walls.

These are reduced circumstances for a man who had a good job, a happy family and a carefree life. Karlpat tries to be positive. He has the use of his arms, but as he says, "I can't really walk. I can only stand up with help."

Even so, he is doing what he can. "I didn't know about diabetes or how you get it. Since I learnt about it, I have changed my diet. I do exercises. But healthy food is expensive in Vanuatu. It is difficult." Karlpat shares his wish of returning to his island, even just to be there to celebrate Christmas with his son.

The larger question is, will he ever be able to return permanently? "Maybe", is all he can say. Vanuatu's first permanent eye doctor, Dr Kasso, has completed his training through The Foundation and has returned to Vanuatu to work in the new eye clinic which was built by The Foundation. Dr Kasso will work to bring families like Karlpat's back together.

KEY EVENT



Team members meeting the Queen for a special celebration at Buckingham Palace.

FOUNDATION STAFF MEET HER MAJESTY THE QUEEN

Some of our staff members were among the guests at a special reception hosted by Her Majesty The Queen at Buckingham Palace in October 2019.

The event marked the completion of The Queen Elizabeth Diamond Jubilee Trust. The Trust worked with partners throughout the Commonwealth to eliminate avoidable blindness and had been supporting the Diabetic Eye Disease programme of The Fred Hollows Foundation NZ since 2015.

Attendees to the event included our Pacific Diabetic Eye Disease Programme Manager Komal Ram, former Programme Director Marleen Nelisse and three eye nurses from across the Pacific: Basil Aitip, Savelina Veamatahau and Caroline Auva'a. For many of the visitors, the chance

to meet Her Majesty The Queen was a once in a lifetime experience.

The Trust supported The Foundation's Pacific Diabetic Eye Disease Programme, an initiative which operates in six countries including Fiji, Kiribati, Samoa, Solomon Islands, Tonga and Vanuatu. The programme aims to increase the capacity of the existing eye health workforce, support the training of local doctors and nurses and improve diabetes awareness. It has had a significant impact on diabetic eye disease services throughout the Pacific.

CHEFS FOR GOOD

We were the recipients of a collaboration, between award-winning chef Michael Meredith and The Collective Yoghurt Company, called 'Chefs for Good'. The collaboration saw a line of gourmet yoghurts created by leading Kiwi chefs with proceeds going to charity. Michael chose The Foundation as his charity of choice for his Pacific-inspired coconut and passion with hibiscus flavoured yoghurt.



Michael Meredith



Michael Meredith cooks dinner for our doctors and nurses on Outreach in Samoa.

“The Foundation creates hope and opportunities that are life-changing for many people and their families.”

- Michael Meredith

“The incredible work that The Foundation is doing really connects with my heart. I grew up in Samoa with an aunty that had cataracts and witnessed first-hand the negative impact that it had on her and how important eyesight is to everyday existence. The Foundation creates hope and opportunities that are life-changing for many people and their families”, says Michael.

Michael also met our eye doctors and nurses at an Outreach clinic on the outer Samoan island of Savai'i. Witnessing first-hand what our team was doing to restore sight, Michael cooked a delicious Pacific feast to thank them for their amazing work.

The money raised from the yoghurt sales will help The Foundation restore sight to the needlessly blind through training local eye health specialists and strengthening local health systems to achieve access to quality eye care.

HUMANITY AWARDS

In 2019, we launched our first ever Humanity Awards to celebrate outstanding young people in our communities. The award was created to recognise a child who is following in the footsteps of our founder and legendary New Zealander, the late Professor Fred Hollows.

Fred became famous for being a social justice activist who championed the right of all people to have high quality and affordable eye care. We wanted to recognise a young person who also strives to make the world around them better for others and who embodies the values of compassion, integrity and kindness.

In a year that has seen our country face some extraordinarily difficult times, something that has shone through has been the incredible humanity demonstrated by New Zealanders. So we were not surprised to receive over 70 nominations, but we were overwhelmed by the impressive calibre of children who were nominated. New Zealand is in good hands if these nominations are an example of the emerging generations and Fred would be proud to be associated with such outstanding and talented young people.



Sari Moore with her family, teacher and Engagement Director Margi Mellsoy.

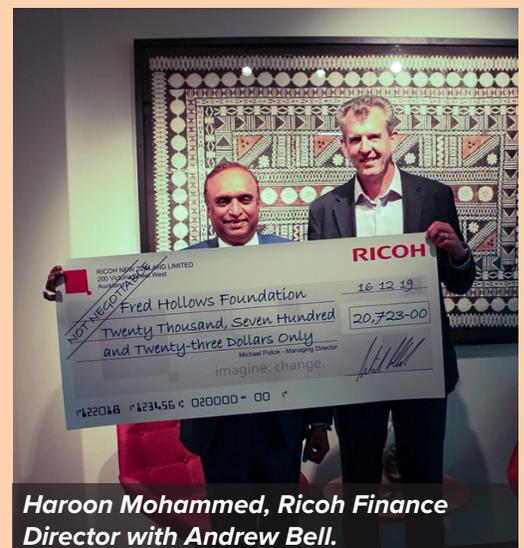
They are engaged at school, show compassion to strangers and their younger peers, fundraise for amazing causes without prompting, support their teachers, establish wonderful programmes, and genuinely make the world a better place with their positive, can-do attitudes.

Congratulations to Sari Moore from Nelson Central School who was nominated by her teacher and chosen as The Fred Hollows Humanity Awards 2020 Junior Ambassador.

THANKS, RICOH!

Over the past seven years, Ricoh has held an annual fundraising raffle raising over \$100,000 to help end avoidable blindness in the Pacific. Ricoh have a philosophy for a sustainable society which is at the heart of their corporate values and approach to doing business.

“We are proud to be partnering with The Fred Hollows Foundation NZ to ensure more people can see in the Pacific.”



Haroon Mohammed, Ricoh Finance Director with Andrew Bell.

2020 PROJECTS

According to the ‘World Report on Vision’ by the World Health Organization in 2019, at least 1 billion people have a vision impairment that could have been prevented or is yet to be addressed. Many of our Pacific neighbours are suffering this exact fate. We are working hard to change this.

Our 2020 Future Fund booklet details how we plan to unleash Fred’s spirit of innovation through a number of key projects, making significant progress in achieving Fred’s vision of a world where no one is needlessly blind.

1. RESTORE AND PRESERVE SIGHT

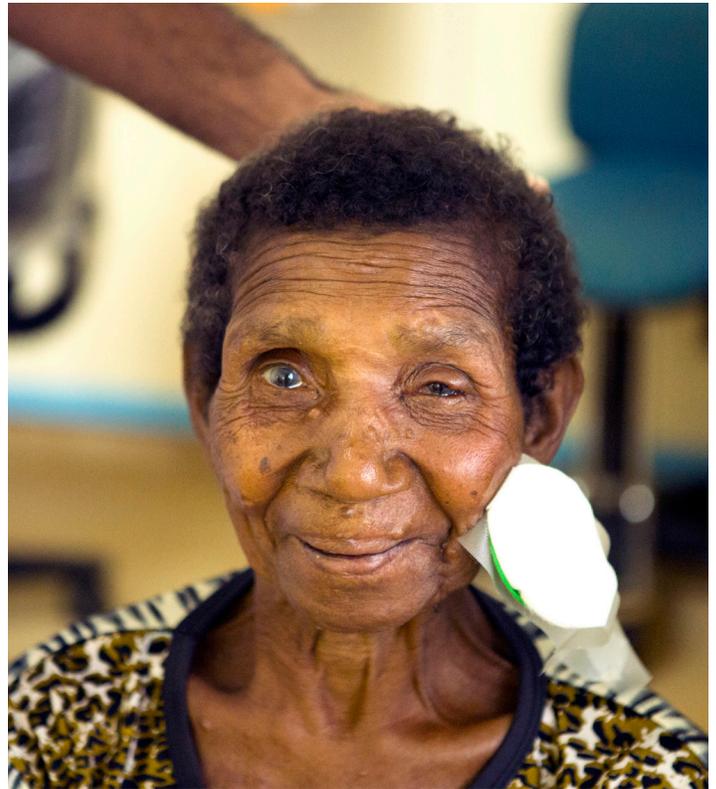
An estimated 90% of the world’s visually impaired people live in low-income countries. Disadvantaged and vulnerable communities are the worst affected because there’s a strong link between eye health, poverty and education. Over 27 years, between The Fred Hollows Foundation and The Fred Hollows Foundation NZ, more than 2.5 million people globally have had their sight restored. In the Pacific alone, over 70,000 sight-saving operations have been performed.

The 2020 Future Fund seeks ongoing operational support for the Mobile Eye Clinic in Fiji.

2. TRAIN AND SUPPORT THE REGIONAL EYE CARE WORKFORCE

Fred believed in empowering people. That’s why we train a range of eye care professionals — from community health workers to surgeons. Developing local skills will always be at the heart of our work.

The 2020 Future Fund seeks support for the crucial Graduate Programme.



3. DRIVE INNOVATION AND RESEARCH

Like Fred, we’re a practical bunch. We use evidence-based approaches in our programmes, and we don’t shy away from doing things differently if it gets us closer to ending avoidable blindness and vision impairment in the Pacific.

The 2020 Future Fund seeks support to establish Fred’s Innovation Hub to test and pilot opportunities our digital age presents.

4. BUILD AND MAINTAIN CLINICS AND PROVIDE MEDICAL EQUIPMENT

Delivering eye health can’t be done in isolation. We work with local Ministries of Health and organisations to strengthen local eye care systems.

Key to this is building and maintaining eye health clinics and equipping them with vital medical equipment. Our next Project of Significance is to build the Papua New Guinea Centre of Excellence for Eye Health, our largest project yet.

2020 PROJECT OF SIGNIFICANCE

PAPUA NEW GUINEA CENTRE OF EXCELLENCE FOR EYE HEALTH

Over 8.5 million people live in Papua New Guinea (PNG), and it has one of the highest rates of avoidable blindness in the world. We are working with local partners on the ground to change this. Delivering eye care to those who need it is an immense challenge, but we will meet it with your help.

Since 2007, we have restored sight to over 9,400 people, trained 86 eye nurses and provided scholarships to seven doctors to become eye specialists. But many, many more local eye specialists need to be trained if PNG is to be successful in reducing the high rates of avoidable blindness.

Only 13% of the population lives in urban areas.

It is estimated 40% of the population live below the poverty line (US\$1.90 a day).

5.6% of adults over 50 are blind.

There are only 11 eye doctors working in PNG. There should be at least 85 to meet the population's eye care needs.

There is no doubt that this is an ambitious project. But we simply cannot ignore the immense eye care challenges facing our Pacific neighbours in PNG. Fred wouldn't. We won't.

The Foundation is committed to a significant expansion of its training and clinical service provision in PNG, through a new purpose-built Centre of Excellence in Port Moresby. When complete, the Centre will provide high quality, year-round, training and services.

Future management of the Centre will be undertaken as a strategic collaboration with our partners, including the National Department of Health, Port Moresby General Hospital and University of Papua New Guinea.

Our proven methodology will see doctors and nurses trained side-by-side as eye care specialists before being deployed across PNG to regional hospitals and health facilities as specialist eye doctors and nurses.

The Centre will provide space for consultations, refraction and surgery; central coordination for local teams to conduct outreaches to rural areas; and provide screening treatment and counselling for eye-related complications of diabetes.

Early indications show the Centre of Excellence will require funding in excess of \$30 million to build and provide operational support for five years. As part of our vision of localised sustainability, our intention is to assist our partners to eventually incorporate the Centre into their own systems.

This project will be, by far, the largest project ever undertaken by The Fred Hollows Foundation NZ and will require collaboration with many stakeholders as well as support from our generous donors.



2019 CONSOLIDATED FINANCIAL STATEMENTS



Dr Carole on Outreach in Vanuatu.

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

for the 12 months ended 31 December 2019

This Performance Report reflects operations for the year ended 31 December 2019 for the Consolidated Group of The Fred Hollows Foundation NZ (the Group). The Group is required to report under the Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) as a Tier 2 entity (having annual operating expenses greater than \$2 million and less than \$30 million), with specific notes and disclosures required.

The Board accepts responsibility for the preparation of the annual Consolidated Statement of Service Performance, the Consolidated Financial Statements and the judgements used in these financial statements.

Management (including the Executive Director and others directed by the Board) accepts responsibility for establishing and maintaining policies and procedures and systems of internal controls designed to provide reasonable assurance as to the integrity and reliability of the Group's financial reporting.

It is the opinion of the Board and Management that the annual consolidated financial statements for the financial year ended 31 December 2019 fairly reflect the financial position and operations of the Group.

The Group's 2019 Performance Report is authorised for issue by the Board.

Craig Fisher

Board Chair



Signature of Chair

18 May 2020

Date

AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE FRED HOLLOWES FOUNDATION NZ

Opinion

We have audited the performance report of The Fred Hollows Foundation (NZ) ("the Foundation") and its controlled entities (together, "the Group"), which comprise the consolidated statement of service performance on pages 23 to 29 and the consolidated financial statements on pages 30 to 49. The complete set of consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive revenue and expenses, consolidated statement of changes in net assets/equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying performance report presents fairly, in all material respects:

- the consolidated financial position of the Group as at 31 December 2019, and its financial performance, and its consolidated cash flows for the year then ended; and
- the consolidated service performance for the year ended 31 December 2019 in accordance with the entity's service performance criteria

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the consolidated service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard (NZ AS) 1 The Audit of Service Performance Information (NZ). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Performance Report section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm has provided IT advisory services to The Fred Hollows Foundation NZ. The firm has no other relationship with, or interest in, The Fred Hollows Foundation NZ or any of its subsidiaries, other than in our capacity as auditor.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 27 to the financial statements, which describes events subsequent to the date of the financial statements of the Group indicating that the Group will have reduced activities for a period of time due to the impact of COVID-19. As stated in Note 27, these events or conditions, along with other matters as set forth in Note 27, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

AUDITOR'S REPORT



◆ BDO Auckland

Other Information

The Board of Trustees are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the performance report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements and consolidated statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements 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.

Trustees' Responsibilities for the Consolidated Financial Statements

Those charged with governance are responsible on behalf of the Group for:

- a) the preparation and fair presentation of the performance report, consolidated financial statements and consolidated statement of service performance in accordance with PBE Standards RDR issued by the New Zealand Accounting Standards Board;
- b) service performance criteria that are suitable in order to prepare service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard (NZ AS) 1 The Audit of Service Performance Information (NZ); and
- c) such internal control as those charged with governance determine is necessary to enable the preparation of the consolidated financial statements and consolidated statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the performance report, those charged with governance 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 those charged with governance either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole and the consolidated statement of service performance are 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 ISAs (NZ) and NZ AS 1 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 or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.

A further description of the auditor's responsibilities for the audit of the performance report is located at the XRB's website at <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/>

AUDITOR'S REPORT



◆ BDO Auckland

Who We Report To

This report is made solely to The Fred Hollows Foundation NZ Board of Trustees, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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 Board of Trustees, as a body, for our audit work, for this report or for the opinion we have formed.

BDO Auckland

BDO Auckland
Auckland
New Zealand
20 May 2020

CONSOLIDATED STATEMENT OF SERVICE PERFORMANCE

Our Vision

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

Our Purpose

We work to end avoidable blindness and vision impairment in the Pacific. We advocate for the right of all people to high-quality and affordable eye care. We strive for eye care to be locally led and accessible to all. In doing this the legacy of Fred Hollows continues.



WHAT WE DO

The Group's work is guided by four pillars:



1. RESTORE AND PRESERVE SIGHT

We support local teams to provide sight-saving surgeries, treatments and spectacles at partner eye clinics and on outreaches to locations that would otherwise not have access to eye care.



2. TRAIN AND SUPPORT THE REGIONAL EYE CARE WORKFORCE

Together with our partners, we provide postgraduate eye care training to local doctors and nurses, followed by ongoing professional development so that these specialists can meet the eye care needs of their own countries. Training the local workforce in eye care is the only way to eliminate avoidable blindness and vision impairment in a sustainable way.



3. STRENGTHEN LOCAL HEALTH SYSTEMS

We partner with local health authorities to promote local ownership of eye care, and to strengthen health management and referral systems.



4. DRIVE INNOVATION AND RESEARCH

Our approach is tested and effective. We support research to better understand and deliver on meeting current and future eye care needs. We are committed to adopting innovative solutions to ensure that our eye care programmes are locally appropriate and meet international best practice standards.

PROGRAMME STRATEGY

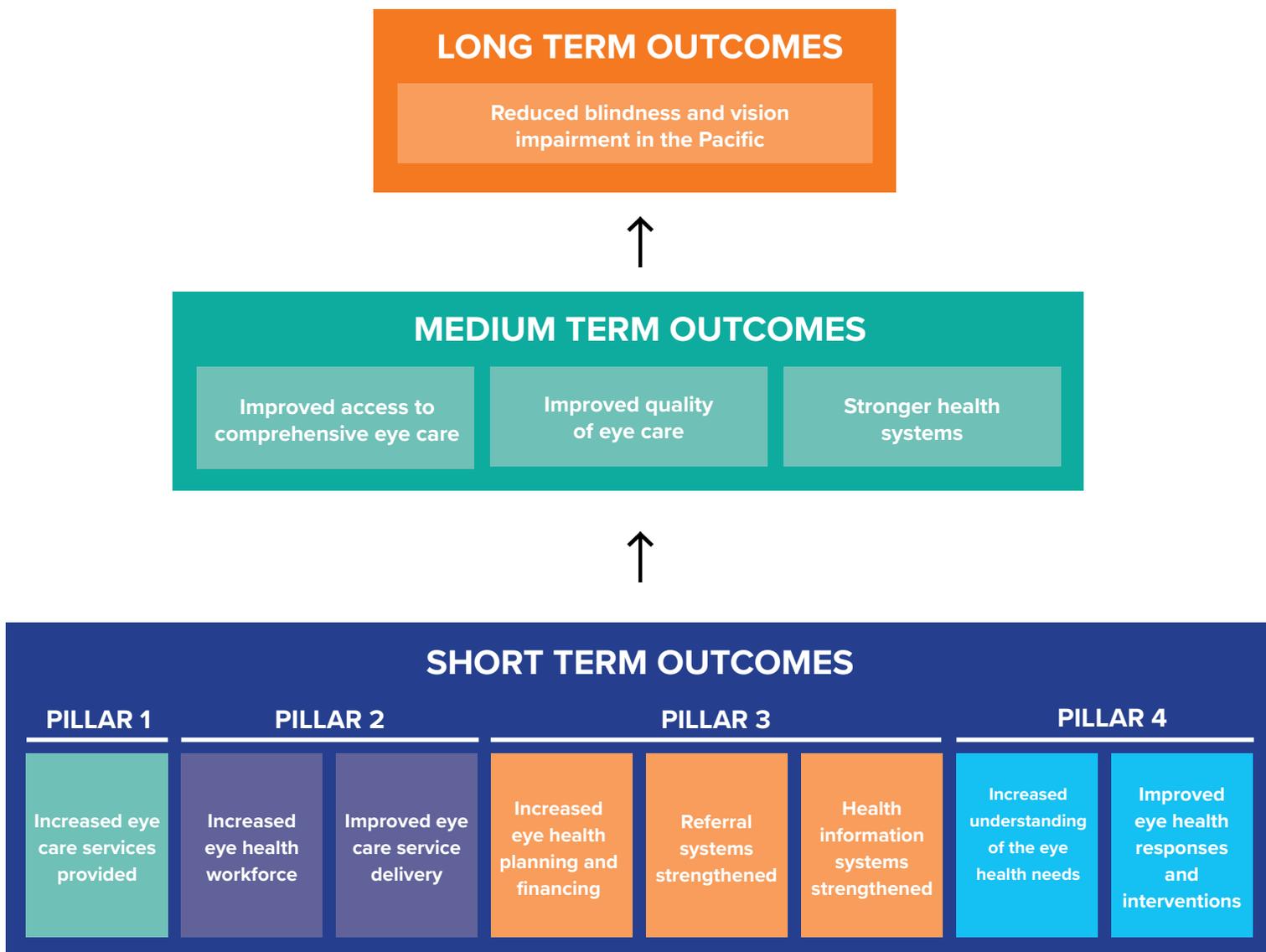
The Group delivers targeted outputs in accordance with its programme strategy and budget. Outputs are designed to achieve short and long term outcomes that will enable the Group to achieve its vision and ultimately contribute towards specific global goals and initiatives.

These outcomes and global goals are set out in the Programme Results Framework below.

Short term outcomes and outputs are grouped by our pillars.

PROGRAMME RESULTS FRAMEWORK

Vision: A world in which **no person is needlessly blind or vision impaired**



Our efforts support achievements of the following global goals:

- Vision 2020: a Right to Sight
- World Health Organization Universal Eye Health: A Global Action Plan 2014-2019
- United Nations Sustainable Development Goal 3: Targets 3.8, 3.c, 3.d
- World Health Organization Global Action Plan for the Prevention and Control of Noncommunicable Diseases 2013-2020: Objectives 1, 2 and 4

PROGRAMME RESULTS

This section provides a report of the Group's achievements against the short term outcomes identified in the Programme Results Framework.

PILLAR 1: RESTORE AND PRESERVE SIGHT

Short Term Outcome	Indicator	Actual 2019	Target 2019	Actual 2018	Target 2018
Increased eye care services provided	Consultations	84,022	60,915	82,643	61,732
	Surgeries	4,662	5,240	5,312	5,733
	Patients screened for diabetic eye disease	13,109	6,316	13,545	10,621
	Patients receiving laser treatment for diabetic eye disease	1,827	1,550	1,867	1,672
	Patients receiving spectacles	11,996	13,572	11,608	12,378
Output	Indicator	Actual 2019	Target 2019	Actual 2018	Target 2018
Pacific clinic running costs	Staff employed in Pacific eye clinics	62	60	61	70
	Pacific eye clinics supported	4	4	4	4
Clinic equipment and consumables	Programme countries receiving new ophthalmic equipment	7	7	7	6
	Ophthalmic equipment items purchased	72	70	118	114
	Value of ophthalmic equipment purchased	\$428,423	\$374,171	\$811,091	\$670,597
	Additional spectacles and sunglasses supplied to graduate nurses	5,455	5,000	10,794	6,000
Infrastructure development	Infrastructure projects completed	-	-	1 (Vanuatu)	1 (Vanuatu)

The above activities received direct financial and/or management support from The Fred Hollows Foundation NZ. In 2019, this included all services provided by the Pacific Eye Institute in Suva, Fiji, the Regional Eye Centre in Honiara, Solomon Islands and the Madang Provincial Hospital Eye Clinic in Madang, Papua New Guinea. It also includes results from the diabetes eye clinics from the main hospitals in Vanuatu, Samoa, Kiribati and Tonga.

"I believe the basic attribute of mankind is to look after each other, and that's what makes humans look after other humans when they are in need..."

- PROFESSOR FRED HOLLOWES



PILLAR 2: TRAIN AND SUPPORT THE REGIONAL EYE CARE WORKFORCE

Short Term Outcome	Indicator	Actual 2019	Target 2019	Actual 2018	Target 2018
Increased eye health workforce	Master of Medicine in Ophthalmology graduates	4	4	2	2
	Postgraduate Diploma in Ophthalmology graduates	4	4	3	3
	Postgraduate Diploma in Eye Care graduates	8	8	10	10
	Master of Community Eye Care graduates	2	2	-	-
	Total graduates trained	18	18	15	15
Improved eye care service delivery	Graduates reporting confidence in having the appropriate skills and knowledge to fulfil their roles	100%	90%	90%	90%
	Graduates using skills and knowledge received from medical training	88%	90%	100%	90%
Output	Indicator	Actual 2019	Target 2019	Actual 2018	Target 2018
Scholarships provided	Eye doctor in training	13	14	14	15
	Eye nurses in training	12	13	15	16
Training courses delivered	Master of Medicine (MMed) in Ophthalmology	1	1	1	1
	Postgraduate Diploma in Ophthalmology (PGDO)	1	1	1	1
	Postgraduate Diploma in Eye Care (PGDEC)	1	1	1	1
	Master of Community Eye Care (MCEC)	1	1	1	1
Support for workforce provided	Ophthalmologists and eye nurses provided one-on-one workforce support	21	20	30	30
	Ophthalmologists and eye nurses attending group workforce support	129	120	150	145
Sub-specialist visits	Sub-specialist visits conducted	10	7	8	11
Continuing professional development (CPD) for eye care workers	CPD provided	16	15	16	12



PILLAR 3: STRENGTHEN LOCAL HEALTH SYSTEMS

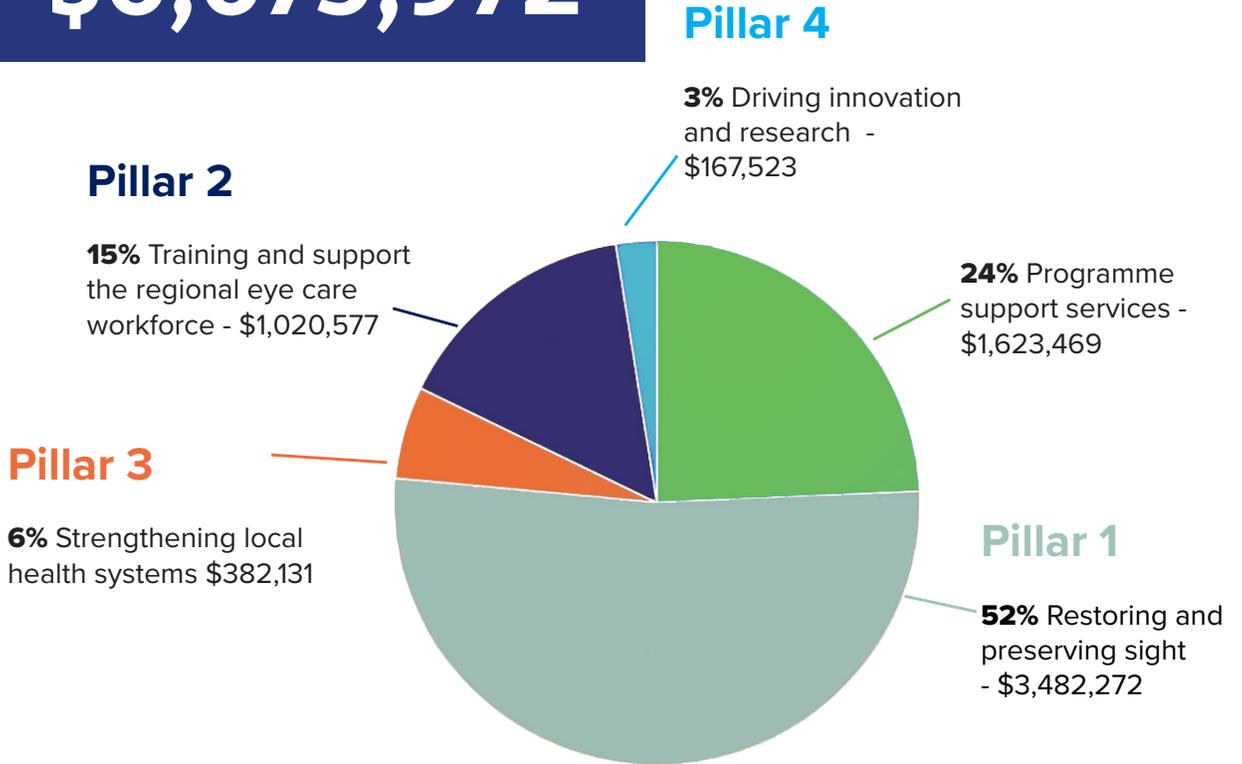
Short Term Outcome	Indicator	Actual 2019	Target 2019	Actual 2018	Target 2018
Increased eye health planning and financing	Programme countries with local Ministry of Health budget line for eye health care	7	7	-	-
	Programme countries where National Eye Care Coordinator position exists within local Ministry of Health	3	7	-	-
Output	Indicator	Actual 2019	Target 2019	Actual 2018	Target 2018
Technical support for national plans and policies	Programme countries where budget and planning support provided	7	7	7	7
Non-eye health care worker training	Primary level clinicians trained in primary eye care	184	185	408	450
	Community health workers trained in primary eye care	471	400	641	400
Health promotion activities	Community health promotion activities	8	7	19	15

PILLAR 4: DRIVE INNOVATION AND RESEARCH

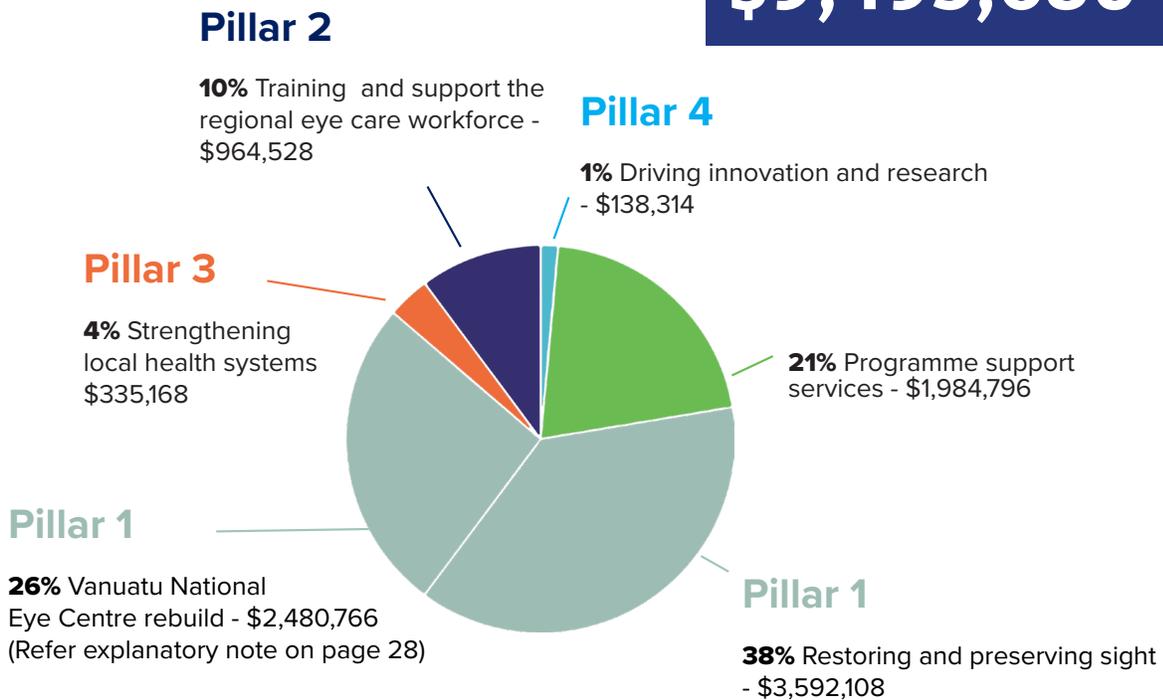
Short Term Outcome	Indicator	Actual 2019	Target 2019	Actual 2018	Target 2018
Increased understanding of eye health needs	Programme countries with national eye health prevalence data available	2	2	2	2
	Programme countries with national diabetic retinopathy prevalence data available	3	3	3	3
	Programme countries with national eye care systems assessment data available	2	2	2	2
	Programme countries with national diabetic retinopathy and diabetes management systems assessment available	3	3	3	3
Output	Indicator	Actual 2019	Target 2019	Actual 2018	Target 2018
Research conducted	Evaluations completed	-	-	1	1
	Published academic articles	1	1	2	1

PROGRAMME EXPENSES

2019 Programme Expenses
\$6,675,972



2018 Programme Expenses
\$9,495,680



FUNDS SOURCE AND DESTINATION

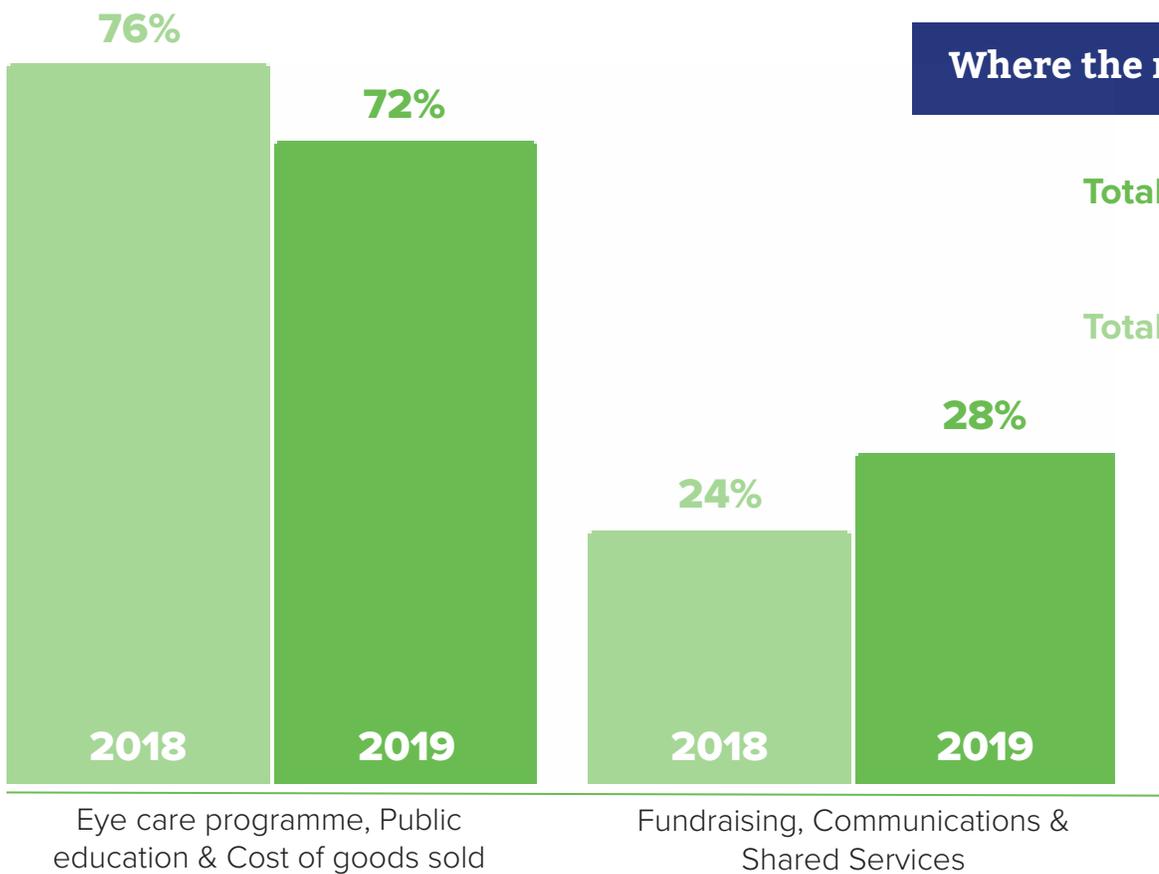
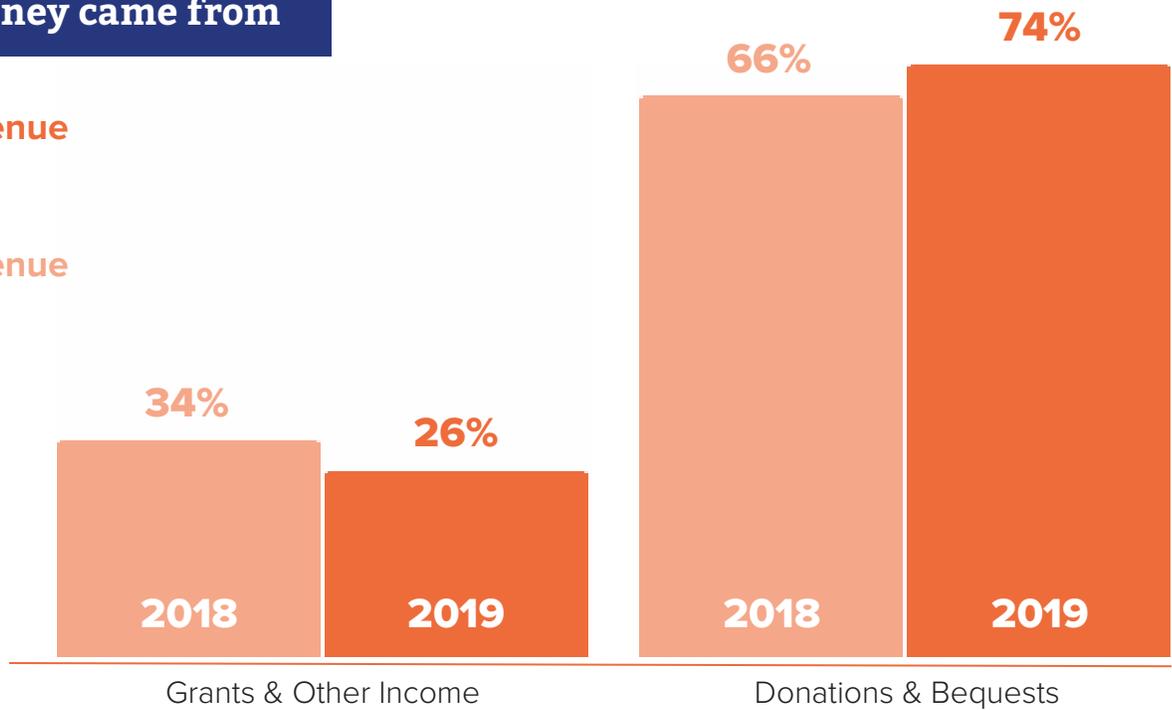
Where the money came from

Total 2019 Revenue

\$11,663,657

Total 2018 Revenue

\$13,035,681



Where the money went

Total 2019 Expenses*

\$10,421,423

Total 2018 Expenses*

\$13,455,727

* includes Cost of Goods Sold

During 2018, the Vanuatu National Eye Centre, at Vila Central Hospital, was rebuilt and fitted with all new equipment at a cost of \$2.5m. The infrastructure and equipment were donated to The Government of the Republic of Vanuatu (represented by the Ministry of Health) upon completion in December 2018, as per the Memorandum of Understanding dated 10 April 2018.

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

for the 12 months ended 31 December 2019

	Note	2019	2018
Revenue			
Revenue from Exchange Transactions	5	322,352	498,283
Revenue from Non-Exchange Transactions	6	11,341,305	12,537,398
Total Revenue		11,663,657	13,035,681
Less Cost of Goods Sold			
Cost of Spectacles and Medical Supplies – Exchange Transactions		66,671	72,182
Total Cost of Goods Sold		66,671	72,182
Gross Surplus		11,596,986	12,963,499
Less Other Expenses			
Programme Expenses	7	6,675,972	9,495,680
Engagement Expenses	8	3,165,307	3,330,255
Shared Services Expenses	9	513,473	557,610
Total Other Expenses		10,354,752	13,383,545
Total Surplus / (Deficit) for the year		1,242,234	(420,046)
Total Comprehensive Revenue and Expenses for the year		\$1,242,234	(\$420,046)

The above consolidated statement of comprehensive revenue and expenses should be read in conjunction with the notes on pages 34 to 49.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS / EQUITY

for the 12 months ended 31 December 2019

	Note	Accumulated comprehensive revenue and expense	Contingency Reserve	Total Net Assets / Equity
Opening Balance 1 January 2018		7,033,134	-	7,033,134
Total Comprehensive Revenue and Expenses for 2018		(420,046)	-	(420,046)
Exchange differences in translation of foreign operations		19,448	-	19,448
Closing Net Assets / Equity 31 December 2018		\$6,632,536	-	\$6,632,536
Opening Balance 1 January 2019		6,632,536	-	6,632,536
Total Comprehensive Revenue and Expenses for 2019		1,242,234	-	1,242,234
Exchange differences in translation of foreign operations		(16,293)	-	(16,293)
Transfer to Contingency Reserves	25	(2,500,000)	2,500,000	-
Closing Net Assets / Equity 31 December 2019		\$5,358,477	\$2,500,000	\$7,858,477

The above consolidated statement of changes in net assets / equity should be read in conjunction with the notes on pages 34 to 49.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	Note	2019	2018
Current Assets			
Cash and Cash Equivalents	11	5,136,086	3,732,468
Investments	12	2,500,000	3,000,000
Prepayments from Exchange Transactions		340,462	222,230
GST Receivable		126,527	180,376
Inventory and Goods in Transit	13	431,789	287,046
Accounts Receivable from Exchange Transactions		120,442	59,649
Accounts Receivable from Non-Exchange Transactions		6,250	277,745
Total Current Assets		8,661,556	7,759,514
Non-Current Assets			
Property, Plant and Equipment	14	1,019,910	1,242,620
Total Non-Current Assets		1,019,910	1,242,620
Total Assets		9,681,466	9,002,134
Current Liabilities			
Trade Payables from Exchange Transactions		306,833	508,891
Other Payables and Accruals		138,592	215,726
Deferred Revenue from Non-Exchange Transactions	15	1,086,093	1,407,102
Employee Entitlements	16	291,471	237,879
Total Current Liabilities		1,822,989	2,369,598
Total Liabilities		1,822,989	2,369,598
Net Assets		\$7,858,477	\$6,632,536
Equity			
Accumulated Comprehensive Revenue and Expenses		5,358,477	6,632,536
Contingency Reserve	25	2,500,000	-
Total Equity Attributable to Controlling Entity		\$7,858,477	\$6,632,536

The above consolidated statement of financial position should be read in conjunction with the notes on pages 34 to 49.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the 12 months ended 31 December 2019

	Note	2019	2018
Cash Flows from Operating Activities			
Receipts from Non-Exchange Transactions		11,200,277	12,319,225
Receipts from Exchange Transactions		116,088	224,774
Interest Received		145,472	189,274
Payments to Suppliers and Employees		(10,387,800)	(10,452,405)
Donations paid for Infrastructure Builds – Vanuatu National Eye Centre		-	(2,460,706)
Net GST Received		53,849	(1,380)
Net Cash Inflows / (Outflows) from Operating Activities		1,127,886	(181,218)
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(313,379)	(694,281)
Proceeds from Disposal of Property, Plant and Equipment		105,404	182,363
Movements in Investments		500,000	(2,000,000)
Net Cash Inflows / (Outflows) from Investing Activities		292,025	(2,511,918)
Net Increase / (Decrease) in Cash and Cash Equivalents			
Effect of exchange rate fluctuations on cash held		(16,293)	19,448
Cash and Cash Equivalents at Beginning of Year		3,732,468	6,406,156
Cash and Cash Equivalents at End of Period	11	\$5,136,086	\$3,732,468

The above consolidated statement of cash flows should be read in conjunction with the notes on pages 34 to 49.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the 12 months ended 31 December 2019

1. Reporting Entity

The Fred Hollows Foundation NZ (FHFNZ) was incorporated as a charitable trust under the Charitable Trusts Act 1957 on 5 November 1992 and registered as a charitable entity under the Charities Act 2005 (CC23722) on 30 April 2008. FHFNZ is incorporated in New Zealand and is a Public Benefit Entity (PBE) for the purpose of financial reporting in accordance with the Financial Reporting Act 2013.

FHFNZ, its subsidiary The Fred Hollows Foundation NZ Pacific Eye Institute Limited (FHFNZ-PEI) and its controlled entities The Fred Hollows Foundation PNG Inc. (FHF-PNG) and The Fred Hollows Foundation NZ SI Trust Board Inc. (FHFNZ-SI), comprise 'the Group' within these consolidated financial statements.

FHFNZ-PEI was incorporated as a company limited by guarantee on 18 May 2009 under the Fiji Companies Act 1983 (Cap. 247). The company is incorporated and domiciled in the Republic of Fiji. The composition of the members and directors of FHFNZ-PEI has been set up by FHFNZ for FHFNZ to have control over FHFNZ-PEI. Accordingly, FHFNZ-PEI is considered a subsidiary.

FHF-PNG was incorporated as an association under Section 7 of the Associations Incorporation Act 1966 (Chapter 142) on 17 August 2004 in Papua New Guinea. The composition of the members and committee of FHF-PNG has been set up by FHFNZ for FHFNZ to have control over FHF-PNG. Accordingly, FHF-PNG is considered a controlled entity.

FHFNZ-SI was incorporated as an association under the Charitable Trusts Act (Cap. 115) on 27 February 2014 in the Solomon Islands. The composition of the members and committee of FHFNZ-SI has been set up by FHFNZ for FHFNZ to have control over FHFNZ-SI. Accordingly, FHFNZ-SI is considered a controlled entity.

The Group exists to eliminate avoidable blindness and vision impairment primarily by restoring and preserving sight, training and supporting the regional eye care workforce, strengthening local health systems and driving innovation and research in the Pacific.

The Group operates under a Trade Mark Licence Agreement with The Fred Hollows Foundation dated 1 January 2017 whereby both parties are committed to contributing to the achievement of the goals of VISION 2020: The Right to Sight – a joint initiative and campaign of the World Health Organization and the International Agency for the Prevention of Blindness which aims to eliminate

avoidable blindness. The agreement provides that by both parties working collaboratively and in a coordinated way, organisations operating under a name including 'Fred Hollows', can be more effective in furthering this work and in the eradication of avoidable blindness. Both parties also agree that such collaboration and coordination will bring significant benefit to the full range of our respective activities.

Certain prior year comparatives have been reclassified in the comparatives to aid comparability with the Consolidated Statement of Service Performance, Consolidated Statement of Comprehensive Revenue and Expenses, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows.

2. Basis of preparation

2.1 Measurement basis

The consolidated financial statements have been prepared on the basis of historical cost.

2.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The Group is a public benefit entity for the purpose of financial reporting and complies with the Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) as appropriate for Tier 2 not-for-profit public benefit entities as it does not have public accountability and is not large (i.e. does not have total expenses over \$30 million). All reduced disclosure regime exemptions have been adopted.

2.3 Functional and presentation currency

The consolidated financial statements are presented in New Zealand Dollars (\$) which is the controlling entity's functional and Group's presentation currency, rounded to the nearest dollar.

There has been no change in the functional currency of the Group or any significant foreign operations of the Group during the year.

2.4 Basis of consolidation

Controlled entities

Controlled entities are entities controlled by the Group, being where the Group has power to govern the financial and operating policies of another entity so as to benefit from that entity's activities. The financial statements of the Group's subsidiary and controlled entities, namely

FHFNZ-PEI, FHF-PNG and FHFNZ-SI, are included in the consolidated financial statements.

Transactions eliminated on consolidation

Intra-group balances and transactions, and unrealised income and expenses arising from intra-group transactions have been eliminated in preparing the consolidated financial statements.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Exchange differences on foreign currency balances are recognised in the Consolidated Statement of Comprehensive Revenue and Expenses.

Assets and liabilities of the subsidiary and controlled entities 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 rate differences arising from these transactions are taken to the foreign currency translation reserve and are recognised in the Consolidated Statement of Changes in Net Assets / Equity.

3. Significant judgements and estimates

In the preparation of the Group's consolidated financial statements, Management has made the following judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements that have had the most significant effects on the amounts recognised in the consolidated financial statements:

Consolidated and separate financial statements

PBE IPSAS 34 Separate Financial Statements and PBE IPSAS 35 Consolidated Financial Statements supersede PBE IPSAS 6 Consolidated and Separate Financial Statements and introduces a single 'Control Model' for all entities whereby control exists when all the following conditions are present:

- power over investee
- exposure, or rights, to variable returns from the investee

- ability to use power over investee to affect the entity's returns from investee

The Group has an entitlement to a significant level of current or future ownership benefits which arise from the activities of its related entities.

The adoption of the new standards has not had any impact on the Group as all entities that are controlled by the Group as a result of the new definition of 'Control' are already being consolidated along with the separate presentation for the results of the regional entities. Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Statement of service performance reporting

In compiling the Group's Statement of Service Performance report, management has made judgements in relation to which outcomes and outputs best reflect the achievement of our performance for the Group's mission.

The Group delivers targeted outputs in accordance with its programme strategy and budget. These outputs are designed to achieve short, medium and long-term outcomes that will enable the Group to achieve its vision of a world in which no person is needlessly blind or vision impaired and ultimately contribute towards specific global goals and initiatives.

These outcomes and global goals are included within the Programme Results Framework. All outcomes and outputs are grouped by our four guiding pillars which are described under the Programme Results.

Our current focus is reporting on short-term outcomes and as our monitoring and verification systems mature, we will report on key outputs for our targeted medium and long-term outcomes.

The performance measures are designed to inform:

- our efficiency and effectiveness in supporting local teams to provide sight-saving surgeries, treatments and spectacles at partner eye clinics and on outreaches to locations that would otherwise not have access to eye care
- our work with our partners, where together, we provide postgraduate eye care training to local doctors and nurses followed by ongoing professional development so that these specialists can meet the eye care needs of their own countries in a sustainable way
- our commitment to partner with local health authorities to promote local ownership of eye care and to strengthen health management and referral systems
- our support for research to better understand and deliver on meeting current and future eye care needs

- our commitment to adopt innovative solutions to ensure that our eye care programmes are locally appropriate and meet international best practice standards

Outputs and outcomes are aggregated from information reported across the Pacific region.

Operating lease commitments

The Group has entered into leases for an office tenancy, office equipment and computer equipment. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the equipment that it does not retain all the significant risks and rewards of ownership of this equipment and it accounts for the contracts as operating leases.

Assumptions and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- the condition of the asset
- the nature of the asset, its susceptibility and adaptability to changes in technology and processes
- the nature of the processes and the location in which the asset is deployed
- availability of funding to replace the asset
- changes in the market in relation to the asset

Changes in accounting estimates

There have been no changes in accounting estimates for the current reporting period.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group.

New and amended standards adopted by the Group

During the period, the Group has adopted the following new standards for the first time:

- PBE IPSAS 34 – Separate Financial Statements
- PBE IPSAS 35 – Consolidated Financial Statements
- PBE IPSAS 38 – Disclosure of Interests in Other Entities
- PBE IPSAS 39 – Employee Benefits

There was no effect on the current or prior periods from the adoption of these standards. The Group also elected to early-adopt the following standard:

- PBE FRS 48 – Service Performance Reporting (refer to the Consolidated Statement of Service Performance)

4.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of consideration received. The following specific recognition criteria must be met before revenue is recognised.

Revenue from non-exchange transactions

Non-exchange transactions are those where the Group receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

Apart from services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where both:

- it is probable that the associated future economic benefit or service potential will flow to the entity, and
- fair value is reliably measurable

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect of the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- it is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- the amount of the obligation can be reliably estimated

The following specific recognition criteria in relation to the Group's non-exchange transaction revenue streams must also be met before revenue is recognised.

Donations

Revenue includes one-off and regular donations from individuals, trusts, foundations and corporate entities.

Donations from non-exchange revenue are recognised at the point at which cash is received.

Donations in-kind include donations of services and goods and are recognised when the services or goods are received. Donations in-kind are measured at their fair value

as at the date of the donation, ascertained by reference to the expected cost that would otherwise be incurred by the Group.

Grants

Grants are recognised as non-exchange revenue depending on the nature of any stipulations attached to the grant received, and whether this creates a liability rather than the recognition of revenue.

Stipulations that are conditions specifically require the Group to return the grant if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the conditions are satisfied.

Stipulations that are restrictions do not specifically require the Group to return the grant if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

Bequests

Bequests are recognised as non-exchange revenue when they are received unless they are subject to conditions being met and being returnable if those conditions are not met. Such bequests are initially recognised as a non-exchange liability and subsequently recognised as non-exchange revenue as and when the conditions are satisfied.

Bequests which have been recognised as non-exchange revenue and which subsequently become the subject of a possible claim under the Family Protection Act are recognised as a non-exchange liability until such time as the claim is settled.

Future Fund

Future Fund income is recognised as non-exchange revenue depending on the nature of any stipulations attached to the income received, and whether this creates a liability rather than the recognition of revenue.

The initiative is aimed at middle to high value donors and looks to support specific activities across the programme including the backing of significant infrastructure projects such as the upgrade and expansion of eye centres in the Pacific and to secure essential equipment and training to empower our Pacific leaders to restore sight in the region.

Other Non-Exchange Income

Other non-exchange revenue is recognised when the cash is received, and there are no conditions attached to the revenue, the funds are recognised in revenue immediately upon receipt.

Other non-exchange revenue includes other one-off items.

Revenue from exchange transactions

All revenue from exchange transactions, except interest income and resources sold to local hospitals, is recognised at the point at which cash is received which is generally the same time at which the goods or services are delivered.

Spectacle Sales

Revenue includes sales of spectacles and is recognised at the point at which cash is received.

Patient Fees

Revenue includes fees paid by patients in exchange for services performed at the Group's clinics and is recognised at the point at which cash is received. Revenue from this source is minimal.

As part of the Memorandum of Understanding with the Madang Provincial Hospital (formerly known as the Modilon General Hospital) in Madang, Papua New Guinea, revenue received from patient fees is utilised within the local Eye Clinic to fund operational expenses.

Resourcing Local Hospitals

Revenue includes sale of medical consumables to local hospitals unable to access those items through their local Ministry of Health.

Revenue is recognised at the point at which the consumables are dispatched from the Group's clinics.

Interest Income

Interest revenue is recognised as earned on a time-proportion basis using the effective interest method.

4.2 Financial instruments

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the financial instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group also derecognises financial assets and financial liabilities when there have been significant changes to the terms and/or the amount of contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies all its financial assets as loans and receivables.

The Group classifies all its financial liabilities as at amortised cost.

Financial instruments are initially measured at fair value plus directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument and is specifically detailed in the accounting policies below.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, investments, receivables from non-exchange transactions and receivables from exchange transactions.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities of three months or less.



Amortised cost financial liabilities

Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified as fair value through surplus or deficit financial liabilities.

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as amortised cost comprise trade payables (excluding Goods and Services Tax (GST)) and other payables and accruals.

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's

judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in surplus or deficit and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

4.3 Cash and cash equivalents

Cash and cash equivalents include bank balances, funds held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.4 Investments

Short-term investments comprise term deposits which have a term of greater than three months and therefore do not fall into the category of cash and cash equivalents. A low risk appetite is adopted for all investments.

4.5 Prepayments

Prepayments comprise expenditure which has been paid for in one accounting period, but for which the underlying asset will not be consumed until a future period. Prepayments are charged to expenses in the period in which the asset is consumed.

4.6 Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for doubtful debts.

Collectability of accounts receivable is reviewed on an on-going basis.

Receivables which are known to be uncollectable are written off.

A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the consolidated statement of comprehensive revenue and expenses.

4.7 Inventory and goods in transit

Inventory comprises student equipment and literature, medical supplies and spectacles and is recognised at the lower of cost and net realisable value. The cost

includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Goods in Transit comprise inventory and property, plant and equipment for which payment has been made in advance and title to the goods is passed to the Group. Title is passed when the terms as set out in the supplier's terms of trade are met.

4.8 Property, plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and impairment loss. When the asset is acquired through a non-exchange transaction, the cost is measured at its fair value at date of acquisition.

Depreciation is charged on a straight-line basis over the useful life of the asset.

Computer Equipment	12.5% - 67%
Office Equipment and Furniture and Fittings	8.5% - 30%
Leasehold Improvements	6% - 21%
Medical Equipment	12.5% - 30%
Motor Vehicles (including Mobile Eye Clinic)	12.5% - 20%
Programme Equipment	13.5% - 40%

Depreciation methods, useful lives, and residual values are reviewed at the reporting date and adjusted if appropriate. Those assets which have no future economic benefit are derecognised. Gains and losses on disposal of assets are considered in determining the operating result for the year.

In addition, the Group builds clinic infrastructure and procures medical and computer equipment and donates these to the local Ministries of Health throughout the Pacific. These items are expensed upon donation.

4.9 Leases

Payments on operating lease agreements, where the lessor retains all the risks and rewards of ownership of an asset, are recognised on a straight-line basis over the lease term.

4.10 Trade payables

Trade 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 prior to the end of the financial year that are unpaid and when an obligation arises 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.

4.11 Accrued expenses

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

4.12 Deferred Revenue

Deferred revenue is made up of grants, bequests and/or donations income tied to a specific purpose where there is a requirement to repay funds if that purpose is not met. A

liability is recognised to the extent that such conditions are unfulfilled at the end of the reporting period.

4.13 Employee benefits

Liabilities for salaries and leave entitlements are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities are measured at the amounts expected to be paid when the liabilities are settled.

Some employees of the Group become eligible for long service leave after a certain number of years of employment, depending on their contract. 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.

4.14 Income tax

Due to its charitable nature, the Group is exempt from income tax.

4.15 Goods and services tax (GST)

Except for FHFNZ-PEI and FHFNZ-SI, revenues, expenses and assets are recognised net of GST except for receivables and payables, which are stated with GST included. FHFNZ-PEI is not registered for the in-country equivalent of Valued Added Tax (VAT) and therefore all revenue, expenses and assets are recognised inclusive of VAT. FHFNZ-SI is not registered for the in-country equivalent of Goods Tax and Sales Tax and therefore all revenue, expenses and assets are recognised inclusive of Goods Tax and Sales Tax where applicable.

The net amount of GST recoverable from or payable to the Inland Revenue Department (or in country equivalent) is included as part of receivables or payables in the Consolidated Statement of Financial Position.

4.16 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or its related cash generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows (for cash-generating assets) or future remaining service potential (for non-cash-generating assets) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Cash-generating assets and non-cash generating assets are distinguished by the purpose designated for the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in surplus or deficit.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.17 Equity

Equity is the community's interest in the Group, measured as the difference between total assets and total liabilities. Equity is made up of accumulated comprehensive revenue and expenses and the Contingency Reserve.

Accumulated comprehensive revenue and expense is the Group's accumulated surplus or deficit since its formation, adjusted for transfers to/from specific reserves including the Contingency Reserve.

The Group maintains a Contingency Reserve primarily to protect itself against any catastrophic event resulting in cessation or significant reduction in income to meet the contractual, legal and ethical obligations to partners, suppliers and employees. Initial funding of the Contingency Reserve was from the Accumulated Comprehensive Revenue and Expenses and is incremented annually based on the lesser of \$500,000 or 50% of the annual Comprehensive Revenue and Expenses for the year until such time as a Board approved target is attained. Full details of the purpose of the Contingency Reserve are included in note 25.



5. Revenue from Exchange Transactions

	2019	2018
Interest Income	194,125	232,425
Patient Fees	864	3,287
Resourcing Local Hospitals	23,615	10,224
Spectacle Sales	96,050	94,022
Other Exchange Income	7,698	158,325
Total Revenue from Exchange Transactions	\$322,352	\$498,283

6. Revenue from Non-Exchange Transactions

	2019	2018
Engagement		
Bequests	1,680,153	1,496,038
Corporate Donations	290,127	258,547
Future Fund	201,970	289,500
Major Donations, Trusts and Foundations	1,173,090	999,190
Direct Marketing and Other Donations	5,326,128	5,526,936
Total Engagement Revenue	8,671,468	8,570,211
Grants		
The Fred Hollows Foundation	-	14,140
Ministry of Foreign Affairs and Trade	1,644,251	2,299,744
The Queen Elizabeth Diamond Jubilee Trust	808,949	878,745
Other Grants	146,997	747,772
Total Grants Revenue	2,600,197	3,940,401
Other		
Other Non-Exchange Income	69,640	26,786
Total Other Revenue	69,640	26,786
Total Revenue from Non-Exchange Transactions	\$11,341,305	\$12,537,398

7. Programme expenses

	2019	2018
FHFNZ		
Administration	972,024	964,235
Regional Programmes	915,004	1,372,746
Regional Programmes - Kiribati	153,467	37,836
Regional Programmes - Samoa	126,451	113,998
Regional Programmes - Tonga	178,077	165,336
Regional Programmes - Vanuatu	200,693	2,526,487
Workforce Support	90,445	104,419
Total FHFNZ	2,636,161	5,285,057
FHFNZ-PEI		
Administration	288,028	411,353
Clinic	333,058	385,555
Diabetic Retinopathy	324,537	488,696
Mobile Eye Clinic	383,180	418,964
Outreach	193,699	340,055
Regional Programmes	82,346	43,365
Scholarships and Training	553,528	451,451
Workforce Support	6,965	24,402
Total FHFNZ-PEI	2,165,341	2,563,841
FHF-PNG		
Administration	544,269	424,576
Clinic	351,259	325,614
Outreach	117,229	81,061
Port Moresby Office	65,289	14,480
Regional Programmes	21,105	-
Scholarships and Training	120,899	128,849
Workforce Support	145,193	112,940
Total FHF-PNG	1,365,243	1,087,520

	2019	2018
FHFNZ-SI		
Administration	108,017	101,830
Clinic	270,304	282,442
Diabetic Retinopathy	51,961	72,147
Outreach	31,447	18,086
Regional Programmes	-	15,982
Scholarships and Training	4,710	1,612
Workforce Support	42,788	67,163
Total FHFNZ-SI	509,227	559,262
Total Programme Expenses	\$6,675,972	\$9,495,680

8. Engagement Expenses

	2019	2018
Communications	234,170	366,204
Fundraising	2,174,145	2,330,180
Public Education	756,992	633,871
Total Engagement Expenses	\$3,165,307	\$3,330,255

9. Shared Services Expenses

	2019	2018
Depreciation	99,030	86,739
IT Support and Equipment Leasing Charges	101,922	85,448
Office Rent	185,305	185,676
Other Operating Expenses	127,216	199,747
Total Shared Services Expenses	\$513,473	\$557,610

10. Auditor's Remuneration

BDO Auckland, BDO Fiji and BDO Papua New Guinea provide audit services to the Group on a fee basis.

	2019	2018
Audit fees	46,460	48,042
Audit related expenses	10,406	18,390
Total Auditors Remuneration	\$56,866	\$66,432

11. Cash and Cash Equivalents

	2019	2018
FHFNZ Foreign Currency Accounts	108,602	664,521
FHFNZ Operating Accounts	1,023,696	305,863
FHFNZ Short Term Deposit Accounts	3,736,931	2,727,768
The Future Fund	202,881	6,982
Petty Cash	618	656
Regions Operating Accounts	63,358	26,678
Total Cash and Cash Equivalents	\$5,136,086	\$3,732,468

12. Investments

	2019	2018
Term Deposit Accounts	2,500,000	3,000,000
Total Investments	\$2,500,000	\$3,000,000

Term deposits are held with Kiwibank. Current term deposits mature within 12 months and are earning interest of 2.92% - 3.55% p.a. The fair value of the term deposits is the realisable value being cost plus interest accrued at balance date.

13. Inventory and Goods in Transit

	2019	2018
Inventory	296,295	283,840
Goods in Transit	135,494	3,206
Total Inventory and Goods in Transit	\$431,789	\$287,046

14. Property, Plant and Equipment

2019	Cost	Accumulated Depreciation	Net Book Value
Computer Equipment	357,417	(245,029)	112,388
Furniture and Fittings	86,272	(21,144)	65,128
Leasehold Improvements	26,793	(9,042)	17,751
Medical Equipment	903,157	(475,316)	427,841
Motor Vehicles includes Mobile Eye Clinic	1,223,115	(829,855)	393,260
Office Equipment	11,080	(7,538)	3,542
Programme Equipment	-	-	-
Total Property, Plant and Equipment	\$2,607,834	(\$1,587,924)	\$1,019,910

2018	Cost	Accumulated Depreciation	Net Book Value
Computer Equipment	323,515	(142,971)	180,544
Furniture and Fittings	77,210	(12,700)	64,510
Leasehold Improvements	26,793	(5,393)	21,400
Medical Equipment	919,993	(496,671)	423,322
Motor Vehicles includes Mobile Eye Clinic	1,184,413	(654,716)	529,697
Office Equipment	11,083	(5,631)	5,452
Programme Equipment	21,957	(4,262)	17,695
Total Property, Plant and Equipment	\$2,564,964	(\$1,322,344)	\$1,242,620

Reconciliation of the carrying amount at the beginning and end of the year	2019	2018
Opening Net Book Value	1,242,620	1,126,300
Foreign Currency Translation	(10,512)	7,122
Additions	313,379	720,643
Disposals	(94,892)	(189,486)
Depreciation	(430,685)	(421,959)
Closing Net Book Value	\$1,019,910	\$1,242,620

15. Deferred revenue from Non-Exchange Transactions

	2019	2018
Ministry of Foreign Affairs and Trade – Tied Funds	881,296	1,145,160
The Queen Elizabeth Diamond Jubilee Trust – Tied Funds	12,681	58,171
World Diabetes Foundation – Tied Funds	-	15,456
Other Tied Funds	192,116	188,315
Total Deferred Revenue	\$1,086,093	\$1,407,102

16. Employee Entitlements

	2019	2018
Annual Leave	164,880	180,342
Long Service Leave	25,441	24,574
Other Employee Entitlements	101,150	32,963
Total Employee Entitlements	\$291,471	\$237,879

17. Leases

As at the reporting date, the Group has entered into non-cancellable operating leases in respect of the FHFNZ Auckland office being the tenancy, a printer and a small number of computer equipment items.

FHFNZ leases office premises on Level 5, The AIG Building, 41 Shortland Street, Auckland Central, Auckland. The lease commenced on 1 August 2017 for a period of six years (expiry 31 July 2023) with the right of renewal for two further periods of three years each (final expiry date 31 July 2029). A rent increase of 9% will occur effective 1 August 2020. The Board of Trustees received a verbal commitment from an anonymous donor that an amount equivalent to the

monthly lease payments for the office premises will be donated to FHFNZ on a monthly basis for a period of six years from the commencement of the lease. The lease is at market value, the cost of which is recognised as an expense while the lease donation is recognised as revenue in the Consolidated Statement of Comprehensive Revenue and Expenses.

FHFNZ leases storage facilities in the basement of The AIG Building. The initial lease of one year expired on 1 August 2018 and was renewed for a further year, however, continues beyond this date until the agreement is terminated by either party giving to the other, at least six months' written notice of its intention to terminate the lease.

	2019	2018
No longer than one year	198,624	221,064
Longer than one year but not longer than five years	494,154	657,594
Total Leases	\$692,778	\$878,658

18. Financial Assets and Liabilities

The carrying amount of financial instruments presented in the statement of financial position relate to the following categories of current assets and liabilities.

Financial Assets	2019	2018
Cash and Cash Equivalents	5,136,086	3,732,468
Investments	2,500,000	3,000,000
Receivables from Exchange Transactions	120,442	59,649
Receivables from Non-Exchange Transactions	6,250	277,745
Total Financial Assets	\$7,762,778	\$7,069,862

Financial Liabilities	2019	2018
Trade Payables from Exchange Transactions	306,833	508,891
Total Financial Liabilities	\$306,833	\$508,891

19. Capital commitments

During the reporting period, FHFNZ entered into binding agreements for capital commitments and as at the reporting date, the outstanding balance of those capital commitments which have not been recognised as a liability in the Consolidated Statement of Financial Position totalled \$NIL (2018: \$54,494).

20. Contingent assets and liabilities

The Group has been named as a beneficiary of several deceased estates two of which are subject to claims under either the Law Reform (Testamentary Promises) Act 1949 or the Family Protection Act 1955. Until such time as the claims are settled and the estates are distributed, the revenue has not been recognised.

There are no other contingent assets or liabilities at the reporting date (2018: \$NIL).

21. Related party note

The Group operates under a Trade Mark Licence Agreement which was renewed on 1 January 2017 with The Fred Hollows Foundation. This agreement formalises the rights and obligations regarding the use of The Foundation's trade marks. The Group has conducted operations within Timor-Leste which were funded by The Fred Hollows Foundation. During the reporting period, the Group recognised \$NIL income received from The Fred Hollows Foundation to fund the Timor-Leste operations as a variation to the agreement, signed in 2018, removed responsibility for the Timor-Leste programme (2018: \$391,006).

22. Remuneration of board members

The FHFNZ Board of Trustees provides governance services on an honorary basis. Trustees have been reimbursed for travel expenses where they have attended meetings related to the Group's activities.

23. Key management personnel

The key management personnel are classified as:

- members of the governing body (Board of Trustees)
- executive officers, some of whom are responsible for reporting to the governing body

Executive Officers which includes the FHFNZ Executive Director, FHFNZ Senior Leadership Team, Country and General Managers and senior medical personnel, are engaged as employees on normal employment terms. The aggregate remuneration paid and the number of persons (measured in full-time equivalents (FTE) at the end of the reporting period) receiving remuneration is as follows:



Key Management Personnel	2019		2018	
	Remuneration	FTEs	Remuneration	FTEs
Executive Officers	\$1,288,831	9.6	\$1,390,583	10.0

24. Bank credit facility

FHFNZ has credit card facilities with Kiwibank with a total available Group credit limit of \$30,000 however only two cards are in use with a total available credit limit of \$15,000, both of which are held by FHFNZ Executive Officers. The outstanding balance of the credit card facilities as at the reporting date is \$1,046 (2018: \$921).

FHFNZ has a payroll letter of credit with Kiwibank in favour of iPayroll Limited for \$71,500 to cover the payroll direct debit (2018: \$71,500). The letter of credit is the subject of a guarantee by FHFNZ however Kiwibank does not hold any security for this facility.

25. Reserves policy

As a prudent financial governance approach, the Board of Trustees Reserves Policy allows for a Contingency Reserve, which provides for the following:

- to ensure short-term financial stability so FHFNZ can continue to achieve its vision, purpose and programmes by providing a framework within which reserves are managed
- to provide a source of internal funds for organisational priorities such as infrastructure repair and improvement, programme opportunity and capacity building
- to provide an internal source of funds for situations such as a sudden and substantial increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding and uninsured losses
- in a wind down scenario, FHFNZ should have sufficient resources to settle all debts, liabilities and professional service fees that arise from its contractual, legal and ethical obligations including to partners, suppliers and workers
- to ensure that FHFNZ complies with all applicable laws

26. Going concern

These financial statements have been prepared on a going concern basis.

The Group currently enjoys the support of, and is reliant on, donations and funding from a variety of sources such as the New Zealand public and corporates, the Ministry of Foreign Affairs and Trade and a variety of other funding bodies in order to carry out its charitable work. The Group has also secured agreements for the ongoing training provided in the Pacific.

FHFNZ-PEI has an agreement with The Ministry of Health and Medical Services of the Republic of Fiji to continue with our partnership, responsibilities, cooperation and

contribution towards the delivery of eye care services in Fiji, for a period of four years expiring 31 December 2022.

A Variation Agreement was signed by FHFNZ-PEI and Fiji National University, extending the Memorandum of Agreement (MoA) dated 12 August 2014 to 31 December 2022. The MoA describes the respective roles and responsibilities of the parties in continuing to implement the Pacific Regional Eye Health Training Programme and Postgraduate eye care education.

FHF-PNG is party to a Memorandum of Understanding with the National Department of Health (Department) of the Independent State of Papua New Guinea evidencing FHFNZ's commitment to continue its work in Papua New Guinea, in partnership with the Department, to find and implement solutions to meet the eye care needs of Papua New Guinea. In addition, FHFNZ seeks to work with the Department and other stakeholders to improve ophthalmology training in Papua New Guinea, which is currently delivered through the University of Papua New Guinea. The agreement expires in September 2023.

The Board of Trustees believes that the Group will be able to meet its financial and regulatory obligations for the foreseeable future and that the going concern assumption adopted in the preparation of these financial statements is appropriate.

27. Subsequent events

The Group has approved that the limit of the payroll letter of credit with Kiwibank in favour of iPayroll Limited for \$71,500 to cover the payroll direct debit, be increased to \$110,000.

Subsequent events and going concern - Covid-19 impact

Covid-19 (also known as coronavirus) is now a pandemic affecting people, businesses and economies across the world. Measures to prevent, contain and delay its spread include travel restrictions, institutional and business closures, restrictions on gatherings and meetings, and quarantining, isolation and social distancing, resulting in many people working remotely and significant disruptions to ways an entity would normally operate.

On 26 March 2020 the New Zealand Government put the country into a four-week lockdown and has stated that only essential services are able to continue. It is not known whether this lockdown will be extended as this will depend on the progression of Covid-19 over this period. Varying degrees of lockdown and restrictions are also being put in place across Pacific Island countries in which we operate. Some of the traditional forms of public fundraising activities which account for the substantial portion of the Group's

revenue stream have been temporarily curtailed with the lockdown.

The above conditions create a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The financial statements have been prepared on a going concern basis and the Board of Trustees has had to assess whether circumstances likely to occur within one year from the date of approval of these financial statements support this basis of preparation.

Management has already taken significant steps to reduce costs and actively communicated with institutional donors to confirm their assurances of ongoing continued support. The Group has what it believes to be a sufficient level of cash reserves and short-term investments which allows it to meet its short-term obligations as they fall due.

All managed clinics in the Pacific are operating on an emergency footing and planned activities suspended for at least the first half of 2020 including outreaches, clinical and mobile eye clinic activities, research and infrastructure build scoping projects, diabetic retinopathy services and graduate support programmes. The ophthalmic teaching programmes are continuing for most students via remote online learning for the time being. Cost reductions include deferment of recruitment for vacant roles, reduction in all areas of operating expenditure including travel bans, and deferment of all capital expenditure unless fully funded and deemed essential. The Group is closely monitoring developments, and this includes the applicability of any Government relief packages.

However, our analysis shows that the Group could continue to operate with reduced income and expenditure and still meet its obligations from existing resources/reserves for a period of 12 months from approval of the financial statements.

As a result of the above, and our modelling on the financial outcomes of them, the Board of Trustees has concluded the going concern basis remains appropriate for the preparation of these financial statements. However, the full long-term financial effect of this situation cannot be determined at the date of signing.

Should FHFNZ be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the Group financial statements. The Group financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meets its debts as and when they fall due.

There are no other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of the Group.



POLICIES AND PROCEDURES

FHFNZ has a comprehensive suite of policies and procedures based on New Zealand legislation to guide the activities of the Group. Key public facing policies and relationships with influential member organisations include:

Child Safeguarding Policy

FHFNZ is always committed to acting in the best interest of the children and young people to whom FHFNZ and its partners provide a service. FHFNZ therefore has a robust Child Safeguarding Policy in place to protect the rights and safety of all children who may come into contact with FHFNZ during the course of our work.

The Policy and associated Code of Conduct apply to all staff, representatives, and partners of the Group.

FHFNZ works closely with donors and partners to ensure that its child safeguarding standards are reflected in relevant contracts and funding arrangements and that all relevant personnel are aware of their responsibilities relating to child safeguarding.

Where relevant, FHFNZ's Child Safeguarding Policy recognises and follows principles and procedures described in the Vulnerable Children Act 2014, including procedures relating to screening and vetting our workforce and implementing child protection policies.

External Complaints Policy

FHFNZ has a complaints policy which provides a means of dealing with any complaints in a fair, prompt and understanding manner. We take expressions of dissatisfaction by partners, supporters, government agencies, other non-government organisations, other external bodies, affiliates and individuals very seriously.

FHFNZ provides an open and effective process for handling any grievance or complaint received. Complaints may be received verbally or in writing, but if made verbally are recorded and logged in writing. Any person may lodge a complaint with FHFNZ about any matter over which FHFNZ has control and that they consider gives grounds for a complaint. All complaints are treated confidentially.

All investigations into complaints received will take into account the rights of the complainant and any staff or partner that the complaint involves. Complaints are also an important component of supporter feedback and welfare. We will ensure that all feedback is communicated to the appropriate staff, and individual, appropriate actions are taken. Your support is vital to every aspect of our work. That's why we are committed to openness and transparency.

Should you have any feedback or complaints, please contact us at feedback@hollows.nz or on 0800 227 229.

Privacy & Information Handling Policy

FHFNZ is committed to ensuring that it handles personal information following best practice and in a way that respects the privacy rights of individuals. The policy applies to all staff, representatives, partners and direct patients of the Group and outlines the position with regard to the collection, use, retention and disclosure of personal information.

We have a designated Privacy Officer who is responsible for investigating any complaints or concerns any person may have about our protection of their privacy. If we become aware of any ongoing concerns or problems concerning our privacy practices, we will take these issues seriously and work to address these concerns.

Please provide as much detail about the facts surrounding your complaint so we can resolve it accordingly, and allow us at least seven days to respond to your complaint. If we fail to resolve your complaint, you may refer the matter to the New Zealand Privacy Commissioner.

Should you have any feedback or complaints relating to privacy, please contact our Privacy Officer on privacy@hollows.nz or call us on 0800 227 229.



The International Agency for the Prevention of Blindness

FHFNZ is a Tier 3 member of The International Agency for the Prevention of Blindness (IAPB). IAPB's mission is to eliminate the main causes of avoidable blindness and

visual impairment by bringing together governments and non-governmental agencies to facilitate the planning, development and implementation of sustainable national eye care programmes. IAPB promotes VISION 2020, its joint initiative with the World Health Organization (WHO).

Council for International Development Code of Conduct

The Council for International Development (CID) is a member organisation who connects and strengthens a dynamic network of international NGOs and their partners, through promoting learning, innovation, the principles of good development and shared practice. They are the guardians of the members' professional standards and by encouraging collaboration, CID increase the ability of development organisations to increase their impact, and build a world free from extreme poverty and injustice. CID's work is done on behalf of and with the support of their members, and also with support from the government, the New Zealand public and business. CID's Code of Conduct provides a self-regulatory sector code of good practice that aims to improve international development

and humanitarian outcomes and increase stakeholder trust by enhancing the transparency and accountability of signatory organisations. FHFNZ is a member of CID and a signatory to the CID Code of Conduct which requires members to meet high standards of corporate governance, public accountability and financial management. Complaints relating to alleged breaches of the Code of Conduct by any signatory member can be made to the CID Code of Conduct Committee if no resolution can be reached from the above external complaints policy process.

More information about the CID Code of Conduct can be obtained from FHFNZ and from CID at www.cid.org.nz or on code@cid.org.nz.



Bethe, Vanuatu

THANK YOU

The Trustees and staff sincerely thank you for your support and encouragement in 2019.

Development partners



HB Williams
Turanga Trust



THE UNIVERSITY OF PAPUA NEW GUINEA

Digicel Foundation



Lions Clubs International
FOUNDATION



Exceptional care that makes a difference

Corporate partnerships



BOSSLEY ARCHITECTS



Organisations that support our work

Council for International Development

DLA Piper

Eyewear Design

Foresight Australia

Kiwibank

Latter-day Saint Charities

Madang Motors

Madang Star International Hotel

Munro Leys

Orca Communications

Pacific Development and Conservation
Trust

PNG Air

RANZCO

SmoothPay Gold

The University of Auckland

Unleashed Software

Volunteer Service Abroad

Wilkinson Publishing Pty Ltd



Metuisela from Suva, Fiji, undergoing eye surgery at the Pacific Eye Institute



hollows.org.nz

Email
info@hollows.org.nz

Phone
NZ 0800 227 229 | INTL 64 9 304 0524

Postal address
Private Bag 99909
Newmarket
Auckland 1149
New Zealand

Professor Fred Hollows checks the eyes of his patient, Jamie Sataa, at Sydney's Prince of Wales Hospital (NSW, Australia). Photo courtesy of Steve Christo/Fairfaxphotos.