



Chain Reaction Challenge Foundation

Special Purpose Annual Report

For the year ended 30 June 2016



Chain Reaction Challenge Foundation
ABN 71 790 713 995
PO Box 1544, Melbourne VIC 3001

Chain Reaction Challenge Foundation

30 June 2016

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 Level 24, 333 Collins Street, Melbourne, VIC 3000.

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Chain Reaction Challenge Foundation Trustee's Report 30 June 2016

The directors of the Trustee of Chain Reaction Challenge Foundation ("the Foundation") present their report on the Foundation for the year 1 July 2015 to 30 June 2016 ("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
- Bradley Bennett
- Renee Nutbean (Appointed 22 February 2016)

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 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 \$3,066,324 from activities relating to four rides that took place in the 2016 financial year. Expenses relating to these rides accounted for \$670,954 and distributions made to charities for the year ended June 2016 amounted to \$2,297,000.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the foundation during the year. The 2016 financial year was a record year for Chain Reaction with more than \$3 million being raised for the first time.

Chain Reaction raised a total of \$3,023,942 from four rides thanks to the generous support of its corporate partners and personal donors. The Victorian ride raised \$1,171,719, the NSW ride raised \$640,958, the Queensland ride raised \$1,019,639 and the Women's ride raised \$191,626. These amazing 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 2016 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

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 September 2016

Chain Reaction Challenge Foundation Foundation Information 30 June 2016

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 2 September 2016.

Chain Reaction Challenge Foundation Statement of Comprehensive Income For the year ended 30 June 2016

	Notes	30 June 2016 \$	30 June 2015 \$
<i>Revenue from fund raising activities</i>			
Victorian ride	3	1,171,719	1,137,585
Queensland ride	4	1,019,639	920,868
NSW ride	5	640,958	788,311
Women's Ride	6	191,626	96,460
Other income	7	42,382	5,093
Total revenue		3,066,324	2,948,317
<i>Direct expenses</i>			
Victorian ride	3	(27,382)	(37,847)
Queensland ride	4	(54,490)	(42,920)
NSW ride	5	(22,345)	(43,503)
Women's Ride	6	(28,803)	(22,316)
<i>Indirect expenses</i>			
Foundation development		(44,469)	(5,087)
Professional fees		(28,541)	(18,494)
Employee expenses		(397,801)	(393,121)
Travel		(24,127)	(21,944)
General and administration		(42,996)	(44,350)
Total expenses		(670,954)	(629,582)
Distributions to charities	8	(2,297,000)	(2,251,000)
Profit/(Loss) before income tax		98,370	67,735
Income tax	1 (c)	-	-
Profit/(Loss) for the year		98,370	67,735
Other comprehensive income/(loss) for the period, net of tax		-	-
Total comprehensive income		98,370	67,735

Chain Reaction Challenge Foundation Statement of Financial Position As at 30 June 2016

	Notes	30 June 2016 \$	30 June 2015 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	557,285	429,071
Net GST position		685	(129)
Total current assets		557,970	428,942
Non-current assets			
Total non-current assets	10	2,265	8,789
Total assets		560,235	437,731
LIABILITIES			
Current liabilities			
Employee entitlements		131,946	117,754
Aged Payables		5,489	(4,453)
Total current liabilities		137,435	113,301
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		137,435	113,301
Net assets		422,800	324,430
EQUITY			
Current year profit/(loss)		98,370	67,735
Retained earnings		324,430	256,695
Total equity		422,800	324,430

Chain Reaction Challenge Foundation Statement of Changes in Equity For the year ended 30 June 2016

	30 June 2016	30 June 2015
	\$	\$
Total equity at the beginning of the financial year	324,430	256,695
Profit for the year	98,370	67,735
Total equity at the end of the financial year	422,800	324,430

Chain Reaction Challenge Foundation Statement of Cash Flows For the year ended 30 June 2016

	Notes	30 June 2016	30 June 2015
		\$	\$
Cash flows from operating activities			
Receipts from donations/ sponsorship		3,063,520	2,893,224
Receipt of other income		2,804	19,918
Payments to suppliers and employees		(641,110)	(622,831)
Distributions to charities		(2,297,000)	(2,251,000)
Net cash inflow from operating activities	11	128,214	39,311
Net cash inflow (outflow) from investing activities		-	-
Net cash inflow (outflow) from financing activities		-	-
Net increase in cash and cash equivalents		128,214	39,311
Cash and cash equivalents at the beginning of the financial year		429,071	389,760
Cash and cash equivalents at the end of the year	9	557,285	429,071

Chain Reaction Challenge Foundation Notes to the Financial Statements For the year ended 30 June 2016

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.

(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
Office Equipment, Furniture and Fittings	4-10 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 2016	30 June 2015
	\$	\$
Revenue		
Corporate donations/sponsors	457,614	441,925
Personal/rider donations	714,105	695,660
Event Launch	-	-
<i>Total Revenue</i>	1,171,719	1,137,585
Expenses		
Uniforms	(5,642)	(545)
Accommodations, transportation, and meals	(3,138)	(8,321)
Insurance and training	(2,968)	(4,094)
Ride expenses and support	(12,463)	(23,674)
Rider Promotions and Marketing	(1,469)	-
Course recon	(1,702)	(1,213)
<i>Total Expenses</i>	(27,382)	(37,847)
Net Victorian Ride	1,144,337	1,099,738

4 Queensland Ride

	30 June 2016	30 June 2015
	\$	\$
Revenue		
Corporate donations/sponsors	366,965	395,972
Personal/rider donations	622,636	506,714
Event Launch	30,038	18,182
<i>Total Revenue</i>	1,019,639	920,868
Expenses		
Uniforms	(656)	(658)
Accommodations, transportation, and meals	(11,155)	(5,678)
Insurance and training	(3,016)	(2,828)
Ride expenses and support	(17,338)	(15,799)
Event Launch Costs	(17,791)	(12,155)
Rider Promotions and Marketing	(1,801)	(982)
Course Recon	(2,733)	(4,820)
<i>Total Expenses</i>	(54,490)	(42,920)
Net Queensland Ride	965,149	877,948

5 NSW Ride

	30 June 2016	30 June 2015
Revenue	\$	\$
Corporate donations/sponsors	287,700	208,032
Personal/rider donations	353,258	580,279
Event Launch	-	-
<i>Total Revenue</i>	640,958	788,311
Expenses		
Uniforms	(656)	(578)
Accommodations, transportation, and meals	(53)	(14,449)
Insurance and training	(2,968)	(3,337)
Ride expenses and support	(16,525)	(23,936)
Rider Promotions and Marketing	(48)	-
Course recon	(2,095)	(1,203)
<i>Total Expenses</i>	(22,345)	(43,503)
Net NSW Ride	618,613	744,808

6 Women's Ride

	30 June 2016	30 June 2015
Revenue	\$	\$
Corporate donations/sponsors	65,902	29,311
Personal/rider donations	125,724	67,149
<i>Total Revenue</i>	191,626	96,460
Expenses		
Uniforms	(11,186)	(8,336)
Accommodations, transportation, and meals	(10,268)	(6,251)
Insurance and training	-	-
Ride expenses and support	(5,921)	(6,592)
Rider Promotions and Marketing	(893)	(1,137)
Course recon	(535)	
<i>Total Expenses</i>	(28,803)	(22,316)
Net Women Ride	162,823	74,144

7 Other Corporate Income

	30 June 2016	30 June 2015
	\$	\$
Commemorative Book Sales	-	14,777
Commemorative Book Costs	-	(14,825)
Corporate Donations/ Sponsorship	36,000	-
One Day Event – net proceeds	3,578	-
Interest Income	2,155	4,463
General Donation	649	678
Other Income	42,382	5,093

8 Distributions to Charities

	30 June 2016	30 June 2015
	\$	\$
AEIOU Foundation	(331,000)	(30,000)
AMAZE	(40,000)	(25,000)
Brainwave	(25,000)	(25,000)
Cerebral Palsy Education Centre	-	(20,000)
Children's Hospital Foundation	-	(325,000)
E. Motion 21	-	(30,000)
Freedom Wheels	(80,000)	(75,000)
Good Cycle	(10,000)	-
Heart Kids	(25,000)	-
iCope	(10,000)	(25,000)
Juvenile Diabetes Research Foundation	(60,000)	(45,000)
Learning for Life	(20,000)	-
Mansfield District Hospital	(25,000)	-
Mercy Health Breast Milk Bank	(10,000)	-
Monash Children's Hospital	(355,000)	(20,000)
Pormpur Paathu Aboriginal Cooperation	-	(10,000)
Radio Lollipop	(80,000)	-
Ronald McDonald House	(60,000)	-
Royal Institute of Deaf and Blind	-	(15,000)
Starlight Children's Foundation	(681,000)	(684,000)
Sydney Children's Hospital Foundation	(40,000)	(20,000)
TADNSW Freedom Wheels	(45,000)	-
Very Special Kids	(20,000)	(355,000)
Victor Chang Cardiac Research Institute	(380,000)	(547,000)
Total Distributions to Charities	(2,297,000)	(2,251,000)

9 Current assets - Cash and cash equivalents

	30 June 2016	30 June 2015
	\$	\$
Cash at bank and on hand	557,285	429,071

10 Non-Current assets

	30 June 2016	30 June 2015
	\$	\$
Non-Current Assets	4,016	9,287
Accumulated Depreciation Non-Current Assets	(1,751)	(498)
Total Non-Current Assets	2,265	8,789

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

	30 June 2016	30 June 2015
	\$	\$
Profit/(loss) for the period	98,370	67,735
Change in operating assets and liabilities		
Donations received in advance previous year	-	(50,000)
Decrease / (Increase) in GST position	(366)	2,406
Increase / (Decrease) in creditors, accruals and others	26,192	27,959
Sales / (Purchases) of Riding Equipment	5,271	-
Depreciation charges	(1,253)	(8,789)
Net cash inflow/(outflow) from operating activities	128,214	39,311

12 Contingencies

There are no contingent assets or liabilities in respect to the financial statements of the Foundation for the year ended 30 June 2016.

13 Commitments

There are no outstanding commitments of the Foundation as of 30 June 2016.

Chain Reaction Challenge Foundation Trustee's Declaration 30 June 2016

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 13 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 2016 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 September 2016



Independent auditor's report to the unit holders of Chain Reaction Challenge Foundation

Report on the financial report

We have audited the accompanying financial report of Chain Reaction Challenge Foundation (the trust), which comprises the statement of financial position as at 30 June 2016, 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 trustee's declaration.

Directors of the trustee responsibility for the financial report

The directors of the trustee are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such internal control as the directors of the trustee determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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 1996*, the *ACT Charitable Collections Act 2003* and is appropriate to meet the needs of the unit holders.

The directors of the trustee's 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 trustee, 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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Auditor's opinion

In our opinion:

1. The financial report of Chain Reaction Challenge Foundation (the trust):
 - i. gives a true and fair view of the trust's financial position as at 30 June 2016 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 2016, 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 1996*; 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 trust 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 trust during the financial year ended 30 June 2016 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 1996*, 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 unit holders of Chain Reaction Challenge Foundation.

PricewaterhouseCoopers

Andrew Cronin
Partner

Melbourne
2 September 2016

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