



Chain Reaction Challenge Foundation Special Purpose Annual Report

For the year ended 30 June 2019



Chain Reaction Challenge Foundation

30 June 2019

The financial report covers Chain Reaction Challenge Foundation (the "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 Rialto South Tower, Level 31, 525 Collins Street, Melbourne, VIC 3000.

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Chain Reaction Challenge Foundation Trustee's Report 30 June 2019

The directors of the Trustee of Chain Reaction Challenge Foundation ("the Foundation") present their report on the Foundation for the year 1 July 2018 to 30 June 2019 ("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
- Michael Byrom
- John Ward
- Bradley Bennett
- Renee Nutbean (Resigned 30 November 2018)
- Andrew Hayne
- Patrice Sherrie (Appointed 1 December 2018)

Principal activities

Chain Reaction is the Ultimate Corporate Bike Challenge that raises money for children in need by challenging business executives who have a passion for cycling and an awareness of their corporate social responsibilities, to ride a demanding course over multiple 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 \$3,325,369 from activities relating to four rides that took place in the 2019 financial year. Expenses relating to these rides accounted for \$950,486 and distributions made to charities for the year ended June 2019 amounted to \$2,350,000.

Significant changes in the state of affairs

The 2019 financial year saw an increase in revenue from NSW and Women's rides.

Chain Reaction raised a total of \$3,325,369 from four rides thanks to the generous support of its corporate partners and personal donors. The Victorian ride raised \$1,078,157, the NSW ride raised \$684,962, the Queensland ride raised \$1,112,534 and the Women's ride raised \$445,584. These results could not have been achieved without the hard work and persistence of our riders.

Trustee's Report (continued)

Matters subsequent to the end of the financial year

No matters or circumstances have arisen since 30 June 2019 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.

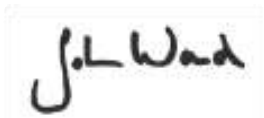
Indemnification and insurance of directors and auditors

Indemnity insurance was taken out by Chain Reaction Challenge Foundation 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

2 October 2019

Chain Reaction Challenge Foundation Foundation Information 30 June 2019

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 31, 525 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 2 October 2019.

Chain Reaction Challenge Foundation Statement of Comprehensive Income For the year ended 30 June 2019

	Notes	30 June 2019 \$	30 June 2018 \$
<i>Revenue from fund raising activities</i>			
Victorian ride	3	1,078,157	1,128,730
Queensland ride	4	1,112,534	1,503,733
NSW ride	5	684,962	360,029
Women's Ride	6	445,584	425,093
Other Corporate Income/ (Expense)	7	4,132	(3,907)
Total revenue		3,325,369	3,413,678
<i>Direct expenses</i>			
Victorian ride	3	(82,327)	(37,896)
Queensland ride	4	(124,272)	(76,128)
NSW ride	5	(94,959)	(23,390)
Women's Ride	6	(41,546)	(79,260)
<i>Indirect expenses</i>			
Foundation development		(1,062)	(3,171)
Professional fees		(28,667)	(28,573)
Employee expenses		(483,006)	(459,633)
Travel		(13,527)	(25,324)
Corporate vehicle registration and running costs		(11,800)	(7,197)
General and administration		(69,320)	(77,407)
Total expenses		(950,486)	(817,979)
Distributions to charities	8	(2,350,000)	(2,591,500)
Profit before income tax		24,883	4,199
Income tax	1 (c)	-	-
Profit for the year		24,883	4,199
Other comprehensive income/(loss) for the period, net of tax		-	-
Total comprehensive income		24,883	4,199

Chain Reaction Challenge Foundation

Statement of Financial Position

As at 30 June 2019

	Notes	30 June 2019 \$	30 June 2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	475,166	427,513
Net GST position		(473)	3,242
Total current assets		474,693	452,245
Non-current assets			
Total non-current assets	10	62,202	77,494
Total assets		536,895	508,249
LIABILITIES			
Current liabilities			
Employee entitlements		161,574	152,584
Other Payables		5,557	10,784
Total current liabilities		167,131	163,368
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		167,131	163,368
Net assets		369,764	344,881
EQUITY			
Current year profit		24,883	4,199
Retained earnings		344,881	340,682
Total equity		369,764	344,881

Chain Reaction Challenge Foundation Statement of Changes in Equity For the year ended 30 June 2019

	30 June 2019	30 June 2018
	\$	\$
Total equity at the beginning of the financial year	344,881	340,682
Profit for the year	24,883	4,199
Total equity at the end of the financial year	369,764	344,881

Chain Reaction Challenge Foundation Statement of Cash Flows For the year ended 30 June 2019

	30 June 2019	30 June 2018
	\$	\$
Cash flows from operating activities		
Receipts from donations/ sponsorship	3,321,237	3,401,757
Receipt of other income	4,132	4,724
Payments to suppliers and employees	(923,978)	(806,816)
Distributions to charities	(2,350,000)	(2,591,500)
Net cash inflow from operating activities	51,391	8,165
Cash flows from investing activities		
Payment for acquisition of equipment	(2,298)	-
Payment for website development	(1,440)	(30,660)
Net cash (outflow) from investing activities	(3,738)	(30,660)
Net cash inflow/(outflow) from financing activities	-	-
Net increase/ (decrease) in cash and cash equivalents	47,653	(22,494)
Cash and cash equivalents at the beginning of the financial year	427,513	450,007
Cash and cash equivalents at the end of the year	475,166	427,513

Notes

11

9

Chain Reaction Challenge Foundation

Notes to the Financial Statements

For the year ended 30 June 2019

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 are 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.

(f) Property, plant and equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation or amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. All subsequent costs, including repairs and maintenance, are expensed as incurred.

Depreciation on plant and equipment is calculated using the straight-line method to allocate cost, net of the residual value, overestimated useful lives as follows:

Class of Asset	Useful Life
Computer Equipment	3 years
Motor Vehicles	10 years
Office Equipment, Furniture and Fittings	4-10 years
Software	3 years

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

	30 June 2019	30 June 2018
Revenue	\$	\$
Corporate donations/sponsors	425,571	546,638
Personal/rider donations	652,586	582,092
<i>Total Revenue</i>	1,078,157	1,128,730
Expenses		
Accommodations, meals, flights and uniforms*	(8,732)	(5,155)
Insurance and training	(15,090)	(5,032)
Ride expenses and support	(44,491)	(27,709)
Rider Promotions and Marketing	(14,014)	-
<i>Total Expenses</i>	(82,327)	(37,896)
Net Victorian Ride	995,830	1,090,834

* Charity Partners contribute towards the cost of accommodation, meals and uniforms as part of their support for Chain Reaction.

4 Queensland Ride

	30 June 2019	30 June 2018
Revenue	\$	\$
Corporate donations/sponsors	337,696	416,260
Personal/rider donations	751,907	1,087,473
Event Launch	22,931	-
<i>Total Revenue</i>	1,112,534	1,503,773
Expenses		
Accommodations, meals, flights and uniforms*	(8,438)	(18,823)
Insurance and training	(20,090)	(5,171)
Ride expenses and support	(63,036)	(49,622)
Event Launch Costs	(16,836)	-
Rider Promotions and Marketing	(15,872)	(2,512)
<i>Total Expenses</i>	(124,272)	(76,128)
Net Queensland Ride	988,262	1,427,605

* Charity Partners contribute towards the cost of accommodation, meals and uniforms as part of their support for Chain Reaction.

5 NSW Ride

	30 June 2019	30 June 2018
Revenue	\$	\$
Corporate donations/sponsors	96,576	135,321
Personal/rider donations	563,969	224,708
Special Events – Tour de PIF	24,417	-
<i>Total Revenue</i>	684,962	360,029
Expenses		
Accommodations, meals, flights and uniforms*	(9,385)	(4,735)
Insurance and training	(23,089)	(4,521)
Ride expenses and support	(48,420)	(12,878)
Rider Promotions and Marketing	(14,065)	(79)
One Day Recruitment Ride	-	(1,177)
<i>Total Expenses</i>	(94,959)	(23,390)
Net NSW Ride	590,003	336,639

* Charity Partners contribute towards the cost of accommodation, meals and uniforms as part of their support for Chain Reaction.

6 Women's Ride

	30 June 2019	30 June 2018
Revenue	\$	\$
Corporate donations/sponsors	136,500	145,500
Personal/rider donations	309,084	279,593
<i>Total Revenue</i>	445,584	425,093
Expenses		
Accommodations, meals, flights and uniforms*	(15,001)	(47,473)
Insurance and training	(4,600)	(3,182)
Ride expenses and support	(19,962)	(24,744)
Rider Promotions and Marketing	(1,983)	(3,861)
<i>Total Expenses</i>	(41,546)	(79,260)
Net Women Ride	404,038	345,833

* Charity Partners contribute towards the cost of accommodation, meals and uniforms as part of their support for Chain Reaction.

7 Other Corporate Income/ Expenses

	30 June 2019	30 June 2018
	\$	\$
Phil Liggett Roadshow – net proceeds	-	(8,630)
Interest Income	4,132	3,884
General Donation	-	839
Other Income	4,132	(3,907)

8 Distributions to Charities

	30 June 2019	30 June 2018
	\$	\$
AEIOU Foundation	(625,000)	(500,000)
Aussie Kidz	-	(40,000)
Breakthrough Foundation	(30,000)	-
Brainwave	-	(50,000)
Childhood Cancer Support	(25,000)	(20,000)
Challenge Cancer Support Network	-	(41,000)
Freedom Wheels	(35,000)	(33,500)
Hear & Say Foundation	-	(20,000)
HELP Enterprises	(40,000)	(35,000)
Hummingbird House	-	(230,000)
I-Can Network	(30,000)	-
Lung Foundation	-	(10,000)
Maluk Timor	-	(30,000)
Monash Children's Hospital	(85,000)	(35,000)
Outward Bound	(20,000)	-
Oz Harvest	(50,000)	-
Ronald McDonald House	(350,000)	(500,000)
Royal Children's Hospital (Melbourne)	-	(50,000)
Starlight Children's Foundation	(620,000)	(441,000)
Sunshine Butterflies	-	(15,000)
TADNSW Freedom Wheels	(10,000)	-
Traction	(40,000)	-
Very Special Kids	(320,000)	(350,000)
Victor Chang Cardiac Research Institute	(20,000)	(91,000)
Youth Advocacy Centre	(50,000)	(100,000)
Total Distributions to Charities	(2,350,000)	(2,591,500)

9 Current assets - Cash and cash equivalents

	30 June 2019	30 June 2018
	\$	\$
Cash at bank and on hand	475,166	427,513

10 Non-Current assets

	30 June 2019	30 June 2018
	\$	\$
Non-Current Assets	102,105	98,367
Accumulated Depreciation Non-Current Assets	(39,903)	(20,873)
Total Non-Current Assets	62,202	77,494

11 Reconciliation of profit after income tax to net cash inflow/(outflow) from operating activities

	30 June 2019	30 June 2018
	\$	\$
Profit for the period	24,883	4,199
Change in operating assets and liabilities		
Decrease / (Increase) in GST position	3,715	(1,004)
(Decrease)/ Increase in creditors, accruals and others	3,763	(7,334)
Depreciation charges	19,030	12,304
Net cash inflow from operating activities	51,391	8,165

12 Contingencies

There are no contingent assets or liabilities in respect to the financial statements of the Foundation for the year ended 30 June 2019.

13 Commitments

There are no outstanding commitments of the Foundation as of 30 June 2019.

Chain Reaction Challenge Foundation Trustee's Declaration 30 June 2019

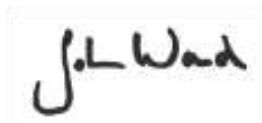
As stated in Note 1(a) to the financial statements, in the directors' opinion, the Foundation is not a reporting entity because there are no third-party users' dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet Trust Deed requirements.

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 2019 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
2 October 2019



Independent auditor's report

To the unitholders of Chain Reaction Challenge Foundation

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Chain Reaction Challenge Foundation (the Trust) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (a) giving a true and fair view of the Trust's financial position as at 30 June 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2019
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the declaration of the directors of the Trustee.

Basis for opinion

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

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

Independence

We are independent of the Trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
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Liability limited by a scheme approved under Professional Standards Legislation.



Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors of the Trustee's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Chain Reaction Challenge Foundation and its unitholders and should not be used by parties other than Chain Reaction Challenge Foundation and its unitholders. Our opinion is not modified in respect of this matter.

Other information

The directors of the Trustee are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors of the Trustee for the financial report

The directors of the Trustee of the Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and is appropriate to meet the needs of the members. The directors of the Trustee's responsibility also includes such internal control as the directors of the Trustee determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Trustee are responsible for assessing the ability of the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Trustee either intends to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material



if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Report on the requirements of the VIC Fundraising Act 1998, the SA Collection for Charitable Purposes Act 1939, the QLD Collections Act 1996 and the ACT Charitable Collections Act 2003 (together "the Acts")

We have audited the financial report of Chain Reaction Challenge Foundation as required by the VIC Fundraising Act 1998, the SA Collection for Charitable Purposes Act 1939, the QLD Collections Act 1996 and the ACT Charitable Collections Act 2003. The directors of the trustee company are responsible for the preparation and presentation of the financial report in accordance with the VIC Fundraising Act 1998, the SA Collection for Charitable Purposes Act 1939, the QLD Collections Act 1996 and the ACT Charitable Collections Act 2003. Our responsibility is to express an opinion on the financial report based on our audit.

Our opinion

In our opinion, in all material respects:

1. The financial report of Chain Reaction Challenge Foundation has been prepared and the associated records have been properly kept, during the financial year ended 30 June 2019, in accordance with:
 - i. sections 29 (1-9) and 32 (1-4) of the VIC Fundraising Act 1998;
 - ii. sections 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 1996; and
 - iv. sections 49 (1: 4-6) and 50 (2) of the ACT Charitable Collections Act 2003.
2. Based on our audit, we have not become aware of any matter that makes us believe that the Trust has not complied with the obligations imposed by the financial reporting sections of the Acts mentioned above.

The money received as a result of fundraising appeals conducted by the Trust during the financial year ended 30 June 2019 has been properly accounted for and applied in accordance with the above mentioned Acts.

PricewaterhouseCoopers

Andrew Cronin
Partner

Melbourne
2 October 2019



Auditor's Independence Declaration

As lead auditor for the audit of Chain Reaction Challenge Foundation for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read 'A. Cronin', is positioned above the printed name.

Andrew Cronin
Partner
PricewaterhouseCoopers

Melbourne
2 October 2019