

ROOM TO READ AUSTRALIA LIMITED

ABN: 40 667 977 802

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

ROOM TO READ AUSTRALIA LIMITED
ABN: 40 667 977 802
FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

Chairperson's Report	2
Executive Officer's Report	3
Directors' Report	4
Lead Auditor's Independence Declaration	7
Financial Report	
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Directors' Declaration	19
Declaration by the Chairperson in respect of Fundraising Appeals	20
Independent Audit Report to the Trustee	21

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

Suite 201,
166 Glebe Point Road,
Glebe, NSW 2037

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

Suite 201,
166 Glebe Point Road,
Glebe, NSW 2037

ROOM TO READ AUSTRALIA LIMITED
CHAIRPERSON'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Dear Friends,

2019 was a year of celebration for Room to Read Australia, marking our 10th year of operations, as well as our most successful year in fundraising to date.

Launched in 2009 with our first gala event, conceived and managed by a core team of dedicated volunteers, the Australian community's commitment to our mission has been both steadfast and enthusiastic - each and every year that has followed.

Our 10th anniversary gala celebrations were held under the banner "The End of Impossible", shining a light on what has been achieved through the generosity of our local partners, alongside our shared ambition to eradicate illiteracy and gender inequality through the power of education.

2019 also marked the 10th anniversary of our partnership with Atlassian Foundation International, a collaboration that has supported more than 250,000 eager young learners on the path to literacy, as well as funding more than 23,000 years of girls' education. We were both honoured and thrilled that Atlassian Foundation International chose to renew their support of our gender equality work through the end of 2022.

We were also delighted to continue working with leading partners such as Ascender, Ecove, Humanitix, Mamamia and Nuix, alongside significant continued investments from foundations - including the JAAM Foundation and Renshaw family. Community engagement remains a powerful catalyst in driving support within Australia, with our business ambassadors and volunteer chapters contributing strongly to our success through signature events. In addition to our annual gala celebration, we also presented Sydney's Fastest Executive Race for a second highly successful year. Through the race and the return of our popular Literacy Lunch, we welcomed many new business partners to support our work.

Underpinning this work is the dedication of our Australian Regional Board who work tirelessly to nurture the strategic development of Room to Read. Our Board Members include: Rita Azar and Bassam Aflak, Annie Todd and Mike Cannon-Brooks, Jane and Andrew Clifford, Zahra and Brett Godfrey, Alison and Charles Gorman, Anna Baillie-Karas and Jason Karas and Donna Yip and David Torrible.

We were delighted to welcome three new members from the Bassam Aflak and Rita Azar, Andrew and Jane Clifford and Anna Baillie-Karas and Jason Karas families to our Board and also extend our great thanks to Emma and Andrew Gray who stepped down from the Board in early 2019. I also wish to acknowledge and celebrate the invaluable contribution John Keith has made to both the establishment and evolution of our work in Australia through his role as one of the inaugural volunteers who helped found Room to Read in Australia, and more recently through his position as a fiduciary board member of Room to Read Australia Ltd and Room to Read Australia Foundation.

It is only by banding together that we ensure that a child's gender or place of birth will not dictate what she or he becomes. Our generous supporters don't just invest in education — they invest in a better future for all of us. Through your unwavering generosity and commitment we are opening up endless possibilities for millions of children around the world. Today's youth become tomorrow's parents, teachers and community leaders. On behalf of everyone at Room to Read I send our deepest thanks.

Geetha Murali

Geetha Murali
Chair
30 April 2020

**ROOM TO READ AUSTRALIA LIMITED
EXECUTIVE OFFICER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

In 2019 Room to Read Australia once again enjoyed strong revenue growth and dynamic community partnerships. Significant highlights include our 10th anniversary gala celebrations and our first grant from the Australian Government's Department of Foreign Affairs and Trade Friendship Grants program.

We were also thrilled to see our valued long-term partner Atlassian Foundation International receive the Philanthropy Australia Gender Wise Award in acknowledgment of their significant investments in our Girls' Education Program. Reflecting on the achievements of Room to Read Australia since our inception in 2009, Atlassian's leadership example has played an invaluable part in our efforts to engage the business community in Australia, such as Ascender (emulating Atlassian's workplace giving program) Nuix and Humanitix.

Originally founded by volunteers in Sydney, market operations have significantly grown since our inception in 2009. In addition to our valued business partners, collaboration with community advocates has played a critical role in our growth, thanks to the vital support of our volunteers, Regional Board and business partners.

Community events, such as our annual gala and Fastest Executive Race remain signature fundraising activities within our annual calendar. Continued investment in direct marketing communications has also helped expand our monthly giving and legacy programs providing an invaluable foundation for our ongoing literacy and gender equality work.

On behalf of all of us at Room to Read Australia, I send our deepest thanks to our partners, advisors, volunteers and team for your dedication and support. It means the world to all of us at Room to Read, and the children we strive to assist.

The future of Room to Read Australia's operations remains strong thanks to the dedication and commitment of the Australian philanthropic community. We look forward to another successful year of collaboration in 2020.



Chantal Lewis
Senior Development Director, Asia Pacific
30 April 2020

ROOM TO READ AUSTRALIA LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019.

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
Erin Ganju	16 September 2008 (Resigned 22 March 2019)
John Wood	16 September 2008 (Resigned 21 March 2019)
John Keith	21 May 2012 (Resigned 14 January 2019)
Leona Pearce	21 May 2012
Chantal Lewis	17 November 2012
Geetha Murali	20 March 2019
Laurie McMahon	19 March 2019
John Charles Gorman	6 March 2019

Name, qualification and independence status	Experience, special responsibilities and other directorships
Erin Ganju	Co-founder and former CEO Room to Read
John Wood	Founder and Executive Chairman, Room to Read
John Keith	Managing Director, BNP Paribas, non-Executive Director, Atomo Diagnostics
Leona Pearce	Previously Chief of Staff, Room to Read, previously Vice President, Goldman Sachs
Chantal Lewis	Senior Development Director, Australasia, Room to Read
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

2. Principal activities

The principal activity of the Company includes serving as the Trustee for Room to Read Australia Foundation ("the Foundation"). 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. 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 \$ 9,640,994 (2018: \$3,300,653). The increase in revenue is mainly due to a large pledge commitment received and majority of the donations being moved from Room to Read Australia Foundation to the RTR Australia Overseas Aid Fund to facilitate distribution to program countries for charitable activities.

ROOM TO READ AUSTRALIA LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

Operating surplus

The operating surplus for the financial period was \$ 8,966,513 (2018:\$ 2,907,583). The surplus carried over for future was \$7,156,896 (2018:\$2,643,929).

5. Matters subsequent to the end of the financial year

The outbreak of the Coronavirus disease (COVID-19) has become one of the biggest threats to the global economy and financial markets. The Company decided to postpone the Annual gala in Sydney scheduled in March 2020. Despite this, the Company has visibility to major gift renewals and donor commitments. As with other APAC geographies navigating the impacts of social distancing efforts to slow the infection rates of COVID-19, the Company is preparing a revised 2020 strategy for fundraising efforts that will not rely upon face to face meetings or events to raise revenue. The parent company has provided a Letter of Support to ensure continued financial support should there be a need to meet its liabilities during the next twelve months.

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

6. Likely developments

The Company will continue to be trustee for the Foundation and 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 One Co Sec Services Pty Ltd.

9. Executive Officer

At the date of this report, the position of Executive Officer was held by Chantal Lewis.

10. Directors' Meetings

No directors' meetings were held in 2019. Business of the Company and the Foundation was reviewed and approved by the directors through circular resolutions in 2019.

11. Directors' remuneration

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

12. Loans to directors and executives

There were no loans to directors and executives during the year ended 31 December 2019.

13. 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.

14. 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

Charles Gorman

.....

John Charles Gorman
Director
Sydney

Chantal Lewis

.....

Chantal Lewis
Director
Sydney

Lead Auditor's Independent Declaration

ROOM TO READ AUSTRALIA LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Year ended 31 December 2019 \$	Year ended 31 December 2018 \$
Revenue			
Donations and Fundraising Income		9,579,226	3,060,988
Revenue from Contracts with Customers*		42,359	-
Interest Income		383	375
Gain on Foreign Currency Exchange		19,026	239,290
Total Revenue	4	9,640,994	3,300,653
Expenses			
Expenditure supporting fundraising activities		156,726	98,750
Other expenses		517,755	294,320
Total Expenses	5	674,481	393,070
Surplus for the period before income tax		8,966,513	2,907,583
Income tax expense		-	-
Surplus after income tax		8,966,513	2,907,583
Total Comprehensive income for the period		8,966,513	2,907,583
Distribution of the surplus			
Transfer of funds directly to Room to Read related parties		4,453,546	3,071,543
Total Distribution		4,453,546	3,071,543
(Deficit)/Surplus available for the year	12	4,512,967	(163,960)

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

*Previously recognised as Donations and Fundraising Income. On adoption of AASB15 presentation has been revised.

ROOM TO READ AUSTRALIA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	Year ended 31 December 2019 \$	Year ended 31 December 2018 \$
Current assets			
Cash and Cash equivalents	6	2,585,657	855,983
Trade Receivables	7	4,698,151	1,874,748
Prepayments		7,915	25,000
Total assets		7,291,723	2,755,731
Current liabilities			
Other Liabilities	8	69,946	77,456
Intercompany Liabilities		64,883	34,346
Total liabilities		134,829	111,802
Net assets		7,156,894	2,643,929
Accumulated funds			
Accumulated Funds beginning of year		2,643,929	2,807,889
Accumulated (Deficit)/ Surplus		4,512,967	(163,960)
Total accumulated funds		7,156,896	2,643,929

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 2019

		Year ended 31 December 2019	Year ended 31 December 2018
Total accumulated funds at the beginning of the financial year		2,643,929	2,807,889
Total comprehensive income for the period		8,966,513	2,907,583
Less income distributed		4,453,546	3,071,543
Total accumulated funds at the end of the year		7,156,896	2,643,929

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 2019

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
		\$	\$
Cash flows from operating activities			
Receipts from donors and other contributions		6,817,207	3,980,867
Payments to suppliers/employees		(634,370)	(310,770)
Payments for distributions		(4,453,546)	(3,071,542)
Interest received		383	375
Net cash inflow from operating activities	12	1,729,674	598,930
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial period		855,983	257,053
Cash and cash equivalents at the end of the financial period	6	2,585,657	855,983

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 2019

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 Suite 201, 166 Glebe Point Road, Glebe, NSW 2037. The Company is a non-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 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.

New Accounting Standards and Interpretations not yet mandatory or early adopted.

I. AASB 1058, 2016-7, and 2016-8

In December 2016, the AASB published new income recognition requirements for not-for-profit (NFP) entities detailed below:

- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities [AASB 9 & AASB 15]*

It supersedes the current income recognition requirements contained in AASB 1004 *Contributions*, AASB 118 *Revenue* and AASB 111 *Construction Contracts*. The new income recognition requirements shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations

The core principle of the new income recognition requirements in AASB 1058 is when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives, the excess of the asset recognized (at fair value) over any 'related amounts' is recognized as income immediately. The new income recognition requirements will result in substantial changes to the timing and amount of income recognition for some NFP entities arising from increased opportunities for income deferral. The new income recognition requirements are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted provided entities adopt both AASB 1058 and AASB 15 to the same period.

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

II. AASB 16 Leases

AASB 16 Leases, which becomes mandatory for the Company's 2019 financial statements introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is a low value. A lessee is required to recognize a right-of-use asset representing its obligations to make lease payments. As the Company has no leases, this standard does not impact the Company.

(b) 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.

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.

(c) 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.

(d) 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.

(e) 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 2.0% in 2019 (3.6% in 2018).

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Trade receivables continued

The Foundation 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.

(f) 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.

(g) 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.

(h) 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.

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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.

Financial risk management (continued)

The carrying amount of financial assets represents the maximum credit exposure which at the reporting date of 31 December 2019 was:

Cash	6	2,585,657
Receivables	7	4,698,151
		7,283,808

(a) Market risk

(i) Price risk

The Company does not conduct activities which would expose it to a commodity price 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 Atlassian Foundation International Limited.

(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.

(iii) 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.

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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.

		Year ended 31 December 2019	Year ended 31 December 2018
		\$	\$
4	Revenue		
	Donations & Fundraising Income	9,621,585	3,060,988
	Gain on Foreign Currency exchange	19,026	239,290
	Interest	383	375
		9,640,994	3,300,653
5.	Expenses		
	Surplus before income tax includes the following specific expenses:		
	- Expenditure supporting fundraising activities	156,726	98,750
	- Other expenses	517,755	294,320
		674,481	393,070
6.	Cash and cash equivalents		
	Cash and cash equivalents	2,585,657	855,983

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Year ended 31 December 2019	Year ended 31 December 2018
12. Reconciliation of surplus for the year to net Cash inflow from		
	Year ended	Year ended
7. Trade receivables		
Trade Receivables	4,698,151	1,874,748
8. Other Liabilities		
Other Liabilities	69,946	77,456
9. Remuneration of auditors		
Room to Read Australia Limited financial statement audit for 2019 and 2018 was performed at an audit fee of \$ 18,700 and \$ 17,000 respectively.		
10. Commitments		
(a) Capital commitments		
The Company had no capital commitments at 31 December 2019 (2018: Nil).		
(b) Lease commitments: Company as lessee		
The Company had no lease commitments at 31 December 2019 (2018: Nil).		
11. Key management personnel disclosures		
(a) Directors		
The following persons were directors of the Company during the year: Erin Ganju, John Wood, John Keith, Leona Pearce, Chantal Lewis, John Charles Gorman, Laurie McMohan and Geetha Murali.		
(b) Executive Officer		
Chantal Lewis was the Senior Development Director, Australasia of the Company at the end of the year.		
(c)		
There were no transactions with key management personnel during the year ended 31 December 2019. No key management personnel have received or are due to receive any remuneration from the Company (In 2018, there were no transactions or remuneration paid to key management personnel).		
	31 December 2019	31 December 2018
(Deficit)/ Surplus	4,512,967	(163,960)
Add non-cash items:		
Decrease/(Increase) in Receivables	(2,823,403)	680,589
Decrease/ (Increase) in Prepayments	17,085	(25,000)
Increase in Inter-company Liabilities	30,537	34,346
(Decrease) /Increase in Employee and other Provisions	(7,510)	72,955
Net Cash used in operating activities	(1,729,674)	(598,930)

ROOM TO READ AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Subsequent Events

The outbreak of the Coronavirus disease (COVID-19) has become one of the biggest threats to the global economy and financial markets. Measures taken to contain the virus have affected economic activity which may impact the financial performance of the Company. Room to Read Australia decided to postpone the Annual gala in Sydney scheduled in March 2020. Despite this, Room to Read has visibility to major gift renewals and donor commitments. As with other APAC geographies navigating the impacts of social distancing efforts to slow the infection rates of COVID-19, Room to Read Australia is preparing a revised 2020 strategy for fundraising efforts that will not rely upon face to face meetings or events to raise revenue. The parent company has provided a Letter of Support to ensure continued financial support should there be a need to meet its liabilities during the next twelve months. As the outbreak has occurred subsequent to 31 December 2019 it has been considered as a non-adjusting subsequent event. The Company will continue to assess the impacts due to COVID-19 and report accordingly in its financial statements for the year ended 31 December 2020.

Other than the above, 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 \$4,453,546 (2018: \$3,071,542) to Room to Read related parties.

15. Liabilities and right of indemnity

Room to Read Australia Limited is the trustee of Room to Read Australia Foundation (the Foundation). Liabilities of the Foundation are not recorded in the financial statements.

Under the Charitable Trust Deed (the Deed) between the Company and the Foundation, the Company is indemnified by the Foundation in respect of any liability incurred while acting as Trustee (except from a breach of trust). The Company shall not be liable to the Foundation nor any person whatsoever to an extent greater than the assets of the Foundation.

16. Pledges Receivable

The Organization 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 a pledge commitment from Atlassian Foundation International Limited of US\$3M payable over a three-year period, to be distributed at US\$500,000 every six months. The first instalment of US\$500,000 was received in March 2020.

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

	2019	2018
Donation activities undertaken		
Donation revenue	9,621,585	3,060,988
Less: Donation activity expenses	674,481	393,070
Net Fundraising Surplus	8,947,104	2,667,918

**ROOM TO READ AUSTRALIA LIMITED
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 8 to 18 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 2019 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.

Charles Gorman

John Charles Gorman
Director
Sydney

Chantal Lewis

Chantal Lewis
Director
Sydney

**ROOM TO READ AUSTRALIA LIMITED
DECLARATION BY THE CHAIRPERSON IN RESPECT OF FUNDRAISING APPEALS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 2019.
- (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 2019.
- (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 2019.
- (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]