

Reading Out of Poverty Incorporated

Independent Audit Report to the Members of Reading Out of Poverty

We have audited the accompanying special purpose financial report, of Reading Out of Poverty Incorporated (the Foundation), which comprise the balance sheet as at June 2022, the income statement for the year then ended. The extent to which Accounting Standards have or have not been adopted in the preparation of the special purpose financial report is set out in Note 1.

The Responsibility of the Committee

The committee of the association is solely responsible for the information contained in the special purpose financial report and have determined that the significance accounting policies adopted as set out in Note 1 to the financial statements are appropriate to meet their needs and for the purpose that the financial report were prepared.

Auditor's Responsibility

Our responsibility is to express an opinion on the special purpose financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution members for the purpose of fulfilling the committee's financial reporting under the Associations Incorporation Reform Act 2012 (Victoria). We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirement of Australian professional ethical pronouncements.

Reading Out of Poverty Incorporated

Independent Audit Report to the Members of Reading Out of Poverty

Auditor's Opinion

In our opinion:

The Financial Report of Reading Out of Poverty Incorporated is in accordance with the Associations Incorporation Reform Act 2012 (Victoria), including:

1. Giving a true and fair view of the financial position of Reading Out of Poverty Incorporated and of its performance for the year ended on that date; and
2. Complying with Australian Accounting Standards, and the Associations Incorporation Reform Act 2012 (Victoria).

Louis Villanueva: *Louis Villanueva*
Accountant
Professional member registration 210666
29th September 2022

Louis Villanueva

Louis Villanueva / Registered Tax Agent / Public Accountant
Professional member registration 210666
Institute of Public Accountants
TAN 25208715
0412 068 427/accounting@thevillagroup.com.au
VILLA & CO - The Villa Group Pty Ltd
Office: St Kilda Rd Towers, Suite 717 / 1 Queens Rd Melbourne 3004
Postal address: PO Box 1061, Mountain Gate, Vic 3156

Reading out of Poverty Inc.
Statement of Financial Performance
For the year ended 30 June 2022

	2022 \$	2021 \$
Revenue		
Monetary donation	482,448.37	214,196.11
Interest Income	-	-
Total revenue	482,448.37	214,196.11
Expenditure		
Direct Project Costs	288,726.82	144,087.64
Wages/Salaries	90,000.00	37,500.00
Salary on Cost	9,000.00	18,237.50
Administration office	41,447.41	54,026.96
Accounting Fees	6,412.72	4,990.00
Bank charges	91.45	86.48
Fundraising costs	289.93	
Project Development costs	10,206.79	12,320.00
Research/evaluation	7,440.11	12,320.00
Total expenses	453,615.23	283,568.58
Net Surplus (Deficit) from Ordinary Activities	28,833.14	- 69,372.47

Reading out of Poverty Inc.
Statement of Financial Position
Detailed Balance Sheet as at 30 June 2022

	2022 \$	2021 \$
Equity		
Retained Surplus	156,339.75	127,506.61
Total Equity	<u>156,339.75</u>	<u>127,506.61</u>
Represented by:		
Current Assets		
Cash Assets		
Cash at Bank - Current Account	149,026.95	118,606.06
	<u>149,026.95</u>	<u>118,606.06</u>
Other Debtors		
GST - Input Control	4,071.27	599.00
	<u>4,071.27</u>	<u>599.00</u>
Total Current Assets	<u>153,098.22</u>	<u>119,205.06</u>
ROOP Loaned to AK	-	6,618.81
Non-Current Assets	<u>-</u>	<u>6,618.81</u>
Fixed Assets		
Motor Vehicles-at cost	28,068.40	28,068.40
Motor Vehicles Accum Dep'n	- 22,340.06	- 19,885.06
Total Fixed Assets	<u>5,728.34</u>	<u>8,183.34</u>
Other Assets		
Bond Lease	1,425.37	1,425.37
Bond Key	131.82	131.82
ATO Credit	-	-
Total Other Assets	<u>1,557.19</u>	<u>1,557.19</u>
Total Non-Current Assets	<u>7,285.53</u>	<u>16,359.34</u>
Total Assets	<u>160,383.75</u>	<u>135,564.40</u>

Reading out of Poverty Inc.
Statement of Financial Position
Detailed Balance Sheet as at 30 June 2022

	2022 \$	2021 \$
Current Liabilities		
GST collected	-	-
PAYG Withholding Payable	1,794.00	5,382.00
Superannuation Payable	2,250.00	2,250.00
Total current liabilities	4,044.00	7,632.00
Non- Current Liabilities		
KIA Car finance	-	425.79
Total Non current liabilities	-	425.79
Total Liabilities	4,044.00	8,057.79
Net Assets	156,339.75	127,506.61
Retained Earnings		
Balance at 1 July 2021	127,506.61	191,709.83
Surplus Attributable to Members	28,833.14	- 69,372.47
Last Financial Year 2019 Adjustment	-	4,210.26
Last Financial Year 2020 Adjustment	-	958.99
Balance at 30 June 2022	156,339.75	127,506.61

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Reading Out of Poverty Incorporated
Statement of Cash Flow for the year ended 30 June 2022
(Direct Method)

Cash flows from operating activities	2022	2021
Cash receipts in the course of operations	482,448.37	214,196.11
Cash payments to suppliers & employees	<u>-451,160.23</u>	<u>-280,061.43</u>
Cash generated from operations	31,288.14	- 65,865.32
GST Paid	-3,472.27	1,792.12
Other receivables	6,618.81	12,801.25
Tax paid	- 3,588.00	181.44
Interest received	-	-
Net cash from operating activities	<u>30,846.68</u>	<u>- 51,090.51</u>
 Cash flows from investing activities		
Purchase of property, plant & Equipment (Note 1)	-	-
Net cash from investing activities	<u>-</u>	<u>-</u>
 Cash flows from financing activities		
Borrowing acquired - Mortgage	-	-
Borrowing acquired - Loans	- 425.79	- 6,710.34
Net cash from financing activities	<u>-</u>	<u>-</u>
 Net increase in cash and cash equivalents	<u>30,420.89</u>	<u>- 57,800.85</u>
Cash and cash equivalents at the beginning of period (Note 2)	<u>118,606.06</u>	<u>176,406.91</u>
Cash and cash equivalents at the end of period (Note 2)	<u>149,026.95</u>	<u>118,606.06</u>
	-	0.00

Notes to the Cash Flow Statement (Direct Method)

1. Property, Plant and Equipment

During the period, the Foundation made the payments worth \$5,302.99 towards the Investment loan resulting \$0.00 of the Equipment Loan balance.

2. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks other short-term highly liquid investments with original maturities of 12 months or less. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2022	2021	2020	2019
Cash on hand - Current Account	149,026.95	118,606.06	176,406.91	176,406.91
Cash and cash equivalents as previously reported	<u>149,026.95</u>	<u>118,606.06</u>	<u>176,406.91</u>	<u>176,406.91</u>

Reading Out of Poverty Incorporated

Reconciliation on Net Cash provided by Operating Activities to Surplus or Deficit

	2022	2020
Surplus	28,833.14	- 69,372.47
Adjustment for:		
Depreciation	<u>2,455.00</u>	<u>3,507.15</u>
	31,288.14	- 65,865.32
Decrease in Withholding Tax paid	-	-
Decrease other receivable	6,618.81	12,801.25
Increase Superannuation payable	-	-
Decrease in GST Paid	<u>- 7,060.27</u>	<u>1,973.56</u>
Net cash from operating activities	<u>30,846.68</u>	<u>- 51,090.51</u>

Reading Out of Poverty Incorporated
Statement of changes in Equity for the year ended 30 June 2022

	Retained Profits	Total Equity
Balance at 01 July 2018	62,075.04	62,075.04
Surplus after income tax for the period	60,398.10	60,398.10
Other comprehensive Surplus for the period		
Total comprehensive surplus attributed to members	122,473.14	122,473.14
Transactions with members in their capacity as members		
Balance at 30 of June 2019	122,473.14	122,473.14
Balance at 01 July 2019	122,473.14	122,473.14
Surplus after income tax for the period	65,026.43	65,026.43
Other comprehensive Surplus for the period	4,210.26	4,210.26
Total comprehensive surplus attributed to members	191,709.83	191,709.83
Transactions with members in their capacity as members		
Balance at 30 of June 2020	191,709.83	191,709.83
Balance at 01 July 2020	191,709.83	191,709.83
Surplus after income tax for the period	- 69,372.47	- 69,372.47
Other comprehensive Surplus for the period	5,169.25	5,169.25
Total comprehensive surplus attributed to members	127,506.61	127,506.61
Transactions with members in their capacity as members		
Balance at 30 of June 2021	127,506.61	127,506.61
Balance at 01 July 2021	127,506.61	127,506.61
Surplus after income tax for the period	28,833.14	28,833.14
Other comprehensive Surplus for the period		-
Total comprehensive surplus attributed to members	156,339.75	156,339.75
Transactions with members in their capacity as members		
Balance at 30 of June 2022	156,339.75	156,339.75

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READING OUT OF POVERTY INC. – ABN 84 221 811 239

Notes to the Financial Statements for the year ended 30 June 2022

Note 1: Summary of Significant Accounting Policies

This financial report is a special purpose financial report prepared to satisfy the financial reporting requirements of the Associations Incorporations Reform Act (Victoria) 2012. The committee members have determined that the Association is not a reporting entity.

The financial report has been prepared in accordance with applicable Australian Accounting Standards.

The financial report is prepared on a cash basis and is based on historical costs and does not consider changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

a) Property, Plant and Equipment (PPE)

Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all PPE is depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use.

b) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less.

d) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present value when recognising revenue.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Grant and donation income is recognised when the entity obtains control over the funds, which is generally at the time of receipt.

All revenue is stated exclusive of the number of goods and services tax (GST)

e) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised exclusive of the amount of GST, except where the amount of GST incurred is not recoverable from the TAX OFFICE. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the assets and liabilities statement are shown inclusive of GST.

These notes must be read in conjunction with the attached Accountant's Compilation Report.

READING OUT OF POVERTY INC

Reading out of Poverty Inc.

MEMBERS' REPORT AND ACCOUNTS

FOR THE PERIOD ENDED 30 June 2022

Association Registration No: A0059876H

ABN: 84 221 811 239

REPORT OF MEMBERS OF COMMITTEE

PRINCIPAL GOALS AND ACTIVITIES OF READING OUT OF POVERTY INC.

The major goal of Reading Out of Poverty is to improve early childhood literacy. The under-privileged children who do not have access to basic early education and learning are approached through various forms and efforts are made to educate them. These children required localised grassroots early literacy intervention within their community, at places they use and frequent often. The main aim was to give children a better chance of success in their early schooling years.

ACHIEVEMENTS AND PERFORMANCE

Please refer to our Annual Report for 2021-22

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

Reading of out of Poverty Inc. is an association (registered number A0059876H). Association status was granted on 02 September 2013.

The registered office is Unit 15b, Level 1, 20 Commercial Road, MELBOURNE VIC 3004

COMMITTEE MEMBERS

The appointment of Committee members is governed by the Association rules of Victoria-Australia.

The committee is required to monitor the affairs and the general business of the Association and meets as required. The members who served during the period are:

Andrew Kay (appointed 5/4/2013 and re-elected at AGM on 10/09/2022)

Darryn Keneally (appointed 5/4/2013 and re-elected at AGM on 10/09/2022)

Angelica Correa (appointed 5/4/2013 and re-elected at AGM on 10/09/2022)

John Stewart (appointed 5/4/2013 and resigned at AGM on 10/09/2022)

Paula Londono (appointed 5/4/2013 and resigned at AGM on 10/09/2022)

Julia Paterson (Appointed AGM 10/09/2022)

Dr Tony Cree (Appointed AGM 10/09/2022)

RESERVES

The Association retained earnings for the year ended June 2022 \$ 156339.75

MEMBERS' RESPONSIBILITIES

The committee of management is solely responsible for the information contained in the special purpose financial statements and has determined that the basis of accounting adopted is appropriated to meet the needs of the committee of management for the purpose of complying with the association's constitution.

COMMITTEE MEMBERS

The committee members as at the date of this report are:

Chairman – Darryn Keneally

Secretary – Andrew Kay

Treasurer – Dr Tony Cree

Ordinary Member- Dr Don Green

Ordinary Member- Julia Paterson

PRINCIPAL ACTIVITIES:

We are proud to showcase our major achievements over the past year, and offer an insight into our plans for the future. Through the Read, Learn and Play program we ran reading out loud story sessions, book giveaways, parent support and mentoring, pop-up libraries, volunteer engagement and training across Victoria. This year we also focussed on expanding our services in our new focus areas of Dandenong and Geelong.

Read Aloud

Through the Read Aloud Program, volunteers were placed in the libraries, mother's groups, playgroups and other community centres to facilitate story time sessions with guest storytellers. These sessions created a fun and engaging opportunity for parents to learn techniques to increase their level of engagement with their children when reading to them.

Book Giveaways

There are homes across Victoria where children do not own a single book. To change this, we gifted a backpack filled with age appropriate books to children in disadvantaged areas. We also distributed books to community centres and pre-schools and give new and pre-loved children's books directly to young and eager readers. This program relies heavily on books donated by corporate partners, community groups and individuals. With your help, in the past year, we distributed 10,000 children's books to the community which we aim to double in the year to come.

Parent Mentoring

For parent who never read to as a child, reading to their own children is unfamiliar and for many, daunting. If parents don't understand and appreciate the importance of reading to their children from birth, we cannot break the cycle of disadvantage in these families. In the past year, we worked with 1,200 parents to support their children's learning.

READING OUT OF POVERTY INC

Christmas Gift Giving

Last holiday season, we worked with our partner organisations to deliver 2,000 books to 1,000 children in need which we aim to double on this Christmas.

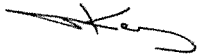
Pop-Up Libraries

Many families who live in lower socio-economic areas have fewer in books in the home and do not regularly visit a community library.

In response, we've developed 'Pop-Up' libraries, which appear in frequent spaces such as Medical centres, welfare offices, community centres, train stations, playgrounds and kindergartens. In the past year, we reached 1,200 children and plan to reach 2,000 in the year to come.

Signed in accordance with a resolution of the Members of the Committee on:

15TH September 2022



Andrew Kay



Darryn Keneally

READING OUT OF POVERTY INC

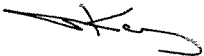
**Statements give true and fair view of financial performance and position of the association
For the year ended 30 June 2022**

The committee has determined that the association is not reporting entity and that this special purpose financial report should be prepared in accordance with the Australian Accounting Standards.

The committee of the Association declare that:

1. The Financial Statements present fairly the association's financial position as at 30 June 2022 and its performance for the year ended on that date in accordance with Australian Accounting Standards;
2. In the committee's opinion there are reasonable grounds to believe that Reading out of Poverty Incorporated will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with resolution of the committee and is signed for and on behalf of the Committee by:



Member 1: Andrew Kay



Member 2: Darryn Keneally

Date: (15th September 2022)