

Classroom of Hope Limited

ABN 30 607 164 198

SPECIAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

Classroom of Hope Limited

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

CONTENTS

	PAGE
Directors' Report	2
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	14
Auditor's Independence Declaration	15
Independent Auditor's Report	16

Classroom of Hope Limited

DIRECTORS' REPORT 30 JUNE 2022

The Directors present their report on Classroom of Hope Limited for the financial year ended 30 June 2022.

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 2022 are as follows:

Sean Edwards – Appointed 11 September 2017

Appointed Chairman – 16 February 2022

Sean is an experienced executive currently working as a management consultant specializing 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.

Alexis Guillot (Chairman) – Appointed 18 December 2017

Alexis 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.

Zoe O'Neill – Resigned 28 July 2022

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.

Classroom of Hope Limited

DIRECTORS' REPORT 30 JUNE 2022

Mohinder Jaimangal – Appointed 12 August 2020

Mo is an impact entrepreneur with a big mission of impacting the lives of 1 billion people through his digital health company. He is a robotics engineer with experience in strategic innovation, design and technology. For Mo, being born in South America, to parents who were both teachers, he understands the need to give every child the same opportunities to learn across the globe. When Mo was in school his favourite subjects were Physics, Maths and Chemistry.

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, and Impact 25 winner in 2019 for his work with Classroom of Hope.

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
Alexis Guilliot	6	6
Sean Edwards	6	6
Zoe O'Neill	6	6
Mohinder Jaimangal	6	5

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 2022

Principal Activities and Our Results

Our 'Building Schools' (bricks & mortar) program built six brand new schools in rural Cambodia, Laos and Myanmar. Classroom of Hope has continued to innovate with our partner Block Solutions, and we also built five more Block Schools on the island of Lombok, Indonesia from recycled plastic waste that was converted into building blocks. A total of eleven brand new schools is serving 3561 students in Cambodia, Laos, Myanmar and Indonesia.

With the two Block factories coming online in December 2022 and May 2023 we will be launching our 4-year Block Schools program to build 200 schools that were destroyed by the 2018 earthquakes. Block Solutions technology is carbon neutral, uses recycled plastic waste, and is earthquake resistant. Schools built with this technology are certified under the EU to last over 100 years and is incredibly efficient to build. The main structure is up in one week and the entire project completed in three weeks. We have built capacity with three building contractors in Lombok, Indonesia who now know how to build using the new block technology. We tested this by building three brand new four classroom Block Schools at the same time in Lombok, Indonesia and this was a great success. The new factory will ensure that locally sourced raw materials, like plastic waste, are used to produce blocks in a circular economy approach.

It's been another great year with lots of learning and tweaking as we shift the paradigm in how we implement school building programs that considers the students, plastic waste and the climate. FY 2023 will be a year where Asia Pacific's first Block Solutions factory will be producing blocks locally which we can use to build schools and homes for families and students.

Classroom of Hope Limited

DIRECTORS' REPORT 30 JUNE 2022

Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out on page 15 and forms part of this directors' report.

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



Sean Edwards
Chairman

Date: 7/12/2022

Classroom of Hope Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
Revenue	2	846,620	958,549
<i>Less: Expenses</i>			
Management and general	3	(82,352)	(81,410)
Fundraising	4	(45,081)	(34,485)
Program services (indirect & direct)	5	(811,582)	(793,155)
Net Profit /(Loss)		(92,395)	49,499
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss)		(92,395)	49,499

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 2022

	Note	2022 \$	2021 \$
Current Assets			
Cash	6	124,872	198,596
Receivables	7	10,000	-
Prepayments		3,387	1,510
Total Current Assets		138,259	200,106
Total Assets		138,259	200,106
Current Liabilities			
Trade payable		4,234	4,479
Annual leave liability		7,001	8,729
Superannuation liability		2,500	2,138
ATO Liabilities		4,074	4,034
Advance – Donations		60,000	27,881
Total Current Liabilities		77,809	47,261
Non-Current Liabilities			
Long Service Leave provision		13,000	13,000
Total Non-Current Liabilities		13,000	13,000
Total Liabilities		90,809	60,261
Net Assets		47,450	139,845
Equity			
Retained Earnings		47,450	139,845
Total Equity		47,450	139,845

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 2022

	2022	2021
	\$	\$
<u>Retained Earnings</u>		
Balance as of 1 July 2021	139,845	90,346
Net profit/(loss) for the year	(92,395)	49,499
Balance as of 30 June 2022	47,450	139,845

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 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Donations received		868,738	986,430
Payments to supplier and employees		(206,880)	(224,411)
Payments for education program services		(736,582)	(770,519)
<i>Net cash flows from/(used in) operating activities</i>	6(a)	<u>(73,724)</u>	<u>(8,500)</u>
Net increase/(decrease) in cash and cash equivalents		(73,724)	(8,500)
Cash at the beginning of the year		198,596	207,096
Cash at the end of the year		<u>124,872</u>	<u>198,596</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 2022

1. Statement of Accounting Policies

The period of reporting is from 1 July 2021 to 30 June 2022. 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 measurement and recognition requirements of applicable Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS") and other mandatory professional reporting requirements (Accounting Interpretations).

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

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. Refer to Note 1(d) for further details on donations received in advance.

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.

Classroom of Hope Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

d) **Advanced Donation**

Where the donor has made a donation for a specific program to be completed within a certain timeframe, Management has concluded that these donations should be recognised under AASB15, Revenue from Contracts with Customers, as the income is required to be carried forward until the performance milestone is achieved. As a result, amounts banked before the year end have been recognised as advanced donations as the Company is not entitled to recognise these funds as income at the year end.

Classroom of Hope Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
2. Revenue		
Interest received	1	3
Donations received	846,619	940,546
Other Income – government stimulus	-	18,000
	<u>846,620</u>	<u>958,549</u>
3. Management & General Expenses		
Computer expense	182	933
Insurance expense	7,977	5,358
Telecommunications expense	1,734	658
Labour costs (including on costs)	33,500	37,889
Other	38,959	36,571
	<u>82,352</u>	<u>81,410</u>
4. Fundraising Expenses		
Advertising, branding & promotion	104	941
Fundraising Events	-	-
Fundraising Fees	3,966	1,634
Subscriptions	5,511	11,991
Labour Costs (including on costs)	35,500	19,919
	<u>45,081</u>	<u>34,485</u>
5. Program Services (Indirect and Direct) Expenses		
Travel & accommodation (indirect)	8,318	10,744
Labour Costs (indirect and including on costs)	76,000	21,637
Education programs (direct)	727,264	760,774
	<u>811,582</u>	<u>793,155</u>

Classroom of Hope Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
6. Cash at Bank		
Cash held for operations (i)	41,433	65,890
Cash held for programs (ii)	83,439	132,707
	<u>124,872</u>	<u>198,596</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 profit/(loss) for the year	(92,395)	49,499
Net (increase)/decrease in receivables	(11,877)	13,045
Net increase/(decrease) in payables	32,276	(66,876)
Net increase/(decrease) in leave provisions & wages adjustment	(1,728)	(4,168)
	<u>(73,724)</u>	<u>(8,500)</u>

7. Receivables

Donations receivable (i)	10,000	-
Total Receivables	<u>10,000</u>	<u>-</u>

- (i) Donations raised to 30 June 2022 through donation platform, Everyday Hero but not yet cleared by the Company's bank account.

8. Key management personnel disclosure

As a medium-sized charity (total revenue between \$250,000 - \$3,000,000) the Company is not required to disclose any remuneration details of its key management personnel.

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 2022 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.



Sean Edwards
Chairman

Date: 07/12/2022

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 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
7 December 2022



L Di Giallonardo
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

INDEPENDENT AUDITOR'S REPORT

To the members of Classroom of Hope Limited

Qualified 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 2022, 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, except for the effects of the matter discussed in the *Basis for qualified opinion* section of our report, the accompanying financial report of the Company has been prepared in accordance with 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 2022 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 to 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 *Associations 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 2022, but does not include the financial report and our auditor's report thereon.

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

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 management.
- Conclude on the appropriateness of the management's 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 those charged with governance 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
7 December 2022



L Di Giallonardo
Partner