

Classroom of Hope Limited

ABN 30 607 164 198

SPECIAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Classroom of Hope Limited

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

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 2023

The Directors present their report on Classroom of Hope Limited for the financial year ended 30 June 2023.

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 2023 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 – 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 2023

Flavio Bruni – Appointed 20 February 2022

Flavio brings operational and commercial knowledge to the board. He holds a degree in Engineering, leading him to a career consulting and managing projects in Oil and Gas, Mining, and Defence. Flavio is passionate about education as, in his experience, it is the key to unlocking the confidence in students to develop.

Lorena Paglia – appointed 18 September 2023

Lorena, Microsoft's Data and AI Global Business Programs and Operations Leader, collaborates on strategy and growth. A leader in Microsoft's Sustainability Community, she champions carbon reduction and ecosystem management. With 20+ years of experience in corporate advisory, management consulting, and sustainability, she works on transformative projects with executives and boards. Lorena is an Antarctic Ambassador, BritCham Singapore Board member, and AICD International Advisory Board member, focusing on ESG transformation. Lorena, with an MBA, co-authored texts on sustainability and speaks on sustainability partnering and environmental footprint reduction.

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	3	3
Sean Edwards	3	3
Flavio Bruni	3	3
Zoe O'Neill (resigned 28 July 2022)	0	0

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 2023

Principal Activities and Our Results

Classroom of Hope has continued to innovate with our partner Block Solutions, and we have now built 52 block classrooms and 20 block toilets on the island of Lombok, Indonesia from recycled plastic waste that was converted into building blocks. A total of 18 brand new schools is serving over 5000 students in Indonesia.

Our Block Schools program is aiming to build 100 more schools (303 classrooms and 350 toilets) that were destroyed by the 2018 earthquakes. The block product by 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 up to 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 established a new local implementing partner, Happy Hearts Indonesia and have built capacity with three building contractors in Lombok, Indonesia who know how to build using the new block technology. The newly opened factory in Lombok means we are using locally sourced plastic waste.

We are also continuing our program in Cambodia with our local implementing partner CAD, who have commenced a new 4 classroom school in Battambang.

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.

Our staff team changed during the year with our Founder, Duncan Ward, stepping down as CEO, and the Board appointment Tanya Armstrong to lead the organization.

Classroom of Hope Limited

DIRECTORS' REPORT 30 JUNE 2023

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: 5/12/2023 _____

Classroom of Hope Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
Revenue	2	1,077,361	846,620
<i>Less: Expenses</i>			
Management and general	3	(82,379)	(82,352)
Fundraising	4	(70,916)	(45,081)
Program services (indirect & direct)	5	(826,023)	(811,582)
Net Profit /(Loss)		98,043	(92,395)
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss)		98,043	(92,395)

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 2023

	Note	2023 \$	2022 \$
Current Assets			
Cash	6	153,731	124,872
Receivables		-	10,000
Advances from/to Merchants		514	-
Prepayments		4,923	3,387
Total Current Assets		159,168	138,259
Non Current Assets			
Plant & Equipment		8,252	-
Less Accumulated Depreciation		(3,934)	-
Total Fixed Assets		4,318	-
Total Assets		163,486	138,259
Current Liabilities			
Trade payables		(2,242)	4,234
Accrued expenses		300	-
Annual leave liability		6,536	7,001
Superannuation liability		1,181	2,500
ATO liabilities		6,541	4,074
Advance – Donations		-	60,000
Total Current Liabilities		12,316	77,809
Non-Current Liabilities			
Long Service Leave provision		5,677	13,000
Total Non-Current Liabilities		5,677	13,000
Total Liabilities		17,993	90,809
Net Assets		145,493	47,450
Equity			
Retained Earnings		145,493	47,450
Total Equity		145,493	47,450

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 2023

	2023	2022
	\$	\$
Retained Earnings		
Balance as of 1 July 2022	47,450	139,845
Net profit/(loss) for the year	98,043	(92,395)
Balance as of 30 June 2023	145,493	47,450

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 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Donations received		1,087,360	868,738
Payments to supplier and employees		(271,226)	(206,880)
Payments for education program services		(779,023)	(736,582)
<i>Net cash flows from/(used in) operating activities</i>	6(a)	<u>37,111</u>	<u>(73,724)</u>
Cash flows from investing activities			
Payments for plant and equipment		<u>(8,252)</u>	-
<i>Net cash flows used in operating activities</i>		<u>(8,252)</u>	-
Net increase/(decrease) in cash and cash equivalents		28,859	(73,724)
Cash at the beginning of the year		124,872	198,596
Cash at the end of the year		<u>153,731</u>	<u>124,872</u>

Classroom of Hope Limited

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 2023

1. Statement of Accounting Policies

The period of reporting is from 1 July 2022 to 30 June 2023. 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 2023

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 AASB 15, Revenue from Contracts with Customers, as the income is required to be carried forward until the performance milestone is achieved. As a result, any such amounts banked before the year end are 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 2023

	2023	2022
	\$	\$
2. Revenue		
Interest received	98	1
Donations received	1,077,263	846,619
Other Income – government stimulus	-	-
	<u>1,077,361</u>	<u>846,620</u>
3. Management & General Expenses		
Computer expense	190	182
Insurance expense	6,153	7,977
Telecommunications expense	679	1,734
Labour costs (including on costs)	15,159	33,500
Other	60,198	38,959
	<u>82,379</u>	<u>82,352</u>
4. Fundraising Expenses		
Advertising, branding & promotion	-	104
Fundraising Events	-	-
Fundraising Fees	7,005	3,966
Subscriptions	10,284	5,511
Labour Costs (including on costs)	53,627	35,500
	<u>70,916</u>	<u>45,081</u>
5. Program Services (Indirect and Direct) Expenses		
Travel & accommodation (indirect)	8,855	8,318
Labour Costs (indirect and including on costs)	55,827	76,000
Education programs (direct)	761,341	727,264
	<u>826,023</u>	<u>811,582</u>

Classroom of Hope Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
6. Cash at Bank		
Cash held for operations (i)	85,758	41,433
Cash held for programs (ii)	67,973	83,439
	<u>153,731</u>	<u>124,872</u>

- (i) Cash held for operations represents amounts 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	98,043	(92,395)
Depreciation and amortisation of property, plant and equipment	3,934	-
Net (increase)/decrease in receivables	7,950	(11,877)
Net increase/(decrease) in payables	(65,028)	32,276
Net increase/(decrease) in leave provisions & wages adjustment	(7,788)	(1,728)
	<u>37,111</u>	<u>(73,724)</u>

7. 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.

8. Auditor's remuneration

The Company's auditor, HLB Mann Judd, undertake the audit of the financial report at no cost to the Company.

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 2023 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: 5/12/2023_____

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 2023, 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
5 December 2023



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 2023, 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 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2023 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 Regulations 2022*.

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*.

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.

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 2023, 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 2022* 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 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, actions taken to eliminate threats or safeguards applied.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
5 December 2023

L Di Giallonardo

L Di Giallonardo
Partner