A woman with a pink patterned headscarf and light blue hospital gown is holding a sleeping child. The child is wearing a green hospital gown and has a white bandage on their forehead. They are in a hospital corridor with a blurred background.

“The great challenges are to be part of setting up structures that will go on when each one of our individual biological lives no longer exist.”

Kiwi eye surgeon, Fred Hollows

PERFORMANCE REPORT 2017

25 YEARS
RESTORING
SIGHT



The Fred Hollows
Foundation NZ

FOREWORDS



'Kua hinga te kauri o te wao nui a Tāne'

(The kauri has fallen in the
sacred forest of Tāne)

In 1993, Jim Bolger was Prime
Minister, Helen Clark toppled
Mike Moore for leadership of the

New Zealand Labour Party and the fledgling Fred Hollows
Foundation lost its namesake and hero. Celebrating
25 years since The Foundation was established and
commemorating the passing of Fred, is filled with stories
of past triumphs and commitments. As Fred so famously
said, "Don't ever do half a job. Don't ever compromise."

In 1992, realising that Fred's life was to be cut cruelly short,
his mates gathered around his kitchen table in Sydney
and asked: "How do we keep Fred's vision alive of a world
where no one is needlessly blind?"

Having heard of plans in Australia to establish a
Foundation in Fred's name, Dr Paul Butler, Asmeron
Yoseph and Bruce Arroll visited Fred and his wife, Gabi,
to investigate establishing a Foundation in New Zealand.
Fred agreed and The Fred Hollows Foundation NZ was
established on the 19th October 1992.

Fred, the boy from Dunedin and recipient of the
Australian of the Year Award in 1990, died on
the 10th February 1993.

Throughout the 25 years since, thousands of Kiwis have
agreed with Fred that it's "obscene to let people go blind
when they don't need to". Many have faithfully donated
\$25 a month, while others have been able to give larger
amounts. Some have remembered The Foundation in
their wills, and corporates have given goods and services
pro-bono. Thousands have combined their efforts to keep
alive the vision of Professor Fred Hollows – eye surgeon,
humanitarian and "down to earth" Kiwi bloke. As a result,
more than two million people worldwide have had their
sight restored. More than 60,000 of them live in the Pacific
region where the New Zealand Foundation focusses its
attention.

I must also make special mention of Gabi, our longest
serving Patron, who amazes us all with her tireless
enthusiasm for the work of The Foundation. Gabi
constantly reminds us that while eliminating avoidable
blindness is no easy task, it is possible within our lifetimes.
It's expensive, which is why the first task of The Foundation
was to drive down the cost of the intraocular lens by
building factories in Eritrea and Nepal. Both are success
stories to this day. Combined with our efforts to train a
Pacific workforce, eliminating avoidable blindness within
the Pacific is fast becoming a reality for all. Fortuitously, the
forest never comprises of only one kauri.

Craig Fisher
Board Chair



The miracle of eliminating
avoidable blindness needs five
essential ingredients.

1. Highly specialised eye
doctors. So we're recruiting
the best Pacific doctors and
providing them with specialist
eye health training.
2. Specialist eye nurses. So we offer postgraduate eye
care training to nurses.
3. Eye care medical equipment. So we assist local
Ministries of Health, providing the essentials to run a
comprehensive eye care service.
4. Patients. So we send outreach teams to remote islands,
run the Mobile Eye Clinic across Fiji, and send text blasts
across mobile networks. We use any means we can to
get the message out about our eye care services.
5. And of course, none of this would be remotely possible
without our donors.

Sometimes, for the miracle to happen, a sixth ingredient
is needed: a world-class eye clinic facility. Undertaking
a large capital outlay is a challenge for a charity with no
fixed assets or ability to borrow money we need. So we
work alongside our donors to raise the money we need,
sometimes years in advance of the start of building. This
way we don't put The Foundation, its staff, or patients at
any risk of the project not being completed.

As part of our 25th anniversary celebrations, we launched
the Future Fund, dedicated to enabling us to ring fence
resources for major projects in the future. The first project
is the desperately needed renovation and extension of the
eye clinic in Port Vila, Vanuatu. The Future Fund has been
instrumental in raising the required \$2.1 million to start
renovating the clinic in 2018.

Infrastructure and equipment is by no means the only
challenge. The scourge that is diabetes is arguably the
greatest health challenge facing Pacific governments. It's a
complex illness, exacerbated by poverty and limited food
choices.

Fred said, "It is our job to do something about the disparity
between nations. We discover our own humanity by
helping others. Don't ever forget that this is what it is all
about." So we cannot ignore diabetes, not only because it
has such a devastating and avoidable impact on a patient's
eye sight, but because it's affecting the working age
population which will have a catastrophic economic impact
on these fragile economies. For 25 years we've been
growing a team of Pacific eye care professionals. To tackle
this issue they need our support for 25 more. The Future
Fund is exactly the mechanism we intend to use to achieve
this. We invite you to stand with us to keep Fred's vision, of
a world where no one is needlessly blind, alive.

Andrew Bell
Executive Director

OUR VISION

A world where no one is needlessly blind.

OUR GOAL

To restore sight to the needlessly blind through the provision of sight-saving surgeries and treatments, and by training local eye health specialists to deliver eye care services in their own communities.



WHAT WE DO



Restore and preserve sight

We perform thousands of sight-restoring surgeries and sight-preserving diabetes eye care treatments, and distribute thousands of pairs of new spectacles at our clinics and through our surgical outreach programme.



Train and support the regional eye care workforce

Training local eye doctors and nurses is the only way to eliminate avoidable blindness in a sustainable way. We support the Pacific eye care workforce by providing specialist medical training and ongoing professional development so that eye care graduates can take over from visiting surgical teams.



Strengthen local health sector

We work to integrate eye care into existing health systems, collaborating with local health ministries and advocating for universal access to quality eye care through the recognition of specialist qualifications.



Drive innovation and research

Our approach is tested and effective, using appropriate data systems to better understand current and future eye care needs. We're committed to adopting innovative solutions, ensuring that our eye care programmes are locally appropriate and meet international best practice.

SNAPSHOTS OF SUCCESS

The positive difference we made in 2017 with your support.



Restore and preserve sight

114,352 consultations

7,137 sight-saving surgeries - **39%** on outreach

2,157 laser treatments for diabetic eye disease

15,754 new spectacles dispensed to patients and over **6,000** more provided to Pacific eye nurses to distribute to patients



Train and support the regional eye care workforce

29 eye care qualifications awarded

60% of graduates in 2017 were female

Kiribati's main clinic was **renovated**

32 eye care doctors and nurses received workforce support visits from local senior clinicians



Strengthen local health sector

The Pacific Eye Care Society hosted a **conference addressing regional challenges** in eye care

81% increase in new diabetic patient walk-ins following health promotion TV adverts in Fiji

Train the trainer workshops in **5 countries** empowered eye nurses to educate primary health carers in basic eye care

We advocated for action to **address non-communicable diseases** at the Pacific Leaders Forum



Drive innovation and research

Low-cost **retinal screening devices** were trialled in Fiji

We supported a population-based survey which found **5.6%** of adults over 50 in Papua New Guinea are blind

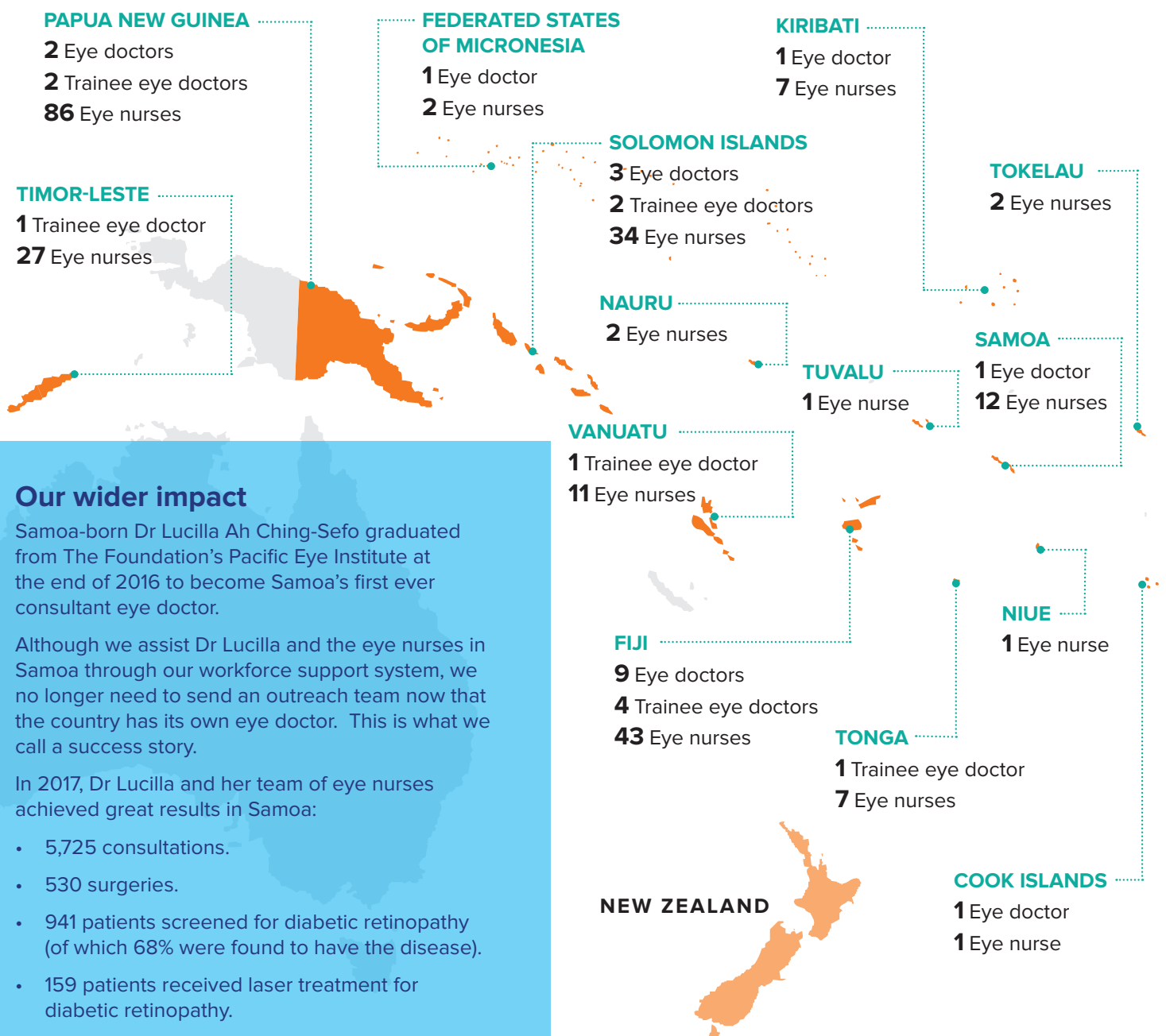
3 Pacific Island eye care clinicians attended International Diabetes Federation Congress in Abu Dhabi

The Foundation contributed to **7 journal articles** on Pacific Island eye care

EYE CARE GRADUATES

Training local eye doctors and nurses is the only way to eliminate avoidable blindness in a sustainable way. As Fred said, **“You have to impart skills and technology and help them help themselves.”**

Since we began training in the Pacific in 2006, a total of 277 eye care professionals have graduated from our programmes. Over **85%** of these graduates are employed locally, providing eye care through their public health system. The map below illustrates the countries where some of these eye care professionals are working.



DANIEL'S STORY

Daniel was a happy-go-lucky, cheeky four-year-old. But he was playing with a broom that broke. The end hit him in his left eye, tearing the retina.

His family rushed him to hospital. But with no eye doctor living in Tonga, they had to see if an eye doctor from Fiji could come over and help.

Dr Duke Mataka was asked to make the four hour flight from Fiji to Tonga. Fortunately, he got there in time to treat Daniel that day. It was scary for Daniel and his family but Dr Duke dealt with the crisis and Daniel was able to go home.

Even so, Dr Duke worried about Daniel. Children who suffer eye trauma like this often develop cataracts soon after. The clinic monitored his eyes over the next few months, and sure enough his left eye went cloudy and he started to lose his vision.

This was terrible for him. Every day his sight got

worse. He couldn't do his work at school and the other kids teased him about his eye.

Luckily the outreach team came to Tonga six months after Dr Duke first helped Daniel. When Daniel arrived at the outreach clinic, he was very withdrawn. Within half-an-hour, everything had changed. Dr Duke removed the cataract and put in a new lens. Within a few minutes Daniel could see again.

When Dr Duke went to see him at his home the next day, his vision was completely restored and he was back to being cheeky Daniel, singing and laughing and playing with his brothers!





Left to right: Nurse Melaia Mudu, Nurse Umesh Mudaliar, Dr Mundi Qalo (Pacific Outreach Team Leader), Nurse Amelia Rokobiau, Dr Salome Lolokabaira, Dr Duke Mataka

OUR PACIFIC LEADERS

We're inspired by the 277 Pacific eye care specialists we have trained and the dedication they have to restoring sight throughout their region. We asked some members of our outreach team why they choose to do the work they do.

Nurse Melaia Mudu

Hearing positive feedback from patients, especially the day after surgery, really inspires me. Like the patient recently who said, "Now I see again like an infant". That really motivates me and makes me love what I'm doing.

Nurse Umesh Mudaliar

I've always had an interest in eye care services and I like working in this profession because of the satisfaction I see in my patients when they see again.

Dr Mundi Qalo, Pacific Outreach Team Leader

Let the vision from our hearts give sight to the blind.

Nurse Amelia Rokobiau

I'm inspired by the work that we do because we put smiles on the faces of the patients and their relatives when the eye pad is removed after surgery. I love what I do because I get to restore sight to those that need it yet have no access to getting eye care services in the Pacific region.

Dr Salome Lolokabaira

I'm inspired by a smile and a thank you from the patients after surgery or treatment for whatever eye problems they come with. For me this is not just an occupation to earn a living, but a calling by God to serve Him and the people that need my help.

Dr Duke Mataka

I always tell my patients when they thank me that the greatest joy is in serving others. I am thankful for the opportunity to serve others in such a life-changing way.

CELEBRATING OUR 25TH ANNIVERSARY

25 years ago, just months before he passed away, Fred sat down with Gabi and decided his vision of a world where no one is needlessly blind must continue.

Since then, more than two million people globally have had their sight restored. In the Pacific, The Fred Hollows Foundation NZ has restored sight to more than 50,000 people, trained 277 eye doctors, nurses and health workers and built seven clinics.

Here is a snapshot of how we celebrated this amazing anniversary.



Broadcasting far and wide

Our 25th anniversary received a lot of great coverage across TV, radio and print, including three separate news pieces on TV3 News with Michael Morrah, who travelled to Fiji to see first-hand the work we're doing.



Remembering Fred with pride

Students of Palmerston North Boys' High School celebrated Fred Hollows Day by donning cataract masks, to simulate sight loss. The boys also hosted a BBQ lunch to fundraise for The Foundation. Fred was an old boy of the school and remains a great source of pride.



25th anniversary dinner

Sir Rob Fenwick and Brent Impey, two of The Foundation's past Board Chairs, hosted a dinner at the The Northern Club in Auckland to commemorate the anniversary. Many Friends of Fred attended the dinner including original Trustees and supporters, current donors, journalists, artists, business people and philanthropists who all share and support Fred's vision.



Keeping Fred's vision alive

We keep Fred's vision alive thanks to our eye doctors and nurses who perform sight-saving surgeries across the Pacific. To celebrate our wonderful team of eye specialists and acknowledge the impact they've made over the years, we held an evening for our supporters in New Zealand to meet the doctors and nurses who've committed their careers to restoring sight in the Pacific.



Off the Chart

A unique feature of the celebrations was an art auction for a Dick Frizzell original, 'Off the Chart'. Dick Frizzell, one of New Zealand's most successful and high profile artists, painted a work inspired by an eye chart and a quote of Fred's, "Every eye is an eye. When you are doing surgery there, that is just as important as if you were doing eye surgery on the Prime Minister or King."

LOOKING FORWARD

As we celebrate 25 years following Fred's ethos of not holding back, it's with his determination and sense of social justice, that as a Foundation we know our job isn't done and we need to look towards the next 25 years.

So what are our plans for the future?

Continuing our work

We'll continue to restore sight to the needlessly blind across the Pacific. Our eye care graduates are empowered to provide much needed eye services to their people. To help cure the backlog of cataract blindness, we work alongside them to strengthen local eye care systems through training, equipment and facilities.



Tackling new causes of avoidable blindness - diabetic retinopathy

Diabetic retinopathy, also known as diabetic eye disease, is at one of the highest rates in the world in the Pacific region, with devastating repercussions for those suffering from the disease.

Our teams in the Pacific are increasingly seeing scores of people turning up to our clinics with diabetic eye disease.

Although avoidable, it's any eye disease that can ultimately steal a person's vision, leaving them blind.

To help cater for the rapidly escalating number of diabetic eye disease patients, we're already implementing a number of activities in the Pacific. These include diabetic retinopathy training for nurses, increasing clinician knowledge of the disease through workshops, and raising public awareness with the public through health promotions such as television adverts. But there is so much more that needs to be done.

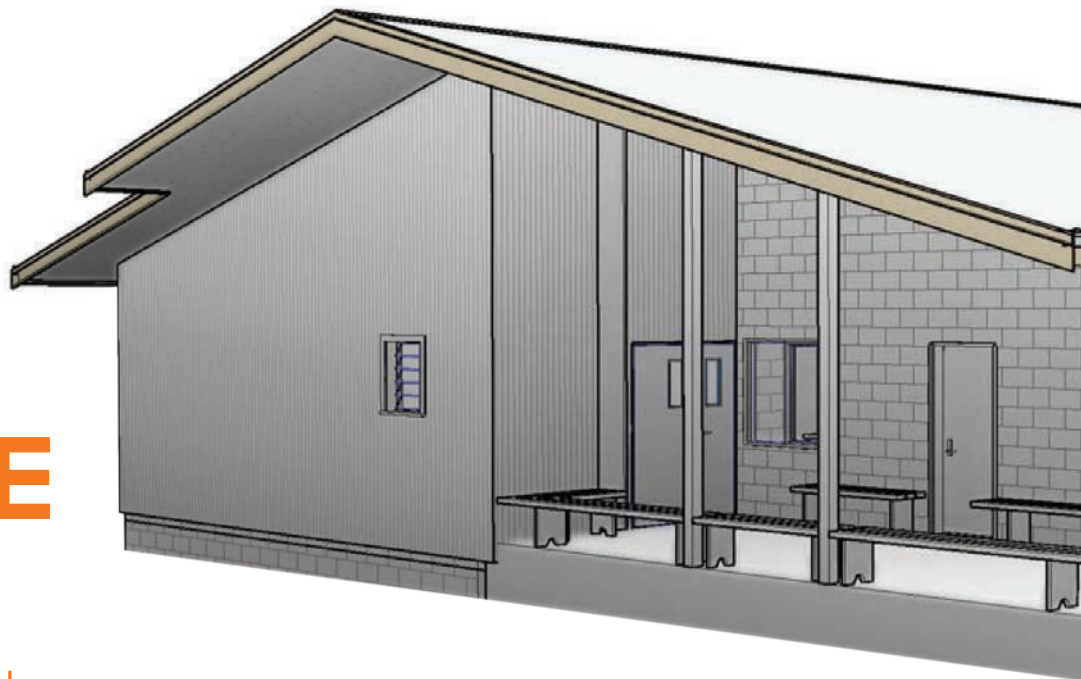
As Fred said, "It's obscene to let people go blind when they don't need to."

We're challenging ourselves to provide a solution and we're not holding back.



THE FUTURE FUND

Not holding back



Fred never held back, and neither do we. That's why we've established the Future Fund to keep Fred's vision alive for the next 25 years.

The Future Fund identifies and funds significant projects that will build the long-term sustainability of eye care in the Pacific. It's about working with our community of donors, agencies, governments and health professionals so there's no holding back when it comes to getting the job done. Just like Fred.

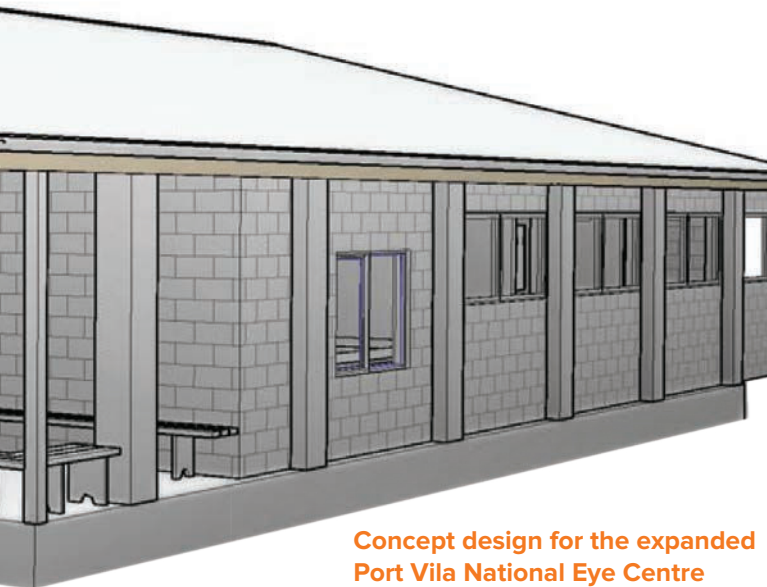
Our inaugural Future Fund project is the upgrade and extension of the Port Vila National Eye Centre. Along with the return of a Foundation-trained eye doctor, the Eye Centre will eventually increase Vanuatu's eye surgery capacity from 200 to 800 per annum. This will meet the country's needs as estimated by the World Health Organization.

The Future Fund was established thanks to a significant bequest from The Arthur and Pat Wood Family Trust.

Currently, the Port Vila National Eye Centre is run-down and the majority of the equipment is either defunct or broken. On top of that, it's not nearly large enough to cope with the high volume of patients needing treatment.

Our upgrade and extension will mean the Eye Centre is ready for the return of ni-Vanuatu Dr Johnson Kasso, who has been receiving specialist training supported by The Foundation.

It's an ambitious plan, but the only way to address a worsening problem in Vanuatu, and we're delighted the Future Fund has helped us to raise the required \$2.1 million to start expanding and renovating the centre in 2018. We



Concept design for the expanded Port Vila National Eye Centre

The Port Vila project will include the following:

- Renovation of the current centre to provide dedicated diabetes treatment rooms
- New theatre complex with fully equipped theatre and procedure rooms
- Solar power
- Secure, clean water supply
- IT infrastructure to include safe storage of retinal images
- Multi-purpose facility to provide a teaching and meeting space



Port Vila National Eye Centre as it is now



What's next for the Future Fund?

With the long-term sustainability of eye care in the Pacific at the forefront of our minds, we're already looking towards the next significant Future Fund project. We envisage this will be the construction of a National Eye Centre in Papua New Guinea. This will be a Centre of Excellence, providing a full training facility for both eye doctors and nurses as well as offering the full range of eye services to the people of Papua New Guinea.

are also thankful to the Ministry of Foreign Affairs and Trade New Zealand Aid Programme for contributing to the project, covering the cost of the new multi-purpose facility within the centre, as well as solar power for the entire centre.

We know this is an investment worth making. In 2015, we funded and built the \$4 million award-winning Regional Eye Centre in Solomon Islands. Since then, the number of patients seen has tripled and almost eight times the number of diabetic laser treatments have been performed.

“Teach the teachers first, then the teachers can teach others.”

Professor Fred Hollows



MAKING A LEGACY OF SIGHT

We're extremely fortunate to have many individuals, trusts, foundations, organisations and community groups that support our sight-saving work in the Pacific. Without this, we simply couldn't do what we do.

One of the types of support we receive is through individuals leaving a bequest to us in their will, essentially helping to ensure the long-term sustainability of our programmes in the Pacific. Sheila is one individual who has pledged a bequest to us in her will.



Sheila, Bequester to The Foundation

Born in Scotland, Sheila visited New Zealand in her early twenties and has been here ever since.

Enjoying a passion for reading, she worked as a bookbinder for many years: "Books are one of the most important things to me, they open pathways and provide the ability to learn."

"I'm privileged. I know how lucky I am". But knowing there are many people in the Pacific living with cataract blindness, Sheila generously decided to leave a bequest to us in her will.

"There is a reward in knowing you're helping people. People who don't have any of the things that I have. Being able to give back, it doesn't need to be a huge amount to make a huge difference, to give someone their life back."

In her early seventies, Sheila's sight began to deteriorate, threatening her love of reading. However, with access to quality eye care in New Zealand, Sheila had her cataracts removed and was thrilled with a renewed quality of life.

OUR PEOPLE

Patrons



Gabi Hollows AO
Founding Director of
The Fred Hollows Foundation



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

Entity Information

Group Entity

The Fred Hollows Foundation (NZ)

Nature of Business

Registered Charity

Registered Office

Level 5
The AIG Building
41 Shortland Street
Auckland Central
Auckland

Charities Commission Number

CC23722

Date of Incorporation

19 October 1992

Auditors

BDO
Chartered Accountants

Solicitors

DLA Piper New Zealand

Executive Team

Andrew Bell

Executive Director

Dr Telaite Biu

Pacific Eye Institute Director

Margi Mellsop

Fundraising, Marketing and
Communications Director

Dr Neil Murray

Medical Director

Marleen Nelisse

Programme Director

Sharon Orr

Finance and Operations
Director

Dr John Szetu

Programme Medical Director

Board of Trustees

Craig Fisher FCA (Board Chair)

Audit Partner, Chairman,
RSM New Zealand Group Limited

Martin Enright

Chief Operating Officer, Ngāti Paoa
Group Investments Limited

Dr Nick Mantell FRANZCO

Ophthalmologist, Director,
Eye Institute Limited

Gordon Sanderson

(deceased July 2017)
Associate Professor of
Ophthalmology, Dunedin School
of Medicine

Debbie Sorensen DCCT, CMInstD,

NZRPN, MNZIOD
CEO, Pasifika Futures Limited
Director, Health Specialists Limited

Kath Watson

Director, WA Dennis 2015 Limited

Sir Maarten Wevers KNZM

Former Chief Executive, Department
of the Prime Minister and Cabinet



It is with great sadness that we acknowledge the passing last year of a valued member of our Board of Trustees, Gordon Sanderson.

Gordon, an Associate Professor of Ophthalmology at the Dunedin School of Medicine, joined the Board of our Foundation in 2016, bringing with him a wealth of knowledge, including extensive governance experience across the eye care sector.

“Gordon endeared himself to everyone he met at The Fred Hollows Foundation. His immense knowledge, experience and wisdom were of considerable benefit to our Foundation; to our governance, our operations, and our future work. However, to everyone on the Board of The Foundation, perhaps what is most memorable was his humble and gentle manner, always delivering his input in such a respectful style, and often with his delightful cheeky grin or a witty comment following his wise counsel. He will be hugely missed.”

Craig Fisher, Board Chair

2017 CONSOLIDATED FINANCIAL STATEMENTS



Statement of compliance and responsibility for the year ending 31 December 2017

The finance report reflects operations for the year ending 31 December 2017 for the Consolidated Group of The Fred Hollows Foundation (NZ) (hereon referred to as FHFNZ). The organisation is required to report under the Public Benefit Entity Accounting Standards, Reduced Disclosure Regime (PBE Standards RDR) as a Tier 2 entity (having 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 financial statements and the judgements used in these financial statements.

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

It is the opinion of the Board and management that the annual consolidated financial statements for the financial year ending 31 December 2017 fairly reflects the financial position and operations of FHFNZ.

FHFNZ's 2017 financial statements are authorised for issue by the Board.

Craig Fisher



Signature of Chair

13 May 2018

Date

CONSOLIDATED STATEMENT OF SERVICE PERFORMANCE

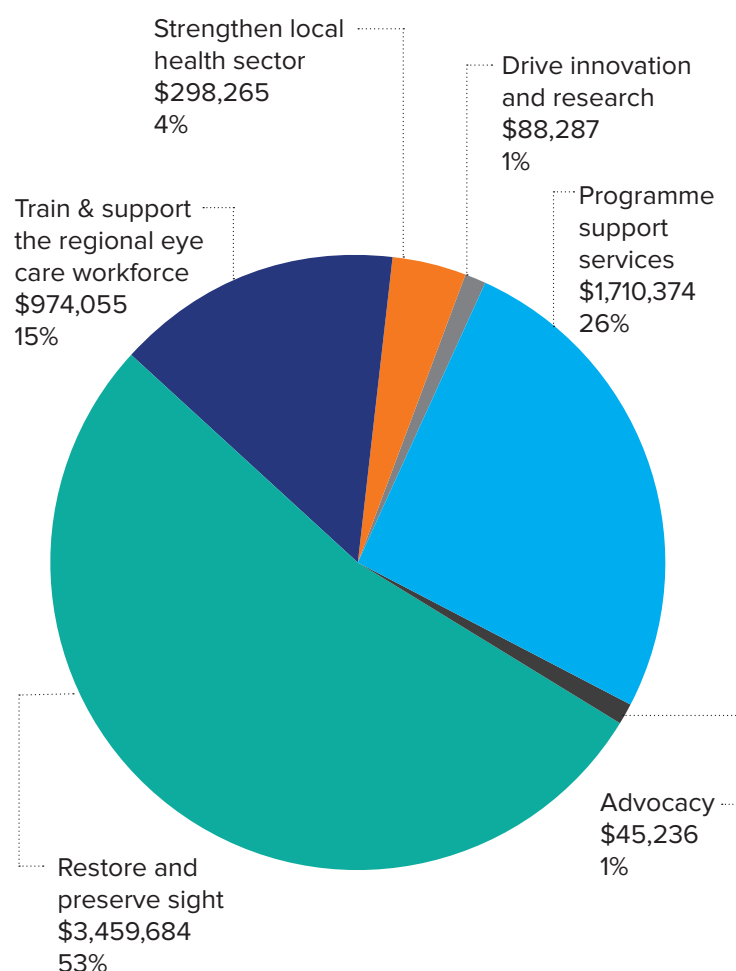
Programme strategy

FHFNZ delivers targeted activities in accordance with its programme strategy and budget. Activities are designed to achieve outputs and outcomes that will enable FHFNZ to achieve its vision and ultimately contribute toward global goals set out in the World Health Organization Global Action Plan and the United Nations Sustainable Development Goals. FHFNZ maintains strong results management systems to ensure the successful monitoring and evaluation of results against the programme strategy, while also recognising the importance of partnerships and innovative approaches to producing successful results.

FHFNZ's programme strategy is divided into four areas of work: restore and preserve sight, train and support the regional eye care workforce, strengthen local health sector, and drive innovation and research.

Programme expenditure

In 2017, FHFNZ expended 53% of the programme budget on restoring and preserving sight; 15% on training and supporting the regional eye care workforce; 4% on strengthening local health sector; 1% on driving innovation and research; 1% on advocacy; and 26% on programme support services.



Programme results

The following table highlights FHFNZ's key results against its four strategic areas of work. Comparison of these data to the programme expenditure demonstrates that the FHFNZ was able to achieve significant results within the available budget.

Long-term outcomes	Short-term outcomes	Outputs	Key 2017 results
Sight restored and preserved	Eye care services provided	Service delivery and outreaches provided	114,352 consultations*
			7,137 surgeries*
			15,754 pairs of spectacles dispensed through our programmes in Fiji, Solomon Islands and Papua New Guinea*.
			Over 6,000 more pairs of spectacles were provided to eye nurse graduates throughout the Pacific to dispense through their eye clinics.
			13,743 diabetic patients screened for diabetic retinopathy*.
			2,157 laser treatments for diabetic retinopathy*.
		Over 134 outreaches took place, including 30 surgical outreaches and 104 eye health screening outreaches.	
Sufficient, skilled and active eye care workforce	Doctors and nurses trained in eye care	Infrastructure development	The renovation of the eye clinic at Tungaru Central Hospital, Kiribati, commenced.
		Clinic equipment and consumables	New equipment helped strengthen eye care service delivery in Kiribati, Samoa, Fiji, Papua New Guinea, Vanuatu and Solomon Islands.
		Scholarships provided	29 doctors and nurses were awarded postgraduate qualifications in eye care:
		Training courses delivered	<ul style="list-style-type: none"> • 20 nurses graduated with a Postgraduate Diploma in Eye Care (12 female, 8 male) • 6 nurses graduated with a Postgraduate Diploma in Diabetic Eye Care (4 female, 2 male) • 2 nurses graduated with a Masters in Community Eye Care (2 female) • 1 doctor graduated with a Postgraduate Diploma in Ophthalmology and will start studying towards his Masters in Medicine (MMed; Ophthalmology) in 2018. There were no MMed graduates in 2017 but 5 doctors are partway through the 3-year course.
		Training staff	
		Curricula reviewed and accredited	The International Joint Commission on Allied Health Personnel in Ophthalmology found the Postgraduate Diploma in Eye Care compliant with international standards and guidelines for ophthalmic training programmes.

Long-term outcomes	Short-term outcomes	Outputs	Key 2017 results
Sufficient, skilled and active eye care workforce	Eye care workforce supported	Workforce support workshops and visits	82% of the FHFNZ-trained workforce received individual or group workforce support in the last 24 months.
			32 FHFNZ-funded graduates received individual workforce support visits in 2017, including 28 eye nurses and 4 ophthalmologists.
			2 workshops were held in Kiribati to upskill the eye care workforce in diabetic retinopathy.
			The Solomon Islands National Eye Conference was held in July for all eye care professionals to upskill the workforce and coordinate services nationally.
		Student equipment provided	FHFNZ ensures all eye care graduates have access to a set of essential equipment when they return home to practice eye care. FHFNZ met an additional 23 requests from graduates for equipment replacements and repairs in 2017.
		Continuing professional development for eye care workers	Head of Ophthalmology at the Regional Eye Centre, Honiara, completed the Asia-Pacific Academy of Ophthalmology's Leadership Development Programme.
			Diabetic Retinopathy Coordinators from Fiji, Kiribati and Solomon Islands shared their experiences, challenges and learnings with the newly appointed Diabetic Retinopathy Coordinators for Tonga, Vanuatu and Samoa at a regional workshop.
			3 Pacific Island eye care clinicians attended the International Diabetes Federation Congress in Abu Dhabi, returning home inspired and with new ideas to implement in their clinics.
		Pacific Eye Care Society supported	The Asia-Pacific Academy of Ophthalmology accepted Pacific Eye Care Society as a new member society in 2017.
			The Pacific Eye Care Society independently hosted a conference addressing regional challenges in eye care.
Health systems strengthened	Increased national ownership of eye care systems	Advocacy to encourage plans and budgets for eye health	Following the results of the Rapid Assessment of Avoidable Blindness in Papua New Guinea, the Prevention of Blindness Committee strategised their future eye care workforce needs.
			FHFNZ provided the Pacific Ministers with an update on some of the key developments and current priorities for actions on avoidable blindness in the Pacific at the WHO Regional Committee meeting for the Western Pacific.
		Agreements and sustainability planning with national Ministries of Health	The inaugural Partnership Agreement was signed with the Ministry of Health and Medical Services, Kiribati, to manage joint development of eye care in the country.

Long-term outcomes	Short-term outcomes	Outputs	Key 2017 results
Health systems strengthened	Increased national ownership of eye care systems	Agreements and sustainability planning with national Ministries of Health	FHFNZ programme in Timor-Leste formally concluded following a successful handover to the Ministry of Health. FHFNZ has been providing limited technical and administrative support over the past two years, since transitioning the Timor-Leste National Eye Centre and all activities to the Ministry at the end of 2015.
	Referral systems strengthened	Wider health sector integration	FHFNZ successfully lobbied for the inclusion of non communicable diseases on the Pacific Islands Forum Leaders Meeting agenda. FHFNZ provided technical support to the Civil Society Organisation delegates.
			The Pacific Eye Institute Director, our Lead Diabetic Retinopathy Ophthalmologist, presented to the Fiji Medical Association on the complications of diabetes specific to the eye, raising awareness in the wider medical community.
		Health promotion activities	Television and radio advertising, community events, billboards and pamphlets have helped raise awareness of diabetic retinopathy and eye care across the Pacific.
			The Pacific Eye Institute experienced an 81% increase in new diabetic patient walk-ins for a 2 month period after a diabetic retinopathy health promotion TV advert in Fiji.
		Eye care awareness training for primary level clinicians	The Diabetic Retinopathy Manual was finalised. This resource facilitates and standardises diabetic retinopathy education of primary level clinicians across the Pacific.
			18 diabetic retinopathy awareness workshops trained 327 primary level clinicians across 6 countries, helping to strengthen referral pathways to eye care.
			Primary eye care train the trainer workshops in Solomon Islands, Tonga, Fiji, Papua New Guinea and Vanuatu empowered eye nurses to pass on basic eye care knowledge to primary health carers in their communities.
	Health information systems strengthened	Patient information system development	In Solomon Islands and Fiji, progress was made towards the development of an eye module within the national electronic health information system.
			The Assistant Minister for Health & Medical Services launched an electronic Diabetes Patient Register in Fiji.

Long-term outcomes	Short-term outcomes	Outputs	Key 2017 results
Practice informed by research, evidence and innovation	Increased understanding of eye health needs	National prevalence surveys and/or eye care assessments	<p>The Rapid Assessment of Avoidable Blindness population survey in Papua New Guinea found that approximately 5.6% of adults over 50 years in Papua New Guinea are blind, the main cause being untreated cataract.</p> <p>The Rapid Assessment of Avoidable Blindness population survey in Solomon Islands is almost complete, with analysis and results to come in 2018.</p>
		Research conducted	FHFNZ contributed to 7 journal articles published in 2017, with topics including cataract surgery outcomes, diabetic retinopathy prevalence and treatment outcomes, and FHFNZ's workforce support programme.
		Innovative approaches to improve eye care services	Pacific Eye Institute initiated a trial of the PEEK Retina Mobile Technology to screen for DR. This trial is ongoing and the Pacific Eye Institute is a key collaborating partner.

*As well as the work conducted in FHFNZ-managed clinics and through FHFNZ-managed outreaches and programmes, these figures include some results from clinics staffed by FHFNZ-trained eye nurses and eye doctors. These graduates are employed by their local ministries of health but we continue to support them through our workforce support programme.



Child protection policy

FHFNZ has implemented a group-wide Child Protection Policy. Where relevant, this 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.

FHFNZ is committed to acting at all times 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 protection 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 FHFNZ. FHFNZ works closely with donors and in-country partners to ensure that its child protection standards are reflected in relevant contracts and funding arrangements and that all relevant personnel are aware of their responsibilities relating to child protection.

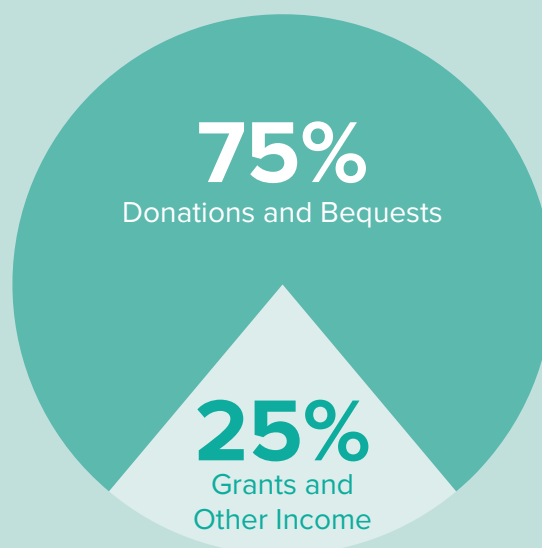
Main sources of entity's cash and resources

FHFNZ has four key income sources:

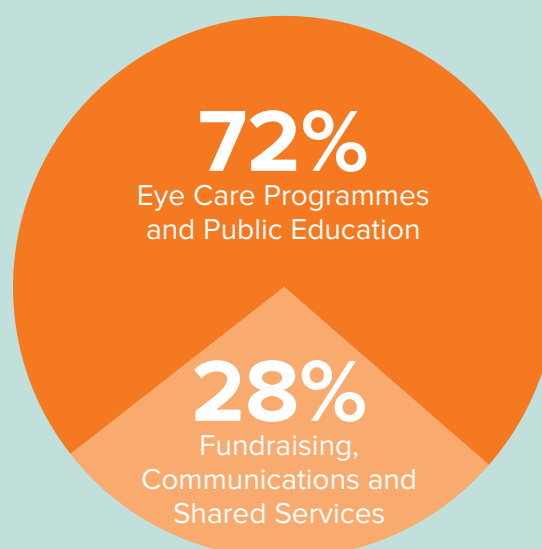
- Development partners including:
 - Ministry of Foreign Affairs and Trade New Zealand Aid Programme
 - The Queen Elizabeth Diamond Jubilee Trust
 - The Fred Hollows Foundation
 - World Diabetes Foundation
- Corporate partnerships
- Donations of goods and services
- Individual donors, trusts, foundations and community groups

Overview of funds source and destination

TOTAL INCOME
\$12,624,176



TOTAL EXPENDITURE
\$9,971,164



In 2017, an additional \$710,819 was invested in capital projects and equipment across the Pacific.

In 2018, we have made provision for a further \$2,800,000 investment in capital projects, equipment and the expansion and upgrade of the Port Vila National Eye Centre.

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

for the 12 months ending 31 December 2017

	Note	2017	2016
Revenue			
Revenue from Non-Exchange Transactions	5	12,334,443	10,390,165
Revenue from Exchange Transactions	6	289,733	203,560
Total Revenue		\$12,624,176	\$10,593,726
Less Cost of Goods Sold			
Cost of Spectacles and Medical Supplies – Exchange Transactions		66,204	89,423
Total Cost of Goods Sold		\$66,204	\$89,423
Gross Surplus		\$12,557,972	\$10,504,303
Less Expenses			
Programme Expenses	7	6,575,901	5,999,066
Grants, Community and Corporate Support Expenses	8	2,930,060	3,204,329
Shared Services Expenses	9	398,999	771,795
Total Expenses		\$9,904,960	\$9,975,190
Total Surplus for the period		\$2,653,012	\$529,113
Other Comprehensive Revenue and Expenses		-	-
Total Comprehensive Revenue and Expenses for the period		\$2,653,012	\$529,113

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS / EQUITY

for the 12 months ending 31 December 2017

	Total Net Assets / Equity
Opening Balance 1 January 2016	3,871,564
Total Comprehensive Revenue and Expenses for the year	529,113
Foreign Currency Translation Reserve	(15,494)
Closing Net Assets / Equity 31 December 2016	\$4,385,183
Opening Balance 1 January 2017	4,385,183
Total Comprehensive Revenue and Expenses for the year	2,653,012
Foreign Currency Translation Reserve	(5,061)
Closing Net Assets / Equity 31 December 2017	\$7,033,134



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Note	2017	2016
Current Assets			
Cash and Cash Equivalents	12	6,406,156	3,713,423
Investments	13	1,000,000	1,191,500
Prepayments from Exchange Transactions		168,798	148,568
GST Receivable		178,996	151,502
Inventory and Goods in Transit	14	294,964	448,563
Accounts Receivable from Exchange Transactions		1,776	2,546
Accounts Receivable from Non-Exchange Transactions		371,259	263,851
Total Current Assets		\$8,421,949	\$5,919,953
Non-Current Assets			
Property, Plant and Equipment	15	1,126,300	687,011
Total Non-Current Assets		\$1,126,300	\$687,011
Total Assets		\$9,548,249	\$6,606,964
Current Liabilities			
Trade Payables from Exchange Transactions		480,861	408,513
Other Payables and Accruals		191,881	254,971
Deferred Revenue from Non-Exchange Transactions	16	1,632,249	1,440,189
Employee Entitlements	17	210,124	118,108
Total Current Liabilities		\$2,515,115	\$2,221,781
Total Liabilities		\$2,515,115	\$2,221,781
Net Assets		\$7,033,134	\$4,385,183
Equity			
Accumulated Comprehensive Revenue and Expenses		7,033,134	4,385,183
Total Equity Attributable to Controlling Entity		\$7,033,134	\$4,385,183

CONSOLIDATED STATEMENT OF CASHFLOWS

for the 12 months ending 31 December 2017

	2017	2016
Cash Flow from Operating Activities		
Receipts from Non-Exchange Transactions	12,419,094	11,417,782
Receipts from Exchange Transactions	290,503	114,664
Payments to Suppliers and Employees	(9,736,521)	(10,174,097)
Net GST Received	(27,493)	16,233
Net Cash Flow from Operating Activities	2,945,583	1,374,582
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment	(710,819)	(62,036)
Proceeds from Disposal of Property, Plant and Equipment	271,530	405,400
Movements in Investments	191,500	17,222
Net Cash Flow from Investing Activities	(247,789)	360,586
Foreign Currency Translation Reserve	(5,061)	(15,494)
Net Increase / (Decrease) in Cash Held	\$2,692,733	\$1,719,674
Cash at Beginning of Year	\$3,713,423	\$1,993,749
Cash at End of Year	\$6,406,156	\$3,713,423

NOTES TO THE CONSOLIDATED ACCOUNTS

for the 12 months ending 31 December 2017

1. Reporting entity

FHFNZ is a charitable trust incorporated under the Charitable Trusts Act 1957 and is a registered charity under the Charities Act 2005 (CC23722). 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 and its subsidiary, The Fred Hollows Foundation NZ Pacific Eye Institute Limited (hereon referred to as FHFNZ-PEI) comprises 'the Group' within these consolidated financial statements. FHFNZ-PEI was incorporated as a Company limited by guarantee and not having a share capital in May 2009 under the Fiji Companies Act 1983. The Company is incorporated and domiciled in the Republic of Fiji. The composition of the members and directors of FHFNZ-PEI have been set up by FHFNZ in order for FHFNZ to have control over FHFNZ-PEI. Accordingly, FHFNZ-PEI is considered a subsidiary.

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

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

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 Accounting 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 controlled entities, namely FHFNZ-PEI and The Fred Hollows Foundation PNG Inc (hereon referred to as FHF-PNG) are included in the consolidated financial statements.

Transactions eliminated on consolidation

Intra-group balances and transactions, unrealised income and expenses arising from intra-group transactions and the asset revaluation reserve in FHF-PNG, 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 retranslated 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 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:

Operating lease commitments

The Group has entered into leases for offices, office and computer equipment and residential apartments. 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. Certain comparative amounts in the Consolidated Statement of Comprehensive Revenue and Expenses, Consolidated Statement of Changes in Net Assets/Equity and Consolidated Statement of Financial Position have been reclassified and or represented as a result of changes in accounting policies.

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.

Donations

Revenue includes one-off and regular donations and bequests from individuals, trusts, foundations and corporate entities. Donations from non-exchange revenue is recognised at the point at which cash is received. Donations in-kind include donations for 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 be otherwise incurred by the Group.

Grants

Grant revenue is recognised as income when the conditions attached to the grant have been fulfilled and the revenue becomes receivable. In the case where conditions have not been met, a liability is recognised in deferred revenue to the extent that such conditions are unfulfilled at the end of the reporting period and the grant revenue is returnable in the event that those conditions are not met.

Bequests

Bequests are recognised in the Consolidated Statement of Comprehensive Revenue and Expenses when they are received unless they are subject to conditions being met and being returnable if not met. In this case, such bequests are treated as deferred revenue until such time as the conditions have been met and are included in the liabilities section of the Consolidated Statement of Financial Position.

Other Income

Revenue includes other one-off items. Other revenue is recognised when the cash is received.

As there are no conditions attached to the revenue, the funds are recognised in revenue immediately upon receipt.

Revenue from exchange transactions

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. As part of the Memorandum of Understanding with 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.

Resource local hospitals

Revenue includes sale of medical consumables to local hospitals who are unable to access those items through their local Ministry of Health. Revenue is recognised at the point at which cash is received.

Interest income

Interest revenue is accrued on a time basis, using the effective interest method.

Other revenue

Other revenue is recognised when the cash is received.

4.2 Financial instruments

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

Financial assets

Financial assets within the scope of NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets.

The classifications of the financial assets are determined at initial recognition.

The categorisation determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses.

The Group's financial assets are classified as either financial assets at fair value through surplus or deficit, or loans and receivables.

The Group's financial assets include: cash and cash equivalents, short-term investments, receivables from non-exchange transactions, receivables from exchange transactions.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Group's cash and cash equivalents, short-term investments, accounts receivable from non-exchange transactions and accounts receivable from exchange transactions fall into this category of financial instruments.

Financial liabilities

Financial liabilities include trade and other payables (excluding GST and PAYE or their equivalents), employee entitlements, loans and borrowings.

All financial liabilities are initially recognised at fair value (plus transaction costs for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

4.3 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments 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 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 but which the risks and rewards of ownership have passed from the supplier to the purchaser.

4.7 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	10% - 67%
Office Equipment and Furniture and Fittings	8.5% - 30%
Leasehold Improvements	6% - 21%
Medical Equipment	20% - 30%
Motor Vehicles (including Mobile Eye Clinic)	12.5% - 20%
Regional Programme Equipment (for countries other than Fiji, PNG and Solomon Islands)	13.5% - 40%
Vanuatu Centre Rebuild (asset will be capitalised and depreciated upon completion of building works anticipated in Q4 2018)	0%
Capital WIP (Work in Progress) (asset will be capitalised and depreciated upon commissioning anticipated in Q1 2018)	0%

Depreciation methods, useful lives, and residual values are reviewed at the reporting date and adjusted if appropriate. The 2017 annual review revealed some assets which have no future economic benefit. These assets have therefore been derecognised. Gains and losses on disposal of assets are taken into account in determining the operating result for the year.

Previously assets purchased (or donated) for the establishment of FHFNZ programmes in the regions were recorded as an expense in the year incurred as it was unlikely that these assets would ever be returned to FHFNZ. However this resulted in no visibility over these assets, many of which are still in use. This year, assets that were previously fully depreciated and written off, but

which are still in use have been re-recognised within the Group's asset register at their physical quantity but at nil value, thus providing visibility.

4.8 Leases

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

4.9 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.

4.10 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.

4.11 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.

4.12 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.

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.

4.13 Income tax

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

4.14 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except for receivables and payables, which are stated with the amount of GST included.

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.

4.15 Impairment of non-financial assets

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy,

adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

4.16 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 expense.

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



5. Revenue from non-exchange transactions

	2017	2016
Community and Corporate Support		
Bequests	2,424,580	1,398,120
Corporate Donations	175,711	54,493
Fred's Future Fund	581,450	-
Major Donations, Trusts and Foundations	658,428	738,336
Other Donations	5,573,370	6,003,538
Total Community and Corporate Support Revenue	9,413,539	8,194,488
Grants		
Fred Hollows Foundation in Australia	337,698	(162,297)
Ministry of Foreign Affairs and Trade	1,563,861	1,303,560
The Queen Elizabeth Diamond Jubilee Trust	784,507	656,880
World Diabetes Foundation	34,883	113,839
Other Grants	157,945	173,395
Total Grants Revenue	2,878,894	2,085,376
Other		
Other Income	42,010	110,302
Total Other Revenue	42,010	110,302
Total Revenue from Non-Exchange Transactions	\$12,334,443	\$10,390,165

6. Revenue from exchange transactions

	2017	2016
Spectacle Sales	103,371	85,719
Patient Fees	5,306	5,334
Resource Local Hospitals	23,728	26,158
Interest Income	157,328	86,350
Total Revenue from Exchange Transactions	\$289,733	\$203,560

7. Programme expenses

	2017	2016
FHFNZ		
Administration	990,238	869,655
Diabetic Retinopathy	235,386	48,004
Operating	-	1,039
Regional Programmes	925,573	443,297
Workforce Support	106,723	125,235
Total FHFNZ	2,257,920	1,487,230
FHFNZ-PEI		
Administration	289,954	313,079
Clinic	632,147	546,504
Diabetic Retinopathy	417,371	453,117
Mobile Eye Clinic	400,546	564,231
Outreach	287,079	328,139
Regional Programmes	43,069	22,901
Scholarships and Training	416,123	457,177
Workforce Support	4,130	23,026
Total FHFNZ-PEI	2,490,419	2,708,174
FHF-PNG		
Administration	312,367	256,716
Clinic	369,562	502,336
Outreach	53,064	81,267
Port Moresby Office	5,880	-
Regional Programmes	-	21,267
Scholarships and Training	278,659	183,093
Workforce Support	47,853	46,170
Total FHF-PNG	1,067,385	1,090,849

7. Programme expenses (continued)

	2017	2016
Solomon Islands		
Administration	149,330	93,407
Clinic	211,761	238,893
Diabetic Retinopathy	73,668	113,184
Outreach	10,573	19,221
Programmes	7,546	4,181
Projects	-	18,949
Scholarships and Training	24,221	75,391
Workforce Support	35,129	10,205
Total Solomon Islands	512,228	573,431
Timor-Leste		
Administration	18,387	-
Clinic	112,505	105,513
Scholarships and Training	117,057	33,869
Total Timor-Leste	247,949	139,382
Total Programme Expenses	\$6,575,901	\$5,999,066

FHFNZ eye care programmes restore sight through outreach and clinical service provision, including training of eye care workers, management support of eye care programmes and purchasing equipment for regional clinics.

8. Grants, community and corporate support expenses

	2017	2016
Communications	398,027	203,496
Fundraising	2,021,855	2,430,159
Public Education	510,178	570,674
Total Grants, Community and Corporate Support Expenses	\$2,930,060	\$3,204,329

9. Shared services expenses

	2017	2016
Depreciation	26,810	20,869
Employee Remuneration	526,991	264,124
IT Support and Equipment Leasing Charges	72,426	70,288
Office Relocation	26,054	-
Office Rent	185,027	123,188
Travel	27,333	32,275
Other Operating Expenses	320,232	261,051
Shared Services Reallocation	(785,874)	-
Total Shared Services Expenses	\$398,999	\$771,795

10. Auditor's remuneration

BDO Auckland, BDO Fiji and BDO PNG Audit provide audit services to the Group on a fee basis. The total amount recognised as an audit expense is \$57,325. (2016: \$54,484). The 2017 year is the first year that an entity specific external audit of the FHF-PNG operations has been performed.

11. Financial assets classified as receivables

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.

12. Cash and cash equivalents

	2017	2016
FHFNZ Foreign Currency Accounts	250,583	230,059
FHFNZ Operating Accounts Interest rates up to 1.5% p.a.	448,719	678,647
FHFNZ Short Term Deposit Accounts Interest rates 2.25 – 3.25% p.a.	5,081,045	2,529,239
Fred's Future Fund	560,857	-
Petty Cash	1,070	427
PEI Call Account Interest rate 1.75% p.a.	34,287	102,366
Regions Operating Accounts	29,595	172,686
Total Cash and Cash Equivalents	\$6,406,156	\$3,713,423

13. Investments

	2017	2016
Term Deposit Account 1 matures 15 May 2018 Interest rate 3.5% p.a.	1,000,000	1,000,000
Term Deposit Account 2	-	191,500
Total Investments	\$1,000,000	\$1,191,500

14. Inventory and goods in transit

	2017	2016
Inventory Spectacles, Consumables and Student Supplies	273,521	224,686
Goods in Transit	21,443	223,878
Total Inventory and Goods in Transit	\$294,964	\$448,563

15. Property, plant and equipment

2017	Cost	Accumulated Depreciation	Net Book Value
Computer Equipment	188,161	(50,763)	137,398
Furniture and Fittings	71,283	(4,749)	66,534
Leasehold Improvements	26,792	(1,744)	25,048
Medical Equipment	586,567	(384,356)	202,211
Motor Vehicles includes MEC	979,442	(513,345)	466,097
Office Equipment	9,440	(3,525)	5,915
Regional Programme Equipment	10,565	(1,773)	8,792
Vanuatu Centre Rebuild ^{*1}	40,680	-	40,680
Capital WIP ^{*2}	173,625	-	173,625
Total Property, Plant and Equipment	\$2,086,555	(\$960,255)	\$1,126,300

*1 The Vanuatu Centre rebuild will be capitalised and depreciated upon completion of the project, anticipated in Q4 2018.

*2 Medical equipment assets which will be capitalised and depreciated upon commissioning anticipated in Q1 2018.

2016	Cost	Accumulated Depreciation	Net Book Value
Computer Equipment	75,989	(30,458)	45,531
Furniture and Fittings	45,647	(14,883)	30,764
Leasehold Improvements	95,472	(87,339)	8,133
Medical Equipment	396,716	(287,147)	109,569
Motor Vehicles	896,446	(414,296)	482,151
Office Equipment	14,416	(3,552)	10,863
Total Property, Plant and Equipment	\$1,524,686	(\$837,676)	\$687,011

Reconciliation of the carrying amount at the beginning and end of the period	2017	2016
Opening Net Book Value	687,011	1,030,375
Foreign Currency Translation	2,588	-
Additions	710,819	62,036
Disposals	(14,099)	(26,458)
Depreciation	(260,019)	(378,942)
Closing Net Book Value	\$1,126,300	\$687,011

16. Deferred revenue

	2017	2016
Ministry of Foreign Affairs and Trade New Zealand Aid Programme – Tied Funds	1,294,849	1,109,486
The Queen Elizabeth Diamond Jubilee Trust – Tied Funds	262,247	145,807
World Diabetes Foundation – Tied Funds	26,753	61,636
Fiji Water Foundation – Tied Funds	34,260	102,366
Deferred Funding Assets – FHFNZ and FHFNZ-PEI	14,140	20,894
Total Deferred Revenue	\$1,632,249	\$1,440,189

This is reflected in the Consolidated Statement of Financial Position as:	2017	2016
Current Liabilities (Deferred Revenue)	1,632,249	1,440,189
Non-Current Liabilities (Deferred Revenue)	-	-
Total Deferred Revenue	\$1,632,249	\$1,440,189

17. Employee entitlements

	2017	2016
Holiday Pay Accrual	170,402	118,108
Long Service Leave Provision	16,618	-
Other Employee Entitlements	23,104	-
Total Employee Entitlements	\$210,124	\$118,108



18. Leases

As at the reporting date, the Board of Trustees has entered into non-cancellable operating leases in respect of the organisation's leased office rental, office equipment and residential properties.

FHFNZ entered a new lease for office premises on Level 5, The AIG Building, 41 Shortland Street, Auckland Central, Auckland effective 1 August 2017 for a period of six years with the right of renewal for two further periods of three years each. The Board of Trustees received a verbal commitment from an anonymous donor that an amount equivalent to the monthly lease payments for the new premises will be donated to FHFNZ on a monthly basis for a period of six years.

The previously leased offices at Tower B, Level 6, 100 Carlton Gore Road, Newmarket, Auckland were vacated

on 31 July 2017 leaving a lease commitment of \$36,444 for the unexpired 3 month term to 31 October 2017.

FHFNZ entered a new lease for storage facilities in the basement of the AIG Building effective 1 August 2017 for a period of one year. Upon renewal, the rental will increase by 3% p.a.

FHFNZ leases a photocopier from Ricoh Finance, the lease for which expires in June 2021. A computer server and several items of computer hardware are leased from Premium Capital. These leases expire between January 2018 and March 2020. A decision not to lease any further computer equipment has been made as of this reporting period due to the onerous conditions attached thereto.

FHFNZ-PEI leases a small number of residential properties in Fiji which are used to provide accommodation for expatriate employees. These leases expire between February 2018 and February 2019.

	2017	2016
No longer than one year	262,995	244,867
Later than one year but not longer than five years	846,651	219,720
Total Leases	\$1,109,646	\$464,587

19. Categories of 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	2017	2016
Cash and Cash Equivalents	6,406,156	3,713,423
Investments	1,000,000	1,191,500
Receivables from Exchange Transactions	1,776	2,546
Receivables from Non-Exchange Transactions	371,259	263,851
Total Financial Assets	\$7,779,191	\$5,171,320

Financial Liabilities	2017	2016
Trade Payables from Exchange Transactions	480,861	408,513
Employee Entitlements	210,124	118,108
Total Financial Liabilities	\$690,985	\$526,621

20. Capital commitments

FHFNZ entered into the following capital commitments:

- in December 2017 with Asco Motors, Fiji for \$59,341 to purchase a Toyota Hiace 2.5L Diesel. Delivery into FHFNZ-PEI is scheduled for January 2018.
- in December 2017 with Carpenters Motors, Fiji for \$51,771 to purchase an Isuzu 2017 D-Max 4x4 2.5L Diesel. Delivery into FHFNZ-PEI is scheduled for January 2018.
- in December 2017 with Tier4 for \$12,758 to purchase IT equipment for the Auckland office. Delivery into FHFNZ is scheduled for January 2018.
- in December 2017 with Hurdleys Office Furniture for \$7,216 to purchase office furniture for the Auckland office. Delivery into FHFNZ is scheduled for January 2018.

There were no capital commitments as at the same reporting date for the 2016 year.

21. Contingent assets and liabilities

There were no contingent assets or liabilities at the reporting date (2016: \$nil).

22. Related party note

FHFNZ operates under a trademark licence agreement which was renewed on 1 January 2017 with The Fred Hollows Foundation in Australia. This agreement formalises the rights and obligations regarding the use of The Fred Hollows Foundation trademarks. FHFNZ has conducted operations within Timor-Leste on behalf of The Fred Hollows Foundation in Australia. During the reporting period, FHFNZ has recognised income received from FHFNZ to fund the Timor-Leste operations amounting to \$337,698 (2016: -\$162,297).

During the reporting period, FHFNZ recorded marketing

expenses of \$337,002 with OMD. One of the FHFNZ Board of Trustees, Kath Watson, was CEO at OMD for part of the reporting period until her resignation as CEO in July 2017. Kath Watson declared her interest to the Board of Trustees prior to any decision being made by the Board of Trustees with respect to assessing or engaging OMD. Kath Watson took no part in the negotiations and decision making process involving OMD. The transactions were negotiated on normal business terms. (2016: \$NIL).

During the reporting period, FHF-PNG sold a used motor vehicle (Mitsubishi Delica Station Wagon registration # BBP 234) for \$3,386 to Agnes Mor, the FHF-PNG General Manager utilising a closed tender process. (2016: \$NIL).

23. Remuneration of board members

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

24. 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

No remuneration is paid to the members of the Board of Trustees.

Executive Officers which includes the Executive Director, Senior Leadership Team, Regional Country or General Managers, are employed as employees on normal employment terms. The aggregate remuneration paid and the number of persons (measured in fulltime equivalents (FTEs) for Executive Officers) receiving remuneration is as follows:

	2017		2016*	
	Remuneration	FTEs	Remuneration	FTEs
Executive Officers	\$1,242,835	10.4	\$1,182,386	10.4

* restated to include same personnel roles as for 2017

25. Bank credit facility

FHFNZ has credit card facilities with Kiwibank with a total available credit limit of \$19,500 for a total of two cards. The outstanding balance of the credit card facilities as at 31 December 2017 is \$2,218.84 (2016: \$NIL).

During the reporting period, Kiwibank released FHFNZ from the security facility over the Term Deposit for \$146,500 which had previously been held as security over payroll and credit card payments.

26. Reserves policy

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

27. Going concern

These financial statements have been prepared on a going concern basis. The Group currently enjoys the support of, and is reliant on, funding from a variety of sources such as the New Zealand public, the Ministry of Foreign Affairs and Trade and a variety of other funding bodies in order to carry out its charitable work. 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.

28. Post balance sheet events

The Board of Trustees and management have entered into Capital Commitment agreements for the rebuild of the Port Vila National Eye Centre in 2018. The total cost of the project is \$2.65m including buildings, equipment and energy system. The Ministry of Foreign Affairs and Trade New Zealand Aid Programme has contributed \$550k towards this project.

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 (2016: \$nil).

29. Comparatives

Certain comparative figures have been reclassified to conform to the current financial year's presentation.



INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE FRED HOLLOWS FOUNDATION (NZ)

Opinion

We have audited the consolidated financial statements of The Fred Hollows Foundation (NZ) and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017 and the consolidated statement of comprehensive revenue and expenses, consolidated statement of changes in net assets/equity and consolidated statement of cashflows for the year then ended, and notes to the consolidated accounts, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2017, and its financial performance and its cashflows for the year then ended 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 in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* 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 interests in, The Fred Hollows Foundation (NZ) or any of its subsidiaries, other than in our capacity as auditor.

Other Information

The Trustees are responsible for the other information contained within the performance report. The other information comprises the entity information, executive summary, and the consolidated statement of service performance but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements 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, 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

The Trustees are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with PBE Standards RDR, and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Trustees are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees 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 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) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we report to

This report is made solely to the 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 Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Auckland

BDO Auckland
Auckland
New Zealand
16 May 2018

THANK YOU

The Trustees and staff sincerely thank you for your support and encouragement in 2017.

Development partners

These organisations contribute significantly to our programmes in the Pacific. We're extremely grateful for their commitment to our sight-restoring programmes and simply couldn't achieve as much as we do without their support. We'd also like to thank all the health care organisations throughout the Pacific that help to enable our programme activities. Delivering eye care can't be done in isolation and we work with many organisations, including local Ministries of Health, to strengthen local eye care systems.



THE QUEEN ELIZABETH
DIAMOND JUBILEE TRUST



WORLD DIABETES FOUNDATION



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Aid Programme

Corporate partnerships

We're delighted to have on-going partnerships with many generous organisations who support our work in countless different ways. This invaluable support helps us reduce costs, operate more efficiently and work even harder to restore sight and change lives.



Donations of goods and services

We'd like to sincerely thank the many organisations who support our sight-saving work in the Pacific through donations of goods and services.



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Individual donors, trusts, foundations and community groups

We're extremely fortunate to enjoy the support of many individuals, trusts, foundations and community groups that contribute so generously to our work. We're deeply grateful to each and every one of you for sharing Fred's vision of a world where no one is needlessly blind.

Key supporter

One of our key supporters is the HB Williams Turanga Trust, who has a strong commitment to making a difference in the Pacific. This family trust significantly contributed to the Future Fund's Port Vila National Eye Centre expansion project.





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