



Our focus is your vision

Macular Degeneration Foundation Limited

ABN 52 096 255 177

General Purpose (RDR) Financial Report
For the year ended 30 June 2012

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Chairman and Chief Executive Officer's Report

FOR THE YEAR ENDED 30 JUNE 2012

The 2011-2012 year was the commencement of a new decade of commitment to the vision of the Foundation to reduce the incidence and impact of Macular Degeneration in Australia.

Building upon the last 10 years of work in education, awareness raising, representation and the provision of client services, the Foundation entered the next decade with a focus on a strong commitment to research. The Foundation is investing in critical research by pre-eminent world experts to help ensure that all Australians can see a future.

The year's research focus began with publishing and launch of the Deloitte Access Economics Report, "Eyes on the Future". The 144 page report was commissioned by the Foundation and is co-authored by the Macular Degeneration Foundation's National Research Advisor and leading world expert on Age-related Macular Degeneration (AMD), Professor Paul Mitchell. The report is now considered the primary source for the latest and most comprehensive information on AMD in Australia and has also received praise from around the world.

The announcement of the recipients of the inaugural Macular Degeneration Foundation Research Grants Program was the highlight of the year. The Governor-General, Ms Quentin Bryce, announced the recipients at Admiralty House, Sydney, on World Sight Day, 13 October 2011. The Governor-General stated "the work of the Macular Degeneration Foundation is critical in raising public awareness of the disease and slowing its prevalence."

The grant recipients were Professor Paul Mitchell, (Millennium Centre for Eye Research, Westmead and the University of Sydney) and Professor Robyn Guymer (Centre for Eye Research Australia). The Foundation was pleased to also announce the inaugural Blackmores Dr Paul Beaumont Research Fellowship being awarded to Dr Liubov Robman, Senior Research Fellow at the Centre for Eye Research Australia. The Foundation sincerely thanks Blackmores and the Blackmore Foundation for their support for this fellowship which is focussed on the dietary and lifestyle impacts on Macular Degeneration.

Our very special thanks go to Foundation Patron, Ita Buttrose AO, OBE, who gives her time, energy and expertise to the Foundation throughout the year and to our Ambassador, Jean Kittson, for her tireless work in supporting our cause. In addition, in 2011-2012 the Foundation began the Friends of the Foundation program which enables those living with MD to share their personal stories on overcoming the challenges of the disease. Many have become media spokespersons appearing on TV, radio and in print, fearlessly advocating for the welfare of the MD community.

Our major sponsors once again enabled us to initiate and implement new projects, and maintain and improve our existing services. Our sincere thanks to all our funders especially the Federal and NSW Governments, Blackmores, Novartis, Bayer, Profield Foundation and ODMA.

The Foundation continued to be a world leader in raising awareness of Macular Degeneration with significant awareness programs undertaken nationally. Our work in raising disease awareness was recognised by acceptance for publication of an article on our awareness programs in the prestigious American Journal of Public Health.

The major component of our awareness work was through the national TV and radio campaign in October and November 2011. The call to action to have an eye test and the macula checked resulted in thousands of Australians making eye health a priority, heeding early detection messages and most importantly the saving of sight. This campaign serves a public health impact beyond MD, with other eye diseases also being detected. Our sincere thanks go to Novartis for their direct investment of \$1.0m (2011: \$2.7m) in the campaign and for their outstanding contribution to eye health in Australia.

Chairman and Chief Executive Officer's Report (continued)

FOR THE YEAR ENDED 30 JUNE 2012

The Foundation has now accepted the challenge of addressing the low levels of MD symptom recognition in Australia and has begun planning for raising awareness of symptoms in the next financial year.

Macular Degeneration Awareness Week 2012 was once again a great success and generated significant exposure. The impact of the media campaign continues to increase each year and a new national partnership with Rotary produced an initiative that reached into the community with almost 700,000 brochures and Amsler grids being provided to Rotary members to distribute nationwide. Our sincere thanks go to Novartis, Blackmores, Optometry Association Australia and bluedesk for their ongoing support which enables the week to be held each year.

Representing our clients to government and other agencies to ensure the best outcomes for the Macular Degeneration community was a major focus in 2011-2012. The Foundation undertook a concerted campaign to represent the key issues to policy makers and advocated for equity of access and affordability of treatment and rehabilitation to improve the quality of life of those with MD and their family and carers.

Key aspects of our work are good governance and ensuring we meet the needs and expectations of our MD community. In 2011-2012 we delivered a strong surplus and our financial strength enables us to continue to deliver our programs, plan for the future and grow to meet the increased demand for our services. It also enables us to support our next round of the Research Grants Program. Meeting the expectations of the community we serve is essential and our annual survey of clients found high rates of satisfaction with 90% reporting being satisfied or mostly satisfied with MD Foundation services.

In September 2011 the Foundation moved to a new office in order to accommodate the needs of a growing organisation and to ensure the efficient and effective delivery of our services. It was our great pleasure to have long term friends of the Foundation, Jean and Des Morton, officially open the new office and unveil our commemorative plaque.

We appreciate and thank all our donors, supporters, partners and sponsors including governments and government departments, corporations, eye care professionals and their representative bodies, rehabilitation service providers, foundations and associations with whom we work to deliver comprehensive services for clients.

Thank you to our staff and volunteers who work to ensure the delivery of quality services and excellent outcomes. We extend a special thank you to Ernst & Young who so generously give their time and expertise as our auditors. Thank you to all the Macular Degeneration Foundation Board Directors for their guidance, commitment and expertise.

No successful organisation can exist without the support of the people it serves and we thank sincerely the entire Macular Degeneration community, patients, families, friends and carers for their continued support and encouragement.

Elizabeth Carr
Chairman
BA (Hons) UWA
MPA Harvard University
FAICD
Date:

Julie Heraghty
Chief Executive Officer
BA DipEd

Date:

Directors' Report

Your directors submit their report for the year ended 30 June 2012.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Elizabeth Carr - BA (Hons), MPA, FAICD

Dr. Paul Beaumont - FRACS, FRANZCO

Peter Brown

Ashley Chapman - CPA, MACS

Barry Clarke - FIPA

Richard Grills

Prof Jill Keefe-PhD, OAM

John McCarroll - B.Ec, GAICD

Peter Reid - BA, LLB, FAICD

Paul Rogan - BBus, FCPA, AICD

Dr. Jim Runciman - FRACS, FRANZCO

Suellen Tapsall - BA, MA, FAIM

Elizabeth Carr, Chairman – BA (Hons), MPA FAICD

Elizabeth Carr was an inaugural board member of the MD Foundation and in October 2006 accepted the position of chairman. Elizabeth's focus is the inter-dependence of the private and public sectors in order to enrich the economic and social fabric of Australia and its role in the international community.

Elizabeth's background incorporates both the private and public sectors. She has worked in senior executive positions for IBM and Macquarie Group and within senior levels of politics and government in NSW, WA, PNG and the USA.

Elizabeth has been a board chair and member for 17 years. She is currently also a Director of the Kokoda Track Foundation, Kambala Anglican School for Girls NSW, and St Marys Anglican Girls School WA. She is a Member of the Environmental Protection Authority (WA) and a Director of the Safety, Return to Work and Support Board (NSW) and its associated Investment Funds.

Elizabeth Carr is the Chairman of the Board and is a member of all committees.

Ashley Chapman, Deputy Chairman – CPA, MACS

Ashley Chapman retired in 2004 after a career in information technology spanning over forty years. His experience includes fifteen years with IBM in a variety of roles covering systems engineering, programming and education. Industry experience included banking and finance, airline, distribution and government utilities. After leaving IBM he became a partner in a CPA firm and then in 1978 he founded Management Control Systems, a company specialising in the development and marketing of financial systems for the distribution and manufacturing industries both in Australia and overseas.

Ashley Chapman is the Deputy Chairman of the Board and is a member of the Audit & Risk Committee, the Investment Sub-Committee, the Client Services Committee and the Board Nomination & Evaluation Committee.

Dr. Paul Beaumont – FRACS, FRANZCO

Dr Paul Beaumont is a founding director of the Macular Degeneration Foundation and served the first chairman's term. He is a regular speaker at international conferences and trains doctors worldwide in his approach to Macular Degeneration. He has had a particular interest in nutritional epidemiology and has been a pioneer in intensive counselling for patients with Macular Degeneration. He is a past chairman of the NSW Division of the Australian and New Zealand College of Ophthalmologists and of the Committee of Chairmen of the Australian College.

Dr Paul Beaumont is the Chair of the Medical Committee and a member of the Research Committee.

Directors' Report (continued)

DIRECTORS (continued)

Peter Brown

Peter Brown has spent thirty years in advertising and communication. He worked in London in consumer advertising and new product development before moving to Sydney in 1988, becoming Creative Director of a major healthcare agency. In 2005 Peter started his own company, spanning both consumer and healthcare advertising.

Peter Brown is a member of the Client Services Committee.

Barry Clarke – FIPA

Barry Clarke has over 40 years experience in the financial services sector in both executive and CEO roles. He is currently a director of the Royal Society for the Blind of SA and serves on its Client Advisory Committee and the Finance and Investment Committee. Barry is legally blind, having experienced the onset of Macular Degeneration over 20 years ago, therefore he has a clear understanding of the needs of people with vision impairment.

Barry Clarke is a member of the Client Services Committee and the Investment Sub-Committee.

Richard Grills

Richard Grills is the Managing Director of Designs For Vision, a company which supplies ophthalmic and optometric products throughout Australasia. Prior to founding Designs For Vision in 1978, Richard was a clinical & dispensing optician specialising in visual handicap. He conducted low vision clinics throughout NSW at hospitals and ophthalmic practices. Since 1974 he has been a lecturer in optics at Sydney University. Richard is the Chairman of the Optical Distributors & Manufacturers Association (ODMA) and a director of the Genetic Eye Foundation.

Richard Grills is a member of the Client Services Committee.

Professor Jill Keeffe – PhD, OAM

Professor Jill Keeffe PhD OAM is head of the Centre for Eye Research Australia (CERA) Population Health Unit at the University of Melbourne and is also the director of the World Health Organisation Collaborating Centre for the Prevention of Blindness at CERA. She was awarded the Order of Australia Medal for "services to public health particularly in the area of vision testing and as a contributor to the advancement of eye care education and practice".

Professor Keeffe describes her work as translating research to provide evidence for best practice in eye care and low vision services. A recent focus is in health services research and assessing the establishment and outcomes of innovative models of eye care. She holds the position of First Vice-President of the International Council for Education of People with Visual Impairment (ICEVI), a global initiative seeking to provide education for all visually impaired people throughout the world.

Professor Jill Keeffe is a member of the Client Services Committee.

John McCarroll - B.Ec, GAICD

John McCarroll is a Director at JB Were Ltd - Private Wealth Management. John has more than 30 years experience in the finance industry, initially in Europe and for the past 20 years in Australia. John holds a Bachelor of Economics from Monash University (Vic), is a Diploma member of the Australian Institute of Company Directors and was a director of the Australian Stockbrokers Foundation for over 19 years. He is also fluent in German.

John McCarroll is a member of the Investment Sub-Committee and the Board Nomination & Evaluation Committee.

Directors' Report (continued)

DIRECTORS (continued)

Peter Reid – BA, LLB, FAICD

Peter Reid has practised as a lawyer since 1972 specialising in international law and the energy and resources sector. He served as an Australian diplomat for seven years including a posting to the Australian Mission to the United Nations in New York. He then spent nine years as the Senior Exploration Counsel for Esso Australia and the past 25 years in private legal practice. He is a frequent speaker at international industry and professional conferences. In 2004 he established his own legal practice, Energy & Resources Lawyers Pty Ltd. He has served as a non-executive director of companies in both the private, public and not-for –profit sectors.

Peter Reid is a member of the Audit & Risk Committee, the Investment Sub-Committee and the Client Services Committee.

Paul Rogan – BBus, FCPA, AICD

Paul Rogan is a senior executive with more than twenty five years experience in the financial services sector both in Australia and the United Kingdom. He is currently the Chief Executive, Distribution Product and Marketing, of Challenger Limited and is a Director of its subsidiaries. He has served as an Executive Director on subsidiary boards of the National Australia Bank and MLC group, including as CEO of the Wealth Management operations in the UK and MLC Building Society. He is also a past chairman of the Victorian Building Society Association and past Counsellor on the Association of Australian Permanent Building Societies.

Paul Rogan is the Chair of the Audit & Risk Committee, the Investment Sub-Committee and the Research Committee.

Dr. Jim Runciman – FRACS, FRANZCO

Dr Jim Runciman is a fellow and past SA state chairman of the Royal Australian and New Zealand College of Ophthalmologists. Appointed to the Macular Degeneration Foundation Board in 2003, Dr Runciman is a leading ophthalmologist with a special interest in retinal diseases and the support of those with vision impairment. He is a director of the Adelaide Eye and Retina Centre, has been a board member of the Royal Society for the Blind SA since 1995 and is a past president. Dr Runciman is also on the advisory boards of a number of Ophthalmic drug companies and is a consultant to Ellex Lasers R&D.

Dr Jim Runciman is a member of the Medical Committee and Research Committee.

Suellen Tapsall - BA, MA, FAIM

Suellen Tapsall is the director of AIM WA - UWA Business School Executive Education. In that role she successfully and effectively works with public and private sector organisations (in Western Australia, interstate and overseas) to build their individual and organisational leadership capability.

Suellen has extensive experience managing complex multi-stakeholder projects. Her career has been built around communications and stakeholder engagement, working as an academic leader and formerly in journalism and corporate communications. She is a former national president of the Journalism Education Association and has co-authored several books and major reports.

Suellen Tapsall is the Chair of the Client Services Committee and a member of the Research Committee.

Directors' Report (continued)

CORPORATE INFORMATION

Macular Degeneration Foundation Limited is a Company limited by guarantee that is incorporated and domiciled in Australia.

The registered office and principal place of business of the Company is Level 9, 447 Kent Street, Sydney, NSW 2000.

PRINCIPAL ACTIVITIES

The mission of the Macular Degeneration Foundation is to reduce the incidence and impact of macular degeneration (MD) in Australia. This is achieved through education, awareness, research, support and representation. Further details of operations during the year are included in the Chairman and CEO report.

SHORT AND LONG TERM OBJECTIVES

The short term objectives are to improve the awareness and understanding of MD amongst MD patients, the general public, health care professionals and government; to support the MD community via the provision of support services and by advocating on their behalf to help improve quality of life; and by conducting research to help better understand the MD experience.

The long term objectives are to expand our service provision to include major macular diseases and to continue to fund research to find reasons and answers for MD. In addition, strengthening the position of the Foundation in the health, ageing and disabilities sectors to ensure the needs of the MD community are fully met is also an important long term objective.

STRATEGY

The strategy to achieve the Foundation's objectives includes: engaging with key allied organisations in the health, ageing and disabilities sector; providing education and awareness programs with linkages to younger audiences with macular disease and ensuring provision of ongoing research into Macular Degeneration.

PERFORMANCE MEASUREMENT

The Foundation will continue to evaluate its programs in order to assess its effectiveness and to guide future initiatives. This is done in a number of ways including: evaluating financial performance; employing external agencies to measure awareness levels; providing evaluation forms to users of its services and analysing and reporting on those results; capturing and analysing information recorded on the database.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There were no significant events occurring after the balance date which may affect either the Company's operations or results of those operations or the Company's state of affairs.

Directors' Report (continued)

MEMBERS' GUARANTEE

The Company is limited by guarantee. If the Company is wound up, the Company's constitution states that if upon winding-up or dissolution of the Company:

- a) there remains, after satisfaction of all its debts and liabilities, any property whatsoever, that property will not be paid to or distributed among the members but shall be given or transferred to some other institution or institutions, having objects similar to the objects of the Company, whose memorandum of association of constitution prohibits the distribution of its income and property among its or their members to an extent at least as great as imposed on the Company under its constitution, and being an institution or institutions accepted as a deductible gift recipient under sub-division 30-B, section 30-100 of the Income Tax Assessment Act 1997 by the Commissioner of Taxation or otherwise approved for these purposes by the Commissioner of Taxation or institutions by the Members at or before the time of dissolution.
- b) there is a deficit, each member and any members who ceased to be a member within 12 months of the winding up will contribute a maximum of \$1.

At 30 June 2012 the Company had 20 members (2011: 19 members). The total liability of members would be \$20 (2011: \$19).

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

Director	Board		Audit & Risk Committee		Investment Sub-Committee		Client Services Committee		Medical Committee		Research Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
Elizabeth Carr	6	6	4	5	3	4	3	3	3	4	4	4
Ashley Chapman	6	6	5	5	4	4	3	3				
Dr Paul Beaumont	4	6							4	4	4	4
Peter Brown	5	6					2	3				
Barry Clarke	6	6			3	4	3	3				
Richard Grills	4	6					2	3				
Prof Jill Keeffe	5	6					3	3				
John McCarroll	3	6			2	4						
Peter Reid	5	6	5	5	4	4	2	3				
Paul Rogan	5	6	5	5	4	4					4	4
Dr Jim Runciman	5	6							4	4	3	4
Suellen Tapsall	6	6					3	3			3	4

- A No. of meetings attended
B No. of meetings eligible to attend

During 2012 a new committee was created, the Board Nomination & Evaluation Committee, however, no meetings were held in 2012.

Directors' Report (continued)

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 9 of the report.

Signed in accordance with a resolution of the directors.

Elizabeth Carr - BA (Hons), MPA, FAICD
Chairman
Date:

Auditor's Independence Declaration

TO THE DIRECTORS OF MACULAR DEGENERATION FOUNDATION LIMITED

In relation to our audit of the financial report of the Macular Degeneration Foundation Limited for the financial year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Kathy Parsons
Partner
Date:

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 \$	2011 \$
Donations/Fundraising	3(a)	2,120,211	2,079,247
Government grants		459,300	526,663
Sale of products		24,964	29,021
Other income	3(b)	202,979	319,824
		<u>2,807,454</u>	<u>2,954,755</u>
Cost of sales		(16,393)	(22,937)
Employee benefits expense	3(c)	(1,154,709)	(1,032,244)
Depreciation expense	3(d)	(26,986)	(26,650)
Other expenses	3(e)	(1,254,736)	(999,226)
		<u>354,630</u>	<u>873,698</u>
Research grants program donations		182,534	
Research grants program expenditures		(153,667)	-
Net research grants program surplus		<u>28,867</u>	<u>-</u>
Net Surplus of the year		383,497	873,698
Other comprehensive (loss)/income			
Net fair value (losses)/gains on available-for-sale financial assets		(32,053)	(19,465)
Other comprehensive (loss)/income for the year		<u>(32,053)</u>	<u>(19,465)</u>
Total comprehensive income for the year		<u>351,444</u>	<u>854,233</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 30 JUNE 2012

	Notes	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	2,479,487	1,731,942
Grants, sponsorship, donations and other receivables	5	922,684	307,266
Inventories	6	816	16,201
Prepayments		7,029	5,490
Total Current Assets		3,410,016	2,060,899
Non-current Assets			
Available-for-sale investments	7	1,835,293	1,760,773
Plant and equipment	8	93,796	22,225
Other assets		51,000	-
Total Non-current Assets		1,980,089	1,782,998
TOTAL ASSETS		5,390,105	3,843,897
LIABILITIES			
Current Liabilities			
Trade and other payables	9	408,000	220,783
Grant in advance		1,000,000	-
Total Current Liabilities		1,408,000	220,783
Non-current Liabilities			
Provisions	10	22,204	14,657
Total Non-current Liabilities		22,204	14,657
TOTAL LIABILITIES		1,430,204	235,440
NET ASSETS		3,959,901	3,608,457
FUNDS			
Retained funds		4,009,548	3,626,051
Net unrealised (losses)/gains reserve		(49,647)	(17,594)
TOTAL FUNDS		3,959,901	3,608,457

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Funds

FOR THE YEAR ENDED 30 JUNE 2012

	Surplus funds	Restricted cash funds (a)	Research reserve (b)	Total Retained funds	Net unrealised (losses)/ gains reserve	Total funds
	\$	\$	\$	\$	\$	\$
At 30 June 2010	1,509,152	143,201	1,100,000	2,752,353	1,871	2,754,224
Surplus for the year	873,698	-	-	873,698	-	873,698
Other comprehensive income	-	-	-	-	(19,465)	(19,465)
Total comprehensive income/(loss) for the year	873,698	-	-	873,698	(19,465)	854,233
Income received in the year	(1,427,743)	1,427,743	-	-	-	-
Funds spent during the year	1,051,616	(1,051,616)	-	-	-	-
Net surplus for the year allocated to reserves	(400,000)	-	400,000	-	-	-
At 30 June 2011	1,606,723	519,328	1,500,000	3,626,051	(17,594)	3,608,457
Surplus for the year	383,497	-	-	383,497	-	383,497
Other comprehensive income	-	-	-	-	(32,053)	(32,053)
Total comprehensive income/(loss) for the year	383,497	-	-	383,497	(32,053)	351,444
Income received in the year	(1,832,907)	1,650,373	182,534	-	-	-
Funds spent during the year	1,869,280	(1,715,613)	(153,667)	-	-	-
Net surplus of the year allocated to reserves	(221,133)	-	221,133	-	-	-
At 30 June 2012	1,805,460	454,088	1,750,000	4,009,548	(49,647)	3,959,901

(a) Restricted cash funds

Generally where sponsorship contracts specify that funds must be used for a specific project or activity, cash received for this purpose but not yet spent by the Foundation is classified as restricted cash in the Statement of Changes in Funds.

(b) Research reserve

The directors have decided to allocate a portion of the net surplus for the year to undertake research activities in the future. Additionally, donations received and grants conceded specifically for the research grants program have been allocated to the research reserve.

Nature and purpose of reserve

Net unrealised gains/(losses) reserve

This reserve records gains or losses from movements in the fair value of available-for-sale financial assets.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 \$	2011 \$
Cash flows from operating activities			
Receipts from donations		3,315,804	2,266,245
Receipts from sale of products		24,964	31,923
Receipts from events to raise funds		0	75,767
Receipts from other income		13,739	36,971
Payments to suppliers and employees		(2,358,717)	(2,287,311)
Payments for research grants		(153,667)	-
Receipt of government grants		459,300	526,663
Interest received		84,939	63,318
Net cash flows from operating activities		<u>1,386,363</u>	<u>713,576</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(102,228)	(15,714)
Disposal of property, plant and equipment		564	-
Investment income received		93,605	147,129
Net payments for the purchase of available-for-sale investments		(79,759)	(647,451)
Net cash flows used in investing activities		<u>(87,818)</u>	<u>(516,036)</u>
Cash flows from financing activities			
Transfer term deposits greater than 3 months maturity		(551,000)	-
Net cash flows from financing activities		<u>(551,000)</u>	<u>-</u>
Net increase in cash and cash equivalents		747,545	197,540
Cash and cash equivalents at beginning of year		1,731,942	1,534,402
Cash and cash equivalents at end of year	4	<u>2,479,487</u>	<u>1,731,942</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

1. CORPORATE INFORMATION

The financial report of Macular Degeneration Foundation Limited for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 29 October 2012.

Macular Degeneration Foundation Limited is a Company limited by guarantee that is incorporated and domiciled in Australia.

The registered office and principal place of business of the Company is Level 9, 447 Kent Street, Sydney, NSW 2000.

The nature of the operations and principal activities of the Company are described in the directors' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars (\$).

(a) Statement of compliance

The Company has early adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements for the financial year beginning on 1 July 2010.

The Company is a non-for-profit entity. Therefore the consolidated financial statements of the Company are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The adoption of AASB 1053 and AASB 2010-2 allowed the Company to remove a number of disclosures. There was no other impact on the current or prior year financial statements.

(b) Significant accounting judgements, estimates and assumptions

In applying the Company's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Company. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Significant accounting judgements, estimates and assumptions (continued)

(i) Significant accounting judgements

Impairment of non-financial assets

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. These include economic and political environments and future expectations. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. This assessment is based on supportable past collection history and historical write-offs of bad debts.

(ii) Significant accounting estimates and assumptions

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in Note 3.

(c) Revenue recognition

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

Donations and fundraising

Revenue from donations is not brought to account until monies are actually received. Donations in kind are recorded at fair value.

Revenue from fundraising or corporate sponsorship is recognised at fair value when the Foundation obtains control of the contribution or the right to receive the contribution or when the related expenses are incurred.

No amounts are included in the financial statements for services donated by volunteers.

Interest

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Sales of products

Revenue from sales of goods comprise revenue earned (net of returns, discounts and allowances) from the sale of goods purchased for resale. Sales revenue is recognised when the control of goods passes to the customer.

Investment income

Investment income comprises interest and dividends. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Dividends from listed entities are recognised when the right to receive a dividend has been established.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Revenue recognition (continued)

Bequests

Bequests are recognised when the Company is notified of an impending distribution or the legacy is received, whichever occurs earlier.

Government grants

The Foundation's activities are supported by grants received from federal and state governments. Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Revenue from government grants is recognised when the Foundation obtains control of the contribution or the right to receive the contribution or when the related expenses are incurred.

Research grants program donations

When donations are received specifically for the Research grants program, funds are recognised as income when monies are actually received and the Foundation obtains control over the donations. Donations received specifically for research grants are included within the research reserve. Grants awarded in respect of research are adjusted against the research reserve.

Restricted cash

Where corporate donations and government grants are received for specific projects the funds are included within restricted cash. Funds spent in respect of these projects are adjusted against restricted cash.

(d) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as a lessee

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term. Lease incentives are recognised in the statement of comprehensive income as an integral part of the total lease expense.

(e) Cash and cash equivalents

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

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(f) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. Trade receivables are non-interest bearing and are generally on 30-90 day terms.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Trade and other receivables (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(g) Inventories

Inventories comprise goods for resale and goods for distribution at no or nominal consideration as part of the Company's charitable activities.

Inventories of goods purchased for resale are valued at the lower of cost and net reasonable value. The cost of bringing each item to its present location and condition is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(h) Income tax

No income tax is payable by the Company as such income is exempt from income tax under the provisions of subdivision 50 of the Income Tax Assessment Act (1997). The Company has Deductible Gift Recipient (DGR) status.

(i) Other taxes

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

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

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follow:

Plant and equipment - between 20% to 35% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Disposal

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

(k) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and Derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets, principally comprising equity and fixed income securities, together with managed funds, that are designated as available-for-sale or are not classified as any of the other three categories. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as other comprehensive income until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. External factors, such as changes in expected future processes, technology and economic conditions, are monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(m) Trade and other payables

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

Trade creditors are non-interest bearing and are normally settled on 60-day terms. Other creditors are non-trade payables, are non-interest bearing and also have an average term of 60 days.

(n) Grant in advance

Grant in advance relates specifically to the advertising campaign funded by Novartis. The funding agreement states that the Foundation becomes entitled to the funds when the costs of advertising are incurred. These costs were not incurred before year end and the grant income has been deferred.

(o) Provisions

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

(p) Employee leave benefits

(i) Wages, salaries and annual leave

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

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	2012 \$	2011 \$
3. REVENUE AND EXPENSES		
(a) Donations/Fundraising		
Donations	874,289	969,338
Corporate sponsorship	1,113,455	919,609
Bequests	132,467	190,300
Total donations/fundraising income	2,120,211	2,079,247
(b) Other income		
Bank interest received	83,928	63,318
Income on investments	107,469	147,129
Event income	-	75,767
Other income	11,582	33,610
Total other income	202,979	319,824
(c) Employee benefits expense		
Wages and salaries	943,637	830,844
Workers' compensation costs	6,662	8,225
Defined contribution plan expense	79,441	60,435
Annual leave	14,030	6,325
Long service leave	7,547	14,657
Other staff costs	103,392	111,758
Total employee benefits expense	1,154,709	1,032,244
(d) Depreciation expense		
Depreciation of non-current assets		
Plant and equipment	26,986	26,650
Total depreciation expense	26,986	26,650
(e) Other expenses		
Education and prevention programs	841,195	592,112
Research expense	38,928	31,915
Communication expense	54,540	89,425
Repairs and maintenance	32,603	26,042
Rental expense	114,218	72,644
Insurance	16,072	14,924
Administration expense	77,588	97,812
Property and equipment cost	53,857	34,262
Loss on disposal of investments	20,470	37,857
Sundry expenses	5,265	2,233
Total other expenses	1,254,736	999,226
4. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	979,487	1,231,942
Short-term deposits	1,500,000	500,000
	2,479,487	1,731,942

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$	2011 \$
5. GRANTS, CORPORATE SPONSORSHIP AND OTHER RECEIVABLES		
Grants/Corporate sponsorship receivable	331,985	252,947
Short term deposits	500,000	-
Other receivables	90,699	54,319
Carrying amount of grants, corporate sponsorship and other receivables	<u>922,684</u>	<u>307,266</u>

Allowance for impairment loss

No allowance for impairment loss has been recognized by the Company (2011: \$nil).

6. INVENTORIES

Finished goods

At cost	816	16,201
Total inventory at the lower of cost and net realisable value	<u>816</u>	<u>16,201</u>

7. AVAILABLE-FOR-SALE INVESTMENTS

At Fair Value

Investment portfolio	1,835,293	1,760,773
	<u>1,835,293</u>	<u>1,760,773</u>

The Company has an investment portfolio comprising of securities listed on the Australian Stock Exchange, other managed funds, fixed income securities and bank bills, diversified across a number of asset classes. The fair value of the investment portfolio has been independently determined by reference to published price quotations in active markets. The investment portfolio is managed by an independent investment management firm.

8. PLANT AND EQUIPMENT

Plant and equipment		
At cost	165,686	173,548
Accumulated depreciation	(71,890)	(151,323)
Net carrying amount	<u>93,796</u>	<u>22,225</u>

Movement in property, plant and equipment

Plant and equipment		
Balance at the beginning of the year		
At cost	173,548	157,833
Accumulated depreciation	(151,323)	(124,672)
Net carrying amount	22,225	33,161
Additions	102,228	15,714
Disposals (net of depreciation)	(3,671)	0
Depreciation charge for the year	(26,986)	(26,650)
Balance at the end of the year – net carrying amount	<u>93,796</u>	<u>22,225</u>

During the year, fully depreciated plant and equipment was written off leading to a reduction in the cost and accumulated depreciation. The cost reduction was offset by \$102,228 of additions during the year. No property, plant or equipment is pledged as security for liabilities at the reporting date (2011: none).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$	2011 \$
9. TRADE AND OTHER PAYABLES (CURRENT)		
Trade creditors	76,092	76,769
Other creditors	138,288	106,051
GST payable	141,827	199
Annual leave accrued	51,793	37,764
	<u>408,000</u>	<u>220,783</u>

10. PROVISIONS

Non-current

Long service leave	22,204	14,657
	<u>22,204</u>	<u>14,657</u>

Long service leave provision

The Long service leave provision relates to the entitlement for employees who have been employed with the company for in excess of 5 years.

11. COMMITMENTS AND CONTINGENCIES

(a) Commitments

Operating lease commitments – Company as lessee

On the 15 September 2011, the company entered into a new lease agreement with a term of 5 years and also an option to renew. As such, the disclosure below includes payments on the remaining term of the old lease and the entire term of the new lease.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2012 \$	2011 \$
Within one year	143,500	127,057
After one year but not more than five years	506,547	595,806
More than five years	-	33,900
	<u>650,047</u>	<u>756,763</u>

Research Grant Commitments

In 2012 the Foundation entered into agreements with two research institutions to provide research grants. Both of these grants are three years in duration and were provided to the Centre for Eye Research (\$400,000) and the University of Sydney (\$294,000). The grant funding is conditional upon compliance with milestones as set out in the agreements.

(b) Contingencies

Guarantee

The Company has arranged a rental guarantee facility of \$51,000 (2011: \$9,056) with National Australia Bank Limited to guarantee rental payments in the eventuality that the Foundation cannot meet its rental obligations.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

12. EVENTS AFTER BALANCE DATE

There were no significant events occurring after the balance date which may affect either the Company's operations or results of those operations or the Company's state of affairs.

13 RELATED PARTY DISCLOSURES

The directors of the Macular Degeneration Foundation Limited during the financial year were:

Elizabeth Carr
Dr Paul Beaumont
Peter Brown
Ashley Chapman
Barry Clarke
Richard Grills
Professor Jill Keefe
John McCarroll
Peter Reid
Paul Rogan
Dr Jim Runciman
Suellen Tapsall

The key management personnel of the Macular Degeneration Foundation Limited during the financial year were:

Julie Heraghty (Chief Executive Officer)
Lucy Walker (General Manager)
Rob Cummins (Research and Policy Manager)
Janice Clarkson (Communications Manager)

(a) Compensation of key management personnel

The directors do not receive remuneration for services performed in their role as director of the Company, besides the contract premiums paid in relation to Association Liability Insurance of \$2,367 (2011: \$2,197). Directors are reimbursed for the reasonable expenses incurred in attending meetings or carrying out activities on behalf of the Foundation.

Key management personnel received gross remuneration of \$568,109 which includes both salary and superannuation (2011: \$491,849).

(b) Loans to key management personnel

There have been no loans made to key management personnel during the financial year.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

13 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Other transactions and balances with key management personnel and their related parties

Mr. Peter Brown is the director of Stir Australia. Stir Australia received \$50,330 for services rendered for the year ended 30 June 2012 (2011: under company name bluedesk \$8,400). The Foundation has received these services on terms more favourable to it than Stir Australia's normal commercial terms.

Dr Paul Beaumont is a member of the Medical Advisory Board of Novartis and Alcon. He has received honoraria for giving lectures on Age-related Macular Degeneration from Novartis and Blackmores and has been conducting research and running controlled trials on Age-related Macular Degeneration which are sponsored by these companies. He does not have shares in any company which sponsors the Macular Degeneration Foundation Limited.

Dr Jim Runciman is a member of the Medical Advisory Board of Novartis and Bayer.

Total sponsorship directly received by MD Foundation from Novartis totalled \$1,584,000 for the year ended 30 June 2012 (2011: \$490,000).

Mr John McCarroll is employed by JBWere Ltd. Since August 2008 JBWere have managed the Foundation's investment portfolio.

14. INFORMATION AND DECLARATION TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT 1991

Macular Degeneration Foundation Limited

Income received and the cost of raising income for specific fundraising has been audited and all revenue and expenses have been recognised in the financial statements of the Macular Degeneration Foundation Limited.

Income and expenses after the allocation of employment costs to each activity is set out below:

	2012 \$	2011 \$
Income		
Donations/Fundraising	2,314,326	2,234,335
Other income	191,398	168,543
Sale of products	24,964	25,214
Total Income	2,530,687	2,428,091

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

14. INFORMATION AND DECLARATION TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT 1991 (CONTINUED)

	Notes	2012 \$	2011 \$
Expenses			
Education		34,712	25,447
Awareness		571,283	375,879
Support services		412,180	302,097
Representation		230,178	97,529
Cost of providing services		1,248,354	800,952
Research		467,819	97,301
Cost of providing services and research		1,716,172	898,254
Management		318,081	396,030
Fundraising		93,595	195,644
Total Expenses		2,127,848	1,489,928
Surplus for the year (excluding Government Grants and related costs)		402,839	938,163
(a) Gross proceeds from fundraising		2,314,326	2,234,335
Costs of fundraising		(93,595)	(195,644)
Net Surplus obtained from fundraising appeals		2,220,731	2,038,690
(b) Application of net surplus obtained from fundraising appeals			
Providing services and research		1,716,172	898,254
Cost of operations		504,559	1,140,437
		2,220,731	2,038,690

	2012 \$	%	2011 \$	%
(c) Comparisons of certain monetary figures and percentages				
Total cost of fundraising /	93,595	4.0%	195,644	8.8%
Gross income from fundraising	2,314,326		2,234,335	
Net surplus from fundraising /	2,220,731	95.9%	2,038,690	91.2%
Gross income from fundraising	2,314,326		2,234,335	
Total costs of services /	2,034,253	95.6%	1,294,283	86.8%
Total expenditure	2,127,848		1,489,928	
Total costs of services /	2,034,253	80.4%	1,294,283	53.3%
Total income received*	2,530,687		2,428,091	

* The 2012 ratio is greater than 2011 due to the movements of restricted cash funds across the two years. The lower 2011 ratio reflects the deferral of costs into 2012, thereby reducing the cost of services in 2011 compared to 2012.

Directors' Declaration

In accordance with a resolution of the directors of Macular Degeneration Foundation Limited, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due.
- (c) In respect of the Company:
 - (i) The provisions of the NSW Charitable Fundraising Act 1991, the regulations under the Act and the conditions attached to the fundraising authority have been complied with (as the State in which the Company is incorporated); and
 - (ii) The internal controls exercised by the Company are appropriate and effective in accounting for all income received.

On behalf of the Board

Elizabeth Carr - BA (Hons), MPA, FAICD
Chairman
Date:

Chairman's Declaration

By the Chairman in respect of fundraising appeals pursuant to section 7 (5) of the Charitable Fundraising Act 1991 – Regulation

I, Elizabeth Carr, Chairman of the Macular Degeneration Foundation Limited, declare, in my opinion:

- (a) the financial report gives a true and fair view of all income and expenditure of the Company with respect to fundraising appeals, for the financial year ended 30 June 2012;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal, as at 30 June 2012;
- (c) the provisions of the Charitable Fundraising Act 1991 and the Regulations and the conditions attached to the authority have been complied with for the year 1 July 2011 to 30 June 2012; and
- (d) internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

Elizabeth Carr - BA (Hons), MPA, FAICD
Chairman
Date:

Independent auditor's report to the members of Macular Degeneration Foundation Limited

Report on the financial report

We have audited the accompanying financial report of Macular Degeneration Foundation Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included on page 9 of this report.

Auditor's Opinion

In our opinion the financial report of Macular Degeneration Foundation Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the financial position of Macular Degeneration Foundation Limited at 30 June 2012 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008* and the requirements of the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991* and the *WA Charitable Collections Act (1946)*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008* and the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non compliance may occur and not be detected. An audit is not designed to detect all instances of non compliance with the requirements described in the above-mentioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

- a) the financial report of Macular Degeneration Foundation Limited has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2012, in all material respects, in accordance with:
 - i sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
 - ii sections 9(6) and 10 of the *NSW Charitable Fundraising Regulations 2008*;
 - iii the *WA Charitable Collections Act (1946)*; and
 - iv the *WA Charitable Collections Regulations (1947)*.

- b) the money received as a result of fundraising appeals conducted by the foundation during the financial year ended 30 June 2012 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.

Ernst & Young

Kathy Parsons
Partner
Sydney
29 October 2012