

CHAIN REACTION FOUNDATION LTD
(A company limited by guarantee)

ANNUAL REPORT



For year ended 30 June 2019
ABN 44 100 223 649

DIRECTORS' REPORT

The Directors present their report for the year ended 30 June 2019 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 (resigned 1 July 2019)
Benjamin Chow AO
Dorothy Harding
Dr John Hewson AM (appointed 26 September 2019)
Hon John Hood
Andrew McCallum AM (resigned 1 April 2019)
Abd-Elmasih Malak AM
Paris Neilson
Dr Sev Ozdowski AM (resigned 1 July 2019)
Prof Michele Simons (appointed 26 September 2019)

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: 4

	Number of meetings attended	Meetings held while in office
Margaret Bell AM	5	5
Jo-Anne Broun	1	4
Benjamin Chow AO	5	5
Dorothy Harding	4	5
Dr John Hewson AM	-	1
Hon John Hood	4	5
Andrew McCallum AM	-	3
Abd-Elmasih Malak AM	4	5
Paris Neilson	4	5
Dr Sev Ozdowski AM	-	4
Prof Michele Simons	-	1

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, Small Learning Ground Team and a team of pro bono Specialist Consultants (22), Partnership Organisations (33) and local volunteers (16).

DIRECTORS' REPORT

Operating Results

The net surplus for the financial year ended June 30, 2019 was \$90,857 (2018 \$36,741). There is no liability for income tax because the company is exempt from income tax.

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 2018 – 2019 were:

- Development and operation of Mt Druitt Learning Ground
- Development and delivery of Facilitator and Mentor Training Handbooks for use at Learning Ground and beyond 2019/2021
- Showing of 55-minute documentary "Saving Young Lives", the 10-year story of Mt Druitt Learning Ground for public relations and publicity purposes
- 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.
- Development of Aboriginal Intergenerational Development Program
- Consultations with Federal and State governments, departmental senior staff, Trusts and Foundations, and corporate and community leaders as follows:
- Establish discussions with Western Sydney University on further research and development to roll out adolescent program beyond 2770 postcode.

Consultations with: Federal Government:

Shadow Ministers and Local Members:

Hon. Ed Husic MP, Federal Member for Chifley
Hon. Ken Wyatt MP, Federal Minister for Indigenous Australians
Hon. Tanya Plibersek MP, Shadow Minister for Education and Training
Mr Stephen Bali MP, Mayor of Blacktown
Mr Tony Bleasdale, Deputy Mayor, Ward 5 Blacktown
Mr Tony Barnden, Manager Community Development, Blacktown Council

Public Servants:

Departmental Secretary – Department of Social Services
First Assistant Secretary – Department of Social Services
First Assistant Secretary – Multicultural Affairs

NSW Government

Hon. Brad Hazzard MP, Minister for Health
Hon. Edmond Atalla MP, Member for Mt Druitt
Hon. Tania Mihailuk MP, Shadow Minister Family and Community Services
Hon. Jihad Dib, Shadow Minister for Education
Hon. Victor Dominello MP, Minister for Customer Service

Trusts/Foundations

Blacktown City Council, CBB Gardening Project, Ian Potter Foundation, James N Kirby Foundation, Lord Mayor's Charitable Trust, Marian and EH Flack Trust, Matana Foundation,

DIRECTORS' REPORT

Mercy Foundation, Neilson Foundation, Scanlon Foundation, St. George Foundation, Vincent Fairfax Foundation, Westpac Foundation.

Major Charities, Business and NGOs

ACON, ACROSS, Anglicare, Australian Diversity Council, AWCH, Baptcare, Boardroom Partners, Bupa, Cancer Council NSW, Catholic Education Office, Centre for Social Impact UNSW, Community Connect, Connecting Up, CIVICUS, Foundation for Young Australians, Generation One, Get Up, Global Peace Initiative Parliament of World Religions, Headspace, Housing NSW, Human Rights Commission, Islamic Council of NSW, Jesuit Social Services, Jobs Australia, Justice Reinvestment, Mental Health Coordinating Council, Mission Australia, Multicultural Foundation, National Congress of Australia's First Peoples, National Disabilities Council, National Disabilities Insurance Scheme, NSW Jewish Board of Deputies, Our Communities Victoria, Oxfam, Philanthropy Australia, Partnership Matters, Refugee Council of Australia, Salvation Army, St Vincent de Paul Society, Save the Children Australia, Save the Children NSW, St Vincent de Paul Society NSW, Sydney Alliance, Social Inclusion Board, United Way Australia, UNAA, Centre for Volunteering NSW, Wesley Mission, Western Sydney University, World Vision, YGAP, YWCA NSW.

Local Community – Mt Druitt NSW

Allawah Aboriginal Services, Bidwill Residents Action Group, Blacktown City Council, Brighter Futures, CatholicCare, Centrelink, Change Fest, Chifley Colleges, Department of Family and Community Services (St Mary's and Mt Druitt) Department of Education, Fun Park, Graceades Community Cottage, Headspace, Holy Family Church, Housing, Juvenile Justice, Jesuit Social Services, Junaya, Marist Youth, Mission Australia, Mt Druitt Combined Community Ministry, Mt Druitt Ethnic Community Agency, Mt Druitt Library, Mt Druitt Courts, TAFE, PCYC, Police, Primary Schools (7) Reconciliation Committee, The Hub, Uniting Care, Uniting Church Bidwill, Whalan Action Group, WASH House, Western Sydney University School of Education, Wesley Mission.

Mt Druitt 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 Druitt, 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	13 – 17 years	9.30am – 2.30pm
Tuesdays:	Family Skills for parents, grandparents, carers of young people, teachers, other professionals		
Wednesdays:	Younger Adolescents	10 – 12 years	10.00am – 2.30pm
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		
	Older Adolescent Group	13 – 17 years	9.30am – 2.30pm
Fridays:	Youth Activity Program – team building recreational program		5.30pm – 8.30pm

To date this year over 80 young people have participated weekly in the programs and 65 have been returned to schools throughout the area without further truancy and or suspension records occurring. Eighty adults have participated in Family Skills and Enablers Programs.

Saving Young Lives

Frequent presentations in schools, government departments and NGO's with whom Learning Ground has interaction. Has also been presented at International Human Rights Conference and CIVICUS AGM U.N. World Alliance for Citizen Participation.

DIRECTORS' REPORT

Every showing attracts a similar response of surprise, approval, determination to respond differently to disadvantage and very real appreciation for the quality of the film and the depth of its content. The documentary has been and continues to be an excellent tool to showcase the achievements of the holistic approach of educating for behavioural change which we practise at Learning Ground.

It is hoped the ABC will review showing the documentary now that leadership of that organisation has stabilized.

Fund Development

Chain Reaction Foundation is particularly appreciative of the on-going support of the Neilson Foundation which has enabled us to contract seven Part-Time support people at Learning Ground. Chain Reaction Foundation has also been able to engage two occasional consultants for specific project work greatly facilitating the development of the Foundation.

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

- Neilson Foundation
- St George Foundation
- Commonwealth Department of Social Services
- Department of Family and Community Services (premises)
- Matana Foundation for Young People
- Department of Education (teacher sponsorship)
- Bruce Bonyhady
- Jill Farrelly

Applications were placed for Project Funding with:

NSW State Government:

Family and Community Services
Department of Health
Education Department.

Commonwealth Government:

Department of Social Services
PM&C Indigenous Funding IAS

Local Government:

Blacktown City Council

Foundations:

Vincent Fairfax Family Foundation
Neilson Foundation
St George Foundation
Matana Foundation
Balnaves Foundation
Scanlon Foundation
Ian Potter Foundation

DIRECTORS' REPORT

Volunteers Contributions

Chain Reaction team and volunteers have worked tirelessly throughout the year and we are particularly appreciative of the work of Alice Bateman, Peggy Cameron, Gregg Freeman, Pamela Gilbert, Robyn Hardge-Scott, Melissa Hood, Cassandra Jackson, Blake Jenkinson, Mischelle Jenkinson, Steve Jenkinson, Stephen Lawler, Rumbi Mabambe, Charmaine Milsom, Jesica Montalvo, Jasmin Narayan, Paris Neilson, Kelsy Nidyanantham, Mekiafa Oli, Muriel Pittman, Paul Reid, Michael Smith, all of whom have worked with us at Mt Druitt Learning Ground.

Special Acknowledgement

To MELISSA HOOD our star volunteer 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 also writes a "Happy Parenting" column fortnightly in the Blacktown Advocate which has a wide circulation in Western Sydney.

Social Media Platform

The campaign has been conducted throughout the reporting period. Commencing with reshaping of Chain Reaction website, followed by the development of a daily Facebook posting on 7 day per week roll-out. The CEO contributes a weekly article on social cohesion and inclusion for LinkedIn social media program.

Learning Ground has two active social medial pages.

DIRECTORS' REPORT

Summary

The Foundation now has guaranteed funding for two more years through the generosity of the Neilson Foundation 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 in place making comprehensive use of both social media and "Saving Young Lives" documentary for this purpose.

Mt Druitt Learning Ground is fully operational. Program participants are presenting increasing challenges and requiring strongly personalised case management. A team of four senior professional community workers including a Teacher specialising in literacy and numeracy have been essential additions to the progress of the work.

The marketing and presentation of film "Saving Young Lives" is proving an extremely important tool for promoting the work of Mt Druitt Learning Ground and also as a fund-raising tool.

Friday evening recreational program is proving an important addition to the safety of family life for young people in the 2770 postcode.

Discussion has commenced with Western Sydney University regarding a planned proposal to extend Learning Ground Program beyond 2770 postcode.

The Neilson Foundation has generously agreed to support the development of the work.

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.

Lead auditor's independence declaration

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

M. E. Bell

Signed in accordance with a resolution of the Board of Directors

Director
Sydney

28 November 2019

**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 2019, 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.

2019

CHAIN REACTION FOUNDATION LTD
(a company limited by guarantee)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR TO 30 JUNE 2019

	2019 \$	2018 \$
REVENUE		
General		
Bank Interest	1,048	1,855
Donations for Mt Druitt Learning Ground	511,583	503,415
Grants for Mt Druitt Learning Ground	86,464	49,360
General Donations & sundry income	11,822	2,500
Total revenue	<u>610,917</u>	<u>557,130</u>
EXPENDITURE		
Chain Reaction Foundation overheads	56,295	89,523
Mt Druitt Learning Ground expenses	<u>463,765</u>	<u>430,866</u>
Total expenditure	<u>520,060</u>	<u>520,389</u>
Surplus for the year	90,857	36,741
Income tax expense	-	-
Surplus for the year after income tax	90,857	36,741
Other comprehensive income	-	-
SURPLUS FOR THE YEAR	<u>90,857</u> =====	<u>36,741</u> =====

The accompanying notes form part of these accounts

CHAIN REACTION FOUNDATION LTD
(a company limited by guarantee)
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	2019	2018
CURRENT ASSETS	\$	\$
Sundry assets (incl GST refundable)	2,438	5,271
Cash at bank and on deposit	<u>399,966</u>	<u>252,438</u>
TOTAL CURRENT ASSETS	<u>402,404</u>	<u>257,709</u>
 NON-CURRENT ASSETS	 -	 -
 TOTAL NON-CURRENT ASSETS	 -	 -
 TOTAL ASSETS	 <u>402,404</u>	 <u>257,709</u>
 CURRENT LIABILITIES		
Credit cards & other creditors	9,226	-
Payroll & employee provisions	35,084	33,997
Learning Ground & other grants in advance	<u>141,334</u>	<u>97,809</u>
TOTAL CURRENT LIABILITIES	<u>185,644</u>	<u>131,806</u>
 NON-CURRENT LIABILITIES	 -	 -
 TOTAL NON-CURRENT LIABILITIES	 -	 -
 TOTAL LIABILITIES	 <u>185,644</u>	 <u>131,806</u>
 NET ASSETS	 <u>216,760</u>	 <u>125,903</u>
	=====	=====
EQUITY		
Accumulated funds	216,760	125,903
 TOTAL EQUITY	 <u>216,760</u>	 <u>125,903</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 2019

	2019 \$	2018 \$
Total changes in equity		
Surplus for the year	90,857	36,741
Funds available for future use at the beginning of the financial year	<u>125,903</u>	<u>89,162</u>
Funds available for future use at the end of the financial year	<u>216,760</u>	<u>125,903</u>
Comprised of		
Accumulated funds		
Balance at the beginning of the financial year	125,903	89,162
Surplus for the year	<u>90,857</u>	<u>36,741</u>
Balance at the end of the financial year	<u>216,760</u>	<u>125,903</u>
Total	<u>216,760</u>	<u>125,903</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 2019

CASH FLOWS FROM OPERATING ACTIVITIES	2019	2018
	\$	\$
Cash Receipts in the course of operations	658,038	380,569
Cash Payments in the course of operations	(511,557)	(559,098)
Interest Received	1,048	1,855
	<hr/>	<hr/>
Net Cash provided by/ (used in) Operating Activities	<u>147,529</u>	<u>(176,674)</u>
Net increase/(decrease) in cash held	147,529	(176,674)
Cash at the beginning of the financial year	252,438	469,122
Cash at the end of the financial year	<u>399,967</u> =====	<u>252,438</u> =====
CASH FLOWS RECONCILED TO PROFIT	2019	2018
Cash provided by/(used in) Operating Activities	147,529	(176,674)
Less/Add decrease in other liabilities	(53,839)	219,691
Add/(Less) increase/(decrease) in other assets	<u>(2,833)</u>	<u>(6,276)</u>
Operating profit for the year	<u>90,857</u> =====	<u>36,741</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 2019

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 2019

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 (resigned 1 July 2019), Benjamin Chow **AO**, Dorothy Harding, Dr John Hewson **AM** (appointed 26 September 2019), Hon John Hood, Andrew McCallum **AM** (resigned 1 April 2019) Abd-Elmasih Malak **AM**, Paris Neilson, Dr Sev Ozdowski **AM** (resigned 1 July 2019) and Professor Michele Simons (appointed 26 September 2019).

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

An amount of \$93,077 has been expensed in the year in respect of services provided to the company by Margaret Bell (2018 – \$80,000) and an amount of \$7,881 was expensed in respect of services provided by Dorothy Harding Communications Pty Limited (2018 – \$15,607).

4. Auditor's remuneration

The Auditor of the company is Mawby, Cowper, Meares & Co (formerly P M Reid). Audits have been conducted on a pro-bono basis.

**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 2019 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

M. E. Bell

Margaret Bell **AM**

Director

Dated on 28 November 2019 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

Mawby Cowper Meares & Co.

Partners

Frank Butkovich
Stuart D. Meares
Richard Lambert

Chartered Accountants

ABN 32 136 142 010
"Chatswood Village", Tower Block
Level 4, 47 Neridah Street, Chatswood NSW 2067

Postal Address

PO Box 1480
Chatswood NSW 2057

Telephone: (02) 9411 5388

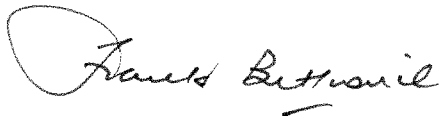
Fax: (02) 9411 6712

e-mail: info@mcmco.com.au

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF CHAIN REACTION FOUNDATION LIMITED

As lead auditor for the audit of Chain Reaction Foundation Limited, for the year ended 30 June 2019 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



Mawby Cowper Meares & Co
Chartered Accountants

Partner: **Frank Butkovich FCA**
47 Neridah Street Chatswood NSW 2067

29th November 2019

Mawby Cowper Meares & Co.

Partners

Frank Butkovich

Stuart D. Meares

Richard Lambert

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"Chatswood Village", Tower Block

Level 4, 47 Neridah Street, Chatswood NSW 2067

Postal Address

PO Box 1480
Chatswood NSW 2057

Telephone: (02) 9411 5388

Fax: (02) 9411 6712

e-mail: info@mcmco.com.au

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF CHAIN REACTION FOUNDATION LIMITED

Report on the financial report

I have audited the financial report (being a special purpose financial report) of Chain Reaction Foundation Limited (the Company) which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in trust capital and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Basis for qualified auditor's opinion

As is common for organisations of this type, it is not practicable for the Company to fully establish internal controls over the collection of income from various revenue raising activities prior to entry into its financial records. Accordingly, as the evidence available to me regarding revenue from this source was limited, my audit procedures with respect to these revenue streams had to be restricted to the amounts recorded in the financial records and information provided by the Company's management. I therefore am unable to express an opinion whether the unsolicited revenue obtained is complete.

Qualified Audit opinion

In my opinion, except for the effects on the financial report of such adjustments, if any, as might have been required had the limitation on my audit procedures referred to in the qualification paragraph not existed.

- (a) the financial report of the Company presents fairly in all material respects, the Company's financial position as at 30 June 2019 and its performance for the year then ended in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the accounting policies described in Note 1(b) to the accounts.
- (b) The accounting and other associated records have been properly kept during the course of the year in accordance with the *Charitable Fundraising Act (NSW) 1991* and the *NSW Charitable Fundraising Regulation 2015*.
- (c) Money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and *NSW Charitable Fundraising Regulation 2015*.

Basis for opinion

I conducted my audit in accordance with *Australian Auditing Standards*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

I am independent of the Company in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirement of the *Accounting Professional and Ethical Standards Board APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the Financial Report in Australia. I have fulfilled my other ethical responsibilities in accordance with the Code.

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

Emphasis of matter – basis of preparation and restriction on use

I draw attention to Note 1 to the financial report, which describes the basis of preparation.

The Financial Report has been prepared for the purpose of fulfilling the Company's financial reporting responsibilities under *Australian Accounting Standards, the Australian Charities and Not-for-profits Commission Act 2012 and Regulations*. As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

My report is intended solely for the Board of Chain Reaction Foundation Limited and should not be used by parties other than the Board. I disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Board for Chain Reaction Foundation Limited or for any other purpose than that for which it was prepared.

Board's responsibility for the financial report

The Board of the Foundation is responsible for the preparation and fair presentation of the financial report and has determined that the basis of preparation described in Note 1(b) to the financial statements is appropriate to meet the needs of the Board. The Board's responsibility also includes such internal controls as the Board determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Responsibilities of the Board for the Financial Report

The Board of the Company is responsible for the preparation of the Financial Report that gives a true and fair view and has determined that the basis of preparation described in Note 1 to the Financial Report is appropriate to meet the requirements of the *Australian Accounting Standards, the ACNC and the Act and Regulations* and is appropriate to the needs of the Board and for such internal control as the Board determine is necessary to enable the preparation of the Financial Report that is free from material misstatement, whether due to fraud or error.

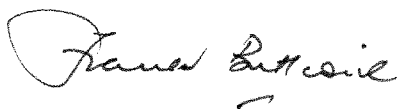
In preparing the Financial Report, the Board are responsible for assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

My objective is to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an Audit Report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions or users taken on the basis of this Financial Report.

A further description of my responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standard Board website at

http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of my Auditor's Report.



Mawby Cowper Meares & Co

Chartered Accountants

Partner: **Frank Butkovich FCA**

47 Neridah Street Chatswood NSW 2067

29th November 2019