

CHAIN REACTION FOUNDATION LTD
(A company limited by guarantee)

ANNUAL REPORT



For year ended 30 June 2016
ABN 44 100 223 649

DIRECTORS' REPORT

The Directors present their report for the year ended 30 June 2016 and the auditor's report.

Directors

The names of the Directors in office during the financial period and at the date of the report are:

Margaret Bell AM (Chairman)

Jo-Anne Broun

Benjamin Chow AO

Dorothy Harding

Hon John Hood

Abd-Elmasih Malak AM

Andrew McCallum AM

Dr Sev Ozdowski AM

Directors Meetings

The number of meetings of Directors held during the period and the number of meetings attended by each Director were as follows:

Number of meetings held: 3

	Number of meetings attended	Meetings held while in office
Margaret Bell AM	3	3
Jo-Anne Broun	2	3
Benjamin Chow AO	3	3
Dorothy Harding	2	3
Hon John Hood	3	3
Abd-Elmasih Malak AM	1	3
Andrew McCallum AM	1	3
Dr Sev Ozdowski AM	2	3

Company Secretary

The company secretary is Veronica Lucas, Chain Reaction Specialist Consultant.

Principal Activity

Chain Reaction Foundation Ltd is incorporated and domiciled in New South Wales, Australia. The registered office is at 7/112 Ben Boyd Road, Neutral Bay, NSW, 2089.

The principal activities of the company during the financial period were to work for the alleviation of poverty in local communities, to identify and support social cohesion and local citizen engagement in building social capital, and to create strong links between community, government and business leaders in supporting those people who are in human and financial need and or marginalised by practises of exclusion.

The entity operates through the services of its Chief Executive Officer, Administrator, Project Manager and a team of pro bono Specialist Consultants (31), Partnership Organisations (41) and local volunteers (18).

Operating Results

The net surplus for the financial year ending June 30 2016 was \$46,622 (2015 – \$4,570). There is no liability for income tax because the company is exempt from income tax.

DIRECTORS' REPORT

Review of Operations

Our mission is to partner with business, government and community organisations to build a stronger, more participatory Australia. The main activities through which Chain Reaction achieved its mission in 2015 – 2016 were:

- Development and operation of Mt Druitt Learning Ground
- Conduct Enablers Programme Western Sydney
- Conduct Family Skills Programme, in 2770 postcode (11 suburbs)
- Development and conduct Enablers *Train-the-Trainer* Project for replication in other areas beyond Mt Druitt
- Development of mentor training programme for volunteers working in capacity building environments
- Development of Youth Activity Program (YAP) for young people 10 – 15 years.
- Commission Research and Evaluation of Learning Ground Programs by Western Sydney University.
- Consultations with Federal and State governments, departmental senior staff, Trusts and Foundations, and corporate and community leaders as follows:

Consultations with: Federal Government:

Ministers:

Hon. Christian Porter MP, Minister for Social Services

Shadow Ministers and Local Members:

Hon. Ed Husic MP, Federal Member for Chifley

Hon. Marise Payne MP, Liberal Senator for New South Wales

Public Servants:

Departmental Secretary – Department of Social Services

First Assistant Secretary – Department of Social Services

First Assistant Secretary – Multicultural Affairs

NSW Government

Hon. Tanya Davis, Parliamentary Secretary to Minister for Family and Community Services

Hon. Prue Car, Member for Londonderry

Hon. Edmond Atalla, Member for Mt Druitt

Local Government

Stephen Bali, Mayor, Blacktown City Council

Councillor Jacqueline Donaldson, Deputy Mayor, Blacktown City Council

Trusts/Foundations

Blacktown City Council, Cages Foundation, CBB Gardening Project, Coca-Cola Foundation, Danks Trust, Gandel Philanthropy, Give2Asia, Greater Charitable Foundation, Ian Potter Foundation, ING Foundation, James N Kirby Foundation, Lord Mayor's Charitable Trust, Marian and EH Flack Trust, Matana Foundation, Mercy Foundation, Neilson Foundation, Scanlon Foundation, Scully Fund, Sisters of Charity Foundation, St. George Foundation, Vincent Fairfax Foundation, Westpac Foundation.

Major Charities, Business and NGOs

ACWA, ACON, ACOSS, Anglicare, Australian Council for International Development, Australian Diversity Council, Australian Institute of Company Directors, Australian Red Cross, Australian

DIRECTORS' REPORT

Volunteers International, AWCH, Baptcare, Boardroom Partners, Bendigo Bank, Bond University, Brotherhood of St Laurence, Bupa, Bureau of Meteorology, Cancer Council NSW, Centre for Social Impact UNSW, CitiBank, Connecting Up, CIVICUS, Foundation for Young Australians, G20 Youth Entrepreneurs Alliance, Generation One, Girl Guides Australia, Get Up, Global Peace Initiative Parliament of World Religions, Headspace, Housing NSW, Human Rights Commission, International Association for Volunteer Effort, Islamic Council of NSW, Jesuit Social Services, Jobs Australia, Mental Health Coordinating Council, Mission Australia, Multicultural Foundation, Museum of Australian Democracy, National Congress of Australia's First Peoples, National Disabilities Council, National Disabilities Insurance Scheme, NSW Jewish Board of Deputies, NSW Museum of Contemporary Art, Our Communities Victoria, Oxfam, Press Council of Australia, Philanthropy Australia, Partnership Matters, PwC Australia, Red Cross NSW, Refugee Council of Australia, Salvation Army, St Vincent de Paul Society, Save the Children Australia, Save the Children NSW, Sydney Alliance, Social Ventures Australia, Social Inclusion Board, Telstra, Transparency International, United Nations Volunteers, United Way Australia, University of Canberra, University of Notre Dame, UNAA, Centre for Volunteering NSW, Volunteering Victoria, Voice for the Voiceless, Victorian Equal Opportunity and Human Rights Commission, Wesley Mission, Western Sydney University, World Vision, YGAP, YWCA NSW.

Local Community – Mt Druiitt NSW

Allawah Aboriginal Services, Blacktown City Council, Bidwill Residents Action Group, CatholicCare, Community Gardens Bidwill, Community Health, Chifley Colleges, Departments of Family and Community Services, Education, Graceades Community Cottage, Headspace, Holy Family Church, Housing, ICAT, Juvenile Justice, Jesuit Social Services, Junaya, Marist Youth, Mission Australia, Mt Druiitt TAFE, Mt Druiitt Combined Community Ministry, Mt Druiitt Ethnic Community Agency, Police, Probation and Parole, Primary Schools (7) Reconciliation Committee, The Hub, The Hive, Uniting Care, Uniting Church Bidwill, Urban Seed, Whalan Action Group, Washhouse, Western Sydney University.

Mt Druiitt Learning Ground Project

Learning Ground has continued to offer its programs throughout the 2770 postcode. All programs are focused on behavioural change management and offered to the most culturally diverse and disadvantaged families in the eleven suburbs of Mt Druiitt, a population of over 80,000 people. Particular outreach takes place to families of Aboriginal and Torres Strait Islander background and also of culturally and linguistically diverse backgrounds.

The past year has seen up to 100 families taking advantage of the programs at any one time:

Mondays: Older Adolescent Group 12 – 17 years 9.30am – 2.30pm

Tuesdays: Family Skills for parents, grandparents, carers of young people

Wednesdays: Younger Adolescents 10 – 12 years 10.00am – 2.00pm

Thursdays: Enablers Program for volunteers wishing to work in any aspect of building social cohesion in local communities in families, schools, NGO's or churches

Fridays: Youth Activity Program – team building recreational program 5.30pm – 8.30pm

To date this year over 40 young people have been returned to schools throughout the area without further truancy and or suspension records occurring, and 80 adults have participated in Family Skills and Enablers Programs.

Research and Evaluation – Western Sydney University

We received a grant from Ian Potter Foundation to conduct a full research and evaluation of all Learning Ground programs. The work was conducted by Dr Roberto Parada, Dr Brenda Dobia, and Kon Kalos from the School of Education, Western Sydney University. Dr Parada is a senior lecturer in adolescent development and wellbeing, Behaviour and Pedagogical Studies, and Dr Dobia also a senior lecturer in the School of Education. Dr Dobia led resources development for "Kids Matter" the national primary schools mental health initiative, she is currently working with

DIRECTORS' REPORT

NAPCAN (National Association for Prevention of Child Abuse and Neglect) and the NSW Aboriginal Educational Consultative Group. Kon Kalos has 30 years teaching experience across primary, secondary and tertiary sectors, until recently he has been a Principal with the Cape York Academy.

The work undertaken on behalf of Learning Ground was a study over six months and involved a quantitative and qualitative study. Surveys were conducted on-line and over the telephone.

Focus groups were conducted with Adolescent Groups, Past Participants, those engaged in Family Skills and Enablers Programs and Mentors.

A thorough examination of all program material including the programs stories and narratives was conducted.

Findings found the programs to be:

- AN EXCELLENT COMMUNITY EDUCATION MODEL – consistent with its stated philosophy of "each one teach one" a series of programs embedded in the community by the community.
- HIGH QUALITY OF SOCIAL AND EMOTIONAL LITERACY
- EXCELLENT METACOGNITIVE SKILLS – teaching thinking about thinking
- COGNITIVE AND AFFECTIVE REFLEXIVITY
- HIGHLY SUCCESSFUL SKILLS FOR SELF-AWARENESS AND SELF-ESTEEM BUILDING
- EXCELLENT EXAMPLE OF WRAP AROUND SERVICES CURRENTLY BEING EXPLORED IN MODERN EDUCATIONAL METHODS

The programs focus groups revealed participants believing they had achieved:

- Immeasurable lifelong learning skills
- Discovered a sense of purpose
- Accepted new knowledge regarding their personal strengths and challenges
- Acquired a sense of belonging
- Completed the program believing they had something to gain and something to give
- A certain readiness to continue formal education or to enter the workforce

Interviews with facilitators and mentors revealed:

- Great respect for Learning Ground participants
- Patience
- Compassion
- High levels of competence in delivering descriptive praise and emotion coaching
- Efficient knowledge of strengths and challenges faced by each participant

Recommendations:

- More strategic promotion of Learning Ground Programs in Schools and wider community
- Further development of teacher contact with Learning Ground
- Offering Enablers and Family Skills Programs to teachers in schools
- Focus on teacher development in offering descriptive praise and emotion coaching
- Seeking stronger relationship with Department of Education especially through "Positive Behaviour for Learning" a work in progress in Department.
- Working with Western Sydney University to build up Aboriginal specific content in the programs.

Mt Druitt Learning Ground Information and Fund Raising Event – October 2015

An Information and Fund Raising Dinner was conducted at West Tradies at Darug. Attended by around 150 supporters of Learning Ground. A happy mix of music, and fun as well as information about Learning Ground itself. Young Alumnae addressed the gathering and were received very

DIRECTORS' REPORT

well. Awards were made to Chifley College Shalvey Campus and Tregear Primary School for their strong support of students participating at Learning Ground.

\$4,000 was raised from the event and the net proceeds of nearly \$3,000 purchased some necessary air conditioning for Learning Ground as well as an improved security system. Plans are already underway for a similar event in 2016.

Chain Reaction Breakfast Café

The Breakfast Cafe continues to be supported by Price Waterhouse Coopers (PwC) in Sydney and Melbourne. The breakfasts are well attended around 40 people to each one. Guest speakers have remained of high quality. Each speaker addresses the topic of social cohesion and how that relates to their particular area of interest.

List of speakers is found on Chain Reaction website. www.chainreaction.org.au

Fund Development

Chain Reaction Foundation is particularly appreciative of the on-going support of the Neilson Family Foundation which has enabled us to employ a full time Project Manager and four Part-Time support staff at Learning Ground. Chain Reaction Foundation has also been able to engage two regular consultants and occasional consultants for specific project work greatly facilitating the work of the Foundation.

During the financial reporting period we received grants from the following:

- Neilson Family Foundation
- St George Foundation
- Cages Foundation
- James N Kirby Foundation
- Paul Reid
- Bruce Bonyhady
- Jill Farrelly

Applications were placed for Project Funding with:

State Government:

Family Community Services
Attorney General
Education.

Commonwealth Government:

Department of Social Services
PM&C Indigenous Funding IAS

Local Government:

Blacktown City Council

Volunteers Contributions

Chain Reaction staff and volunteers have worked tirelessly throughout the year and we are particularly appreciative of the work of Peggy Cameron, Benjamin Chow, Ron Enright, Debbie Higgison, John Hood, Melissa Hood, Ashley Hyland, Cassandra Jackson, Mischelle Jenkinson, Steve Jenkinson, Charmaine Milsom, Paris Neilson, Sev Ozdowski, Paul Reid, Michael Smith, Sandra Spiteri and Dale Watson, all of whom have worked with us at Mt Druitt Learning Ground.

DIRECTORS' REPORT

Special Acknowledgement:

To MELISSA HOOD who has delivered the highly successful Family Skills Program to parents, grandparents and carers, and also for her role as a much valued facilitator for the Adolescents Programs conducted at Learning Ground.

Melissa is currently preparing to launch her book *"Real Parenting for Real Kids"*. Chain Reaction will be the distributing agency in Australia and will also benefit from book sales.

Summary

The first half of the reporting year was fraught with anxiety that funding for our projects would not be available in an on-going manner, applications were made everywhere possible. We are now, thanks to the Neilson Family Foundation, in a much stronger position.

The Foundation has guaranteed funding for three years and during this period has the expectation of Chain Reaction being able to raise its profile and consequently to be able to attract more permanent funding from government and other sources too.

A Chain Reaction promotion plan is currently being undertaken making comprehensive use of social media for this purpose.

Mt Druitt Learning Ground is fully operational. Program participants are presenting increasing challenges and requiring strongly personalised case studies. A full time Project Manager and a Teacher specialising in literacy and numeracy have been essential additions to the progress of the work.

Friday evening recreational program is proving an important addition to the safety of family life for young people in the 2770 postcode. A part-time male Youth Worker has been an important addition to the staff.

The findings of the evaluation conducted by Western Sydney University is invaluable to the recognition of the academic value of the Learning Ground Program and it is anticipated will be a great asset to the future pursuit of funding to carry the work forward.

Special thanks to the Chain Reaction Board of Directors for the on-going support for all of our work.

DIRECTORS' REPORT

Dividends

The company is prohibited from paying dividends by its Constitution.

Significant Changes in the State of Affairs

No significant changes in the state of affairs of the company occurred during or after the financial period that would render any amount stated in the accounts misleading.

After balance date events

No matter or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of these operations, or the state of affairs of the company in the years ahead.

Future Developments

There are no extraordinary developments foreseen for the coming financial year.

Environmental Issues

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

Indemnification and insurance of officers

Indemnification

The company has agreed to indemnify the current and former directors of the company against all liabilities to another person (other than the company or a related body corporate) that may arise from their position as directors of the company, except where the liability arises out of conduct involving lack of good faith.

Insurance premiums

The company has not taken out any cover nor paid any insurance premiums in respect of directors' and officers' liability insurance.

Lead auditor's independence declaration

The Lead Auditor's Independence Declaration forms a part of this Directors' report and is included as an appendix.

Signed in accordance with a resolution of the Board of Directors

Director
Sydney

27 September 2016

**Lead auditor's independence declaration under the
Australian Charities and Not-for-profits Commission Act 2012**

To the Directors of Chain Reaction Foundation Limited:

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016, there have been:

- No contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

P M Reid

18 Henley Street
Drummoyne NSW 2047

27 September 2016

CHAIN REACTION FOUNDATION LTD
(a company limited by guarantee)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR TO 30 JUNE 2016

	2016 \$	2015 \$
REVENUE		
General		
Bank Interest	3,936	1,356
Donations for Mt Druitt Learning Ground	316,540	68,395
Grants for Mt Druitt Learning Ground	70,006	48,006
General Donations	2,200	4,002
Volunteer Australia fees and reimbursements	-	35,170
Sundry income	<u>2,832</u>	<u>-</u>
Total revenue	<u>395,514</u>	<u>156,929</u>
 EXPENDITURE		
Chain Reaction Foundation overheads	61,513	23,781
Volunteer Australia consultants and expenses	-	24,693
Mt Druitt Learning Ground expenses	<u>287,379</u>	<u>103,885</u>
Total expenditure	<u>348,892</u>	<u>152,359</u>
Surplus for the year	46,622	4,570
Income tax expense	<u>-</u>	<u>-</u>
Surplus for the year after income tax	46,622	4,570
Other comprehensive income	<u>-</u>	<u>-</u>
SURPLUS FOR THE YEAR	46,622 =====	4,570 =====

The accompanying notes form part of these accounts

CHAIN REACTION FOUNDATION LTD
(a company limited by guarantee)
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	2016	2015
CURRENT ASSETS	\$	\$
Sundry assets (incl GST refundable)	7,684	869
Cash	<u>807,957</u>	<u>170,212</u>
TOTAL CURRENT ASSETS	<u>815,641</u>	<u>171,081</u>
 NON-CURRENT ASSETS	 -	 -
TOTAL NON-CURRENT ASSETS	-	-
 TOTAL ASSETS	 <u>815,641</u>	 <u>171,081</u>
 CURRENT LIABILITIES		
Other Creditors	26,497	-
Learning Ground & other grants in advance	<u>701,441</u>	<u>130,000</u>
TOTAL CURRENT LIABILITIES	<u>727,938</u>	<u>130,000</u>
 NON-CURRENT LIABILITIES	 -	 -
TOTAL NON-CURRENT LIABILITIES	-	-
 TOTAL LIABILITIES	 <u>727,938</u>	 <u>130,000</u>
 NET ASSETS	 <u>87,703</u>	 <u>41,081</u>
	=====	=====
EQUITY		
Accumulated funds	87,703	41,081
 TOTAL EQUITY	 <u>87,703</u>	 <u>41,081</u>
	=====	=====

The accompanying notes form part of these accounts

**CHAIN REACTION FOUNDATION LTD
(a company limited by guarantee)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR TO 30 JUNE 2016**

	2016 \$	2015 \$
Total changes in equity		
Surplus for the year	46,622	4,570
Funds available for future use at the beginning of the financial year	<u>41,081</u>	<u>36,511</u>
Funds available for future use at the end of the financial year	<u>87,703</u>	<u>41,081</u>
Comprised of		
Accumulated funds		
Balance at the beginning of the financial year	41,081	36,511
Surplus for the year	<u>46,622</u>	<u>4,570</u>
Balance at the end of the financial year	<u>87,703</u>	<u>41,081</u>
Total	<u>87,703</u>	<u>41,081</u>

The accompanying notes form part of these accounts

**CHAIN REACTION FOUNDATION LTD
(a company limited by guarantee)**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

CASH FLOWS FROM OPERATING ACTIVITIES	2016	2015
	\$	\$
Cash Receipts in the course of operations	1,028,178	239,651
Cash Payments in the course of operations	(394,369)	(160,643)
Interest Received	3,936	1,356
	<u> </u>	<u> </u>
Net Cash provided by/(used in) Operating Activities	<u>637,745</u>	<u>80,364</u>
Net increase/(decrease) in cash held	637,745	80,364
Cash at the beginning of the financial year	170,212	89,848
	<u> </u>	<u> </u>
Cash at the end of the financial year	<u>807,957</u>	<u>170,212</u>
	=====	=====
CASH FLOWS RECONCILED TO PROFIT	2016	2015
Cash provided by Operating Activities	637,745	80,364
Less increase in other liabilities	(597,938)	(75,794)
Add increase in other assets	<u>6,815</u>	<u>-</u>
Operating profit for the year	<u>46,622</u>	<u>4,570</u>
	=====	=====

The accompanying notes form part of these accounts

**CHAIN REACTION FOUNDATION LTD
(a company limited by guarantee)**

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2016

1. Statement of significant accounting policies

Basis of Preparation and statement of compliance

In the opinion of the Directors, the company is not a reporting entity as defined in Statement of Accounting Concepts 1: "Definition of the Reporting Entity". The financial statements of company have been drawn up as a special purpose financial report for use by the Directors and members and to fulfil the Directors' duties under the Australian Charities and Not-for-profits Commission Act 2012 to prepare financial statements.

The financial statements have been prepared on the accruals basis of accounting using the historical cost convention and a going concern assumption. Except where stated, they do not take into account changing money values. Except where noted, the accounting policies have been consistently applied.

The financial statements have been prepared in accordance with all Australian Accounting Standards (including the Australian Accounting Interpretations) and other mandatory financial reporting requirements in Australia with the following exceptions where some or all of the disclosure provisions have not been followed:

- AASB 7 Financial Instruments: Disclosure
- AASB 101 Presentation of Financial Statements
- AASB 107 Cash Flow Statements
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 124 Related Party Disclosures
- AASB 1004 Contributions

The significant accounting policies adopted by the Foundation are:

Revenue recognition

The company recognises donations when received and grant income as revenue when funds have been committed by the project sponsor in respect of expenditure incurred.

Expenses

Expenses are brought to account on an accruals basis.

Income Tax

The company has been endorsed as an exempt charitable body for income tax purposes under the provisions of the Income Tax Assessment Act 1997.

**CHAIN REACTION FOUNDATION LTD
(a company limited by guarantee)**

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2016

2. Liability of members

The company is limited by guarantee and every member undertakes to contribute an amount not exceeding \$100 if required in the event of a wind up of the company.

3. Related party disclosures

Key management personnel

The key management personnel of the company include its, Board of Directors whose names are:

Margaret Bell **AM** (Executive Chairman), Jo-Anne Broun, Benjamin Chow **AO**, Dorothy Harding, Hon John Hood, Abd-Elmasih Malak **AM**, Andrew McCallum **AM** and Dr Sev Ozdowski **AM**.

Apart from Margaret Bell, none of the Board received any compensation in respect of the performance of his/her duties.

An amount of \$80,000 has been expensed in the year in respect of services provided to the company by Margaret Bell & Associates (2015 – \$50,000).

CHAIN REACTION FOUNDATION LTD
(a company limited by guarantee)
DIRECTOR'S DECLARATION

In the opinion of the Directors of Chain Reaction Foundation Ltd:

1. The company is not a reporting entity.
2. The financial statements and notes of the Company as set out on pages 11 to 16 are in accordance with the basis of accounting described in Note 1 to the financial statements and the Australian Charities and Not-for-profits Commission Act 2012 including:
 - (a) giving a true and fair view of the financial position as at 30 June 2016 and of its performance, as represented by the results of its operations and cash flows for the financial year ended on that date; and
 - (b) complying with Australian Accounting Standards (including the Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Act 2012 to the extent described in Note 1 to the financial statements; and
3. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors

Margaret Bell **AM**

Director

Dated on 27 September 2016 at Sydney



ABN: 44 100 223 649

7/112 Ben Boyd Road (PO Box 1593) Neutral Bay NSW 2089

Telephone: (02) 9953 3287

Email: info@chainreaction.org.au Website: www.chainreaction.org.au

Independent audit report to the members of Chain Reaction Foundation Limited

Report on the financial report

I have audited the accompanying financial report, being a special purpose financial report, of Chain Reaction Foundation Ltd (the company), which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 3 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial statements, is appropriate to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I 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 reasonableness of accounting policies and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Note 1 to the financial statements so as to present a view which is consistent with my understanding of the company's financial position, and of its performance and cash flows.

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012.

Auditor's opinion

In my opinion, the financial report of Chain Reaction Foundation Ltd is in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

- (a) giving a true and fair view of the company'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; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the Australian Charities and Not-for-profits Commission Act 2012.

Basis of Accounting

Without modifying my opinion, I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Chain Reaction Foundation Ltd to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012. As a result the financial report may not be suitable for another purpose.

P M Reid

18 Henley Street
Drummoyne NSW

27 September 2016