

Classroom of Hope Limited

ABN 30 607 164 198

SPECIAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

Classroom of Hope Limited

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 2021

The Directors present their report on Classroom of Hope Limited for the financial year ended 30 June 2021.

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 2021 are as follows:

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.

Sean Edwards – Appointed 11 September 2017

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.

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.

Classroom of Hope Limited

DIRECTORS' REPORT 30 JUNE 2021

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

Directors who resigned in the year – Warren Salamone July 2020

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 - appointed 18 December 2017	4	4
Sean Edwards - appointed 11 September 2017	4	3
Zoe O'Neill - appointed 12 August 2020	4	4
Mohinder Jaimangal – appointed 12 August 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 2021

Principal Activities and Our Results

This year, like every year since the inception of Classroom of Hope (COH), we grew. Our 'Building Schools' (bricks & mortar) program built six brand new schools in rural Cambodia, Laos and Myanmar serving 2329 students.

This year though, we also decided to innovate. We decided to use new technology from Finland to build sustainably. We've come to realise, it's not just about the education crisis. Our focus has expanded to also tackle the plastic and climate crisis.

Globally, building and construction operations account for about 28% of carbon emissions annually. We needed to find a way to keep building schools while also caring about our carbon footprint and helping our planet. Which is why we decided to make significant changes to our programs and start building schools more sustainably from recycled plastic waste.

Block Solutions technology is carbon neutral, uses recycled plastic waste, and is earthquake resistant. Schools built with this technology are certified to last over 100 years and it will be on average 30% cheaper than bricks and mortar schools.

In the past year, we did our due diligence and used this technology to build the world's first Block School in Lombok, Indonesia. This school removed 11 tonnes of plastic waste from the environment and served over 100 students with a safe and sustainable school. We needed to prove the concept to the government of Indonesia as a new option for building sustainably. It was a great success. Since demonstrating the concept, we have received endorsement from the Indonesian government to continue building Block Schools as part of our disaster relief efforts. Through this process, we are increasing capacity and training local construction contractors to build with this technology.

Next year will see this strong partnership between Block Solutions and Classroom of Hope produce Asia Pacific's first Block Solutions factory in Lombok, Indonesia. This factory will ensure that locally sourced raw materials, like plastic waste, are used to produce blocks in a circular economy approach. Once the factory is producing, we plan to launch our major program Block Schools to build 200+ schools and that have yet to be rebuilt since the 2018 earthquakes. We hope that this technology scales across Indonesia and Asia for significant environmental and social impact.

It's been a monumental year. We pivoted and have set our sights towards a big, bold vision to take care of the younger generations and our planet. We have our work cut out for us, but we know we can do this with our incredible team, partners and supporters.

Classroom of Hope Limited

DIRECTORS' REPORT 30 JUNE 2021

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:



Alexis Guillot
Chairman

Date: 13 December 2021

Classroom of Hope Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Revenue	2	958,549	853,064
<i>Less: Expenses</i>			
Management and general	3	(81,410)	(40,261)
Fundraising	4	(34,485)	(47,145)
Program services (indirect & direct)	5	<u>(793,155)</u>	<u>(788,289)</u>
Net Profit /(Loss)		<u>49,499</u>	<u>(22,631)</u>

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 2021

	Note	2021 \$	2020 \$
Current Assets			
Cash	6	198,596	207,096
Receivables	7	-	6,437
Prepayments		1,510	8,118
Total Current Assets		200,106	221,651
Total Assets			
		200,106	221,651
Current Liabilities			
Trade payable		4,479	455
Annual leave liability		8,729	12,897
Superannuation liability		2,138	2,454
ATO Liabilities		4,034	3,328
Accruals		-	99,171
Advance – Donations		27,881	-
Total Current Liabilities		47,261	118,305
Non-Current Liabilities			
Long Service Leave provision		13,000	13,000
Total Non-Current Liabilities		13,000	13,000
Total Liabilities		60,261	131,305
Net Assets		139,845	90,346
Equity			
Retained Earnings		139,845	90,346
Total Equity		139,845	90,346

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 2021

	2021	2020
	\$	\$
Balance as of 1 July 2020	90,346	112,977
Net profit/(loss) for the year	49,499	(22,631)
Balance as of 30 June 2021	139,845	90,346

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 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Donations received		986,430	853,086
Payments to supplier and employees		(224,411)	(34,546)
Payments for education program services		(770,519)	(729,214)
<i>Net cash flows from/(used in) operating activities</i>	6(a)	<u>(8,500)</u>	<u>89,326</u>
Net increase/(decrease) in cash and cash equivalents		(8,500)	89,326
Cash at the beginning of the year		207,096	117,770
Cash at the end of the year		<u>198,596</u>	<u>207,096</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 2021

1. Statement of Accounting Policies

The period of reporting is from 1 July 2020 to 30 June 2021. 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"

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.

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 2021

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 have concluded that these donations should be recognized under AASB15. As a result, amounts banked before the year end have been recognized as advanced donations as the company is not entitled to recognize these funds as income at the year end.

Classroom of Hope Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
2. Revenue		
Interest received	3	10
Donations received	940,546	826,054
Other Income – government stimulus	18,000	27,000
	<u>958,549</u>	<u>853,064</u>
3. Management & General Expenses		
Computer expense	933	708
Insurance expense	5,358	7,194
Telecommunications expense	658	971
Labour costs (including on costs)	37,889	15,824
Other	36,571	15,564
	<u>81,410</u>	<u>40,261</u>
4. Fundraising Expenses		
Advertising, branding & promotion	941	1,377
Fundraising Events	-	1,845
Fundraising Fees	1,634	5,854
Subscriptions	11,991	1,342
Labour Costs (including on costs)	19,919	36,727
	<u>34,485</u>	<u>47,145</u>
5. Program Services (Indirect and Direct) Expenses		
Travel & accommodation (indirect)	10,744	11,261
Labour Costs (indirect and including on costs)	21,637	62,540
Education programs (direct)	760,774	714,488
	<u>793,155</u>	<u>788,289</u>

Classroom of Hope Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
6. Cash at Bank		
Cash held for operations (i)	65,890	30,559
Cash held for programs (ii)	132,707	176,537
	<u>198,596</u>	<u>207,096</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	49,499	(22,631)
Net (increase)/decrease in receivables	13,045	(7,659)
Net increase/(decrease) in payables	(66,876)	103,788
Net increase/(decrease) in leave provisions & wages adjustment	(4,168)	15,828
	<u>(8,500)</u>	<u>89,326</u>

7. Receivables

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

- (i) Donations raised to 30 June 2021 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 2021 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.



Alexis Guillot

Chairman

Date: 13 December 2021

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 2021, 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.

Perth, Western Australia
13th November 2021



L Di Giallonardo
Partner

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INDEPENDENT AUDITOR'S REPORT

To the members of Classroom of Hope

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 2021, 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 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 2021 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 *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 2021, 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.

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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
13 December 2021



L Di Giallonardo
Partner