

ROOM TO READ AUSTRALIA LIMITED

ABN: 13 133 277 666

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

ROOM TO READ AUSTRALIA LIMITED
ABN: 13 133 277 666
FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

CONTENTS

| | |
|---|-----------|
| Chairperson's Report | 3 |
| Directors' Report | 6 |
| Lead Auditor's Independence Declaration | 8 |
| Financial Report | |
| Statement of Comprehensive Income | 9 |
| Statement of Financial Position | 10 |
| Statement of Changes in Equity | 11 |
| Statement of Cash Flows | 12 |
| Notes to the Financial Statements | 13 |
| Directors' Declaration | 20 |
| Declaration by the Chairperson in respect of Fundraising Appeals | 21 |
| Independent Audit Report to the Trustee | 22 |

The registered office of business of Room to Read Australia Limited is:

Level 1,
3 Australia Avenue,
Sydney Olympic Park, NSW 2127

The principal place of business of Room to Read Australia Limited is:

Level 1,
3 Australia Avenue,
Sydney Olympic Park, NSW 2127

ROOM TO READ AUSTRALIA LIMITED
CHAIRPERSON'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Dear Friends,

I'm pleased to share our accomplishments in 2023 on behalf of our Executive Leadership. The immense contributions of our entire Australian community helped us achieve a strong year, even in the face of ongoing geopolitical challenges and market volatility. Together, we are supporting children worldwide to develop the foundational skills they need to learn, grow, and thrive. We are well on our way to achieving our goal of benefiting more than 40 million children by the end of 2024.

In 2023, UNESCO reported that 44 million teachers are needed to meet the goal of providing primary and secondary education for all children by 2030. Additionally, the crises due to conflict, climate change, and economic challenges in our program countries has required us to adapt and step up to meet unprecedented educational challenges. Room to Read has met these challenges through its direct delivery and efforts to benefit more children, more quickly – e.g., large-scale educator training, system strengthening efforts in partnership with governments at various levels as well as multimedia creation and distribution.

Our commitment to our mission and consistent support for the children and communities we serve are driven by our leadership and partnership with an exceptional network of board members and partners. I am deeply proud of our collective results and grateful to the Australian Regional Board and our long-standing Australian partners for their pivotal role in our success. This year, we continued our impactful collaborations with leading foundations like Atlassian, welcomed innovative partnerships with organizations such as Humanitix, and continued working with a committed community of individuals across Australia to resource our programs. My sincere thanks to each of you for all that you do to sustain our efforts for the children we serve.

We were delighted to welcome long time donors, Tash and Wendell Keuneman, to the Australian Regional Board. I am also thrilled to announce that in March 2024, John Lindfors took over from Yusuf Alireza as our new chair, with Mike Cannon-Brookes assuming chair-elect. As we expand on the multimedia strategies developed during the pandemic and build our capabilities with educational technology to enhance program operations and outcomes, I am excited to have these two esteemed global business and technology leaders guiding us in our next chapter.

Please enjoy the updates below, and I look forward to connecting with you in the year ahead.

Program Updates:

Grade 1 Teaching Materials Approved in Uganda

Grade 1 learner books and teacher's guides created by Room to Read in two local languages, Luganda and Runyankore-Rukiga, have received initial approval from the National Curriculum Development Center (NCDC). This approval clears the way for a full pilot program to begin this year in ninety-one program schools within two districts in Uganda. The Deputy Director of Curriculum Review and Instructional Materials Development celebrated our project team for their support in improving reading skill and habit. At the end of the pilot period, a report will be submitted to NCDC. As materials are certified, they will be authorized for instruction in government schools in other districts using similar local languages.

Update from Bangladesh

We have significantly deepened our relationship with the Bangladesh government, in large part thanks to our country team's diligent investment of time for many years with key government officials who are designing the education policy and national frameworks. During workshops conducted at the office of the Directorate of Primary Education (DPE) and co-hosted by Room to Read's team, the decision was made to establish a national forum focused on fostering independent readers within primary schools. Room to Read, alongside the DPE, has since presented a framework for roll-out to the National Curriculum and Textbook Board (NCTB) and the National Academy for Primary Education, which was very well-received. The government's commitment to fostering independent readers and establishing libraries represents a transformative shift in Bangladesh's overall education landscape.

Expanding our Work in the United States

We have recently created two new children's book titles exploring the intersection of play and housing insecurity. Despite the large number of children in the U.S. who experience homelessness, there are few children's books that address this experience. The titles were authored and illustrated by creators who have experienced housing insecurity as children, bringing an authentic voice to the stories. More than 100,000 copies of these two titles will be distributed to children in underserved communities in Tennessee, West Virginia, and Kentucky. The average child poverty rate in these areas is 24%. The books will be used to encourage family engagement and at home learning, as well as to support school libraries. We also launched 'Spark', a read-aloud program in Collier County, Florida, designed to assist adults in nurturing a passion for reading in children. When adults read aloud with enthusiasm and enjoyment, it sends a powerful message that reading is a pleasurable activity which motivates children to read. The Spark training program covers everything from the research behind read-alouds to how to plan and incorporate them effectively into programming. Participants included teachers, teacher aids, volunteers and program administrators.

Events and Communications:

Sydney Changemakers Gala

Our Room to Read Sydney family held the annual gala, A Celebration of Changemakers, on Friday evening, 2 June, at Sydney's newest art gallery Sydney Modern. I was delighted to be joined by Room to Read's Country Director for India, Poornima Garg, who presented at the event and shared her insights. The evening included a screening of Keya's story from *She Creates Change*, our new multimedia storytelling initiative. The powerful story of Keya from Bangladesh was a fitting choice as the animation was directed by Australian creative, Bonnie Forsyth. Thanks to the generosity of our guests, the funds raised will benefit over 14,000 children around the world with access to our programs.

Brand Refresh at Room to Read

In advance of International Literacy Day last year, I was thrilled to celebrate a significant milestone in our journey to support children through education: a re-envisioned brand identity for Room to Read. Our new logo symbolizes our commitment to foundational learning as we bring even more children under our iconic roof. The initiative was thoughtfully and purposefully driven by several key considerations: elevating our gender equality work, demonstrating the breadth and depth of program insights, and enhancing logo usability such that it could adapt to various use cases and partnerships. Our community partners, board members and advisors, staff, and investors collectively contributed to testing and finalizing our new brand direction.

Global Awards and Conferences:

Award from the Kingdom of Cambodia

Over the last 22 years, Room to Read has benefited 2.2 million primary school children and 21,000 adolescent girls, trained 9,000 teachers and librarians, published 266 Khmer children's books, and distributed a staggering 8 million books to children throughout Cambodia. While these results are significant, most importantly, we have heavily influenced the education sector and achieved national-level saturation of our programs. The key to this success has been the quality of our programs and our strong 20-year partnership with the Ministry of Education in Cambodia. I am honoured to announce that the King of the Kingdom of Cambodia, at the request of the Minister of Education and Prime Minister Hun Sen, has issued a royal decree awarding the Order of Monisaraphon for Maha Sirivaddha or Knight Grand Cross (GCM) to Room to Read. The Royal Order of Monisaraphon was originally founded in 1905 and is conferred for exemplary service in the fields of education, arts, science, literacy or social work. We are all elated with the recognition and extremely proud of what our Cambodia team has achieved. In 1979, following the Khmer Rouge genocide, there were few surviving teachers, writers, and just a small literate adult population. As the country has rebuilt and is working to become an upper-middle income country by 2030, we are honoured to have played a role in the implementation and expansion of quality education programs for Cambodian children, giving them and their families room for a brighter future.

UNESCO General Conference

I was humbled to be invited to Paris by UNESCO, the Varkey Foundation and Dubai Cares to represent Room to Read and speak on the importance of teachers during the UNESCO General Conference. The General Conference represents 194 member states, including the countries where we work, and had representation from education

ministries all over the world. UNESCO also chose to screen Dewmini's story from *She Creates Change* to highlight the intersection of education and other world challenges like the climate crisis. My sincerest thanks to all of you for helping Room to Read to be recognized on unique stages like this one - it is a testament to our world-class programming, and I am proud to showcase the excellent work we do with educators around the world.

Partnerships:

Humanitix

At the very end of 2023, we signed a new partnership with Humanitix, the Australian-founded global charity and event ticketing platform which directs its proceeds towards funding education projects. While Humanitix have been donating a portion of their revenue to us for some years now, this formal partnership brought together a significant investment commitment of USD 1.3MM to our programs.

As you can see from these updates, Room to Read is continuing to challenge itself to benefit more children, more quickly through our programs and partnerships. We thank you for all you do to help us dream bigger and bolder for this global movement that we have all created together.

Geetha Murali

Geetha Murali
Chairperson
Date: 29 April 2024

ROOM TO READ AUSTRALIA LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Directors' Report The directors present their report together with the financial report of Room to Read Australia Limited "the Company" for the financial year ended 31 December 2023.

1. Directors

The names of the directors of the Company in office at any time during the year or since the end of the year are:

| Director | Date of appointment |
|---------------------|----------------------------|
| Leona Pearce | 21 May 2012 |
| Geetha Murali | 20 March 2019 |
| Laurie McMahon | 19 March 2019 |
| John Charles Gorman | 6 March 2019 |
| Suzanne McArthur | 1 May 2022 |

| Name, qualification and independence status | Experience, special responsibilities and other directorships |
|--|---|
| Leona Pearce | Previously Chief of Staff, Room to Read, previously Vice President, Goldman Sachs |
| Geetha Murali | Chief Executive Officer, Room to Read |
| Laurie McMahon | Chief Development and Communications Officer, Room to Read |
| John Charles Gorman | Member, Room to Read Regional Board, Australia |
| Suzanne McArthur | Director and corporate secretary, Room to Read Australia and One Investment Group |

2. Principal activities

In June 2017, the Company received accreditation as an Overseas Aid Organisation by the Department of Foreign Affairs and Trade and Treasury Departments through their Overseas Aid Gift Deduction Scheme, allowing the Company to establish a dedicated Overseas Aid Fund and receive Deductible Gift Recipient 1 Status. This status allows the company to act for public charitable purposes in providing development and relief to children in developing countries by raising funds in Australia. Room to Read Australia Overseas Aid Fund was established as a result.

The Company has as its principal activity the raising of funds for deployment to the countries in Asia and Africa where Room to Read has projects to improve literacy and gender equality in education.

3. Dividends

No dividends were declared or paid by the Company as it is prohibited by its Constitution.

4. Review of operations

Operating revenue

The Company's revenue for the financial year was \$3,595,687 (2022: \$9,279,442).

ROOM TO READ AUSTRALIA LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

Operating surplus

The operating surplus for the financial period was \$3,327,333 (2022: \$9,017,619). The surplus carried over for future was \$6,645,198 (2022: \$9,705,567).

5. Matters subsequent to the end of the financial year

No other matters or circumstances have arisen since the end of the financial year which significantly affect, or may materially affect:

- (i) the operation of the Company in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the Company's state of affairs in future financial years

6. Likely developments

The Company will continue to receive funds through the Room to Read Australia Overseas Aid Fund for deployment to the countries in Asia and Africa where Room to Read has projects to improve literacy and gender equality in education after meeting its expenses. There are no significant likely developments not otherwise disclosed in this report.

7. Environment regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

8. Company Secretary

At the date of this report, the position of Company Secretary was held by Suzanne McArthur on pro-bono basis.

9. Directors' Meetings

No directors' meetings were held in 2023. Business of the Company and the Foundation was reviewed and approved by the directors through circular resolutions in 2023.

10. Directors' remuneration

Since the end of the previous financial year, no director has received or become entitled to receive, a benefit.

11. Loans to directors and executives

There were no loans to directors and executives during the year ended 31 December 2023.


12. Insurance of officers

The insurance of the directors and secretary of the Company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the company, has been arranged and paid for by Room to Read.

13. Auditor

KPMG continues in office in accordance with section 327 of the Corporations Act 2001. This report is made in accordance with a resolution of the directors.

For and on behalf of the Board

| | |
|--|--|
|  John Charles Gorman Director Sydney |  Geetha Murali Director San Francisco |
|--|--|

Lead Auditor's Independent Declaration

ROOM TO READ AUSTRALIA LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

| | Notes | Year ended 31 December 2023 \$ | Year ended 31 December 2022 \$ |
|--|-------|---|---|
| Revenue | | | |
| Donations and Fundraising Income | | 3,530,696 | 8,903,723 |
| Revenue from Contracts with Customers | | 39,659 | 31,420 |
| Gain on foreign currency exchange | | 25,332 | 344,299 |
| Total Revenue | 4 | 3,595,687 | 9,279,442 |
| Expenses | | | |
| Expenditure supporting fundraising activities | | 68,787 | 60,477 |
| Other expenses | | 199,567 | 201,346 |
| Total Expenses | 5 | 268,354 | 261,823 |
| Surplus for the period before income tax | | 3,327,333 | 9,017,619 |
| Income tax expense | | - | - |
| Surplus after income tax | | 3,327,333 | 9,017,619 |
| Total Comprehensive income for the period | | 3,327,333 | 9,017,619 |
| Distribution of the surplus | | | |
| Transfer of funds directly to Room to Read related parties | | 6,387,702 | 6,585,168 |
| Total Distribution | | 6,387,702 | 6,585,168 |
| (Deficit)/Surplus available for the year | 12 | (3,060,369) | 2,432,451 |

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

ROOM TO READ AUSTRALIA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

| | Notes | Year ended 31 December 2023 \$ | Year ended 31 December 2022 \$ |
|-------------------------------------|-------|---|---|
| Current assets | | | |
| Cash and Cash equivalents | 6 | 2,374,489 | 855,072 |
| Trade Receivables | 7 | 4,302,553 | 8,876,263 |
| Prepayments | | 891 | 793 |
| Total assets | | 6,677,933 | 9,732,128 |
| Current liabilities | | | |
| Other Liabilities | 8 | 32,117 | 26,030 |
| Intercompany Liabilities | | 618 | 531 |
| Total liabilities | | 32,735 | 26,561 |
| Net assets | | 6,645,198 | 9,705,567 |
| Accumulated funds | | | |
| Accumulated Funds beginning of year | | 9,705,567 | 7,273,116 |
| Accumulated (Deficit)/ Surplus | | (3,060,369) | 2,432,451 |
| Total accumulated funds | | 6,645,198 | 9,705,567 |

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

ROOM TO READ AUSTRALIA LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

| | | Year ended 31 December 2023 | Year ended 31 December 2022 |
|---|--|--|--|
| Total accumulated funds at the beginning of the financial year | | 9,705,567 | 7,273,116 |
| Total comprehensive income for the period | | 3,327,333 | 9,017,619 |
| Less income distributed | | 6,387,702 | 6,585,168 |
| Total accumulated funds at the end of the year | | 6,645,198 | 9,705,567 |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

ROOM TO READ AUSTRALIA LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

| | Notes | Year ended 31 December 2023 | Year ended 31 December 2022 |
|---|--------------|--|--|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from donors and other contributions | | 8,169,397 | 6,594,686 |
| Payments to suppliers/employees | | (262,278) | (258,706) |
| Payments for distributions | | (6,387,702) | (6,585,168) |
| Net cash inflow from operating activities | 12 | 1,519,417 | (249,188) |
| Net increase in cash and cash equivalents | | | |
| Cash and cash equivalents at the beginning of the financial period | | 855,072 | 1,104,260 |
| Cash and cash equivalents at the end of the financial period | 6 | 2,374,489 | 855,072 |

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

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. Summary of significant accounting policies

Room to Read Australia Limited (the 'Company') is an entity domiciled in Australia. The address of the Company's registered office is Level 1, 3 Australia Avenue, Sydney Olympic Park, NSW, 2127, Australia. The Company is a not-for-profit entity and primarily involved in the raising of funds for deployment to countries in Asia and Africa where Room to Read has projects to improve literacy and gender equality in education.

The principal accounting policies adopted in the preparation of the financial report are set out below.

(a) Basis of preparation

In the opinion of the Board of Directors, the Company is a public company limited by guarantee. The financial report has been drawn up as a general purpose financial report – simplified disclosures and has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and the Charitable Fund Raising Act 1991. The financial report of the Company complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

The Company's functional currency is Australian dollars. The presentation currency used for the preparation of this financial report is Australian dollars.

(b) AASB 1058

Donations collected, including cash and special events revenue, equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place are recognised as revenue.

Pledge income arising from a firm, written and unconditional commitment from the donor is recognised as revenue in full immediately on receipt of firm donor commitment.

The performance obligations vary based on the agreement, there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the revenue is recognition based on either cost or time incurred.

(c) ASB16 Leases

In compliance with AASB16, the company has determined that the lease term is less than 12 months as at the reporting date. Therefore, the Company has elected to use the lessee exemption for short-term leases - i.e. leases for which the lease term as determined under IFRS 16 is 12 months or less and that do not contain a purchase option.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Donations of money are recognised when the cash is received. Accruals are made for donations which are received before but banked after the year-end. In addition, if donations are unconditionally pledged they are treated as donations in the year pledged.

Donations in kind are recognised as revenue in the period in which goods or services are received and the corresponding expense is recognised when the goods or services are utilised.

Donations received relating to charity events are disclosed as “fundraising” revenue/expense; other administrative natured items are disclosed as “service” revenue/expense.

Donations in kind are recognised at fair value.

AASB15 Revenue from Contracts with Customers became effective for periods beginning January 1, 2019 which introduces a single model of revenue recognition based on when an entity satisfies contractual performance obligation by transferring promised good or services to a customer. Revenue from Contracts with customers, as defined by AASB15, is disclosed as Operating revenue’ in the statement of Comprehensive income. The Company has made disclosure of ‘Revenue from contracts with customers’ in accordance with requirements of this standard.

The Company recognizes revenue from table booking ticket sales at the time of special events, i.e., galas for fundraising. The table booking amounts received are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total amount paid for a table and the exchange element. The Company records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

(e) Income tax

The Company is a registered charity and is exempt from the payment of income tax. This has been confirmed by the Australian Taxation Office.

(f) Cash and cash equivalents

Cash and cash equivalent represent amounts held with financial institutions that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(g) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost less expected credit losses. Trade receivables are generally due for settlement no more than 30 days from the date of recognition. The Company recorded the long-term portion of Trade receivables based on the discounted value of the receivable using a discount rate of 5.8% in 2023 (5.2% in 2022).

The Company recognizes loss allowances for expected credit losses (“ECL”) on trade receivables. The Foundation applies the simplified approach and records lifetime ECL’s on all trade receivables based on evidence supporting future expectations as to collectability.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(j) Goods and Services Tax (GST)

Revenues and expenses are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the taxation authority is included with other receivables or payables in the balance sheet.

Donations received and revenue from fundraising activities are treated as being Input Taxed and are therefore exclusive of GST. GST on expenses relating to fundraising activities is not recoverable from the Taxation Authority and is treated as an expense

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flow.

(k) Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and price risk), credit risk, foreign exchange risk, liquidity risk and cash flow interest rate risk.

The Board has overall responsibility for the establishment and oversight of the risk management framework and for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The directors of the Company oversee how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company carries out the compliance and governance practices for all the entities (including Room to Read Australia limited) each year and shares with the Audit committee and the Board of Directors.

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

The carrying amount of financial assets represents the maximum credit exposure which at the reporting date of 31 December 2023 was:

| | | |
|-------------|---|------------------|
| Cash | 6 | 2,374,489 |
| Receivables | 7 | 4,302,553 |
| | | 6,677,042 |

(a) Market risk

(i) Price risk and fair value interest rate risk

The Company does not conduct activities which would expose it to any price risk or fair value interest rate risk.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

The Company has significant concentrations of credit risk with Cannon Brookes foundation of AU\$1,398,491 in 2023 (AU\$2,830,165 in 2022) and Atlassian Foundation International Limited AU\$2,585,075 in 2023 (AU\$3,995,273 in 2022)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of cash and cash equivalents held at reputable financial institutions.

(c) Cash flow interest rate risk

The Company maintains its surplus cash at its Bank of America account, and it is not expected that market interest rate changes will materially impact the Company's financial results.

(i) Currency risk

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which pledges are denominated in a currency other than the functional currency of the Company.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates will, by definition, seldom equal the related actual results. There are no estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

| | Year ended 31 December 2023 | Year ended 31 December 2022 |
|---|-----------------------------------|-----------------------------------|
| | \$ | \$ |
| 4 Revenue | | |
| Donations & Fundraising Income | 3,530,696 | 8,903,723 |
| Revenue from Contracts with Customers | 39,659 | 31,420 |
| Gain on Foreign Currency exchange | 25,332 | 344,299 |
| | 3,595,687 | 9,279,442 |
| 5. Expenses | | |
| Surplus before income tax includes the following specific expenses: | | |
| - Expenditure supporting fundraising activities | 68,787 | 60,477 |
| - Other expenses | 199,567 | 201,346 |
| | 268,354 | 261,823 |
| 6. Cash and cash equivalents | | |
| Cash and cash equivalents | 2,374,489 | 855,072 |

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

| | Year ended 31 December 2023 | Year ended 31 December 2022 |
|--|--|--|
| 7. Trade receivables | | |
| Trade Receivables | 4,302,553 | 8,876,263 |
| These are from our long-term donors and the Company does not foresee any risk of non-recoverability. | | |
| 8. Other Liabilities | | |
| Other Liabilities | 32,117 | 26,030 |
| 9. Remuneration of auditors | | |
| Room to Read Australia Limited financial statement audit for 2023 and 2022 was performed at an audit fee of \$ 22,000 and \$ 19,250 respectively. | | |
| 10. Commitments | | |
| (a) Capital commitments | | |
| The Company had no capital commitments at 31 December 2023 (2022: Nil). | | |
| (b) Lease commitments: Company as lessee | | |
| The Company had no lease commitments at 31 December 2023 (2022: Nil). | | |
| 11. Key management personnel disclosures | | |
| (a) Directors | | |
| The following persons were directors of the Company during the year: Leona Pearce, John Charles Gorman, Laurie McMahon, Geetha Murali and Suzanne McArthur. | | |
| (b) | | |
| There were no transactions with key management personnel during the year ended 31 December 2023. No key management personnel have received or are due to receive any remuneration from the Company (In 2022, there were no transactions or remuneration paid to key management personnel). | | |
| 12. Reconciliation of surplus for the year to net Cash inflow from | | |
| | Year ended 31 December 2023 | Year ended 31 December 2022 |
| (Deficit)/ Surplus | (3,060,369) | 2,432,451 |
| Add non-cash items: | | |
| Decrease/(Increase) in Receivables | 4,573,710 | (2,684,756) |
| Decrease/ (Increase) in Prepayments | (98) | (577) |
| Increase in Inter-company Liabilities | 88 | (571) |
| (Decrease) /Increase in Employee and other Provisions | 6,086 | 4,265 |
| Net Cash used in operating activities | 1,519,417 | (249,188) |

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

13. Subsequent Events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the entity, the results of those operations or the state of affairs of the entity, in future financial years.

14. Related party disclosures

The parent entity is Room to Read, San Francisco.

During the year, Room to Read Australia Limited distributed \$6,387,702 (2022: \$6,585,168) to Room to Read related parties.

15. Pledges Receivable

The Company recognizes revenue from unconditional contributions when written notification of the commitment (pledge) is received from the donor. Promises received as of the end of a year for which the cash had not been received are reported as Pledges receivable in the statement of financial position. This includes pledge commitment from Atlassian Foundation International Limited received in 2022 of US\$3M payable over a three-year period with remaining outstanding of AU\$2.5MM and 2021 pledge commitment from Cannon Brookes Foundation with remaining outstanding of AUD 1.4M as at December 31, 2023.

16. Information required to be furnished under the Charitable Fundraising Act, 1991

| | 2023 | 2022 |
|---------------------------------------|------------------|------------------|
| Donation activities undertaken | | |
| Donation revenue | 3,570,355 | 8,935,143 |
| Less: Donation activity expenses | 268,355 | 261,823 |
| Net Fundraising Surplus | 3,302,000 | 8,673,320 |

**ROOM TO READ AUSTRALIA LIMITED
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2023**

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 9 to 19 are in accordance with the Australian Charities and Not-for-profits Commission 2012, including:
 - (i) complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the financial period ended on that date; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

John Charles Gorman

John Charles Gorman
Director
Sydney

Geetha Murali

Geetha Murli
Director
San Francisco

**ROOM TO READ AUSTRALIA LIMITED
DECLARATION BY THE CHAIRPERSON IN RESPECT OF FUNDRAISING APPEALS
FOR THE YEAR ENDED 31 DECEMBER 2023**

I, Geetha Murali, Chairperson of Room to Read Australia Limited declare that in my opinion:

- (a) The financial report presents fairly a view of all income and expenditure of Room to Read Australia Limited with respect to fundraising appeal activities for the year ended 31 December 2023.
- (b) The statement of financial performance presents fairly a view of the state of affairs with respect to fundraising appeal activities as at 31 December 2023.
- (c) The provisions of the *Charitable Fundraising Act 1991* and Regulations and the conditions attached to the authority have been complied with during the year ended 31 December 2023.
- (d) The internal controls exercised by Room to Read Australia Limited are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Geetha Murali

Geetha Murali
Chairperson

[Independent audit report to the Members]



Independent Auditor's Report

To the Directors of Room to Read Australia Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report**, of Room to Read Australia Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and Regulations 2013 and Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations and with Section 15(1) and 15(2) of the WA Charitable Collections Act 1946 and Regulations 1947 (collectively the Acts and Regulations) including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2023, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Simplified Disclosures Framework* and the Acts and Regulations.

The **Financial Report** comprises:

- i. Statement of financial position as at 31 December 2023.
- ii. Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes, including material accounting policies.
- iv. Directors' declaration.
- v. Declaration by the Chairperson of the fundraising appeals of the Company.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Other Information is financial and non-financial information in Room to Read Australia Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report.. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures Framework and the ACNC and ACNCR and sections 24B of the *Charitable Fundraising Act (NSW) 1991* and Regulations.
- ii. Preparing the Financial Report in accordance with the Section 15(1) and 15(2) of the WA Charitable Collections Act 1946 and Regulations 1947.
- iii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iv. Assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. 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. They 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 *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- i. 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.
- ii. 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 registered Company's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. 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 registered 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 registered Company to cease to continue as a going concern.
- v. 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 of the registered Company 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.

KPMG

David Kells

Partner

Sydney

29 April 2024