

Literacy for Life Foundation  
General Purpose Financial Report  
for the year ended 31 December 2019

# Literacy For Life Foundation



ABN 83 163 634 777

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## Literacy For Life Foundation

For the year ended 31 December 2019

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# Directory

## Literacy For Life Foundation

For the year ended 31 December 2019

### **Directors of Literacy For Life Foundation**

Ms Patricia Anderson

Mr Don A Aroney

Mr Jack A Beetsen

Mr John P Flecker

Ms Wendy Ludwig

### **Registered Office**

Level 22

135 King Street

SYDNEY NSW 2000

Telephone: +61 (0) 2 9322 2400

### **Auditor**

Deloitte Touche Tohmatsu

225 George Street, Grosvenor Place

SYDNEY NSW 2000

Telephone: + 61 (0) 2 9322 7000

# Directors' report

## Literacy For Life Foundation

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For the year ended 31 December 2019

### Introduction

The Directors of Literacy For Life Foundation (the "Foundation") present their report together with the financial statements of the Foundation for the year ended 31 December 2019 and the Independent Audit Report thereon.

### Objectives and principal activities of the Foundation

The long term objectives of the Foundation are:

- to significantly reduce the rate of illiteracy within the Aboriginal adult population and the gap in the English literacy rates of Indigenous and non-Indigenous Australians, which has stemmed from the poverty and socio-economic disadvantage of Aboriginal peoples;
- to strengthen a culture of literacy whereby the Aboriginal adult community values learning and the various pathways it affords to individuals and the community as a whole, as a means of alleviating poverty, helplessness, crime and substance abuse; and
- to develop the capacity of local Aboriginal community members to lead, own and coordinate a reduction in the rate of illiteracy within the Aboriginal adult population and to further opportunities for participating community members as a way of conquering poverty.

To achieve these outcomes, the Foundation's short term objectives are the thorough implementation of effective adult literacy campaign model and the successful delivery of literacy campaigns.

### Foundation's strategy for achieving objectives

In order to realise its objectives, the Foundation will undertake activities that will include:

- building local leadership and commitment to the delivery of campaigns to local communities by the Foundation, through working in partnership with local organisations;
- engaging and training personnel such as staff and consultants to identify and engage potential participants and to provide literacy classes to illiterate adult Aboriginals, including through the provision of 65 basic reading and writing lessons using a simple audio-visual method known as YES I CAN, developed by an established educational organisation in Cuba, or using another similar proven method for combating adult illiteracy; and
- encouraging and supporting sustainable post literacy pathways for participants at local, regional and national levels.

More specifically, the Foundation is committed to:

- planning, leading, managing, advising on, and resourcing the delivery of literacy campaigns for Aboriginal adults, including engaging local personnel and producing resources and materials to support all phases of a literacy campaign and securing and disbursing funds to effect the objects of the Foundation;
- undertaking the development and training of staff and local leaders in the delivery of literacy campaigns to Aboriginal adults;
- engaging national and international universities and/or other research institutions, to evaluate the quality of any literacy campaign or adult literacy campaign model, and to undertake innovative research to enhance the effectiveness of any literacy campaign; and
- assisting local literacy campaign leaders with mapping pathways for extending the employment and social enterprise opportunities of literacy campaign participants and local literacy campaign leaders.

# Directors' report

## Literacy For Life Foundation

For the year ended 31 December 2019

### Foundation's principal activities during the year

The Foundation's principal activities during the year have included:

- completion of Intakes 1 and 2 in Campbelltown
- completion of Intake 1 in Collarenebri
- completion of Phase 2 for Intake 2 in Collarenebri
- completion of Intake 1 in Ltyentye Apurte/Santa Teresa
- supporting local and national workforce development
- completing funding applications and submissions in both the public and private sectors to support the expansion of the Campaign
- increasing the profile of the Foundation including meetings with NSW, NT, QLD, WA and Commonwealth Ministers and Departments and carrying out media interviews
- support for Cuban advisors
- continued scoping, advocacy and planning work for future campaign locations

Based on successful work in these areas, the Foundation has received support from a variety of sources, including Multiplex, University of New England ("UNE"), University of NSW ("UNSW"), Lowitja Institute, Mark and Evette Moran, the NSW Department of Communities and Justice, Aboriginal Housing Office NSW, the NSW Department of Education, the Australian Government – National Indigenous Australians Agency and a range of businesses, trusts, foundations and other generous individual donors. The Foundation continues to work closely with the Cuban Embassy in Australia and the Institute of Pedagogy of Latin America and the Caribbean ("IPLAC").

### Operating results

#### Campaigns

- Campbelltown/South West Sydney
  - Intakes 1 & 2 were completed, with Intake 2's graduation held in January 2020.
  - 22 students graduated in total, with an average retention rate of 78.6%.
  - 20 graduates went on to enrol in a Cert 1 Technology course with TAFE at the end of their Intakes.
- Collarenebri
  - Intake 1 graduated 16 students from an enrolment of 31.
  - Intake 2 enrolled 18 students, with 5 completing Phase 2 and moving on to Post Literacy in February 2020.
  - The Campaign continues to build goodwill in the community and staff members have taken up employment and volunteer roles in the local school, land council and community working group.
  - Retention has been a challenge with students often leaving town as there are few jobs or other opportunities in Collarenebri.
- Ltyentye Apurte/Santa Teresa
  - Intake 1 was completed in November with 5 of the 6 students graduating.
  - A strong and very involved community advisory committee has been established.
  - The campaign has built goodwill in the community and continued work with organisations and elders should increase student participation in 2020.

# Directors' report

## Literacy For Life Foundation

For the year ended 31 December 2019

### Administration & support

- The National Campaign Manager and Campaign Development Coordinator continues to provide support to local campaign staff.
- Development needs of staff have been fulfilled using a combination of internal and external resources.
- We continue to outsource our accounts which has enhanced support for campaign teams.

### Research & evaluation

The Foundation rigorously assesses the impact of the literacy campaign for participants and communities, with a particular focus on improving participant English language literacy as measured by the Australian Core Skills Framework ("ACSF"). Assessment includes:

- Pre and post course ACSF assessments overseen by an experienced and qualified ACSF consultant.
- An ongoing evaluation process with our evaluation partners, UNE and UNSW) through which contemporaneous observational data for each intake and participant is collected, including interviews.
- External research such as the recent Australian Research Council (ARC) funded longitudinal impact study conducted by UNE, UNSW, LFLF and the Lowitja Institute.
- Daily and weekly monitoring of student progress through the lesson sequence.

A major part of the ARC study has been to establish a process for data linkage. This involves analysing de-identified historic data on the health and justice system records of study participants to reveal any changes in their patterns of interaction before and after the Campaign and between graduates and non-graduates. The data from the linkage study are currently being analysed by our research partners in the School of Public Health and Community Medicine at UNSW.

### Aboriginal Adult population and participation in Literacy Campaign, 2012-2020

Community	Aboriginal Adult Population*	Surveyed	Intakes	Starters	Graduates	Retention
Wilcannia, NSW	279	106	3	38	23	60.5%
Bourke, NSW	505	125	4	70	50	71.4%
Enngonia, NSW	52	48	1	21	15	71.4%
Brewarrina, NSW	415	195	4	69	39	56.5%
Weilmoringle, NSW	38	20	1	7	6	85.7%
Walgett, NSW	527	221	4	65	31	47.7%
Boggabilla and Toomelah, NSW	360	180	4	61	42	68.9%
Collarenebri, NSW	148**	154	1	31	16	51.6%
Ltyentye Apurte, NT	319	198	1	6	5	83.3%
Campbelltown, NSW	3,293	93	2	28	22	78.6%
<b>Total</b>	<b>5,936</b>	<b>1,340</b>	<b>25</b>	<b>396</b>	<b>249</b>	<b>62.9%</b>

\*Data taken from ABS Census

\*\*Almost certainly an undercount

Since 2012, The Foundation has engaged almost 400 Aboriginal adults in literacy training and graduated over 62%. The Campaign targets marginalised adults aged 15 years and over (including exempted out-of-school youth) with a literacy level at or below Level One on the ACSF. Classes often include multiple generations of the one family, which adds to a strongly supportive and effective learning environment.

Despite these excellent results the issue of low literacy in Aboriginal communities requires urgent action at a national scale. Literacy for Life Foundation will continue working to ensure everyone has the opportunity to read and write.

# Directors' report

## Literacy For Life Foundation

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For the year ended 31 December 2019

### Review of operations and results

Financial performance is measured by the Foundation's financial reporting process and is reflected in the audited financial report. Highlights for the year ended 31 December 2019 include:

- a. The Foundation recorded a deficit of \$78,464 for the year ended 31 December 2019 (surplus for the 18 month period to 31 December 2018; \$763,578).
- b. Expenditure for the year of \$2,148,498 delivering campaigns as above in Collarenebri, Ltyentye Apurte/Santa Teresa and Campbelltown, including campaign management costs.
- c. Funding received for the year \$1,727,772.
- d. The Foundation has a net asset position of \$810,661 as at 31 December 2019, comprising cash, motor vehicles, trade debtors less creditors and lease liabilities.
- e. Foundation utilised \$520,032 of its cash reserves to support its current campaigns, while maintaining a closing balance of \$1,513,738 to fund its future campaign delivery. The closing cash resources plus future pledged donations underpin the Foundation's commitments for at least the next 12 months.

Regular financial management meetings are held to review revenue, expenditure, and cash position, and to ensure operations align within financial parameters.

### Directors

The name of the Foundation's Directors and officers at any time during or since the end of the financial year of directorships are as follows:

- Ms Patricia Anderson, Director since incorporation (May 2013)
- Mr John P Flecker, Director since incorporation (May 2013)
- Mr Don A Aroney, Director since incorporation (May 2013)
- Mr Jack A Beetson, Director since incorporation (May 2013)
- Ms Wendy Ludwig, Director since 14 November 2018

The company secretary at any time during or since the end of the reporting year is Don A Aroney.

### Directors' qualifications, experience and special responsibilities

- **Director: Patricia Anderson (AO)**  
Pat is an Alyawarre woman known nationally and internationally as a powerful advocate for human rights with a particular focus on the health of Australia's First Peoples. She was awarded the Human Rights Community Individual Award in 2012. Pat has extensive experience in all aspects of Aboriginal health and education, including community development, advocacy, policy formation and research ethics. Pat currently serves as the Chairperson of The Lowitja Institute, Australia's National Institute for Aboriginal and Torres Strait Islander Research, a position she has held since 2009. She has also been the CEO of Danila Dilba Health Service in Darwin, Chair of the National Aboriginal Community Controlled Health Organisation, Executive Officer of the Aboriginal Medical Services Alliance Northern Territory (AMSANT), and was the Chair of the CRC for Aboriginal Health from 2003 to 2009. She has been actively involved with the Literacy Campaign since 2009 as a member of the National Aboriginal Steering Committee overseeing the pilot stage.
- **Director: John Flecker**  
John currently holds the position as the CEO of Multiplex Global ("Multiplex"), a founding partner of the Foundation. As CEO for Multiplex, John has ultimate responsibility for the operational performance of all Construction & Development and Engineering & Infrastructure projects globally delivering over \$6.8BN dollars of projects annually. John brings global knowledge and expertise of managing large complex projects within a strict and transparent operation. John is also a Board member of the Green Building Council of Australia (GBCA) and is Board member and president of the Australian Contractors Association (ACA).

# Directors' report

## Literacy For Life Foundation

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For the year ended 31 December 2019

- **Director and Company Secretary: Don Aroney**  
Drawing on his experience and relationships as Executive Director of Operations (EDO) at Multiplex, Don is well placed to manage and steer the Foundation's legal and financial governance and to draw on Multiplex's own best practice operational platforms and initiatives to ensure the spine of the Foundation remains both strong and professional. Through Don, the Foundation is also able to access advice and direction on the management of large-scale projects and events, risk profiling, media and marketing opportunities, business accreditations and over-arching strategic direction.
- **Executive Director and National Campaign Coordinator: Jack Beetson**  
Jack Beetson has extensive expertise in corporate governance processes having been employed as CEO of several Aboriginal Organisations, including Land Councils in NSW; engaged by the NSW Office of the Registrar of the Aboriginal Land Rights Act, to assist appointed Administrators to bring some LALCs within compliance standards; and led two consultancies for the NSW government on the development & evaluation of a statewide framework for good governance for Aboriginal communities. Jack has completed the Australian Institute for Company Directors course and has been a member of several Boards including Northern Rivers Catchments Management Authority, 2004-2008, and Foundation President, Federation of Independent Aboriginal Educational Providers, 1994-2000.
- **Director: Ms Wendy Ludwig**  
Wendy Ludwig is a Kungarakan and Gurindji woman from Darwin, with considerable executive leadership experience in the tertiary education sector, as well as on community committees and boards of management. She is a current active member of the Kungarakan Cultural and Education Association and has been a Board Director for the Darwin Entertainment Centre since 2016. She joined the Literacy for Life Foundation Board in 2018. Wendy is a Deputy CEO - Vocational Education and Training, at Batchelor Institute. She is a member of the Institute's Executive Leadership Team and provides advice to the CEO and the Institute Council on matters relating to all aspects of Vocational Education and Training, as well as contributing to the overall strategic direction for the Institute. Wendy's previous roles include Director of Operations in the Office of the Pro-Vice Chancellor Indigenous Leadership at Charles Darwin University (CDU). During her time at CDU Wendy was appointed Acting Pro-Vice Chancellor from August 2016-July 2017.

### Board meetings and Directors' attendance

The following is a record of Board Meetings and associated Director attendance for the reporting year:

Meeting Date /Directors	Patricia Anderson	John Flecker	Don Aroney	Jack Beetson	Wendy Ludwig
2 <sup>nd</sup> April 2019 (Extraordinary Meeting)	Apologies	Attended	Attended	Attended	Apologies
8 <sup>th</sup> April 2019 (Board Meeting & AGM)	Attended	Attended	Attended	Attended	Attended
20 <sup>th</sup> August 2019	Attended	Attended	Attended	Attended	Attended
11 <sup>th</sup> November 2019	Attended	Attended	Attended	Attended	Attended

### Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the *Corporations Act 2001* (Cth).

### Winding up contributions

The winding up liability of the Members under the Foundation's Constitution is as follows:

- individually \$AUD 1 per member; and
- in aggregate \$AUD 4.



# Directors' report

## Literacy For Life Foundation

For the year ended 31 December 2019

### Events subsequent to the reporting date

On the 28 February 2019 the Foundation signed an agreement with the Queensland Department of Housing and Public Works for \$1,000,000 to provide a *Yes / Can!* Adult Literacy campaign at Yarrabah. The Campaign is scheduled to begin in the second half of 2020.

Since the end of the year, the directors' of the Foundation are not aware of any other matter or circumstance that would affect significantly the operations of the Foundation, the results of those operations or the state of affairs of the Foundation.

### Likely developments and expected results of operations

It is envisaged that the Foundation will continue to operate in its current form.

### Auditor's independence declaration

The auditor's independence declaration is set out on page 10 and forms part of the Directors' Report for the year ended 31 December 2019.

The Directors' Report is signed in accordance with the resolution of directors.  
On behalf of the Directors



Don A Aroney  
Director  
14 April 2020

Deloitte Touche Tohmatsu  
ABN 74 490 121 060

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The Board of Directors  
Literacy For Life Foundation  
Level 22, 135 King Street  
Sydney NSW 2000

14 April 2020

Dear Board Members

## Literacy For Life Foundation

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Directors of Literacy For Life Foundation.

As lead audit partner for the audit of the financial statements of Literacy For Life Foundation for the financial period ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

*DELOITTE TOUCHE TOHMATSU.*

DELOITTE TOUCHE TOHMATSU

*A. COLEMAN.*

Andrew J Coleman  
Partner  
Chartered Accountants

# Statement of profit or loss and other comprehensive income

## Literacy For Life Foundation

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For the year ended 31 December 2019

	Note	For the year ended 31 Dec 2019 \$	For the period fom 1 Jul 2017 to 31 Dec 2018 \$
Revenue	5	2,047,865	3,259,490
Interest income		22,169	18,071
Administrative expenses	6	(131,326)	(118,094)
Program expenditure	7	(2,017,172)	(2,395,889)
<b>(Deficit) / surplus before income tax</b>		<b>(78,464)</b>	<b>763,578</b>
Income tax expense		-	-
<b>(Deficit) / surplus for the year</b>		<b>(78,464)</b>	<b>763,578</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(78,464)</b>	<b>763,578</b>

The statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

# Statement of financial position

## Literacy For Life Foundation

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As at 31 December 2019

	Note	As at 31 Dec 2019 \$	As at 31 Dec 2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash, term deposits and cash equivalents	8	1,513,738	2,033,770
Trade & other receivables	9	5,994	28,165
Other assets	10	24,018	12,284
<b>Total current assets</b>		<b>1,543,750</b>	<b>2,074,219</b>
<b>Non-current assets</b>			
Property, plant & equipment	11	95,056	57,877
<b>Total non-current assets</b>		<b>95,056</b>	<b>57,877</b>
<b>Total assets</b>		<b>1,638,806</b>	<b>2,132,096</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Contract liabilities	12	598,224	1,073,037
Trade and other payables	13	111,130	149,972
Provisions	14	64,690	19,962
Lease liability	15	29,228	-
<b>Total current liabilities</b>		<b>803,272</b>	<b>1,242,971</b>
<b>Non-current liabilities</b>			
Lease liability	15	24,873	-
<b>Total non-current liabilities</b>		<b>24,873</b>	<b>-</b>
<b>Total liabilities</b>		<b>828,145</b>	<b>1,242,971</b>
<b>Net assets</b>		<b>810,661</b>	<b>889,125</b>
<b>Equity</b>			
Accumulated surplus		810,661	889,125
<b>Total equity</b>		<b>810,661</b>	<b>889,125</b>

The statement of financial position should be read in conjunction with the notes to the financial statements

# Statement of changes in equity

## Literacy For Life Foundation

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For the year ended 31 December 2019

	Accumulated surplus \$
<b>As at 1 January 2019</b>	<b>889,125</b>
Deficit for the year	(78,464)
Other comprehensive income	-
<b>Total comprehensive loss for the year</b>	<b>(78,464)</b>
<b>As at 31 December 2019</b>	<b>810,661</b>

	Accumulated surplus \$
<b>As at 1 July 2017</b>	<b>125,547</b>
Surplus for the period	763,578
Other comprehensive income	-
<b>Total comprehensive income for the period</b>	<b>763,578</b>
<b>As at 31 December 2018</b>	<b>889,125</b>

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

# Statement of cash flows

## Literacy For Life Foundation

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For the year ended 31 December 2019

		For the year ended 31 Dec 2019	For the period fom 1 Jul 2017 to 31 Dec 2018
	Note	\$	\$
<b>Cash flows from operating activities</b>			
Government grants		1,031,981	3,151,696
Donations		217,188	309,996
Corporate sponsorships		478,603	711,288
Interest received		21,617	18,071
Payments to suppliers and employees		(2,251,429)	(2,785,238)
<b>Net cash (outflow) / inflow from operating activities</b>	<b>16</b>	<b>(502,040)</b>	<b>1,405,813</b>
<b>Cash flows from financing activities</b>			
ROU assets lease liability repayments		(17,992)	-
<b>Net cash inflow from financing activities</b>		<b>(17,992)</b>	<b>-</b>
Net (decrease) / increase in cash, term deposits and equivalents held		(520,032)	1,405,813
Cash, term deposits and cash equivalents at the beginning of the period		2,033,770	627,957
<b>Cash, term deposits and cash equivalents at the end of the period</b>	<b>8</b>	<b>1,513,738</b>	<b>2,033,770</b>

The statement of cash flows should be read in conjunction with the notes to the financial statements.

# Notes to the financial statements

## Literacy For Life Foundation

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For the year ended 31 December 2019

### 1. Nature of operations

The principal activity of the Literacy for Life Foundation (the "Foundation") is to significantly reduce the rate of illiteracy within the Aboriginal adult population. This will be enacted by engaging with communities and planning, leading, managing, advising on, and resourcing the delivery of literacy campaigns within remote and metropolitan communities. Activities include engaging local personnel and producing resources and materials to support all phases of the literacy campaigns and securing and disbursing funds to affect the objectives of the Foundation.

During 2018 the Foundation elected to change its reporting year end from 30 June to 31 December. The prior period values are presented over an 18 month period, while the current period values are presented over a 12 month period to December 2019. The decision to elect for the change was to align the delivery timeframe of our campaigns to the Foundation's reporting period.

The Foundation was incorporated on 7 May 2013.

### 2. Statement of compliance

The general purpose financial statements of the Foundation have been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, the *Charitable Fundraising Act 1991 (NSW)*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"). A statement of compliance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") cannot be made due to the Foundation applying not-for-profit specific requirements contained in the Australian Accounting Standards.

The Foundation is a private company limited by guarantee incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Level 22, 135 King Street, Sydney, NSW, Australia.

The financial statements for the year ended 31 December 2019 were approved and authorised for issue by the board of directors on 14 April 2020.

### 3. Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical cost. Costs are based on the fair values of the consideration given in exchange for assets. All amounts are in Australian Dollars, unless otherwise noted.

In the current year, the Foundation had adopted all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for the current reporting year.

The financial report has been prepared on a going concern basis.

### 4. Summary of accounting policies

#### a. Revenue

Revenue comprises revenue from donations and corporate sponsorships and government grants.

The Foundation has separate recognition criteria for each revenue raising activity and is dependent on the underlying contract, if one exists details of the activity-specific recognition criteria are described below.

#### **Government grants**

A number of the Foundation's programs are supported by grants received from the federal, state and local governments. Where a grant is received on the condition that specified services are delivered to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services on the program associated with the grant are performed and at year end a liability is recognised for the services on the program that are not yet performed.

Revenue from a non-reciprocal grant that is not subject to performance obligation is recognised on receipt of the funds at the transaction price.

Where the Foundation receives a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

# Notes to the financial statements

## Literacy For Life Foundation

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For the year ended 31 December 2019

### Summary of accounting policies (continued)

#### Revenue (continued)

##### **Donations, bequests and corporate sponsorships**

Donations collected, including cash, are recognised on receipt of the donation at the transaction price less any fees related to the collection of the funds.

Bequests are recognised when the legacy is received. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the Foundation becomes legally entitled to the shares or property.

Corporate sponsorships are recognised on receipt of the funds at the transaction price.

##### **Interest income**

Interest income is recognised on an accrual basis using the effective interest method.

##### **b. Operating expenses**

Expenses are recognised upon utilisation of the service or at the date of their origin.

##### **c. Income taxes**

No provision for income tax has been raised as the Foundation is exempt from income tax under Section 50-5 of the *Income Tax Assessment Act 1997*.

##### **d. Cash, term deposits and cash equivalents**

Cash, term deposits and cash equivalents comprises cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts and of cash and which are subject to an insignificant risk of changes in value and amounts held in term deposits of varying maturity dates.

##### **e. Leases**

The Foundation assesses whether a contract is, or contains, a lease at inception of the contract and recognises a right of use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which it is a lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

For short-term leases and leases for low value assets, the Foundation recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the future lease payments, discounted using the implicit interest rate. Lease payments included in the measurement of the lease liability comprise i) fixed lease payments, less any lease incentives; ii) the exercise price of purchase options, if it is reasonably certain that the option will be exercised; and iii) payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The ROU asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. The ROU asset is subsequently measured at cost less accumulated depreciation and impairment losses. It is depreciated over the shorter period of the lease term and useful life of the underlying asset.

The Foundation has applied judgment and estimates in the application of AASB 16 *Leases* ("AASB 16"), including: i) identifying whether a contract (or part of a contract) includes a lease; ii) determining whether it is reasonably certain that lease extension or termination options will be exercised in determining lease terms; and iii) determining the appropriate rate to discount the lease payments.



# Notes to the financial statements

## Literacy For Life Foundation

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For the year ended 31 December 2019

### Summary of accounting policies (continued)

#### Leases (continued)

The Foundation has elected to apply the following practical expedients in its application of AASB 16 to:

- recognise the payments associated with short-term and low value leases as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed;
- apply a consistent discount rate across all Australian leases due to the similarity in financial characteristics as allowed by the portfolio approach; and
- separate non-lease components.

#### f. Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a GST-inclusive basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

#### g. Economic dependence

The Foundation is dependent upon the ongoing receipt of community and corporate donations to ensure the ongoing continuance of its programs. At the date of this report management has no reason to believe that this financial support will not continue.

#### h. Depreciation of property, plant and equipment

Depreciation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment, taking into account estimated residual values.

Assets are depreciated from the date of acquisition.

The residual values and useful lives of the assets are reviewed, and the depreciation rate and methods adjusted if appropriate, on an annual basis. When these changes are made the adjustments are reflected prospectively in current and future years only.

The depreciation rates used for each class of asset are as follows:

Asset class	Rate	Method
Motor vehicle	20 %	Straight-line

#### i. Provisions

Liabilities for employee benefits, including annual leave, expected to be settled within 12 months of the reporting date are recognised as current provisions. The provisions recorded are in respect of employee services provided up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### j. Impact of changes in accounting standards and interpretations

The Foundation has applied the new and revised standards issued by the AASB that are effective for the year beginning on or after 1 January 2019 as follows:

##### a. AASB 1058 – *Income of Not-for-Profit Entities* ("AASB 1058")

This standard applies to not-for-profit ("NFP") entities and simplifies the income recognition requirements, in conjunction with the introduction of AASB 15 *Revenue from Contracts with Customers* ("AASB 15"). The standard introduces principles that apply to the following types of transactions:

- where the consideration to acquire an asset is significantly less than its fair value principally to enable the entity to further its objectives; and
- the receipt of volunteer services.

# Notes to the financial statements

## Literacy For Life Foundation

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For the year ended 31 December 2019

### Summary of accounting policies (continued)

#### Impact of changes in accounting standards and interpretations (continued)

The Foundation has reviewed the guidance under AASB 1058 and assessed it against the revenue recognition policies brought into effect with the introduction of AASB 15. It was determined that these policies meet the criteria set out in AASB 1058 and that there was nil impact on the Foundation.

#### b. AASB 16 Leases

The new standard brings most leases onto the consolidated statement of financial position, eliminating the distinction between operating and financing leases and creates a new asset class called ROU assets. AASB 16 supersedes AASB 117 *Leases* and related interpretations. The revised accounting policy has been documented in note 4(e).

The Foundation has adopted AASB 16 using the modified retrospective method, whereby any impact is recorded in equity as at 1 January 2019 and comparative periods are not restated. In applying AASB 16 for the first time, the Foundation has applied the following practical expedients permitted by the standard.

These practical expedients are only available upon adoption and cannot be applied for any new lease executed after adoption:

- operating leases with a remaining lease term of less than 12 months as of 1 January 2019 are treated as short-term leases;
- the application of the policy choice option on adoption to measure the ROU assets at an amount equal to the lease liabilities, adjusted for any prepaid or accrued lease payments;
- exclude initial direct costs from the measurement of the ROU asset at the initial date of application; and
- to not reassess whether a contract is, or contains, a lease at the date of initial application for any contracts that were not previously identified as a lease when applying AASB 117 and International Financial Reporting Interpretations Committee Interpretation 4.

After applying the above practical expedients it was determined that on adoption of AASB 16 there would be nil impact to the Foundation, including equity.

Disclosures required under AASB 16 for the year ended 31 December 2019 (2018: \$Nil) are as follows:

Expense	\$
Lease liability interest	5,111
Short-term leases	23,596
Low value leases	-

#### c. AASB 2018-4 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors* ("AASB 2018-4")

This standard applies for NFP entities and includes implementation guidance and illustrative examples to AASB 15 to provide:

- guidance to distinguish a licence from a tax;
- clarification on the application of AASB 15 for revenue from 'non-intellectual property' licenses; and
- practical recognition exemptions for short term or low value licenses issued by NFP sector licensors.

AASB 2018-4 also amends AASB 16 to clarify its scope.

The Foundation has reviewed the guidance under AASB 2018-4 and assessed it against the policies brought into effect with the introduction of both AASB 15 and AASB16. It was determined that these policies meet the criteria set out in AASB 2018-4 and that there was nil impact on the Foundation.

#### k. Standards and interpretations issued not yet effective

At the date of authorisation of the financial report, the Foundation was not aware of any standards and interpretations in issue but not yet effective that will impact the Foundation's future financial reports.

# Notes to the financial statements

## Literacy For Life Foundation

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For the year ended 31 December 2019

	Year ended 31 Dec 2019	For the period fom 1 Jul 2017 to 31 Dec 2018
	\$	\$
<b>5. Revenue</b>		
Corporate sponsorships	435,093	646,626
Government grants	1,369,813	2,302,195
Donations	217,317	254,979
In-kind Multiplex donations (i)	25,642	55,690
<b>Total revenue</b>	<b>2,047,865</b>	<b>3,259,490</b>

(i) In-kind donations are pro-bono services provided by Multiplex. The estimated cost of these services provided are listed in Note 6.

	Year ended 31 Dec 2019	For the period fom 1 Jul 2017 to 31 Dec 2018
	\$	\$
<b>6. Administrative Expenses</b>		
Audit & accounting fees	64,358	23,933
Bank fees	617	971
Multiplex in-kind consulting fees – marketing and communication	7,439	21,254
Multiplex in-kind consulting fees – business services	16,235	23,194
Multiplex in-kind consulting fees – accounting	1,967	11,242
Other	40,710	37,500
<b>Total administrative expenses</b>	<b>131,326</b>	<b>118,094</b>

	Year ended 31 Dec 2019	For the period fom 1 Jul 2017 to 31 Dec 2018
	\$	\$
<b>7. Program expenditure</b>		
Campaign costs (ii)	2,017,172	2,395,889
<b>Total programe expenditure</b>	<b>2,017,172</b>	<b>2,395,889</b>

(ii) Campaign costs consist of costs incurred in the process of undertaking literacy programs in NSW within the communities of Collarenebri and Campbelltown, and in NT within the Ltyentye Apurte/Santa Teresa community.

# Notes to the financial statements

## Literacy For Life Foundation

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For the year ended 31 December 2019

	As at 31 Dec 2019 \$	As at 31 Dec 2018 \$
<b>8. Cash, term deposits and cash equivalents</b>		
Cash at bank (iii)	642,507	2,022,532
Term deposits	859,646	-
Petty cash	11,585	11,238
<b>Total cash &amp; cash equivalents</b>	<b>1,513,738</b>	<b>2,033,770</b>

(iii) Cash at bank is held on call deposits with Bendigo Bank and NAB. The term deposits are also held with Bendigo Bank.

	As at 31 Dec 2019 \$	As at 31 Dec 2018 \$
<b>9. Trade and other receivables</b>		
Trade receivables	802	673
Net GST receivable	-	22,131
Other deposits	5,192	5,361
<b>Total trade and other receivables</b>	<b>5,994</b>	<b>28,165</b>

	As at 31 Dec 2019 \$	As at 31 Dec 2018 \$
<b>10. Other assets</b>		
Prepayments	24,018	12,284
<b>Total other assets</b>	<b>24,018</b>	<b>12,284</b>

	As at 31 Dec 2019 \$	As at 31 Dec 2018 \$
<b>11 Property, plant &amp; equipment</b>		
<b>Motor vehicles</b>		
Carrying amount at beginning of the year	57,877	92,374
Additions (iv)	72,092	-
Depreciation expense (v)	(34,913)	(34,497)
<b>Carrying amount at end of the year (v)</b>	<b>95,056</b>	<b>57,877</b>

(iv) The additions in the year relate to motor vehicles acquired under a financing lease arrangement.

(v) Depreciation expense on ROU assets for the year is \$11,987 (2018: \$nil). The ROU assets carrying amount for the year ended 31 December 2019 is \$60,105 (2018: \$nil).

# Notes to the financial statements

## Literacy For Life Foundation

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For the year ended 31 December 2019

	As at 31 Dec 2019 \$	As at 31 Dec 2018 \$
<b>12. Contract liabilities</b>		
Grants in advance	598,224	1,073,037
<b>Total contract liabilities</b>	<b>598,224</b>	<b>1,073,037</b>

	As at 31 Dec 2019 \$	As at 31 Dec 2018 \$
<b>13. Trade and other payables</b>		
Trade creditors	23,765	9,626
Audit fee accrual	9,909	7,000
Campaign accrual	56,676	108,749
Net GST payable	8,139	-
Other payables and accruals	12,641	24,596
<b>Total trade &amp; other payables</b>	<b>111,130</b>	<b>149,972</b>

	As at 31 Dec 2019 \$	As at 31 Dec 2018 \$
<b>14. Provisions</b>		
Employee entitlements	64,690	19,962
<b>Total provisions</b>	<b>64,690</b>	<b>19,962</b>

	As at 31 Dec 2019 \$	As at 31 Dec 2018 \$
<b>15. Lease liabilities</b>		
<b>Current lease liabilities</b>		
Lease liability (vi)	29,228	-
<b>Total current lease liabilities</b>	<b>29,228</b>	<b>-</b>
<b>Non-current lease liabilities</b>		
Lease liability (vi)	24,873	-
<b>Total non-current lease liabilities</b>	<b>24,873</b>	<b>-</b>

(vi) The lease liabilities relate to the acquisition of two motor vehicles under a financing lease arrangement in 2019, with treatment in line with the introduction of AASB 16 (2018: \$nil).

# Notes to the financial statements

## Literacy For Life Foundation

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For the year ended 31 December 2019

	Year Ended 31 Dec 2019	For the period from 1 July 2017 to 31 Dec 2018
	\$	\$
<b>16. Reconciliation of cash flows from operating activities</b>		
<b>Cash flows from operating activities</b>		
Net (deficit) / surplus for the year	(78,464)	763,578
<b>Non-cash items from operating activities</b>		
Donation from related party	25,642	55,690
In-kind Multiplex expense	(25,642)	(55,690)
<b>Non-operating or non-cash items</b>		
Depreciation expense	34,913	34,497
<b>Net changes in working capital:</b>		
(Decrease) / increase in revenue in advance	(474,813)	660,532
Increase in provisions	44,728	19,962
(Decrease) in payables	(38,841)	(50,712)
Decrease / (increase) in receivables	22,171	(15,598)
(Increase) in other assets	(11,734)	(6,446)
<b>Net cash from operating activities</b>	<b>(502,040)</b>	<b>1,405,813</b>

### 17. Events subsequent to the reporting date

On the 28 February 2019 the Foundation signed an agreement with the Queensland Department of Housing and Public Works for \$1,000,000 to provide a *Yes / Can!* Adult Literacy campaign at Yarrabah, with the campaign to start in during the second half of 2020.

The directors' of the Foundation are not aware of any other matter or circumstance, not otherwise dealt with in the financial statements, that would significantly affect the Foundations' operations, the results of those operations or its state of affairs.

### 18. Auditor's remuneration

The auditor of the Foundation is Deloitte Touche Tohmatsu. Auditor's remuneration will be paid by the Foundation for the year ended 31 December 2019.

### 19. Related party transactions

Related parties of the Foundation include its key management personnel and related entities as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are settled in cash.

#### Transactions with key management personnel

Key management of the Foundation are the executive members of Literacy For Life Foundation's Board of Directors and members of the executive council. Key Management Personnel remuneration includes the following expenses:

- The Foundation have contracted Mr Jack Beetson as Executive Director of the Foundation. During the year ended 2019 Mr Beetson was paid \$83,287 (for the 18 month period to 31 December 2018; \$242,739). There was no outstanding balance at reporting date under review.
- Mr John Flecker and Mr Don Aroney as Directors of the Foundation are also employees of Multiplex, principal patron of the Foundation. They provide their services to the Foundation in a personal capacity and have not received any remuneration during the year ended 31 December 2019 and the period ending 31 December 2018.

# Notes to the financial statements

## Literacy For Life Foundation

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For the year ended 31 December 2019

### 20. Contingent liabilities

There are no contingent liabilities that have been incurred by the Foundation in relation to the year ended 31 December 2019.

### 21. Capital management policies and procedures

Management controls the capital of the Foundation to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised. The Board and management ensure that the overall risk management strategy is in line with this objective.

The Foundation's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the Foundation's capital by assessing the Foundation's financial risk and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

### 22. Members guarantee

The Foundation is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Foundation is wound up, the constitution states that each member is required to contribute a maximum \$1 each towards meeting any outstanding obligations of the Foundation. At 31 December 2019, the total amount that members of the Foundation are liable to contribute if the Foundation wound up is \$4.

### 23. Segment information

The Foundation's operations for the year ended 31 December 2019 are to significantly reduce the rate of illiteracy within the Aboriginal adult population. The Directors consider this to be one business segment and all activity takes place within Australia.

### 24. Additional information required to be furnished under the Charitable Fundraising Act 1991

(a) Statement showing how funds were applied to charitable purposes

- During the year, the Foundation received gross income of \$2,047,865 from grants, donations and sponsorships.
- The Foundation spent \$2,148,498 during the year.

(b) Monetary figures and percentages:

	Year ended 31 Dec 2019	Year ended 31 Dec 2019	For the period from 1 Jul 2017 to 31 Dec 2018	For the period from 1 Jul 2017 to 31 Dec 2018
	%	\$	%	\$
Total comprehensive income / Gross income from grants, donations and sponsorships	-4%	(78,464)	23%	763,578
		2,047,865		3,259,490
Total campaign cost / Total expenditure	94%	2,017,172	95%	2,395,889
		2,148,498		2,513,982
Total expenditure/ Total income received	104%	2,148,498	77%	2,513,983
		2,070,034		3,277,561

# Responsible persons Literacy For Life Foundation

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For the year ended 31 December 2019

## Responsible persons

The responsible persons declare that:

- (a) in the responsible persons opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the responsible persons opinion, the attached financial statements and notes thereto are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and the Charitable Fundraising Act 1991(NSW) including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the board members made pursuant to s.60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013.

On behalf of the responsible persons.



Don A Aroney  
14 April 2020  
Sydney, NSW

## Declaration by the Board of Directors in respect of fundraising appeals

In the opinion of the Board of Directors:

- (a) the financial statements for the year ended 31 December 2019 give a true and fair view of all income and expenditure of Literacy for Life Foundation Limited with respect to fundraising appeals; and the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals; and
- (b) the provisions of the Charitable Fundraising Act 1991(NSW) and the regulations under that Act and the conditions attached to the authority have been complied with.
- (c) the internal controls exercised by Literacy for Life Foundation are appropriate and effective in accounting for all income received from any fundraising appeals and the application thereof.

On behalf of the Directors



Don A Aroney  
14 April 2020  
Sydney, NSW



## Independent Auditor's Report to the members of Literacy for Life Foundation

We have audited the financial report of Literacy for Life Foundation (the "Entity"), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration as set out on pages 11 to 24.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- (i) giving a true and fair view of the Entity's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the Entity's Directors' Report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of Management and Directors for the Financial Report*

Management of the Entity is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC Act and for such internal control as management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*DELOITTE TOUCHE TOHMATSU*

DELOITTE TOUCHE TOHMATSU

*A. COLEMAN.*

Andrew J Coleman  
Partner  
Chartered Accountants  
Sydney, 14 April 2020