



Chain Reaction Challenge Foundation

Special Purpose Annual Report

For the year ended 30 June 2014



Chain Reaction Challenge Foundation

30 June 2014

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 2014

The directors of the Trustee of Chain Reaction Challenge Foundation ("the Foundation") present their report on the Foundation for the year 1 July 2013 to 30 June 2014 ("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 (appointed 1 December 2013)

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 \$2,851,720 from activities relating to four rides that took place in in 2014 including the inaugural Women's ride. Expenses relating to these rides accounted for \$664,455 and distributions made to charities for the year ended June 2014 amounted to \$2,118,000.

Significant changes in the state of affairs

The 2014 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 \$2,833,974 from four rides thanks to the generous support of its corporate partners and personal donors. The Victorian ride raised \$1,111,705, the NSW ride raised \$566,717, the Queensland ride raised \$1,080,610 and the new Women's ride raised \$74,942. 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 2014 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

30 September 2014

Chain Reaction Challenge Foundation Foundation Information 30 June 2014

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 30 September 2014.

Chain Reaction Challenge Foundation Statement of Comprehensive Income For the year ended 30 June 2014

	Notes	30 June 2014 \$	30 June 2013 \$
<i>Revenue from fund raising activities</i>			
Victorian ride	3	1,111,705	950,988
Queensland ride	4	1,080,610	763,191
NSW ride	5	566,717	731,942
Women Ride	6	74,942	-
Other income		17,746	18,747
Total revenue		2,851,720	2,464,868
<i>Direct expenses</i>			
Victorian ride	3	(30,345)	(147,355)
Queensland ride	4	(65,633)	(127,382)
NSW ride	5	(73,486)	(114,405)
Women Ride	6	(17,518)	-
<i>Indirect expenses</i>			
Foundation development		(1,827)	(4,185)
Professional fees		(19,829)	(19,317)
Employee expenses		(388,888)	(349,952)
Travel		(22,654)	(32,854)
General and administration		(44,275)	(39,249)
Total expenses		(664,455)	(834,699)
Distributions to charities	7	(2,118,000)	(1,640,000)
Profit/(Loss) before income tax		69,265	(9,831)
Income tax	1 (c)	-	-
Profit/(Loss) for the year		69,265	(9,831)
Other comprehensive income/(loss) for the period, net of tax		-	-
Total comprehensive income		69,265	(9,831)

Chain Reaction Challenge Foundation Statement of Financial Position As at 30 June 2014

	Notes	30 June 2014 \$	30 June 2013 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	389,760	242,216
Net GST position		2,276	15,221
Total current assets		392,036	257,437
Non-current assets			
Total non-current assets		-	-
Total assets		392,036	257,437
LIABILITIES			
Current liabilities			
Employee entitlements		85,341	68,925
Other current liabilities		50,000	1,082
Total current liabilities		135,341	70,007
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		135,341	70,007
Net assets		256,695	187,430
EQUITY			
Current year profit/(loss)		69,265	(9,831)
Retained earnings		187,430	197,261
Total equity		256,695	187,430

Chain Reaction Challenge Foundation Statement of Changes in Equity For the year ended 30 June 2014

	30 June 2014	30 June 2013
	\$	\$
Total equity at the beginning of the financial year	187,430	197,261
Profit for the year	69,265	(9,831)
Total equity at the end of the financial year	256,695	187,430

Chain Reaction Challenge Foundation Statement of Cash Flows For the year ended 30 June 2014

	Notes	30 June 2014 \$	30 June 2013 \$
Cash flows from operating activities			
Receipts from donations		2,833,976	2,444,121
Receipt of interest		17,746	18,745
Payments to suppliers and employees		(586,178)	(847,105)
Distributions to charities		(2,118,000)	(1,640,000)
Net cash inflow from operating activities	9	147,544	(24,239)
Net cash inflow (outflow) from investing activities		-	-
Net cash inflow (outflow) from financing activities		-	-
Net increase in cash and cash equivalents		147,544	(24,239)
Cash and cash equivalents at the beginning of the financial year		242,216	266,455
Cash and cash equivalents at the end of the year	8	389,760	242,216

Chain Reaction Challenge Foundation Notes to the Financial Statements For the year ended 30 June 2014

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 2014	30 June 2013
Revenue	\$	\$
Corporate donations/sponsors	508,198	451,023
Personal/rider donations	587,266	499,965
Event Launch	16,241	-
<i>Total Revenue</i>	1,111,705	950,988
Expenses		
Uniforms	(615)	(27,623)
Accommodations, transportation, and meals	(13,980)	(59,161)
Insurance and training	(2,941)	(19,068)
Ride expenses and support	(7,770)	(33,412)
Event Launch Costs	(5,039)	-
Photography	-	(8,091)
<i>Total Expenses</i>	(30,345)	(147,355)
Net Victorian Ride	1,081,360	803,633

4 Queensland Ride

Revenue

Corporate donations/sponsors	
Personal/rider donations	
Event Launch	
Other fundraising activities	
<i>Total Revenue</i>	

30 June 2014	30 June 2013
\$	\$
475,657	389,090
570,462	368,573
34,491	-
-	5,528
1,080,610	763,191

Expenses

Uniforms	
Accommodations, transportation, and meals	
Insurance and training	
Ride expenses and support	
Event Launch Costs	
Photography	
<i>Total Expenses</i>	

(1,092)	(26,606)
(12,875)	(46,219)
(2,941)	(20,141)
(22,585)	(32,566)
(26,140)	-
-	(1,850)
(65,633)	(127,382)

Net Queensland Ride

1,014,977	635,809
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5 NSW Ride

Revenue

Corporate donations/sponsors	
Personal/rider donations	
Event Launch	
<i>Total Revenue</i>	

30 June 2014	30 June 2013
\$	\$
266,100	370,965
291,167	360,977
9,450	-
566,717	731,942

Expenses

Uniforms	
Accommodations, transportation, and meals	
Insurance and training	
Ride expenses and support	
Event Launch	
Photography	
<i>Total Expenses</i>	

(3,095)	(23,325)
(43,907)	(45,266)
(2,941)	(3,141)
(21,685)	(34,073)
(1,858)	-
-	(8,600)
(73,486)	(114,405)

Net NSW Ride

493,231	617,537
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6 Women's Ride

Revenue

Corporate donations/sponsors
 Personal/rider donations
Total Revenue

Expenses

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

Net Women's Ride

	30 June 2014	30 June 2013
	\$	\$
	5,000	-
	69,942	-
	74,942	-
	(3,893)	-
	(6,405)	-
	(5,112)	-
	(2,108)	-
	(17,518)	-
	57,424	-

7 Distributions to Charities

	30 June 2014	30 June 2013
	\$	\$
Victor Chang Cardiac Research Institute	(250,000)	(385,000)
Starlight Children's Foundation	(690,000)	(250,000)
Children's Health Foundation	-	(212,500)
Aftercare	(2,500)	-
Aunties & Uncles (Queensland)	(38,000)	(50,000)
AEIOU Foundation	(376,000)	(212,500)
Bear Cottage	(25,000)	-
Freedom Wheels	(57,000)	(20,000)
Children's Protection Society	-	(25,000)
E. Motion 21	(45,000)	-
Childhood Cancer Support	(27,500)	-
Mirabel Foundation	(25,000)	-
Redkite	-	(50,000)
Royal Children's Hospital Foundation	-	(250,000)
Learning for Life	(20,000)	(25,000)
Juvenile Diabetes Research Foundation	(95,000)	(60,000)
Smiling Mind	(30,000)	(30,000)
Heart Kids	(15,000)	(30,000)
Inspire Foundation	-	(30,000)
NICK Foundation	-	(10,000)
Very Special Kids	(337,000)	-
Children's Hospital Westmead	(65,000)	-
Sydney Children's Hospital Foundation	(20,000)	-
Total Distributions to Charities	(2,118,000)	(1,640,000)

8 Current assets - Cash and cash equivalents

	30 June 2014	30 June 2013
	\$	\$
Cash at bank and on hand	389,760	242,216

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

	30 June 2014	30 June 2013
	\$	\$
Profit/(loss) for the period	69,265	(9,831)
Change in operating assets and liabilities		
Decrease / (Increase) in GST position	12,945	(2,233)
Increase / (Decrease) in creditors, accruals and others	65,334	(12,175)
Net cash inflow/(outflow) from operating activities	147,544	(24,239)

10 Contingencies

There are no contingent assets or liabilities in respect to the financial statements of the Foundation for the year ended 30 June 2014.

11 Commitments

There are no outstanding commitments of the Foundation as of 30 June 2014.

Chain Reaction Challenge Foundation Trustee's Declaration 30 June 2014

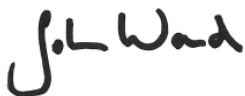
As stated in Note 1(a) to the financial statements, in the directors' opinion, the Foundation is not a reporting entity because there are no third party users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet Trust Deed requirements.

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 2014 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
30 September 2014



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 2014, 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 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.

PricewaterhouseCoopers, ABN 52 780 433 757

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Auditor's opinion

In our opinion, the financial report of Chain Reaction Challenge Foundation:

1. The financial report of Chain Reaction Challenge Foundation (the trustee):
 - i. gives a true and fair view of the trustee's financial position as at 30 June 2014 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 2014, 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 trustee 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 trustee during the financial year ended 30 June 2014 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
30 September 2014