



# Chain Reaction Challenge Foundation

## Special Purpose Annual Report

For the year ended 30 June 2013



# Chain Reaction Challenge Foundation

## 30 June 2013

The financial report covers Chain Reaction Challenge Foundation as an individual entity. The Foundation is a Trust and the Trustee is Chain Reaction Challenge Pty Ltd ("the Trustee"). The Trustee's registered office is Level 24, 333 Collins Street, Melbourne, VIC 3000.

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# **Chain Reaction Challenge Foundation**

## **Trustee's Report**

### **30 June 2013**

The directors of the Trustee of Chain Reaction Challenge Foundation ("the Foundation") present their report on the Foundation for the year 1 July 2012 to 30 June 2013 ("the year"). The Foundation is an Australian registered trust.

#### **Directors**

The following persons were directors of the Trustee Company during the whole of the financial year and up to the date of this report, unless otherwise indicated:

- Berrick Wilson
- Daryl Browning
- David Hinde
- Mark Ryan
- Michael Byrom
- John Ward

#### **Principal activities**

Chain Reaction is the Ultimate Corporate Bike Challenge that raises money for children in need by challenging senior executives who have a passion for cycling and an awareness of their corporate social responsibilities, to ride a 1,000 plus kilometre course in 7 days.

Chain Reaction is not a mass-participation event; instead it concentrates on selected individuals who want the physical challenge. In return, they benefit from valuable networking opportunities and the immense satisfaction of directly helping children in need.

#### **Dividends**

No dividends were paid as the Foundation is prohibited pursuant to its Constitution to distribute dividends.

#### **Review of operations**

Chain Reaction Challenge Foundation raised funds of \$2,464,868 from activities relating to three rides that took place in Victoria, Queensland and New South Wales in 2013. Expenses relating to these rides accounted for \$834,699 and distributions made to charities for the year ended June 2013 amounted to \$1,640,000.

#### **Significant changes in the state of affairs**

The 2013 financial year was a year of consolidation for Chain Reaction with the aim of further establishing the Chain Reaction brand in the NSW and Queensland business communities.

In a challenging economic climate Chain Reaction raised a total of \$2,446,121 from three rides thanks to the generous support of its corporate partners and personal donors. The Victorian ride raised \$950,988, the NSW ride raised \$731,942 and the Queensland ride raised \$763,191. These amazing results could not have been achieved without the hard work and persistence of our riders.

## Trustee's Report (continued)

Also during the 2013 financial year Chain Reaction recruited a Marketing Manager and an Events Manager. The recruitment of both these staff is aimed at helping Chain Reaction deliver higher quality events and provide increased exposure for its corporate partners whilst also providing it with a platform for future growth.

### **Matters subsequent to the end of the financial year**

No matters or circumstances have arisen since 30 June 2013 that have significantly affected, or may significantly affect:

- (a) the Foundation's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Foundation's state of affairs in future financial years.

### **Environmental regulation**

The Foundation is not subject to significant environmental regulations.

### **Indemnification and insurance of directors and auditors**

Indemnity insurance was instigated by Chain Reaction Challenge Foundation in March 2013 to provide indemnity and insurance to directors of the Trustee.

### **Auditor**

PricewaterhouseCoopers continues in office as auditors of the Foundation.

This report is made in accordance with a resolution of the directors of the Trustee Company of the Chain Reaction Challenge Foundation.



### **John Ward**

Director

Melbourne

**10 September 2013**

## **Chain Reaction Challenge Foundation Foundation Information 30 June 2013**

This financial report covers Chain Reaction Challenge Foundation as an individual entity. The financial report is presented in the Australian currency.

Chain Reaction Challenge Foundation is a Trust and its Trustee company, Chain Reaction Challenge Pty Ltd, is incorporated and domiciled in Australia. Its registered address and principal place of business is:

Level 24, 333 Collins Street  
Melbourne VIC 3000

A description of the nature of the Foundation's operations and its principal activities is included in the review of operations and activities on pages 1-2 in the Trustee's Report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 10 September 2013.

## Chain Reaction Challenge Foundation Statement of Comprehensive Income For the year ended 30 June 2013

	Notes	30 June 2013 \$	30 June 2012 \$
<i>Revenue from fund raising activities</i>			
Victorian ride	3	950,988	961,999
Queensland ride	4	763,191	867,230
NSW ride	5	731,942	986,610
Other income		18,747	35,638
<b>Total revenue</b>		<b>2,464,868</b>	<b>2,851,477</b>
<i>Direct expenses</i>			
Victorian ride	3	(147,355)	(140,876)
Queensland ride	4	(127,382)	(142,360)
NSW ride	5	(114,405)	(123,888)
<i>Indirect expenses</i>			
Foundation development		(4,185)	(22,228)
Professional fees		(19,317)	(18,500)
Employee expenses		(349,952)	(235,901)
Travel		(32,854)	(18,316)
General and administration		(39,249)	(23,809)
<b>Total expenses</b>		<b>(834,699)</b>	<b>(725,878)</b>
<b>Distributions to charities</b>	6	<b>(1,640,000)</b>	<b>(2,056,000)</b>
<b>(Loss)/Profit before income tax</b>		<b>(9,831)</b>	<b>69,599</b>
Income tax	1 (c)	-	-
<b>(Loss)/Profit for the year</b>		<b>(9,831)</b>	<b>69,599</b>
Other comprehensive income for the period, net of tax		-	-
<b>Comprehensive income</b>		<b>(9,831)</b>	<b>69,599</b>

## Chain Reaction Challenge Foundation Statement of Financial Position As at 30 June 2013

	Notes	30 June 2013 \$	30 June 2012 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	242,216	266,455
Net GST position		15,221	12,988
Total current assets		257,437	279,443
<b>Non-current assets</b>			
Total non-current assets		-	-
<b>Total assets</b>		<b>257,437</b>	<b>279,443</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Employee entitlements		68,925	80,222
Other current liabilities		1,082	1,960
Total current liabilities		70,007	82,182
<b>Non-current liabilities</b>			
Total non-current liabilities		-	-
<b>Total liabilities</b>		<b>70,007</b>	<b>82,182</b>
<b>Net assets</b>		<b>187,430</b>	<b>197,261</b>
<b>EQUITY</b>			
Current year (loss)/profit		(9,831)	69,599
Retained earnings		197,261	127,662
<b>Total equity</b>		<b>187,430</b>	<b>197,261</b>

## Chain Reaction Challenge Foundation Statement of Changes in Equity For the year ended 30 June 2013

	30 June 2013	30 June 2012
	\$	\$
<b>Total equity at the beginning of the financial year</b>	<b>197,261</b>	<b>127,662</b>
Profit for the year	<b>(9,831)</b>	<b>69,599</b>
<b>Total equity at the end of the financial year</b>	<b>187,430</b>	<b>197,261</b>

## Chain Reaction Challenge Foundation Statement of Cash Flows For the year ended 30 June 2013

	Notes	30 June 2013 \$	30 June 2012 \$
<b>Cash flows from operating activities</b>			
Receipts from donations		2,446,121	2,830,003
Receipt of interest		18,747	21,474
Payments to suppliers and employees		(849,107)	(653,229)
Distributions to charities		(1,640,000)	(2,056,000)
<b>Net cash inflow from operating activities</b>	<b>8</b>	<b>(24,239)</b>	<b>142,248</b>
<b>Net cash inflow (outflow) from investing activities</b>		-	-
<b>Net cash inflow (outflow) from financing activities</b>		-	-
<b>Net increase in cash and cash equivalents</b>		<b>(24,239)</b>	<b>142,248</b>
Cash and cash equivalents at the beginning of the financial year		266,455	124,207
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>242,216</b>	<b>266,455</b>

## **Chain Reaction Challenge Foundation Notes to the Financial Statements For the year ended 30 June 2013**

### **1 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below.

#### **(a) Basis of preparation**

In the directors' opinion, the Foundation is not a reporting entity because there are no third party users dependent on general purpose financial reports.

This special purpose financial report that has been prepared to meet the requirements of the Trust Deed and distribute a financial report to the Trustee. The directors of the Trustee have determined that the accounting policies adopted are appropriate.

The entity has adopted the measurement requirements of Accounting Standards, Australian Interpretations, and other applicable Accounting Standards and Urgent Issues Group Interpretations. Disclosure requirements have not been adopted, with the exception of the following:

- AASB 101:** *Presentation of Financial Statements*
- AASB 107:** *Cash Flow Statements*

#### *Historical cost convention*

The financial statements have been prepared in accordance with the historical cost convention.

#### *Critical accounting estimates*

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

#### **(b) Revenue recognition**

Revenue is recognised for the major business activities as follows:

##### *(i) Donations and Sponsorship*

Donations and sponsorship income is recognised as income when received.

##### *(ii) Interest income*

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Foundation reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

#### **(c) Income tax**

The Foundation is a charitable fund and has received Australian Taxation Office endorsement for income tax exemption, and as such the income of the Foundation is not subject to income tax.

**(d) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and deposits held at call with financial institutions.

**(e) Goods and Services Tax (GST)**

Items of revenue and expenses are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the expense.

Cash flows are presented on a gross basis. In the future the Foundation may have GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority; these will be presented as an operating cash flow.

**2 Critical accounting estimates and judgements**

In the current financial year, Chain Reaction Challenge Foundation has made no critical accounting estimates or judgements.

**3 Victorian Ride**

	<b>30 June 2013</b>	<b>30 June 2012</b>
<b>Revenue</b>	<b>\$</b>	<b>\$</b>
Corporate donations/sponsors	<b>451,023</b>	<b>431,909</b>
Personal/rider donations	<b>499,965</b>	<b>528,815</b>
Other fundraising activities	<b>-</b>	<b>1,275</b>
<i>Total Revenue</i>	<b>950,988</b>	<b>961,999</b>
<b>Expenses</b>		
Uniforms	<b>(27,623)</b>	<b>(37,580)</b>
Accommodations, transportation, and meals	<b>(59,161)</b>	<b>(52,682)</b>
Insurance and training	<b>(19,068)</b>	<b>(12,797)</b>
Ride expenses and support	<b>(33,412)</b>	<b>(31,544)</b>
Photography	<b>(8,091)</b>	<b>(6,273)</b>
<i>Total Expenses</i>	<b>(147,355)</b>	<b>(140,876)</b>
<b>Net Victorian Ride</b>	<b>803,633</b>	<b>821,123</b>

#### 4 Queensland Ride

##### Revenue

Corporate donations/sponsors  
Personal/rider donations  
Other fundraising activities  
*Total Revenue*

30 June 2013	30 June 2012
\$	\$
389,090	455,187
368,573	409,252
5,528	2,791
<b>763,191</b>	<b>867,230</b>

##### Expenses

Uniforms  
Accommodations, transportation, and meals  
Insurance and training  
Ride expenses and support  
Photography  
*Total Expenses*

(26,606)	(41,134)
(46,219)	(49,910)
(20,141)	(13,546)
(32,566)	(36,634)
(1,850)	(1,136)
<b>(127,382)</b>	<b>(142,360)</b>

##### Net Queensland Ride

<b>635,809</b>	<b>724,870</b>
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#### 5 NSW Ride

##### Revenue

Corporate donations/sponsors  
Personal/rider donations  
Other fundraising activities  
*Total Revenue*

30 June 2013	30 June 2012
\$	\$
370,965	465,000
360,977	510,990
-	10,620
<b>731,942</b>	<b>986,610</b>

##### Expenses

Uniforms  
Accommodations, transportation, and meals  
Insurance and training  
Ride expenses and support  
Photography  
*Total Expenses*

(23,325)	(32,437)
(45,266)	(43,723)
(3,141)	(4,829)
(34,073)	(39,899)
(8,600)	(3,000)
<b>(114,405)</b>	<b>(123,888)</b>

##### Net NSW Ride

<b>617,537</b>	<b>862,722</b>
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## 6 Distributions to Charities

	<b>30 June 2013</b>	<b>30 June 2012</b>
	<b>\$</b>	<b>\$</b>
Victor Chang Cardiac Research Institute	<b>(385,000)</b>	<b>(740,000)</b>
Starlight Children's Foundation	<b>(250,000)</b>	<b>(550,000)</b>
Children's Health Foundation (Brisbane Royal Children's Hospital)	<b>(212,500)</b>	<b>(250,000)</b>
Eastern Health	-	<b>(240,000)</b>
Aunties & Uncles (Queensland)	<b>(50,000)</b>	<b>(66,400)</b>
AEIOU Foundation	<b>(212,500)</b>	<b>(34,800)</b>
Cerebral Palsy Education Centre – Equipment and Teaching Aids Fund	-	<b>(30,000)</b>
Freedom Wheels	<b>(20,000)</b>	<b>(30,000)</b>
Children's Protection Society	<b>(25,000)</b>	<b>(30,000)</b>
E. Motion 21	-	<b>(30,000)</b>
Aid for the Blind	-	<b>(23,200)</b>
Cystic Fibrosis NSW	-	<b>(20,000)</b>
Redkite	<b>(50,000)</b>	<b>(11,600)</b>
Royal Children's Hospital Foundation (Melbourne)	<b>(250,000)</b>	-
Learning for Life	<b>(25,000)</b>	-
Juvenile Diabetes Research Foundation	<b>(60,000)</b>	-
Smiling Mind	<b>(30,000)</b>	-
Heart Kids	<b>(30,000)</b>	-
Inspire Foundation	<b>(30,000)</b>	-
NICK Foundation	<b>(10,000)</b>	-
<b>Total Distributions to Charities</b>	<b>(1,640,000)</b>	<b>(2,056,000)</b>

## 7 Cash and cash equivalents

	30 June 2013	30 June 2012
	\$	\$
Cash at bank and on hand	<b>242,216</b>	<b>266,455</b>

## 8 Reconciliation of profit after income tax to net cash inflow from operating activities

	30 June 2013	30 June 2012
	\$	\$
Profit for the period	<b>(9,831)</b>	<b>69,599</b>
<b>Change in operating assets and liabilities</b>		
Decrease in trade debtors	-	-
(Increase) / Decrease in GST position	<b>(2,233)</b>	<b>1,246</b>
Increase / (Decrease) in creditors, accruals and others	<b>(12,175)</b>	<b>71,403</b>
Net cash inflow from operating activities	<b>(24,239)</b>	<b>142,248</b>

## 9 Contingencies

There are no contingent assets or liabilities in respect to the financial statements of the Foundation for the year ended 30 June 2013.

## 10 Commitments

There are no outstanding commitments of the Foundation as of 30 June 2013.

## **Chain Reaction Challenge Foundation Trustee's Declaration 30 June 2013**

As stated in Note 1(a) to the financial statements, in the directors' opinion, the Foundation is not a reporting entity because there are no third party users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet Trust Deed requirements.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in Note 1.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 12 are in accordance with the Trust Deed, including:
  - (i) complying with Accounting Standards and other mandatory professional reporting requirements as detailed above; and
  - (ii) giving a true and fair view of the Foundation's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

This declaration is made under authority of a resolution of the directors of the Trustees.



**John Ward**

Director

Melbourne  
**10 September 2013**



## **Independent auditor's report to the unitholders of Chain Reaction Challenge Foundation**

### ***Report on the financial report***

We have audited the accompanying financial report, being a special purpose financial report, of Chain Reaction Challenge Foundation (the Foundation), which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the trustees' declaration.

### ***Directors of the Trustee responsibility for the financial report***

The directors of the Trustee are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial statements, which forms part of the financial report, is appropriate to meet the requirements of the trust deed dated 14 November 2007, the *VIC Fundraising Act 1998*, the *SA Collection for Charitable Purposes Act 1939*, the *QLD Collections Act 1966*, the *ACT Charitable Collections Act 2003* and is appropriate to meet the needs of the unitholders.

The directors of the Trustee responsibility also includes such internal control as the directors of the Trustee determine is necessary to enable the preparation of a financial report that 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 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 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 of the Foundation, 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.

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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### *Auditor's opinion*

In our opinion:

1. The financial report of Chain Reaction Challenge Foundation (the Foundation):
  - i. presents fairly the Foundation's financial position as at 30 June 2013 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
  - ii. complies with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 1 to the financial statements.
2. The financial report has been prepared and associated records have been properly kept during the financial year ended 30 June 2013, in accordance with:
  - i. sections 29 (1-9) and 32 (1-4) of the *VIC Fundraising Act 1998*;
  - ii. section 15 (1,3) and 16 (1-2) of the *SA Collection for Charitable Purposes Act 1939*;
  - iii. sections 30 (1) and 31 (1-3) of the *QLD Collections Act 1966*; and
  - iv. sections 49 (1: 4-6) and 50 (2) of the *ACT Charitable Collections Act 2003*.
3. Based on our audit, we have not become aware of any matter that makes us believe that the Foundation has not complied with the obligations imposed by the financial reporting sections of the relevant Acts and regulations mentioned above.
4. The money received as a result of fundraising appeals conducted by the Foundation during the financial year ended 30 June 2013 has been properly accounted for and applied in accordance with the above mentioned Acts and regulations.

### ***Basis of accounting and restriction on distribution and use***

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 distribution to the unit holders of Chain Reaction Challenge Foundation for the purpose of fulfilling the financial reporting obligations under the trust deed dated 14 November 2007 and under the *VIC Fundraising Act 1998*, the *SA Collection for Charitable Purposes Act 1939*, the *QLD Collections Act 1966*, the *ACT Charitable Collections Act 2003*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the unitholders of Chain Reaction Challenge Foundation.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'Andrew Cronin'.

Andrew Cronin  
Partner

Melbourne  
10 September 2013