



THE REACH FOUNDATION

ABN 87 069 837 627

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT 31 DECEMBER 2011

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The Reach Foundation

Directors' Report

For the financial year ended 31 December 2011

The Directors of The Reach Foundation ("Reach") are pleased to present their report for the year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the Directors Report is follows:

Directors

The names of the Directors of Reach during and since the end of the financial year are:

Mr P Brasher - Chairman until resignation on 1 March 2011
Mr D McLardy - Chairman from March 2011
Mr W Ranken
Ms R Roberts - resigned 25 July 2011
Mr G Roberts
Mrs M McQuaid
Mr J P Stynes (Executive Director, deceased 20 March 2012)
Mr T Harkin – appointed 14 October 2011

Paul Brasher (Chairman)

B.Econ (Hons) (Monash), FCA, MAICD

Paul Brasher has been a Director since May 2004, and was appointed Chairman in February 2007. He was a member of, and previously Chaired, the Board Audit & Risk Subcommittee. Paul stepped down from the Board in March 2011.

Paul is Director of Perpetual Limited and a member of the Australian Institute of Company Directors and is a member of the Board of the Victorian Arts Centre Trust and Incitec Pivot Limited.

Mr Don McLardy (Appointed: Director February 2010, Chairman March 2011)

Dip FS (Broking), QPIB

Don has over 30 years broking experience. He began his insurance career at OAMPS Limited where over numerous years he held many roles there culminating in being appointed Managing Director of Australian Operations. Don left to establish his own company, Don McLardy & Associates in 1996. After merging with McShane Business Services in 2007, Don along with Mike grew the business large enough to become an independent broker and Authorised Representative of Empire Insurance Services Limited in January 2011. Don and the entire team are looking forward to an exciting future as part of the national insurance broker cluster group, Steadfast. Don is President of the Melbourne Football Club.

Bill Ranken

B.A. (ANU), Grad. Dip. Applied Finance and Investment (FINSIA), MAICD, F Fin, MSAA

Bill Ranken was appointed a Director of Reach in January 2007. He is a member of the Board Audit & Risk committee, was inaugural Chairman of The Reach Dreams Foundation Board of Governors, was inaugural Chairman of the Reach DreamCatcher Program Steering Committee, was a member of the Reach Crew's Mali Initiative Project team, and is a Reach Supporter helping Reach Crew to deliver programs.

Bill is a Director of Hyne and Son, a privately owned timber and timber products company, a member of the Council of Geelong Grammar School, Chairman of The Geelong Grammar Foundation, and was a member of the Finance Committee of Carey Grammar School. Bill is a member of the Australian Institute of Company Directors, a Fellow of the Financial Services Institute of Australia, and a Master Stockbroker of The Stockbrokers Association of Australia.

The Reach Foundation

Directors' Report

For the financial year ended 31 December 2011

Renee Roberts

BBus, MAppFin, CFPF, GAICD, SFFinsia, WCLP

Renee Roberts was appointed a Director of Reach in December 2007. She was the Chair of the Board Audit and Risk Committee until her resignation on 25 July 2011.

Renee is a Non-executive Director of Cash Services Australia Pty Ltd, a Fellow of the Williamson Community Leadership Program, a Senior Fellow of Finsia (Financial Services Institute of Australasia), and graduate of the Australian Institute of Company Directors. Renee is a General Manager with the National Australia Bank and has a 25 year career in the financial services industry across several countries.

Geoff Roberts

BComm (Melbourne), FCA, FAICD, Exec MBA, AGSM

Geoff, from 1 November 2011 is the Managing Partner, Victoria for Deloitte leading a team of 1730 professionals. Prior to this, Geoff was the Group Chief Financial Officer for AXA APH from 2004 until its sale to AMP in March 2011. His role at AXA included responsibility for all statutory and management reporting, capital and treasury management, mergers and acquisitions, actuarial, legal, risk management including compliance, taxation, investor relations and corporate affairs for Australia, New Zealand and eight Asian countries.

Geoff was appointed a Director of Reach in September 2009 and Chairman of the Board Audit and Risk Committee from July 2011. He was also an Honorary Board Member of Vision Australia for five years from 1997 to 2002.

Michelle McQuaid

MAPP

Michelle McQuaid is an Executive Director with PricewaterhouseCoopers (PwC) and was appointed a Director of Reach in September 2009. In between assisting PwC in strategy, branding and culture projects in Australia and around the world, Michelle McQuaid is embarking on her PhD studies in "Organisational Play" following the completion of her Masters in Applied Positive Psychology with Martin Seligman at the University of Pennsylvania. Passionate about how the theories and applications of positive psychology can be applied in the workplace and in schools to create thriving organisations, Michelle is regularly invited to share her experiences as a speaker for conferences and media outlets around the world.

Jim Stynes OAM

B.Ed., Dip. Youth Work, Victorian of the Year 2003, Churchill Fellow 2007

Jim Stynes, well known for his distinguished Australian Rules football career, co-founded Reach with film director Paul Currie in 1994. He has devoted much of his life off the football field to helping Australian youth. Through his hands on work on a variety of leadership initiatives and mentoring programs, he has helped thousands of young people realise their dreams. Jim was President of the Melbourne Football Club.

Jim Stynes passed away on 20 March 2012.

Tom Harkin

For more than 10 years Reach Crew member Tom Harkin has worked with tens of thousands of young people, delivering Reach's school and community-based programs. Tom has a passion for creating safe and supportive spaces where young people can openly and honestly share their experiences of life, connect with others, and recognise that they are not alone. Through connection and positive affirmation, Tom encourages young people to discover their unique value and voice, and creates a place for this to be heard.

The Reach Foundation

Directors' Report

For the financial year ended 31 December 2011

Tom Harkin (continued)

In recent years, Tom has travelled to the US where he has explored the work of master facilitators and acting teacher Eric Morris. Today, Tom spends his time training the 138-strong Reach Crew to deliver Reach programs and affectively engage with and inspire young people. He is also responsible for delivering Reach's annual Camp Maasai, a program designed to connect business leaders with the issues facing today's youth. Tom's role extends to the Reach Board and being part of Reach's 'Spirit Guardians', a group responsible for ensuring the 'essence' of Reach is maintained as the organisation grows.

Board meetings

Six board meetings were held during the year:

	<u>Eligible to Attend</u>	<u>Attended</u>
Paul Brasher	2	2
Don McLardy	6	6
Bill Ranken	6	5
Renee Roberts	3	3
Geoff Roberts	6	5
Michelle McQuaid	6	6
Jim Stynes	6	0
Tom Harkin	1	0

Leadership and remuneration subcommittee

Two formal Leadership and Remuneration Subcommittee meetings were held during the year. The Board Chairman and the Chair of the Subcommittee met to discuss leadership remuneration, and the members of the full Board considered staff pay reviews.

Audit and risk subcommittee

One Audit and Risk Subcommittee meeting was held during the year.

	<u>Eligible to Attend</u>	<u>Attended</u>
Renee Roberts (Chair until resignation on 25 July 2011)	1	1
Geoff Roberts (Chairman from 26 July 2011)	1	1

Short and long term objectives

The Reach foundation aims to positively change the lives of young people in Australia no matter what their circumstances. Operationally Reach has expanded its operations beyond its traditional activity base in Victoria. In 2010 Reach established a base of operations in Sydney and has commenced delivering programs and training from that base.

To enable Reach to continue to be relevant to all stakeholders, a program is underway to refresh and continue to provide quality program content and design. This activity will be harnessed with a sustainable resourcing model for the delivery of programs. A continuing focus will be that our programs are delivered by young people and that we will seek every opportunity to engage volunteers to support the delivery of programs.

Principal activities

Reach's principal activities during the year consisted of running interactive workshops, weekends away and large-scale events. Combining the prerequisites for a child-safe environment with freedom of speech and creativity, Reach provides a refreshingly real space for young people to express themselves. Reach encourages all young people, no matter their circumstances, to believe they can achieve. No significant changes in the nature of these activities occurred during the year.

The Reach Foundation

Directors' Report

For the financial year ended 31 December 2011

How activities assisted in achieving The Reach Foundation's objectives

During 2011 Reach delivered 955 workshops with over 59,000 instances of participations across 624 schools and locations across Australia. The number of participants and workshops has increased from 2010. Reach now has an established base in NSW that is continuing to grow and this increase is primarily reflective of this growth. Reach is continuing to deepen relationships with schools and participants maintaining a quality focused approach.

How is performance measured?

Reach's financial performance was monitored throughout the year by analysing the following: program fees, fundraising (includes: corporate donations, trusts and foundations, state and federal government and events), costs associated with program delivery and general operations.

Non-financial related performance is measured thorough regular tracking of the business plan, including number of participants, workshops and schools, number of active crew, number of active volunteers and supporters, number of assessments completed by the Youth Support team and attendance at Reach Events.

Review of operations

Reach's operations during the year included an increase in funding through the Federal Government and a change in the number and types of programs delivered.

The deficit for the 12 months to 31 December 2011 was \$957,111 (2010 surplus: \$336,024). This result also includes \$81,860 (2010: \$155,300) of funds raised through the Reach Dreams Foundation.

The Reach Foundation Board made two critical strategic decisions to invest in the growth and extension of Reach and its programs, and is committed to underwriting the costs of developing Reach's capacity to deliver the extended work over a 2 to 3 year period. These decisions were made on the basis that the accumulated reserves are adequate to support the level of investment required. The first commitment was to expand into NSW. The second commitment was to invest in developing capacity and capability of the Reach Staff and Crew, in preparation for entering into major, new government contracts. Both these strategic initiatives are well underway, and the financial planning around the investment needed and revenue required from community contributions and government grants has been factored into the 2012 and 2013 budgets.

Change in state of affairs

There was no significant change in the state of affairs of the Company during the financial year.

Environmental regulations

Reach's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

Reach is not permitted to distribute amongst its members (either directly or indirectly) its net surplus by way of dividend, and no such distributions have been made during the financial year.

The Reach Foundation

Directors' Report

For the financial year ended 31 December 2011

Subsequent events

Jim Stynes, co-founder, Director and Company Secretary of the Company passed away on 20 March 2012 following a long illness. Prior to his illness, the Board had devised and implemented a strategy to ensure the independent long term future of the Company. Notwithstanding the important contribution of Jim Stynes to the Company, the Board do not consider that his passing will significantly affect the operations of the Company.

No matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations of the Company.

Insurance of officers

During the financial year, insurance for the Directors and Officers of Reach was arranged and provided by the Department of Human Services insurance program for Non-Government Organisations. It was renewed at no cost to Reach.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of Reach, and any other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the Directors and Officers or the improper use by the Directors and Officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to Reach.

Proceedings on behalf of Reach

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of Reach, or to intervene in any proceedings to which Reach is a party, for the purpose of taking responsibility on behalf of Reach for all or part of those proceedings.

No proceedings have been brought, or intervened in, on behalf of Reach with leave of the Court under section 237 of the Corporations Act 2001.

Members' contribution upon winding up

The Company is a company limited by guarantee. There is one class of member. The amount which a member is liable to contribute if the Company is wound up is \$100 per member. The total maximum contribution is determined by the total number of members within one year of the winding up of the Company. The total amount of the contribution available as at 31 December 2011 was \$800.

Auditor's independence declaration

The auditor's independence declaration is included on page 24 of the annual report.

Signed in accordance with a resolution of the Directors pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Director
Don McLardy

Director
Geoff Roberts

Dated this 26th day of April 2012
Melbourne



**THE REACH FOUNDATION
FINANCIAL REPORT – 31 DECEMBER 2011**

The Reach Foundation
Statement of Comprehensive Income
For the financial year ended 31 December 2011

	Notes	2011 \$	2010 \$
Revenue from ordinary activities	4	5,110,805	5,169,076
Revenue from Reach Dreams Foundation		81,860	155,300
Programs expenses		(3,923,263)	(3,255,354)
Events expenses		(584,988)	(543,398)
Marketing and sponsorship expenses		(826,707)	(499,527)
Administration expenses		(633,136)	(520,113)
Depreciation expense		(181,682)	(169,718)
Other expenses		-	(242)
Surplus/(deficit) for the year		(957,111)	336,024
Total comprehensive income/(loss) for the year		(957,111)	336,024

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

The Reach Foundation
Statement of Financial Position
At 31 December 2011

	Notes	2011 \$	2010 \$
Current assets			
Cash and cash equivalents	16(a)	5,308,393	6,791,293
Trade receivables	7	238,635	220,875
Other receivables	8	150,354	239,580
Total current assets		5,697,382	7,251,748
Non-current assets			
Plant and equipment	9	897,102	913,662
Total non-current assets		897,102	913,662
TOTAL ASSETS		6,594,484	8,165,410
Current liabilities			
Trade and other payables	10	183,436	189,849
Provisions	11	170,555	111,384
Deferred income	12	2,204,836	1,252,847
Total current liabilities		2,558,827	1,554,080
Non-current liabilities			
Provisions	13	58,829	58,316
Deferred income		1,174,041	2,793,116
Total non-current liabilities		1,232,870	2,851,432
TOTAL LIABILITIES		3,791,697	4,405,512
NET ASSETS		2,802,787	3,759,898
Accumulated funds	14	1,659,119	2,755,580
Reserves	15	1,143,668	1,004,318
EQUITY		2,802,787	3,759,898

The above statement of financial position should be read in conjunction with the accompanying notes.

The Reach Foundation
Statement of Changes in Equity
For the financial year ended 31 December 2011

	Accumulated Funds \$	RDF Programs Reserve \$	RDF Project and Buildings Reserve \$	RDF Future Fund Reserve \$	Total \$
Balance at 1 January 2010	2,540,100	206,819	107,521	569,434	3,423,874
Surplus for the year before transfer to reserves	336,024	-	-	-	336,024
Transfer from/(to) reserves	(120,544)	6,327	5,511	108,706	-
Total comprehensive income for the year	215,480	6,327	5,511	108,706	336,024
Balance at 31 December 2010	2,755,580	213,146	113,032	678,140	3,759,898
Deficit for the year before transfer to reserves	(957,111)	-	-	-	(957,111)
Transfer from/(to) reserves	(139,350)	62,189	4,030	73,131	-
Total comprehensive loss for the year	(1,096,461)	62,189	4,030	73,131	(957,111)
Balance at 31 December 2011	1,659,119	275,335	117,062	751,271	2,802,787

The above statement of changes in equity should be read in conjunction with the accompanying notes.

The Reach Foundation
Statement of Cash Flows

For the financial year ended 31 December 2011

	Notes	2011 \$	2010 \$
Cash flows from operating activities			
Receipts from the course of operations		4,309,639	8,286,958
Interest received		349,368	223,785
Payments to suppliers and employees		(5,976,785)	(4,704,953)
Net cash (used in)/generated by operating activities	16(b)	(1,317,778)	3,805,790
Cash flows from investing activities			
Payments for plant and equipment		(165,122)	(90,321)
Net cash used in investing activities		(165,122)	(90,321)
Net (decrease)/increase in cash and cash equivalents		(1,482,900)	3,715,469
Cash and cash equivalents at the beginning of the financial year		6,791,293	3,075,824
Cash and cash equivalents at the end of the financial year	16(a)	5,308,393	6,791,293

The above statement of cash flows should be read in conjunction with the accompanying notes.

Note 1 Reporting entity

The Reach Foundation (the "Company") is a public company limited by guarantee incorporated and domiciled in Australia. Its registered office and principal place of business is 152-156 Wellington Street, Collingwood, VIC 3066. The Company is primarily involved in running interactive workshops, weekends away and large scale events targeted for young people.

Note 2 Basis of preparation

(a) Statement of compliance

The Company is not a reporting entity because in the opinion of the Directors there are unlikely to exist users of the financial statements who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the Directors' reporting requirements under the Corporations Act 2001.

The financial statements have been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', 'AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and AASB 1048 'Interpretation and Application of Standards'. The financial statements were authorised for issue by the Board of Directors on 26 April 2012.

(b) Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. Unless otherwise indicated, all amounts are presented in Australian dollars.

(c) Use of estimates and judgments

In the application of the Company's accounting policies, which are described below, the directors are required to make judgments, estimates and assumptions about reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Note 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

(a) Income tax

Reach is exempt from taxation under Subdivision 50-B of the Income Tax Assessment Act 1997.

Note 3 Significant accounting policies (continued)

(b) Revenue recognition

Operating revenue includes program income, sponsorship income, events income, foundations and trust grants, government grants, interest income and donations, including donations received for capital projects. Amounts disclosed as revenue are net of taxes paid.

Donations are brought to account on a cash received basis. All other revenue is brought to account at the time of the associated program. Expense items are accounted for on an accrual basis.

(c) Finance income and finance costs

Finance income comprises interest income on funds invested and changes in fair value of financial assets through profit and loss. Interest income is recognised as it accrues in profit and loss, using the effective interest method.

Finance expenses comprise bank charges.

(d) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement.

(e) Financial assets

Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the statement of comprehensive income.

(f) Plant and equipment

Plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Where an item of plant or equipment is acquired for no or nominal consideration, the fair value of the asset at acquisition date is deemed as its cost.

At each reporting date, the directors review a number of factors affecting plant and equipment, including their carrying values, to determine if these assets, grouped into cash-generating units, may be impaired. If an impairment indicator exists, the recoverable amount of the asset, being the higher of the asset's 'fair value less costs to sell' and 'value in use', is compared to the carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in the statement of comprehensive income as an impairment expense.

As the future economic benefits of Reach's assets are not primarily dependent on their ability to generate net cash inflows, and if deprived of the asset, Reach would replace the asset's remaining future economic benefits, 'value in use' is determined as the depreciated replacement cost of the asset, rather than by using discounted future cash flows.

Depreciation

The depreciable amounts of all plant and equipment are depreciated on a diminishing value basis over their estimated useful lives. Depreciation commences from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The annual depreciation rates (diminishing value method) used for each class of depreciable assets are:

Leasehold improvements	13% - 26%
Plant and equipment	24% - 53%
Motor vehicles	30%

Note 3 Significant accounting policies (continued)

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

The gain or loss on disposal of all plant and equipment is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is recognised in the statement of comprehensive income in the year of disposal. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to the retained earnings.

(g) Employee entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

Contributions are made by Reach to an employee superannuation fund and are recognised as expenses when incurred.

(h) Cash and cash equivalents

Cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which is readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(i) Adoption of new and revised accounting standards

Standards and interpretations adopted with no effect on financial statements

The following new and revised standards and interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements.

AASB 124 Related Party Disclosures (revised December 2009) and AASB 2009-12 Amendments to Australian Accounting Standards

Revised AASB 124 replaces the incumbent AASB 124. The main change is the amendment to the definition of a 'related party'. The changes have no material effect on amounts reported.

AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

The amendments have no material effect on the Company's accounting policies and amounts reported.

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

The amendments have no material effect on the Company's accounting policies and amounts reported.

AASB 2010-5 *Amendments to Australian Accounting Standards*

A number of minor editorial amendments to existing accounting standards and interpretations to reflect changes in accounting standard references and terminology. The amendments will not impact The Reach Foundation as they are editorial in nature only and do not have a major impact on the requirements of the amended standards and interpretations.

Note 3 Significant accounting policies (continued)

Standards and interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

Standard / interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)	1-Jan-13	31-Dec-13
AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	1-Jul-12	31-Dec-13
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	1-Jul-13	31-Dec-14

The Reach Foundation
Notes to the Financial Statements
For the financial year ended 31 December 2011

Note 4 Revenue from ordinary activities

	2011 \$	2010 \$
Fundraising and fee revenue		
General donations (i)	277,727	828,538
Corporate sponsorship & donations (i)	1,375,594	1,751,178
Trusts and donations (i)	352,470	420,744
Government grants	1,243,212	471,102
Program fees	323,772	307,100
Events	1,188,662	1,166,629
	4,761,437	4,945,291
Other revenue		
Interest	349,368	223,785
	349,368	223,785
Total Revenue from ordinary activities	5,110,805	5,169,076

(i) Includes donations/contributions for:

- Broadbridge Fund & Mali Projects - 142,615
(For which separate governance and management structures exist)

Note 5 Surplus/(deficit) for the year

	2011 \$	2010 \$
Surplus/(deficit) from ordinary activities includes the following specific expenses:		
Employee benefits	3,745,626	2,832,132

Note 6 Remuneration of auditors

	2011 \$	2010 \$
Remuneration of the auditors for:		
Audit of the financial report (i)	8,000	8,000

(i) The audit was undertaken by KPMG at a reduced fee as part of KPMG's honorary work policy.

The Reach Foundation
Notes to the Financial Statements
For the financial year ended 31 December 2011

Note 7 Trade receivables

	2011 \$	2010 \$
Trade receivables (i)	238,635	220,875

(i) Predominantly represents the lag between commitments of financial support (sponsorships etc) and payment.

Note 8 Other receivables

	2011 \$	2010 \$
Prepayments	33,634	14,190
Vouchers	1,486	5,215
Payroll advances (prepaid education and equipment)	-	400
Bonds and security deposits	51,985	15,205
Sundry debtors	9,867	-
Accrued Income	53,382	204,570
Total other receivables	150,354	239,580

Note 9 Plant and equipment

	2011 \$	2010 \$
Leasehold improvements		
Leasehold improvements	354,645	258,517
Leasehold improvements – (including DF renovation)	1,216,026	1,216,026
Accumulated depreciation	(835,307)	(730,296)
Net:	735,364	744,247
Plant and equipment		
Plant and equipment – at cost	450,175	409,054
Accumulated depreciation	(329,040)	(281,607)
Net:	121,135	127,447
Motor vehicles		
Motor vehicles – at cost	73,328	45,455
Accumulated depreciation	(32,725)	(3,487)
Net:	40,603	41,968
Total property plant and equipment:	897,102	913,662

(a) Movement in carrying amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the financial period:

1 January 2010 – 31 December 2010	Leasehold improvements \$	Plant & equipment \$	Motor vehicles \$	Total \$
Balance at the beginning of the year	862,100	130,959	-	993,059
Additions	1,856	43,010	45,455	90,321
Depreciation expense	(119,709)	(46,522)	(3,487)	(169,718)
Balance at the end of the year	744,247	127,447	41,968	913,662

1 January 2011 – 31 December 2011	Leasehold improvements \$	Plant & equipment \$	Motor vehicles \$	Total \$
Balance at the beginning of the year	744,247	127,447	41,968	913,662
Additions	96,129	41,120	27,873	165,122
Depreciation expense	(105,012)	(47,432)	(29,238)	(181,682)
Balance at the end of the year	735,364	121,135	40,603	897,102

Note 10 Trade and other payables

	2011 \$	2010 \$
Trade payables	113,287	48,482
Accrued expenses	28,194	96,162
PAYG tax payable	41,955	45,205
Total trade and other payables	183,436	189,849

Note 11 Current provisions

	2011 \$	2010 \$
Employee entitlements	170,555	111,384

Note 12 Deferred Income

	2011 \$	2010 \$
Current		
Government grant (i)	1,906,604	906,884
Corporate, trust and foundation	298,232	345,963
Total current	2,204,836	1,252,847
Non-current		
Government grant (i)	1,174,041	2,793,116
Total non-current	1,174,041	2,793,116
Total deferred income	3,378,877	4,045,963

(i) Government grant includes \$2,793,365 in Federal Government funding.

Note 13 Non-current provisions

	2011 \$	2010 \$
Employee entitlements	58,829	58,316

The Reach Foundation
Notes to the Financial Statements
For the financial year ended 31 December 2011

Note 14 Accumulated funds

	2011 \$	2010 \$
Accumulated funds at the beginning of the financial year	2,755,580	2,540,100
Surplus/(deficit) for the year	(957,111)	336,024
Transfers to reserves (see Note 15 below)	(139,350)	(120,544)
Accumulated funds at the end of the financial year	1,659,119	2,755,580

Note 15 Reserves

	2011 \$	2010 \$
Reach Dreams Foundation Programs (i)	275,335	213,146
Reach Dreams Foundation Project & Building (ii)	117,062	113,032
Reach Dreams Foundation Future Fund (Endowment Fund) (iii)	751,271	678,140
Total Reserves	1,143,668	1,004,318

Reach Dreams Foundation

1 January 2010 – 31 December 2010	RDF Programs \$	RDF Project and Buildings \$	RDF Future Fund \$	Total \$
Balance at the beginning of the year	206,819	107,521	569,434	883,774
Supporters' contributions	78,150	-	77,150	155,300
Investment income	11,062	5,511	31,556	48,129
Expenditure	(82,885)	-	-	(82,885)
Balance at the end of the year	213,146	113,032	678,140	1,004,318

1 January 2011 – 31 December 2011	RDF Programs \$	RDF Project and Buildings \$	RDF Future Fund \$	Total \$
Balance at the beginning of the year	213,146	113,032	678,140	1,004,318
Supporters' contributions	47,610	-	34,250	81,860
Investment income	14,579	6,230	38,881	59,690
Expenditure	-	(2,200)	-	(2,200)
Balance at the end of the year	275,335	117,062	751,271	1,143,668

The Reach Foundation
Notes to the Financial Statements
For the financial year ended 31 December 2011

Note 15 Reserves (continued)

During 2011, \$81,860 was received in cash from new and existing supporters. These funds are dedicated to support the initiatives outlined below. \$59,690 was interest earned on money held on term deposit.

The aggregate of these amounts - \$141,550 is governed within the Reach Dreams Foundation and will be used to support the sustainability of the organisation as follows:

- (i) \$275,335 held in the RDF Programs reserve to provide funding directly towards running of programs and the administration of these programs.
- (ii) \$117,062 held in the RDF Project & Building reserve to provide funding for various projects including purchase of property, capital projects, infrastructure, program research and evaluation, program development and other Reach projects.
- (iii) \$751,271 held in the RDF Future Fund. This is an endowment fund which holds a corpus to underpin the sustainability, development and future growth of The Reach Foundation. Earnings on corpus are used to support program activities.

Note 16 Cash and cash equivalents

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2011 \$	2010 \$
Cheque account	130,340	173,856
Cash management account/ term deposits	5,177,053	6,616,437
Petty cash	1,000	1,000
Total cash and cash equivalents	5,308,393	6,791,293

A portion of cash balances as at 31 December 2011 is earmarked for the following uses:

	\$
Prepaid sponsorship/grants for programs (i)	3,378,877
Broadbridge – (Thai) Fund	44,705
RDF Program Reserve	275,335
RDF Project & Buildings Reserve	117,062
RDF Future Fund Reserve	751,271
Basic operating buffer	741,143

- (i) This includes Federal Government funding of \$2,793,365 for 2012-2014

Note 16 Cash and cash equivalents (continued)

(b) Reconciliation of surplus to net cash flows from operating activities

	2011 \$	2010 \$
Surplus/(deficit) for the year	(957,111)	336,024
Depreciation expense	181,682	169,718
Changes in net assets and liabilities		
Increase in trade receivables	(17,760)	(83,784)
Decrease/(increase) in other receivables	89,226	(188,802)
Decrease in trade and other payables	(6,413)	(21,304)
(Decrease)/increase in prepaid income	(667,086)	3,613,471
Increase/(decrease) in provisions	59,684	(19,533)
Net cash generated by operating activities	(1,317,778)	3,805,790

The Reach Foundation

Directors' Declaration

For the financial year ended 31 December 2011

In the opinion of the Directors of The Reach Foundation ("the Company"):

- (a) the Company is not a reporting entity;
- (b) the special purpose financial statements and notes set out on pages 8 to 22 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company as at 31 December 2011 and of its performance for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Note 2;
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), to the extent described in Note 2 and the Corporations Regulations 2001; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors

Director
Don McLardy

Director
Geoff Roberts

Dated at Melbourne this 26th day of April 2012

INSERT AUDITORS INDEPENDENCE DECLARATION & AUDIT OPINION (provided by KPMG)

INSERT AUDIT OPINION (provided by KPMG)

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INSERT AUDIT OPINION (provided by KPMG)

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