

THE REACH FOUNDATION

2009 STATUTORY ACCOUNTS





THE REACH FOUNDATION

ABN 87 069 837 627

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT 31 DECEMBER 2009

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THE REACH FOUNDATION DIRECTORS' REPORT

The directors of The Reach Foundation (Reach) are pleased to present their report for the year ended 31st December 2009.

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The following persons were directors of Reach during the whole of the financial year and up to the date of this report:

Mr P Brasher (Chairman)
Mr W Ranken
Ms R Roberts
Mr J P Stynes (Executive Director)

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 is a member of, and previously Chaired, the Board Audit & Risk Subcommittee.

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.

Bill Ranken

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

Bill Ranken was appointed a Director of Reach in January 2007. He is 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 is 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.

Renee Roberts

BBus, MAppFin, CPFP, GAICD, SFFinsia, WCLP

Renee Roberts was appointed a Director of Reach in December 2007. She is the Chair of the Board Audit and Risk Committee.

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), a graduate of the Australian Institute of Company Directors.

Jim Stynes OAM

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

THE REACH FOUNDATION DIRECTORS' REPORT

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 is President of the Melbourne Football Club.

The following persons were appointed directors of Reach during financial year and are directors at the date of this report:

Mrs M McQuaid

Mr G Roberts

Michelle McQuaid (Appointed – September 2009)

MAPP

Michelle McQuaid is an Executive Director with PricewaterhouseCoopers (PWC). In between leading the branding and marketing efforts of PricewaterhouseCoopers (PwC) in Australia and assisting them in strategy, branding and culture projects around the world, Michelle McQuaid has recently completed 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 has recently been invited to share her experiences during an address at Wharton Business School, at the UPenn Positive Business Summit, on radio in Canada and with schools in Australia.

Geoff Roberts (Appointed – September 2009)

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

Geoff commenced with AXA APH in May 2004 as the Group Chief Financial Officer for Australia, New Zealand and Asia. His role at AXA includes 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 and New Zealand and eight Asian countries.

Geoff joined AXA from Deloitte where he was the Lead Consulting Partner for the National Financial Services Industry Group, a member of the National Board of Directors and was a Deputy to the Managing Partner in Victoria. Geoff was an Honorary Board Member of Vision Australia for five years.

The following person was appointed after the year end and was a director at the date of this report:

Mr Don McLardy (Appointed – February 2010)

Dip FS (Broking), QPIB

Don commenced his insurance career with OAMPS Limited in 1979 and had many roles culminating in being appointed Managing Director of Australian Operations. He left in 1996 to start his own Insurance Broking Company, Don McLardy & Associates Pty Ltd under the Insurance Advisernet Australia banner. In January 2003 he became Shareholder and Director of Insurance Advisernet Australia, now a market leader and one of the fastest growing insurance operations in Australia & New Zealand.

McLardy McShane Insurance and Financial Services was created in 2007 by the merger of Don McLardy and Associates and McShane Business Services. The general insurance side of the business is now the largest Authorised Representative of Insurance Advisernet Australia. The company has recently diversified into life, risk and corporate superannuation services as an Authorised Representative of Millennium3 Financial Services Pty Ltd.

Don is Vice President of the Melbourne Football Club. Both McLardy McShane and Insurance Advisernet extensively support Reach and its fantastic community and youth work.

THE REACH FOUNDATION DIRECTORS' REPORT

The following persons were directors of Reach during part or all of the financial year and are not directors at the date of this report:

Mr G Barnes (Board Member until September 2009)
Mr H Cator (Board Member until February 2010)
Mrs. C Counsel (Board Member until September 2009)

Glenn Barnes (Board Member until September 2009)
B. Ag. Sc. (Melb), CPM, FAMI, FAIM, FAICD, SF Fin, FRSA

Glenn Barnes was appointed a Director of Reach in February 2001 and was Chairman from February 2002 to February 2007 (maximum term allowed under the board charter). He was Chairman of the Board Audit & Risk Subcommittee until April 2008 and is a member of the Board Leadership & Remuneration Subcommittee.

Glenn is a Director of Lion Nathan Limited and Ansell Limited. He is also a director of a number of private interest companies.

Harry Cator (Board Member until February 2010)
B.A. Law and Arabic (University of London), MAICD

Harry Cator was appointed a Director of Reach in April 2005, was a member of the Board Leadership & Remuneration Subcommittee, and is actively involved in the DreamCatcher Steering Committee.

Harry has worked in the funds management industry since 1987. He was Head of Australian Equities and Acting CEO Australian Operations for Mercury Asset Management. In 1998, he moved to AXA Australia as the Funds Management Chief Investment Officer, and in 2001 joined JM Financial Group Pty Ltd, where he is CEO.

Caroline Counsel (Board Member until August 2009)
L.L.B., B.A., Director of LIV, LCA, WCEI, VLA, IACP

Caroline Counsel was appointed a Director of Reach in June 2003, was Chair of the Board Leadership & Remuneration Subcommittee and was a member of the Board Audit and Risk Committee.

Caroline is an Accredited Family Law Specialist and Principal of Caroline Counsel Family Lawyers and has been in practice for in excess of 20 years. She is a Director of the Law Institute of Victoria and sits on the Executive. Caroline is also member of the Ethics Committee, Family Law Executive, Continuing Professional Development Committee, Chair of the Future Focus Committee and heads up the Collaborative Law Practice Group in Victoria.

Board Meetings

Seven Board meetings were held during the year:

	<u>Eligible to Attend</u>	<u>Attended</u>
Paul Brasher (Chairman)	7	7
Glenn Barnes	5	4
Harry Cator	7	7
Caroline Counsel	5	3
Bill Ranken	7	7
Jim Stynes	7	5

THE REACH FOUNDATION DIRECTORS' REPORT

Renee Roberts	7	4
Geoff Roberts	3	2
Michelle McQuaid	3	2

Leadership & Remuneration Subcommittee

No formal Leadership & 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 & Risk Subcommittee

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

	<u>Eligible to Attend</u>	<u>Attended</u>
Renee Roberts (Chair)	1	1
Paul Brasher	1	1

Principal activities

Reach's principal activities during the year consisted of running interactive workshops, weekends away and large-scale events. Combining the key ingredients of an ACCYO accredited 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 period.

Results

The surplus for the 12 months to 31 December 2009 was \$212,635 (2008 deficit: \$574,101). This surplus was achieved as a consequence of recognising in revenue \$280,700 of funds raised through the Reach Dreams Foundation.

The Reach Dreams Foundation was a new initiative put in place during the 2009 year to augment the fundraising activities at Reach. These funds have been transferred to reserves to support the sustainability of Reach in the years to come. For more information on the Reach Dreams Foundation, refer Note 16 of the Financial Statements.

Review of Operations

Reach's operations during the year included an increase in fundraising through the Dreams Foundation and a change in the number and types of program delivered.

The combination resulted in a better financial result with revenues increased and costs reduced. The quality of services was not impacted.

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**

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 willful 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.

Auditor's Independence Declaration


The auditor's independence declaration is included on page 7 of the annual report.

Auditor

Deloitte Touche Tohmatsu remains in office in accordance with section 327 of the Corporations Act 2001.

Signed in accordance with a resolution of the directors pursuant to s298(2) of the Corporations Act 2001.

On behalf of the directors



Director
Renee Roberts


Director
Paul Brasher

Dated at Melbourne this 24th day of May 2010.

The Board of Directors
The Reach Foundation
152-156 Wellington Street
COLLINGWOOD, VIC 3066

24 May 2010

Dear Board Members,

The Reach Foundation

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of The Reach Foundation.

As lead audit partner for the audit of the financial statements of The Reach Foundation for the financial year ended 31 December 2009, I declare to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely


DELOITTE TOUCHE TOHMATSU



Alison Brown
Partner
Chartered Accountants

Independent Auditor's Report to the members of The Reach Foundation

We have audited the accompanying financial report, being a special purpose financial report, of The Reach Foundation, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the financial year 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 10 to 26.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the financial reporting requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The directors' responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the directors' financial reporting requirements under the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Qualification

Donations and other fund-raising activities are a significant source of revenue for The Reach Foundation. The Reach Foundation has determined that it is impracticable to establish controls over the collection of donations and other fund-raising activities prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to donations and other fund-raising activities had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the revenue from donations and other fund-raising activities The Reach Foundation obtained are complete.

Auditor's Opinion

In our opinion, except for the effect on the financial report of such adjustments, if any, as might have been required had the limitation on our audit procedures referred to in the qualification paragraph not existed, the financial report of The Reach Foundation is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Alison Brown

Alison Brown
Partner
Chartered Accountants

Melbourne, 24 May 2010

The Reach Foundation Directors' Declaration

As detailed in Note 1 to the financial statements, the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

The directors declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, 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 directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Director

Renee Roberts



Director

Paul Brasher

Dated this 24th day of May 2010
Melbourne



THE REACH FOUNDATION FINANCIAL REPORT – 31 DECEMBER 2009

This financial report covers The Reach Foundation as an individual entity.

The Reach Foundation is a public company limited by guarantee incorporated and domiciled in Australia. Its registered office and principal place of business is:

The Reach Foundation
152-156 Wellington Street
COLLINGWOOD VIC 3066

The Reach Foundation
Statement of comprehensive income
For the financial year ended 31 December 2009

	Notes	2009 \$	2008 \$
Revenue from ordinary activities	2	3,758,188	3,608,805
Revenue from Reach Dreams Foundation		280,700	-
Total Revenue		4,038,888	3,608,805
Programs expenses		(2,200,074)	(2,835,323)
Events expenses		(428,616)	(424,943)
Marketing and sponsorship expenses		(514,010)	(351,390)
Administration expenses		(493,979)	(337,203)
Depreciation expense		(189,412)	(217,943)
Other expenses		(162)	(16,104)
Surplus/(deficit) before tax		212,635	(574,101)
Income tax expense	1(a)	-	-
Surplus/(deficit) for the year		212,635	(574,101)
Other comprehensive income		-	-
Total comprehensive income/(deficit) for the year		212,635	(574,101)

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

The Reach Foundation
Statement of financial position
As at 31 December 2009

	Notes	2009 \$	2008 \$
Current assets			
Cash and cash equivalents	18(a)	3,075,824	2,572,078
Trade receivables	4	137,091	70,171
Other financial assets	5	-	2,571
Land held for resale	6	-	1,387,500
Other assets	7	50,778	113,837
Total current assets		3,263,693	4,146,157
Non-current assets			
Property, plant and equipment	8	993,059	1,144,048
Total non-current assets		993,059	1,144,048
TOTAL ASSETS		4,256,752	5,290,205
Current liabilities			
Trade and other payables	9	211,153	227,717
Provisions	10	166,102	121,474
Borrowings	11	-	12,597
Other liabilities	12	432,492	323,367
Total current liabilities		809,747	685,155
Non-current liabilities			
Borrowings	13	-	1,374,903
Provisions	14	23,131	18,908
Total non-current liabilities		23,131	1,393,811
TOTAL LIABILITIES		832,878	2,078,966
NET ASSETS		3,423,874	3,211,239
Accumulated funds	15	2,540,100	3,211,239
Reserves	16	883,774	-
EQUITY		3,423,874	3,211,239

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 2009

	Accumulat ed Funds \$	RDF Programs Reserve \$	RDF Project & Buildings Reserve \$	RDF Future Fund Reserve \$	Total \$
Balance at 1 January 2008	3,785,340	-	-	-	3,785,340
Deficit for the year	(574,101)	-	-	-	(574,101)
Total comprehensive deficit for the year	(574,101)	-	-	-	(574,101)
Balance at 31 December 2008	3,211,239	-	-	-	3,211,239
Surplus for the year	212,635	-	-	-	212,635
Total comprehensive income for the year	212,635	-	-	-	212,635
Transfer (from)/to reserve	(883,774)	206,819	107,521	569,434	-
Balance at 31 December 2009	2,540,100	206,819	107,521	569,434	3,423,874

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 2009

	Notes	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from the course of operations		3,978,553	3,467,583
Interest received		102,350	191,551
Dividends received		189	854
Payments to suppliers and employees		(3,541,494)	(3,812,084)
Net cash provided by/(used in) operating activities	18(b)	539,598	(152,096)
Cash flows from investing activities			
Proceeds from the sale of land		1,387,500	-
Proceeds from sale of investment		2,571	-
Payments for property, plant and equipment		(38,423)	(1,541,086)
Net cash provided by/(used in) investing activities		1,351,648	(1,541,086)
Cash flows from financing activities			
(Repayment of)/ Proceeds from borrowings		(1,387,500)	1,387,500
Net cash (used in)/provided by financing activities		(1,387,500)	1,387,500
Net increase/(decrease) in cash and cash equivalents		503,746	(305,682)
Cash and cash equivalents at the beginning of the financial year		2,572,078	2,877,760
Cash and cash equivalents at the end of the financial year	18(a)	3,075,824	2,572,078

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

Note 1 Summary of Significant Accounting Policies

Financial reporting framework

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

Statement of compliance

The financial report has been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 Cash Flow and 'AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The financial statements were authorised for issue by the directors on 24 May 2010.

Basis of preparation

The financial report has 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.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Adoption of new and revised Accounting Standards

In the current year, the company had adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the company's accounting policies, but has resulted in changes to the company's presentation of, or disclosure in the following areas:

Presentation of the financial statements - as a consequence of the adoption of AASB 101 Presentation of Financial Statements (2007) and its associated amending standards, the company no longer presents an income statement, cash flow statement and balance sheet but presents in lieu thereof a statement of comprehensive income, statement of cash flows and a statement of financial position.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

The Reach Foundation
Notes to the Financial Statements
31 December 2009

Note 1 Summary of Significant Accounting Policies (continued)

(a) Income tax

Reach is exempt from taxation under Section 50-5 of the Income Tax Assessment Act 1997. Under legislative changes which came to effect on 1 July 2000, Reach is entitled to a refund of dividend imputation credits which arise on Reach's investments.

(b) Revenue recognition

Operating revenue includes program income, sponsorship income, events income, foundations & 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) Receivables

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

(d) Financial Assets

The company has classified certain shares and options as financial assets at fair value through profit and loss. 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 profit or loss.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is initially carried at cost. Where an item of property, plant or equipment is acquired for no or nominal consideration, the item's fair value at acquisition date is deemed as its cost. Subsequent to initial recognition, each class is carried at cost, less where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured on the cost basis, less building depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

At each reporting date, the directors review a number of factors affecting property, 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.

The Reach Foundation
Notes to the Financial Statements
31 December 2009

Note 1 Summary of Significant Accounting Policies (continued)

Depreciation

The depreciable amounts of all property, plant and equipment are depreciated on a diminishing value basis over their estimated useful lives to Reach commencing from the time the asset is held ready 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:

Buildings and leasehold improvements	10% - 20%
Plant and equipment	18% - 40%

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

The gain or loss on disposal of all property, 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 included 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.

(f) 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 charged as expenses when incurred.

(g) Cash and cash equivalents

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

(h) Impairment of Assets

At each reporting date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use (based on depreciated replacement cost), is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in the Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The Reach Foundation
Notes to the Financial Statements
31 December 2009

Note 1 Summary of Significant Accounting Policies

(i) Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, the following Standards and Interpretations listed below were in issue but not yet effective:

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the company's financial report:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<i>New and revised IFRS-equivalent standards</i>		
Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities	1 July 2009	31 December 2010
<i>New and revised domestic standards</i>		
AASB 1048 Interpretation and Application of standards (March 2009)	31 March 2009	31 December 2010

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<i>New amending standards</i>		
AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 July 2009	31 December 2010
AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements	1 July 2009	31 December 2010

Project		
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 January 2010	31 December 2010
AASB 2009-7 Amendments to Australian Accounting Standards	1 July 2009	31 December 2010
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	31 December 2011
AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	31 December 2011

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Note 2 Revenue from ordinary activities

	2009 \$	2008 \$
Fundraising and fee revenue		
General donations (i)	237,197	298,494
Corporate sponsorship & donations (i)	1,421,655	1,587,590
Trusts and donations (i)	511,294	305,192
Government grants	184,540	163,484
Program fees	351,484	393,363
Events	925,855	630,430
Other (Reach Industry)	16,110	34,297
	3,648,135	3,412,850
Other revenue		
Interest	102,350	191,550
Dividends	189	855
Other	7,514	3,550
	110,053	195,955
Total Revenue from ordinary activities	3,758,188	3,608,805

(i) Includes donations/contributions for:

Broadbridge Fund & Mali Projects	116,736	140,618
(For which separate governance and management structures exist)		

Note 3 Surplus/(deficit) for the year

	2009 \$	2008 \$
Surplus/(deficit) from ordinary activities includes the following specific expenses:		
Employee Benefits	2,169,319	2,378,423
Asset write-offs - Plant and equipment	-	15,316

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Note 4 Trade receivables

	2009 \$	2008 \$
Trade receivables (i)	145,064	70,171
Provision for doubtful debts	(7,973)	-
	137,091	70,171

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

Note 5 Other financial assets

	2009 \$	2008 \$
Investments in listed securities – at fair value	-	2,571

Note 6 Land held for resale

	2009 \$	2008 \$
Land and Buildings held for resale (i)	-	1,387,500

(i) Refer note 11 for commentary surrounding land and buildings held for resale.

Note 7 Other assets

	2009 \$	2008 \$
Prepayments	15,065	16,823
Vouchers	1,150	1,700
Payroll advances (prepaid education & equipment)	9,537	13,322
Bonds and security deposits	5,623	6,960
Sundry debtors	2,409	13,857
Accrued Income	16,994	61,175
	50,778	113,837

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Note 8 Property, plant and equipment

	2009 \$	2008 \$
Land & buildings		
Leasehold improvements	256,661	247,881
Leasehold Improvements – DF Phase 3	1,216,026	1,216,026
Accumulated depreciation	(610,587)	(473,478)
Net:	862,100	990,429
Plant and equipment		
Plant and equipment – at cost	366,044	336,400
Accumulated depreciation	(235,085)	(182,781)
Net:	130,959	153,619
Grand Total:	993,059	1,144,048

(a) Movement in carrying amounts

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

1 January 2008 – 31 December 2008	Land & buildings	Plant & equipment	Total
Balance at the beginning of the year	1,034,724	172,894	1,207,618
Additions	1,497,873	59,315	1,557,188
Disposals	(1,556)	(13,759)	(15,315)
Depreciation expense	(153,112)	(64,831)	(217,943)
Land held for resale	(1,387,500)	-	(1,387,500)
Balance at the end of the year	990,429	153,619	1,144,048

1 January 2009 – 31 December 2009	Land & buildings	Plant & equipment	Total
Balance at the beginning of the year	990,429	153,619	1,144,048
Additions	8,779	29,644	38,423
Depreciation expense	(137,108)	(52,304)	(189,412)
Balance at the end of the year	862,100	130,959	993,059

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Note 9 Trade and other payables

	2009 \$	2008 \$
Trade payables	50,605	93,133
Accrued expenses	112,818	102,641
PAYG tax payable	33,138	31,943
Other payables	14,592	-
	211,153	227,717

Note 10 Current - provisions

	2009 \$	2008 \$
Employee entitlements	166,102	121,474

Note 11 Current - borrowings

	2009 \$	2008 \$
Bank Loan - Secured	-	12,597

These borrowings were raised to fund the purchase of a property in Brighton, Victoria. The property was subsequently developed in partnership with Henley Properties and the land and buildings (see Note 6) were sold at auction on December 13th 2008. The borrowings have been fully discharged during the financial year following settlement of the sale in February 2009. No profit/ loss was realised on the sale of the property.

Note 12 Other liabilities

	2009 \$	2008 \$
Prepaid Income	432,492	323,367

Note 13 Non -current - borrowings

	2009 \$	2008 \$
Bank Loan - Secured	-	1,374,903

See Note 11 above for details relating to these borrowings.

Note 14 Non- current provisions

	2009 \$	2008 \$
Employee entitlements	23,131	18,908

The Reach Foundation Notes to the Financial Statements 31 December 2009

Note 15 Accumulated funds

	2009 \$	2008 \$
Accumulated funds at the beginning of the financial year	3,211,239	3,785,340
Surplus/(deficit) for the year	212,635	(574,101)
Transfers to reserves (see Note 16 below)	(883,774)	-
Accumulated funds at the end of the financial year	2,540,100	3,211,239

Note 16 Reserves

	2009 \$	2008 \$
Reserves		
Reach Dreams Foundation Programs (i)	206,819	-
Reach Dreams Foundation Project & Building (ii)	107,521	-
Reach Dreams Foundation Future Fund (Endowment Fund) (iii)	569,434	-
	883,774	-

The Reach Dreams Foundation was established under separate charter in June 2009. It augments the fundraising initiatives of Reach, is overseen by its own Board of Governors and is in place to bring supporters together, keep them in touch with Reach and channel their donations and pledges into activities which support the sustainability of Reach.

During 2009, \$783,040 was pledged by 118 supporters and \$280,700 of this received in cash. These funds are dedicated to support the initiatives outlined below. In addition, \$585,777 was transferred from surplus funds accumulated in prior years and \$17,287 was earned on money held on term deposit.

The aggregate of these amounts - \$883,774 is governed within the Reach Dreams Foundation and will be used to support the sustainability of the organisation as follows:

- (i) \$206,819 held in the RDF Programs reserve to provide funding directly towards running of programs and the administration of these programs.

- (ii) \$107,520 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) \$569,434 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.

The Reach Foundation
Notes to the Financial Statements
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Note 17 Remuneration of auditors

	2009 \$	2008 \$
Remuneration of the auditors for:		
Audit of the financial report (i)	7,750	7,500

- (i) The Deloitte Foundation covers a portion of the audit fee by way of a donation to The Reach Foundation.

Note 18 Notes to the statement of cash flows

(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 financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2009 \$	2008 \$
Cheque account	32,600	107,588
Cash management account/ term deposits	3,042,224	2,463,490
Petty cash	1,000	1,000
	3,075,824	2,572,078

A portion of cash balances as at 31 December 2009 is earmarked for the following uses:

	\$
Prepaid sponsorship/grants for programs	432,492
Broadbridge – (Thai) Fund & Mali Project	184,357
	206,819
RDF Program Reserve	107,521
RDF Project & Buildings Reserve	569,434
RDF Future Fund Reserve	1,000,000
Basic operating buffer (3 mths)	

The Reach Foundation
Notes to the Financial Statements
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(b) Reconciliation of surplus/(deficit) to net cash flows from operating activities

	2009 \$	2008 \$
Surplus/ (deficit) for the year	212,635	(574,101)
Depreciation expense	189,412	217,943
Changes in net assets and liabilities		
(Increase)/Decrease in trade receivables	(66,920)	46,708
(Increase)/Decrease in land held for sale	1,387,500	(1,387,500)
Decrease in other assets	63,059	24,592
Increase/(Decrease) in trade and other payables	(16,564)	55,488
Increase in prepaid income	109,125	4,475
(Decrease)/Increase in other liabilities	(1,387,500)	1,387,500
Increase in provisions	48,851	72,799
Net cash provided by/(used in) operating activities	539,598	(152,096)

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