

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 2014.

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

Bob Allo (resigned February 2015)

Rhoni Stokes

Richard Bean (joined March 2014)

James Price (joined February 2015)

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 – Itchy Feet Films Pty Ltd, Shooting Picture Partners Pty Ltd

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).

Bob Allo

Qualifications —

Experience — Bob Allo is retired. He was in Sales and Marketing for 35 years and his business process outsourcing company, QM Technologies floated on the ASX in 2005.

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.

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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 and disadvantaged 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 and disadvantaged people living in hostels 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 shelters
- Operate mobile services in every city of Australia where The Footpath Library is active
- Develop a model that can be used in regional areas by local libraries in providing books to homeless people in their communities.

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 and employed a Managing Director for 2 days per week in January 2014 and an Operations Manager for 3 days per week in June 2014.
- Updated vision and engaged a consultant to develop a resourcing strategy
- Worked with a pro-bono consultant to develop fundraising strategy
- Established branch in Perth
- Started a mobile library service in Melbourne in June 2014
- Judging and awards of Poetry competition in February 2014
- Appointed 1 new board member
- Had a successful level of PR
- Increased volunteer positions, including a social media volunteer, a website editor and volunteer drivers
- Increased social media activity
- Increased number of libraries by 6
- Distributed 27,895 books

Meetings of Directors

During the financial year, 8 meetings of directors were held. Attendances by each director were as follows:

	Number eligible to attend	Number attended
Sarah Garnett	8	6
Barbara McKellar	8	8
Bob Allo	8	4
Rhoni Stokes	8	8
Richard Bean	7	6
James Prices	-	-

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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 2014, the number of members was 4.

Auditor's Independence Declaration

The lead auditor's independence declaration for the period ended 31 December 2014 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 this

20

day of

May

2015.



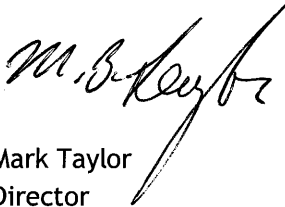
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DECLARATION OF INDEPENDENCE BY MARK TAYLOR TO THE DIRECTORS OF THE FOOTPATH LIBRARY LIMITED

As lead auditor of The Footpath Library Limited for the year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Mark Taylor
Director

BDO Audit Pty Ltd

Brisbane, 28 May 2015

The Footpath Library Ltd
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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$	2013 \$
Revenue		109,174	142,200
Insurance expenses	2	(3,579)	(4,164)
Administrative expenses	2	(26,245)	(20,857)
Other expenses	2	(8,041)	(11,059)
Payroll expenses	2	(78,095)	(49,127)
Profit before income tax		(6,786)	56,993
Income tax expense		-	-
Profit for the year		(6,786)	56,993
Other comprehensive income after income tax		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(6,786)	56,993
Total comprehensive income attributable to members of the entity		(6,786)	56,993

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

ASSETS

CURRENT ASSETS

Cash	3	124,996	129,794
Prepayments		1,474	1,097
TOTAL CURRENT ASSETS		126,470	130,891

NON-CURRENT ASSETS

Plant & Equipment	4	26,992	30,639
TOTAL NON-CURRENT ASSETS		26,992	30,639

TOTAL ASSETS

153,462 161,530

LIABILITIES

Payables		-	1,282
TOTAL LIABILITIES		-	1,282

NET ASSETS

153,462 160,248

EQUITY

Retained Earnings		153,462	160,248
TOTAL EQUITY		153,462	160,248

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

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STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$	2013 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from external sources		107,564	140,544
Payments to suppliers		(113,972)	(78,781)
Interest received		1,610	1,656
Net cash generated from operating activities	5	<u>(4,798)</u>	<u>63,419</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of plant and equipment		-	5,000
Payments for plant and equipment		-	(31,393)
Net cash used in investing activities	5	<u>-</u>	<u>(26,393)</u>
Net increase in cash held		(4,798)	37,026
Cash at the beginning of the financial year		129,794	92,768
Cash at the end of the financial year	3	<u><u>124,996</u></u>	<u><u>129,794</u></u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Retained Earnings \$	Total \$
Balance at 31 December 2012	103,255	103,255
Comprehensive income		
Profit for the year	56,993	56,993
Other comprehensive income	-	-
Total comprehensive income	<u>56,993</u>	<u>56,993</u>
Balance at 31 December 2013	<u>160,248</u>	<u>160,248</u>
Comprehensive income		
Profit for the year	(6,786)	(6,786)
Other comprehensive income	-	-
Total comprehensive income	<u>(6,786)</u>	<u>(6,786)</u>
Balance at 31 December 2014	<u><u>153,462</u></u>	<u><u>153,462</u></u>

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 *Corporations Act 2001*. 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 *Corporations Act 2001*, and the following applicable Australian Accounting Standards and Australian Accounting Interpretations:

AASB 101: Presentation of Financial Statements

AASB 107: Cash Flow Statements

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

AASB 110: Events after the Balance Sheet Date

AASB 1004: Contributions

AASB 1031: Materiality

AASB 1048: Interpretation and Application of Standards

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 28 May 2015 by the directors of the company.

Accounting Policies

a. Revenue

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.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

b. Cash

Cash include cash on hand and deposits held at-call with banks.

c. Goods and Services Tax (GST)

The organisation is not registered for GST, and earns no revenue with a GST component. Revenues and expenses are recognised at their gross amount, inclusive of GST where applicable. Cash flows are presented in the Statement of Cashflows on a gross basis.

d. Income Tax

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Motor Vehicle

The motor vehicle is measured on the cost basis less depreciation and any impairment losses. The carrying amount of the motor vehicle is reviewed annually by directors to ensure it is not in excess of its recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The motor vehicle was contributed to the entity at no cost, and has been valued and recognised in the financial statements at its fair value at the date it was contributed.

Depreciation

The depreciable amount of the motor vehicle is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. The assets' residual value and useful life is reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

f. New Accounting Standards for Application in Future Periods

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 anticipate early adoption of any of the reporting requirements and does not expect them to have any material effect on the company's financial statements.

g. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates – Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	\$	\$
NOTE 2: PROFIT BEFORE INCOME TAX		
a. Expenses		
Subscriptions	1,630	1,646
Insurance	3,579	4,164
Administration	26,245	20,857
ASIC late fees	(299)	299
Seminar & Training	595	396
Motor Vehicle expenses	2,468	3,864
Loss on Sale of Asset	-	2,773
Depreciation	3,647	2,081
Payroll	78,095	49,127
	115,960	85,207
b. Significant Revenue		
The following significant revenue items are relevant in explaining the financial performance of the company:		
Grants	26,000	37,994
Bequests	50,000	50,000
Donations	31,564	52,550
	107,564	140,544
NOTE 3: CASH		
Cash at bank	124,996	129,794
NOTE 4: PLANT & EQUIPMENT		
Motor Vehicle	28,000	28,000
Less accumulated depreciation	(2,938)	(138)
	25,062	27,862
Computer Equipment	3,393	3,393
Less accumulated depreciation	(1,463)	(616)
	1,930	2,777
Total Plant and Equipment	26,992	30,639

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	\$	\$
NOTE 5: CASH FLOW INFORMATION		
Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	(6,786)	56,993
Adjustments to profit after income tax:		
Depreciation	3,647	2,081
Loss on sale of asset	-	2,773
Changes in operating assets and liabilities:		
Decrease / (Increase) in prepayments	(377)	290
(Decrease) / Increase in accounts payable	(1,282)	1,282
Cash flows generated from operating activities	<u>(4,798)</u>	<u>63,419</u>

NOTE 6: ENTITY DETAILS

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

33 Bungan Head Road

Newport NSW 2106

NOTE 7: 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 2014, the number of members was 4.

The Footpath Library Ltd

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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 are in accordance with the *Corporations Act 2001* and:
- 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 2014 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 this

28

day of

May

2015.



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INDEPENDENT AUDITOR'S REPORT

To the directors of The Footpath Library Limited

We have audited the accompanying financial report, being a special purpose financial report of The Footpath Library Limited which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the registered entity 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 *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and the needs of the directors. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the directors' preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



Basis for Qualified Opinion

As is common for organisations of this type, it is not practicable 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.

Qualified Auditor's Opinion

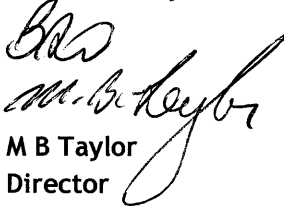
In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had the limitation on the scope of our work as discussed in the Basis for Qualified Opinion paragraph not existed, the financial report of The Footpath Library Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and *Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the responsible entities' financial reporting responsibilities under the *ACNC Act*. As a result, the financial report may not be suitable for another purpose.

BDO Audit Pty Ltd



M B Taylor
Director

Brisbane, 28 May 2015