

The Footpath Library Limited

ABN 29 128 893 667

Financial Statements

For the Year Ended 31 December 2016

The Footpath Library Ltd

ABN 29 128 893 667

DIRECTORS' REPORT

Your directors present this report on the entity for the financial year ended 31 December 2016.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Sarah Garnett

Barbara McKellar

Rhoni Stokes (resigned November 2016)

Caroline Trotman (resigned April 2016)

Richard Bean

James Price

Nicolas Deloux (appointed June 2016)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on Directors

Sarah Garnett

Qualifications AICD Not For Profit Director's course 2009

Experience Director – Shooting Picture Partners

Barbara McKellar

Qualifications BA, TAFE qualified Literacy and Numeracy volunteer tutor, Advanced Certificate in Executive Coaching, Certificate IV: Workplace Training & Assessment

Experience Consultant, facilitator and coach, specialising in communication, leadership and teamwork. Board Member Carriageworks Board 6 years (2007-2012) Acting Chair (2010-2012) Director/CEO, Potential Unlimited Learning & Development Solutions Pty Ltd (1993 to present).

Rhoni Stokes

Qualifications Master of Management; Graduate Diploma in Business Management, Massey University, Albany, Auckland, Bachelor of Arts in Communication, Sturt University, Bathurst

Experience Rhoni Stokes is currently National Manager Communications with Life Without Barriers

Richard Bean

Qualifications Degree English literature (honours) and philosophy, University of Sydney
Law degree, University of New South Wales.

Experience Richard Bean is currently Deputy Chairman of the Australian Communications and Media Authority.

James Price

Qualifications Bachelor of Science degree – 1979 University of Sydney

Post Graduate Diploma in Marketing – 1994 University of Technology Sydney

Experience James Price is retired. He has held executive leadership positions in Australia, South East Asia and the USA with Pfizer Inc.

Nicolas Deloux

Qualifications Bachelor of Economics and Politics - Institute of Political Studies, Grenoble, France
Masters of International Studies – University of Sydney

Experience Nicolas Deloux is currently Associate Director of Social Ventures Australia. He has worked in fundraising and consulting for international NGOs and companies specialising in corporate responsibility and sustainable transport.

The Footpath Library Ltd

ABN 29 128 893 667

DIRECTORS' REPORT

Principal Activities

The principal activity of the entity during the financial period was as a charitable organisation involved in the delivery of a regular supply of books to homeless people living in hostels and on the streets, and through community organisations.

The company's short-term objectives are to:

- Provide new and second-hand books to homeless people living in hostels and refuges and to community organisations in Sydney, Brisbane, Melbourne and Perth.
- Encourage literacy
- Change society's attitude to homeless people in our communities

The company's long-term objectives are to:

- Establish literacy projects in homeless hostels and refuges
- Operate mobile services in every city of Australia where The Footpath Library is active

To achieve these objectives, the company has adopted the following strategies:

- The entity strives to attract and retain Board members and volunteers who are committed to working with homeless people. The entity believes that attracting and retaining quality Board members and volunteers will assist with the success of the entity in both the short and long term.
- Board members and volunteers work in partnership with a range of corporate stakeholders, and this is evidenced by ongoing support of the entity's projects and initiatives. The company ensures corporate stakeholders understand and are committed to the objectives of the entity through ongoing communication.

A summary of the companies major activities include:

- Changed the organisation's structure – Operations Manager two days per week, casual Admin Asst.
- Judging and awards of short story competition in August 2016.
- Appointed 1 new board member
- Had a successful level of PR after appointing a pro bono PR company
- Increased number of hostel and mobile libraries
- Distributed over 28,000 books
- Instigated CRM platform suitable for NFP
- Conducted research into a trial literacy program
- Rented subsidised office space
- Instigated research into literacy program requirements amongst homeless people
- Held a workshop at KPMG to obtain advice from high wealth individuals/ representatives of trusts/foundations

Meetings of Directors

During the financial year, 9 meetings of directors were held. Attendances by each director were as follows:

	Number eligible to attend	Number attended
Sarah Garnett	9	7
Barbara McKellar	9	9
Rhoni Stokes	9	6
Richard Bean	9	9
James Prices	9	8
Nicolas Deloux	6	6

The Footpath Library Ltd

ABN 29 128 893 667

DIRECTORS' REPORT

The entity is incorporated under the *Corporations Act 2001* as a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. At 31 December 2016, the number of members was 4.

Auditor's Independence Declaration

The lead auditor's independence declaration for the period ended 31 December 2016 has been received and can be found on page immediately following this directors' report.

Signed in accordance with a resolution of the Board of Directors.

Director



Sarah Garnett

Dated:

12-4-17

The Footpath Library Ltd

ABN 29 128 893 667

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015
		\$	\$
Revenue	2b	85,715	71,201
Insurance expenses	2a	(4,062)	(3,851)
Administrative expenses	2a	(27,083)	(21,535)
Other expenses	2a	(7,624)	(14,713)
Payroll expenses	2a	(69,996)	(71,453)
Loss before income tax		(23,050)	(40,351)
Income tax expense		-	-
Loss for the year		(23,050)	(40,351)
Other comprehensive income after income tax		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(23,050)	(40,351)
Total comprehensive income attributable to members of the entity		(23,050)	(40,351)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016	2015
		\$	\$
ASSETS			
Current Assets			
Cash	3	76,849	94,638
Prepayments		2,989	1,613
Total Current Assets		79,838	96,251
Non-Current Assets			
Property, Plant and Equipment	4	19,697	23,345
Total Non-Current Assets		19,697	23,345
Total Assets		99,535	119,596
LIABILITIES			
Payables	5	9,474	6,485
Total Liabilities		9,474	6,485
NET ASSETS		90,061	113,111
EQUITY			
Retained Earnings		90,061	113,111
TOTAL EQUITY		90,061	113,111

The accompanying notes should be read in conjunction with these financial statements.

The Footpath Library Ltd

ABN 29 128 893 667

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$	2015 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from external sources		84,513	69,705
Payments to suppliers		(103,088)	(101,559)
Interest received		786	1,496
Net Cash Generated from Operating Activities	6	<u>(17,789)</u>	<u>(30,358)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of plant and equipment		-	-
Payments for plant and equipment		-	-
Net Cash Used in Investing Activities		-	-
Net Decrease in Cash Held		(17,789)	(30,358)
Cash at the beginning of the financial year		94,638	124,996
Cash at the end of the financial year	3	<u>76,849</u>	<u>94,638</u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Retained Earnings \$	Total \$
Balance at 31 December 2014	153,462	153,462
Comprehensive income		
Loss for the year	(40,351)	(40,351)
Other comprehensive income	-	-
Total comprehensive income	<u>(40,351)</u>	<u>(40,351)</u>
Balance at 31 December 2015	<u>113,111</u>	<u>113,111</u>
Comprehensive income		
Loss for the year	(23,050)	(23,050)
Other comprehensive income	-	-
Total comprehensive income	<u>(23,050)</u>	<u>(23,050)</u>
Balance at 31 December 2016	<u>90,061</u>	<u>90,061</u>

The accompanying notes should be read in conjunction with these financial statements.

The Footpath Library Ltd

ABN 29 128 893 667

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the members. The company is not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared in accordance with the requirements of the following applicable Australian Accounting Standards and Australian Accounting Interpretations:

AASB 101: Presentation of Financial Statements

AASB 107: Statement of Cash Flows

AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors

AASB 110: Events after the End of the Reporting Period

AASB 1048: Interpretation and Application of Standards

AASB 1054: Australian Additional Disclosures

No other Accounting Standards, Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The directors have determined that the accounting policies described below, which are consistent with those of previous periods unless otherwise stated, are appropriate to meet the needs of members.

The financial statements were authorised for issue on 12/04/2017 by the directors of the company.

Going Concern

The financial report has been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations and that the realisation of assets and liabilities will occur in the normal course of business.

The entity has made a net loss of \$23,050 for the year ended 31 December 2016. As at 31 December 2016 the entity has net cash reserves of \$76,849 and a net current asset surplus of \$70,364.

The ability to continue operating as a going concern is principally dependent upon the ability of the entity to continue to generate positive operating cash flows from donors or grant providers and the ability to restructure the costs so as to be able to provide the minimal level of service.

These conditions give rise to a material uncertainty over the entity's ability to continue as a going concern.

The Directors of the entity are of the opinion that the going concern basis remains appropriate after considering the following mitigating factors:

- The entity has historically received large donations to fund their operating activities, and it is expected that the entity will be able to fund its future activities through further donations and bequests;
- The entity has a positive working capital position of \$70,364 at 31 December 2016; and
- The entity has the ability to further scale back certain parts of their activities that are non-essential so as to conserve cash.

Should the entity be unable to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

The Footpath Library Ltd

ABN 29 128 893 667

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities as appropriate.

Accounting Policies

The Significant accounting policies that have been used in the preparation of these financial statements are summarised below.

a. Revenue

i. Revenue from Donations

The company receives contributions of goods and services as charitable gifts in kind. These goods and services have a nil replacement value as they would be replaced by other donated goods and services. Revenue from the donation of these goods and services is not included in the financial statements other than as defined under donations and bequests.

Revenue from donations and bequests is recognised when control of the revenue is obtained.

ii. Interest Income

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

b. Employee Benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related services. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating accrual leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

c. Cash and Cash Equivalents

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

d. Goods and Services Tax (GST)

From 1 July 2016, the organisation was registered for GST. Revenues and expenses are recognised net of GST. Cash flows are presented in the Statement of Cashflows on a gross basis.

e. Income Tax

The company has Deductible Gift Recipient status and is exempt from the income tax provisions of the Income Tax Assessment Act 1997.

f. Property, Plant and Equipment

Motor vehicles and other equipment (comprising computers) are initially recognised at acquisition cost of manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management. Motor vehicles and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of motor vehicle and other equipment. The following useful lives are applied:

- Computer Equipment – 4 years
- Motor Vehicle – 10 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of Property, Plant and Equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

g. New Accounting Standards for Application in Future Periods

The Footpath Library Ltd

ABN 29 128 893 667

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. The company does not expect these changes in reporting requirements to have a material effect on the company's financial statements when they are first applied.

h. Critical Accounting Estimates and Judgments

There are no critical accounting estimates and judgements incorporated into the financial statements.

The Footpath Library Ltd

ABN 29 128 893 667

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
NOTE 2: PROFIT BEFORE INCOME TAX		
a. Expenses		
Subscriptions	1,648	1,056
Insurance	4,062	3,851
Administration	27,383	21,535
Employee benefits expense	312	4,975
Seminar & Training	465	3,343
Motor Vehicle expenses	1,864	1,692
Depreciation	3,648	3,647
Payroll	69,684	71,453
	<u>109,065</u>	<u>111,552</u>
b. Significant Revenue		
The following significant revenue items are relevant in explaining the financial performance of the company:		
Grants	-	30,300
Bequests	51,500	-
Third party event	-	22,600
Donations	33,729	16,805
	<u>85,229</u>	<u>69,705</u>
NOTE 3: CASH		
Cash at bank	<u>76,849</u>	<u>94,638</u>
NOTE 4: PLANT & EQUIPMENT		
Motor Vehicle	28,000	28,000
Less accumulated depreciation	(8,538)	(5,738)
	<u>19,462</u>	<u>22,262</u>
Computer Equipment	3,393	3,393
Less accumulated depreciation	(3,158)	(2,310)
	<u>235</u>	<u>1,083</u>
Total Plant and Equipment	<u>19,697</u>	<u>23,345</u>

The Footpath Library Ltd

ABN 29 128 893 667

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
NOTE 5: TRADE & OTHER PAYABLES		
Current		
Provision for annual leave	5,287	4,975
Trade Payables	4,187	1,510
Total Trade & Other Payables	<u>9,474</u>	<u>6,485</u>

NOTE 6: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss after income tax

Loss after income tax	(23,050)	(40,351)
Adjustments to loss after income tax:		
Depreciation	3,648	3,647
Changes in operating assets and liabilities:		
Decrease / (Increase) in prepayments	(200)	(139)
(Decrease) / Increase in accounts payable	2,677	1,510
(Decrease) / Increase in provisions	312	4,975
Decrease / (Increase) in receivables	(1,176)	-
Cash flows generated from operating activities	<u>(17,789)</u>	<u>(30,358)</u>

Note 7: ENTITY DETAILS

The registered office and principal place of business of the company is:

101 Bungan Head Road
Newport NSW 2106

Note 8: MEMBERS' GUARANTEE

The entity is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the company. At 31 December 2016, the number of members was 4.

NOTE 9: CONTINGENT LIABILITIES

There are no contingent liabilities that have been incurred in relation to the year ended 31 December 2016.

The Footpath Library Ltd

ABN 29 128 893 667

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 10: EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in the future years.

The Footpath Library Ltd

ABN 29 12 893 667

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

A. The financial statements and notes:

- i. comply with Australian Accounting Standards as described in Note 1 to the financial statements; and
- ii. give a true and fair view of the financial position as at 31 December 2016 and of the performance for the period ended on that date of the company in accordance with the accounting policies described in Note 1 to the financial statements.

B. In the directors' 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.

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

Director



Sarah Garnett

Dated: 12 April 2017

INDEPENDENT AUDITOR'S REPORT

To the members of The Footpath Library Limited

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of The Footpath Library Limited, which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had the limitation on the scope of our work as discussed in the Basis for Qualified Opinion paragraph not existed, the financial report present fairly, in all material respects, the financial position of The Footpath Library Limited as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with the accounting policies outlined in Note 1 to the financial statements.

Basis for Qualified Opinion

As is common for organisations of this type, it is not practical for the company to maintain an effective system of internal control over donations until their initial entry in the accounting records. Accordingly, our audit in relation to this type of income was limited to the entries recorded.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to meet the needs of the members. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The directors of the company are responsible for the other information. The other information comprises the Directors' Report.

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

In connection with our audit of the financial report, our responsibility is to read the other information 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 directors' for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_files/ar3.pdf.

This description forms part of our auditor's report.

BDO Audit Pty Ltd



A J Whyte

Director

Brisbane, 12 April 2017