



# Chain Reaction Challenge Foundation

## Special Purpose Annual Report

For the year ended 30 June 2011



# Chain Reaction Challenge Foundation

## 30 June 2011

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 Trustees' Report 30 June 2011**

The directors of the Trustee of Chain Reaction Challenge Foundation ("the Foundation") present their report on the Foundation for the year 1 July 2010 to 30 June 2011 ("the year"). The Foundation is an Australian registered trust.

### **Directors**

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

- Berrick Wilson
- Patrick McCurry
- John Ward

### **Principal activities**

Chain Reaction is the Ultimate Corporate Bike Challenge that raises money for sick children by challenging senior executives who have a passion for cycling and an awareness of their corporate and 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 sick children.

### **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 \$1,684,103 from activities relating to two rides that took place in Victoria and Queensland in 2011. Expenses relating to these rides accounted for \$429,999 and distributions made to charities at the end of FY2011 amounted to \$1,209,000.

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

During the 2011 financial year, the Foundation decided to build on the success of its previous four rides and grow its fundraising capacity by taking its cycling event to other business communities outside of Melbourne. To achieve this goal, the Foundation appointed John Ward as CEO with the responsibility of developing and implementing a sustainable growth model.

In 2011, Chain Reaction Challenge Foundation conducted two charity bike rides, with its fifth ride for the Melbourne business community and its first interstate ride for the Brisbane and Gold Coast business communities. Both rides were a success and raised \$1,684,103 on behalf its children's charity partners. Importantly in 2011, the Foundation has demonstrated it can successfully organise charity bike rides outside of Melbourne which has laid the Foundation for growth into other cities around Australia in 2012 and beyond.

## Trustee's Report (continued)

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

No matters or circumstances have arisen since 30 June 2011 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

No insurance premiums are paid out of the assets of the Foundation in regards to insurance cover provided to the directors of the Trustee. So long as the directors of the Trustee act in accordance with the Trust Deed and the applicable Law, the directors remain indemnified out of the assets of the Foundation against losses incurred while acting on behalf of the Foundation.

### Auditor

PricewaterhouseCoopers has been appointed 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 2011**

## **Chain Reaction Challenge Foundation Foundation information 30 June 2011**

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 directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 2 September 2011.

## Chain Reaction Challenge Foundation Income statement For the year ended 30 June 2011

	Notes	30 June 2011 \$
<i>Revenue from fund raising activities</i>		
Victorian ride	3	1,048,800
Queensland ride	4	635,303
Other income		23,737
<b>Total revenue</b>		<b>1,707,840</b>
<i>Direct expenses</i>		
Victorian ride	3	(113,411)
Queensland ride	4	(127,163)
<i>Indirect expenses</i>		
Foundation development		(8,708)
Professional fees		(11,013)
Employee expenses		(149,945)
Travel		(7,026)
General and administration		(12,733)
<b>Total expenses</b>		<b>(429,999)</b>
<b>Distributions to charities</b>	5	<b>(1,209,000)</b>
<b>Profit before income tax</b>		<b>68,841</b>
Income tax	1 (c)	-
<b>Profit for the year</b>		<b>68,841</b>

## Chain Reaction Challenge Foundation Balance sheet As at 30 June 2011

	Notes	30 June 2011 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	6	124,207
Net GST position		14,234
<b>Total current assets</b>		<b>138,441</b>
<b>Non-current assets</b>		
Total non-current assets		-
<b>Total assets</b>		<b>138,441</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Employee entitlements		10,679
Other current liabilities		100
<b>Total current liabilities</b>		<b>10,779</b>
<b>Non-current liabilities</b>		
Total non-current liabilities		-
<b>Total liabilities</b>		<b>10,779</b>
<b>Net assets</b>		<b>127,662</b>
<b>EQUITY</b>		
Current year profit		68,841
Retained earnings		58,821
<b>Total equity</b>		<b>127,662</b>

**Chain Reaction Challenge Foundation  
Statements of changes in equity  
For the year ended 30 June 2011**

**Total equity at the beginning of the financial year**  
Profit for the year  
**Total equity at the end of the financial year**

30 June 2011
\$ 58,821
68,841
<b>127,662</b>



**Chain Reaction Challenge Foundation  
Cash flow statement  
For the year ended 30 June 2011**

	Notes	30 June 2011 \$
<b>Cash flows from operating activities</b>		
Receipts from donations		1,689,223
Receipt of interest		23,737
Payments to suppliers and employees		(433,454)
Distributions to Charities		(1,209,000)
<b>Net cash inflow from operating activities</b>	<b>7</b>	<b>70,506</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>70,506</b>
Cash and cash equivalents at the beginning of the financial year		53,701
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b>124,207</b>

## **Chain Reaction Challenge Foundation Notes to the financial statements For the year ended 30 June 2011**

### **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

	30 June 2011
<b>Revenue</b>	<b>\$</b>
Corporate donations/sponsors	500,978
Personal/rider donations	547,822
<i>Total Revenue</i>	<b>1,048,800</b>
<b>Expenses</b>	
Uniforms	29,057
Accommodations, transportation, and meals	45,552
Insurance and training	12,157
Course reconnaissance expenses	3,981
Ride expenses and support	19,464
Photography	3,200
<i>Total Expenses</i>	<b>113,411</b>
<b>Net Victorian Ride</b>	<b>935,389</b>

### 4 Queensland Ride

	30 June 2011
<b>Revenue</b>	<b>\$</b>
Corporate donations/sponsors	317,500
Personal/rider donations	286,288
Gala dinner	31,515
<i>Total Revenue</i>	<b>635,303</b>
<b>Expenses</b>	
Uniforms	25,361
Accommodations, transportation, and meals	35,719
Insurance and training	12,157
Course reconnaissance expenses	3,074
Ride expenses and support	27,069
Photography	2,800
Gala dinner	20,983
<i>Total Expenses</i>	<b>127,163</b>
<b>Net Queensland Ride</b>	<b>508,140</b>

## 5 Distributions to Charities

	30 June 2011
	\$
Starlight Children's Foundation	477,500
Monash Children's Hospital	306,000
Brisbane Royal Children's Hospital	177,500
Aunties & Uncles (Queensland)	75,000
Cerebral Palsy Education Centre – Equipment and Teaching Aids Fund	50,000
I Ski for Tommy – Melanoma Victoria	25,000
Click Foundation	25,000
Caleb Thorburn Foundation	25,000
Finnan's Gift - Royal Children's Hospital	25,000
Freedom Wheels	23,000
<b>Total Distributions to Charities</b>	<b>1,209,000</b>

## 6 Current assets - Cash and cash equivalents

	30 June 2011
	\$
Cash at bank and on hand	124,207

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

	30 June 2011
	\$
Profit for the period	68,841
<b>Change in operating assets and liabilities</b>	
Decrease in trade debtors	5,120
(Increase) in GST position	(14,234)
Increase in creditors, accruals and others	10,779
<b>Net cash inflow from operating activities</b>	<b>70,506</b>

## 8 Contingencies

There are no contingent assets or liabilities in respect to the financial statements of the Foundation for the year ended 30 June 2011.

## **9 Commitments**

There are no outstanding commitments of the Foundation as of 30 June 2011.

## **Chain Reaction Challenge Foundation Trustee's Declaration 30 June 2011**

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 6 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 2011 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 2011**



## 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, being a special purpose financial report, of Chain Reaction Challenge Foundation (the Foundation), which comprises the balance sheet as at 30 June 2011, the income statement, the cash flow statement, and the statement of changes in equity for the year then ended, a summary of significant accounting policies, other explanatory notes and the trustees' declaration.

#### *The responsibility of the directors of the trustee for the financial report*

The directors of the of the Trustee Company 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 form 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 the needs of the unit holders.

The directors' responsibility also includes such internal control as the directors' determine is necessary to enable the preparation of the 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. 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 Foundation'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 company's internal control. An audit also includes evaluating the reasonableness of accounting estimates made by the governors, 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**  
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
DX 77 Melbourne Australia  
T +61 3 8603 1000, F +61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)





*Auditor's opinion*

In our opinion:

- 1) the financial report of Chain Reaction Challenge Foundation ( the Foundation):
  - (i) gives a true and fair view of the Foundation's financial position as at 30 June 2011 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 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 2011, 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), 31(1-3) of the *QLD Collections Act 1966*
  - (iv) section 49 (1; 4-6) 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 2011 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*, and 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.

*Andrew Cronin*

PricewaterhouseCoopers

Andrew Cronin

Partner

2 September 2011

**PricewaterhouseCoopers, ABN 52 780 433 757**

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
DX 77 Melbourne Australia

T +61 3 8603 1000, F +61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)