

Classroom of Hope Limited

ABN 30 607 164 198

**SPECIAL PURPOSE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2020**

# Classroom of Hope Limited

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

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# Classroom of Hope Limited

## **DIRECTORS' REPORT 30 JUNE 2020**

The Directors present their report on Classroom of Hope Limited for the financial year ended 30 June 2020.

Classroom of Hope Limited was incorporated on 13 August 2015.

### **Directors**

The names and particulars of directors at the date of this report and at any time during the year ended 30 June 2020 are as follows:

#### **Alexis Guillot – Appointed 18 December 2017**

Alexis is our chairman and is an experienced not-for-profit company director and currently a partner with a leading consultancy that provides advisory services to take care of compliance, resolve issues and deliver outstanding performance. He previously served as a governance and risk advisor to some of Western Australia's largest companies and statutory authorities, contributed to the development of Western Australia's public sector governance framework and assisted a number of leading energy and resources companies with their risk and continuity readiness. Alexis has served as a non-executive Director on a number of local and international Boards in the property investment, disability, aged care, mental health and youth services sectors and contemporary theatre.

#### **Sean Edwards – Appointed 11 September 2017**

Sean is an experienced executive currently working as a management consultant specialising in mining technology. He brings a wealth of business and technology experience to our board. He previously worked as the Chief Information Officer for a major mining company, having spent more than 20 years in a wide range of senior leadership and transformational roles within the mining industry.

#### **Mohinder Jaimangal – Appointed 12 August 2020**

Mohinder Jaimangal is the co-founder and director of Curve Tomorrow, a digital health technology company aimed at significantly impacting the lives of 1 billion people. Mohinder leads the delivery team at Curve Tomorrow with the aim of becoming the leading digital health company in Australia. More recently, Mohinder has helped Curve win a Telstra Business Award in 2019 for Social Change and is currently leading Curve's efforts to solve the immediate healthcare problems from Covid-19. Mohinder discovered his passion during his quarter-life crisis trek through the Himalayas. Using his entrepreneurial and robotics background, Mohinder returned to Australia and set himself a life goal of providing equitable healthcare across the world.

# Classroom of Hope Limited

## DIRECTORS' REPORT 30 JUNE 2020

### **Zoe O'Neill – Appointed 12 August 2020**

Zoe is an energetic, pro-active solicitor, community facilitator and creative with over ten years of experience in the not-for-profit community and legal sectors. She is a keen collaborator, connector and facilitator, passionate about access to justice issues, mildly obsessed with community outreach and connectivity, a massive IP/Copyright law nerd and an occasional event producer, writer and tertiary lecturer. For Zoe, education is a way to empower people allowing them the freedom to make choices and determine their own path. When Zoe was in school her favourite subjects were English, literature, politics, dance and drama. Zoe now works in arts law, fashion law and business development for Arts, Culture and Social Justice not-for-profits.

### **Duncan Ward (Chief Executive Officer and Founder)**

For Duncan, every classroom we create is hope for positive change. It's hard to keep track of all the hats Duncan has worn during his 17 years working as a Network Engineer and Management Consultant in the private sector. Duncan has also worked in senior executive roles in the NFP sector. Now, he is the chief executive officer at Classroom of Hope. Duncan was the recipient of the Australian Talent Unleashed Impact award from Sir Richard Branson in 2013 and also a 40under40 award winner in 2016, Impact 25 winner in 2019 for his work with Classroom of Hope.

### **Directors who resigned during the year and up to the date of this report:**

Sue Budalich – Resigned February 2020

Lee Harrison – Resigned February 2020

Warren Salamone – Resigned July 2020

### **Principal Activities and Our Results**

Classroom of Hope's core programs are focused on building schools and distributing scholarships to students in rural communities of developing countries. Our purpose is to provide access to quality education. We do this by partnering with best practice local NGOs to implement these programs.

Our 'Building Schools' program built eight brand new schools in rural Cambodia, Laos and serving 2,498 students in FY 20.

# Classroom of Hope Limited

## DIRECTORS' REPORT 30 JUNE 2020

In August 2018 we started a disaster relief program after the major earthquakes in Lombok, Indonesia. With over 400 schools destroyed by the earthquakes we partnered with a local NGO in Lombok to build temporary earthquake resistant pop-up schools in rural parts of North Lombok where schools were destroyed. The pop-up schools provide children and teachers with a safe and secure place to learn and continue with education for five years until the permanent structures are rebuilt by the Indonesian Government. By the end of FY20 the program had built a further nine pop-up schools serving 1,821 students.

Our 'STEM4Women' program saw another 11 young women graduate from their tertiary studies in the areas of STEM (Science, Technology, Engineering and Mathematics) in institutions across Thailand and Cambodia. Five of the women in Cambodia are all employed in jobs now and only two of the six in Thailand are employed due to the impacts of COVID-19.

Together with our incredible in-country partners we focus on education because it is the building block of every society. By providing a child with an education, you give them the tools to change their life, the power to unleash their potential, the ability to give back to their community and the opportunity to improve the livelihoods of future generations. Despite the global pandemic closing most schools across the globe, our local partners have still been building given this is an essential service in the countries we operate.

When COVID-19 became a global pandemic, Classroom of Hope launched our Principals campaign to raise funds specifically for our operations in order to build an extra reserve for the charity over the next year. We are proud to say that our long term major donor partners have given generously to provide us with one year's worth of operating funds to protect Classroom of Hope from insolvency and for us to continue our mission of education for all.

### Directors' Meetings

The number of meetings of Directors held during the year and the number of meetings attended by each Director were as follows:

Director	No. of meetings eligible to attend	No. of meetings attended
Warren Salamone - appointed 18 July 2017	5	5
Alexis Guilliot - appointed 18 December 2017	5	4
Sean Edwards - appointed 11 September 2017	5	5
Lee Harrison – resigned February 2020	4	2
Sue Budalich – resigned February 2020	4	4

### Significant Changes in the State of Affairs

No significant changes in the Company's state of affairs occurred during the financial year other than as disclosed in this financial report.

# Classroom of Hope Limited

## DIRECTORS' REPORT 30 JUNE 2020

### **Auditor's Independence Declaration**

A copy of the auditor's independence declaration is set out on page 16 and forms part of this directors' report.

This directors' report is signed in accordance with a resolution of the Board of Directors:



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**Alexis Guillot**  
Chairman

Date: 17 December 2020

# Classroom of Hope Limited

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
<b>Revenue</b>	2	853,064	809,648
<i>Less: Expenses</i>			
Management and general	3	(40,261)	(34,869)
Fundraising	4	(47,145)	(48,275)
Program services (indirect & direct)	5	(788,289)	(797,118)
<b>Net loss</b>		<b>(22,631)</b>	<b>(70,614)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive loss</b>		<b>(22,631)</b>	<b>(70,614)</b>

The above Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

# Classroom of Hope Limited

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
<b>Current Assets</b>			
Cash	6	207,096	117,770
Receivables	7	6,437	6,896
Prepayments		8,118	-
<b>Total Current Assets</b>		<u>221,651</u>	<u>124,666</u>
<b>Total Assets</b>		<u>221,651</u>	<u>124,666</u>
<b>Current Liabilities</b>			
Trade payable		455	-
Annual leave liability		12,897	10,069
Superannuation liability		2,454	1,311
ATO Liabilities		3,328	309
Accruals		99,171	-
<b>Total Current Liabilities</b>		<u>118,305</u>	<u>11,689</u>
<b>Non-Current Liabilities</b>			
Long service leave provision		13,000	-
<b>Total Non-Current Liabilities</b>		<u>13,000</u>	<u>-</u>
<b>Total Liabilities</b>		<u>131,305</u>	<u>11,689</u>
<b>Net Assets</b>		<u>90,346</u>	<u>112,977</u>
<b>Equity</b>			
Retained earnings		90,346	112,977
<b>Total Equity</b>		<u>90,346</u>	<u>112,977</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



# Classroom of Hope Limited

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
<b>Retained earnings:</b>		
Balance at 1 July 2019	112,977	183,591
Net loss for the year	(22,631)	(70,614)
Balance at 30 June 2020	<u>90,346</u>	<u>112,977</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Classroom of Hope Limited

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Donations received		853,086	830,648
Payments to supplier and employees		(34,546)	(66,294)
Payments for education program services		(729,214)	(817,122)
<i>Net cash flows from/(used in) operating activities</i>	6(a)	<u>89,326</u>	<u>(52,768)</u>
Net increase/(decrease) in cash and cash equivalents		89,326	(52,768)
Cash at the beginning of the year		117,770	170,538
<b>Cash at the end of the year</b>		<u>207,096</u>	<u>117,770</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Classroom of Hope Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 1. Statement of Accounting Policies

The period of reporting is from 1 July 2019 to 30 June 2020. These financial statements are a special purpose financial report prepared specifically to meet the reporting requirements of the Company's Constitution and the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and related regulations. In the Directors' opinion, the Company is not a reporting entity and therefore there is no requirement to apply Accounting Standards and other mandatory professional reporting requirements. The financial statements have been prepared in accordance with the requirements of applicable Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS") and other mandatory professional reporting requirements (Accounting Interpretations), except for the following:

AASB 124 "Related Party Disclosures"

AASB 7 "Financial Instruments – Presentation"

#### **Changes in Accounting Policies on Initial Application of Accounting Standards**

*AASB 15 and AASB 1058 Income of Not-for-Profit Entities*

The Company has adopted AASB 15 and AASB 1058 from 1 July 2019. These standards replace AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities.

#### **Impact of adoption**

AASB 15 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There is no impact on opening retained earnings.

No other applicable Australian Accounting Standards, Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report:

# Classroom of Hope Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 1. Statement of Accounting Policies (continued)

#### a) *Revenue*

##### i) **Donations**

Donations are recorded as revenue when received. Due to the Company's fundraising activities, it is impracticable for the Company to establish adequate controls over the collection of donations prior to entry in the financial records. As a result, the donation revenue disclosed in Note 2 represents amounts banked by the Company.

##### ii) **Grants**

Grants received for specific and general purposes are brought to account as income in the year in which they are received.

##### iii) **Interest Received**

As interest revenue is received it is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.

#### b) **Income Tax**

Classroom of Hope Limited is a registered charity and as such is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

#### c) *Employee Benefits*

Provision is made for the liability for employee benefits arising from services rendered by employees to balance date, including recognition for wages, salaries and annual leave.

Long service leave is measured at the present value of expected future payments to be made in respect of services by employees up to balance date.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

# Classroom of Hope Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
<b>2. Revenue</b>		
Interest received	10	-
Donations received	826,054	809,648
Other income – government stimulus	27,000	-
	<u>853,064</u>	<u>809,648</u>
<b>3. Management and General Expenses</b>		
Computer expense	708	9,164
Insurance expense	7,194	7,810
Telecommunications expense	971	2,038
Labour costs (including on costs)	15,824	9,437
Other	15,564	6,420
	<u>40,261</u>	<u>34,869</u>
<b>4. Fundraising Expenses</b>		
Advertising, branding & promotion	1,377	2,224
Fundraising Events	1,845	18,027
Fundraising Fees	5,854	-
Subscriptions	1,342	5,621
Labour Costs (including on costs)	36,727	21,903
Travel & accommodation	-	500
	<u>47,145</u>	<u>48,275</u>
<b>5. Program Services (Indirect and Direct) Expenses</b>		
Travel & accommodation (indirect)	11,261	11,783
Labour Costs (indirect and including on costs)	62,540	37,297
Education programs (direct)	714,488	748,038
	<u>788,289</u>	<u>797,118</u>

# Classroom of Hope Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
<b>6. Cash at Bank</b>		
Cash held for operations (i)	30,559	8,361
Cash held for programs (ii)	176,537	109,409
	<u>207,096</u>	<u>117,770</u>

(i) Cash held for operations represents amount that are unrestricted for use.

(ii) Cash held for programs represents amount that are committed to programs.

### 6(a). Reconciliation of cash flows from operating activities

Net loss for the year	(22,631)	(70,614)
Net (increase)/decrease in receivables	(7,659)	22,244
Net increase/(decrease) in payables	103,788	(3,346)
Net increase/(decrease) in leave provisions & wages adjustment	15,828	(1,052)
	<u>89,326</u>	<u>(52,768)</u>

### 7. Receivables

Donations receivable (i)	1,437	6,896
ATO Receivable	5,000	-
Total Receivables	<u>6,437</u>	<u>6,896</u>

(i) Donations raised to 30 June 2020 through donation platform, Everyday Hero but not yet cleared by the Company's bank account.

# Classroom of Hope Limited

## DIRECTORS' DECLARATION

In the opinion of the Board of Classroom of Hope Limited:

- a The financial statements and notes of Classroom of Hope Limited are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - i Giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
  - ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulation 2013* to the extent detailed in Note 1; and
- b There are reasonable grounds to believe that Classroom of Hope Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board.



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**Alexis Guillot**  
Chairman

Date: 17 December 2020

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Classroom of Hope Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

*HLB Mann Judd*

Perth, Western Australia  
17 December 2020

*L Di Giallonardo*

L Di Giallonardo  
Partner



## INDEPENDENT AUDITOR'S REPORT

To the members of Classroom of Hope Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Classroom of Hope Limited ("the Company") which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the Division 60 of the *Australian Charities and Not-for-profits Commission Act*.

#### *Basis for Qualified opinion*

Fundraising revenue is a significant source of revenue for the Company. The Company has determined that it is impracticable to establish control over the collection of fundraising revenue prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to fundraising revenue had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the fundraising revenue the Company obtained is complete.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### *Emphasis of Matter – Basis of Accounting*

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the financial reporting responsibilities under the *Australian Charities and Not for profits Commission Act 2012* and the *Association Incorporation Act 2015*.

#### *Information other than the financial report and auditor's report thereon*

The directors are responsible for the other information. The other information comprises the information included in the Company's special purpose financial report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

*Responsibilities of management and directors for the financial report*

Management is responsible for the preparation of the special purpose financial report that gives a true and fair view in accordance with the relevant Australian Accounting Standards in accordance with the *Australian Charities and Not-for Profits Commission Regulations 2013* and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial report, management is responsible for assessing the Company'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 management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

*Auditor's responsibilities for the audit of the financial report*

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 financial report 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**17 December 2020**

*L Di Giallonardo*

**L Di Giallonardo**  
**Partner**