

Redkite

(A Company Limited by Guarantee)

ACN: 104 710 787

Financial Report for the period 1 January 2021 to 31 December 2021

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The Directors present their report on the Company for the financial year ended 31 December 2021.

The Directors in office at any time during or since the end of the financial year are:

- Mr Mark Rigotti (Chair) (appointed Chair 12 May 2021)
- Ms Jennifer Horrigan (resigned as Chair 12 May 2021)
- Mr Bruce Morgan
- Mr Joost de Kock
- Mr Mark Rigotti
- Mr Alex Scandurra
- Mr Stephen Conry
- Mr Brian Murphy
- Ms Georgie Gardner (appointed 2 March 2021)
- Ms Sarah Goodman (resigned 3 August 2021)
- Dr Chris Milross (appointed 20 December 2021)
- Ms Deanne Stewart (appointed 16 March 2022)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Details of the members of the Board, their experience and qualifications are set out in this Director's Report under the heading "Information on Directors".

Principal activities

The principal activities of the Company during the financial year were the provision of immediate and ongoing emotional, financial and educational support to children with cancer and their families.

2021 Objectives

Redkite's long term objective is to address the gaps in cancer support available to children with cancer and their families by connecting them to the professional, age-specific support services they require at all stages of the cancer experience, when and where they need them.

Short-term objectives are to maintain and expand existing support programs in order to respond to increased demand for services by families, to introduce new important services to address gaps in support and continue to collaborate with other charities and organisations to connect families to the assistance they need.

Operating result

The operating surplus from continuing operations amounted to a surplus of \$1,418,451 (2020 deficit of \$457,338).

Review of operations

During 2021 Redkite successfully continued its partnership with a national supermarket group to raise awareness of the Company, increase fundraising income and bridge the gap in support to children, young people and their families.

In 2021 Redkite supported over 1900 families and 2600 individuals, both consistent with the number of 0–18-year-old children and their families supported in 2020. This is a strong result considering that 2020 figures include 15–18-year olds who had received support from Redkite's Education and Career Support Service, which has since ceased, and the challenges posed by the Coronavirus pandemic (COVID-19) in 2021. Redkite also continued its investment in its fundraising strategy, focusing on individual donors and digital initiatives during 2021.

The consequences of the COVID-19 are continuing to be felt around the world, and its impact on Redkite has been reflected in its results for the current year, with reduced corporate and trust and foundation support, reduced fundraising events' revenue and the receipt of Government COVID-19 financial support through JobKeeper and JobSaver.

Post balance date events

Whilst it would appear that control measures, vaccines and related government policies for the COVID-19 pandemic have mitigated the risks caused by COVID-19 and its variants, it is not possible at this time to state that the pandemic will not subsequently impact Redkite's operations going forward. Redkite now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect Redkite, the results of those operations, or Redkite's state of affairs in future financial years.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial year, except as disclosed in Principal Activities.

Likely developments and expected results of operations

Information on likely developments in the operations of the Company and the expected results of operations has not been included in this report because disclosure of information would be likely to result in unreasonable prejudice to the Company.

Environmental regulation

The Company is not subject to any significant environmental regulation under a Commonwealth or State law.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the holding company for costs and expenses incurred, in their capacity as a director or executive, for which they may be held personally liable, to the extent that the loss or liability is not covered by insurance.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

Information on Directors

Name: Mr Mark John Rigotti (Chairman)

Appointed Director: 23rd April 2010

Qualifications: BA, LLB (Hons), LLM (Syd), Graduate Advanced Management Programme (Melbourne University); Graduate Professional Services Leadership Programme (Harvard); Graduate Executive Programme (Singularity)

Experience: Immediate Past Global CEO of Herbert Smith Freehills; Commercial Law (Herbert Smith Freehills Partner, Banking & Finance); Member of Business Council of Australia; Member European Australian Business Council; member AICD; member FINSIA; Chair Open Society and Common Purpose Taskforce (Sydney University, Sydney Policy Lab)

Directorships held in other entities: Director, European Australia Business Council, Director Australia Korea Business Council

Special Responsibilities: Chairman of the Board of Directors (from 12 May 2021), Chairman of Redkite's Remuneration Committee (from 12 May 2021, and ExOfficio member of Redkite's Risk and Audit Committee and Investment Committee.

Name: Ms Jennifer Horrigan

Appointed Director: 19th April 2011

Qualifications: B.Bus. (QUT); Grad.Dip-Applied Finance (Finsia); Grad Dip. Management (AGSM) ; MAICD

Experience: Experienced Non-Executive Director across ASX-listed, unlisted and NFP boards. Executive career included 25 years' experience across investment banking, investor relations and strategic communications. Formerly the Chief Operating Officer of investment bank Greenhill Australia.

Directorships held in other entities: Chairman of Dexus Asset Management Limited (including Chairman of Dexus Industria REIT (ASX: DXI) and Dexus Convenience Retail REIT (ASX: DXC); Director of A2B Limited (ASX: A2B), Yarra Funds Management Limited and QV Equities (ASX: QVE). Former director of Generation Healthcare REIT (ASX: GHC).

Special Responsibilities: Previously Chairman of the Redkite Board of Directors (May 2019 to May 2021), Chairman of Redkite's Remuneration Committee, Member of Redkite's Investment Committee, and ExOfficio member of Redkite's Risk and Audit Committee (to May 2021).

Name: Mr Bruce William Distin Morgan

Appointed Director: 22nd April 2013

Qualifications: B Comm UNSW FCA FAICD, Adjunct Professor UNSW

Experience: Formerly the Chairman of the Australian Board and a member of the International Board of PwC and a partner of the firm for over 25 years. Bruce practiced as an audit partner focused on the financial services, energy and mining sectors. He is also a Fellow of the Australian Institute of Company Directors and Chartered Accountants in Australia and New Zealand.

Directorships held in other entities: Chairman of Transport Asset Holding Entity (TAHE), Director of Origin Energy Limited, the University of NSW Foundation and the deputy chairman European Australian Business Council and a former Chairman of Sydney Water Corporation and Director of Caltex.

Special Responsibilities: Member and Chair (from 3 August 2021) of Redkite's Risk and Audit Committee and Member of Redkite's Remuneration Committee.

Name: Mr Joost de Kock

Appointed Director: 31st March 2015

Qualifications: BA Cambridge University, DPhil Oxford University, MBA Cranfield School of Management, CEng, MIET

Experience: Deputy Secretary Customer Strategy and Technology at Transport for NSW
Previously General Manager Enterprise Transformation with the Australian Government Department of Human Services. Former Partner and Managing Director of the Boston Consulting Group (Sydney).
Formerly Manager at Andersen Consulting (now Accenture), Research Scientist with Sony (Tokyo).

Directorships held in other entities: None

Special Responsibilities: Chair of Redkite's Investment Committee

Name: Mr Alex Scandurra

Appointed Director: 20th July 2017

Qualifications: BE (Civil), Civil Engineering (University of Sydney), MBA (London Business School), MCIPS (UK)

Experience: Former CEO, Stone & Chalk. Formerly Director - Head of Strategic Partnerships & Barclays Accelerator Programs; Head of Infrastructure Sharing MEA Nokia, Head of Partner Management for Nokia Networks Australia & NZ, Project Management for Lend Lease, Australia & Captain Australian Army.

Directorships held in other entities: Advisory Board member of NSW Department of Finance, Services and Innovation, Founding Director of Fintech Australia, Co-Founder & Director of Spark Festival Australia, ASIC Digital Finance Advisory Committee

Special Responsibilities: None

Name: Mr Stephen Conry AM

Appointed Director: 1st December 2017

Qualifications: Fellow of the Australian Property Institute, a Fellow of the Royal Institution of Chartered Surveyors, and a Fellow of the Australian Institute of Company Directors, Property Economics

Experience: International Director and CEO Australia and New Zealand, JLL.

Directorships held in other entities: Immediate past President and Board member of the Property Council of Australia and Director of JLL Australia

Special Responsibilities: None

Name: Mr Brian Murphy

Appointed Director: 27 October 2020

Qualifications: PhD in Mathematics (ANU), BSc Hons (Mathematics) UWA

Experience: Brian has over 20 years' experience in strategy and management consulting at Bain & Company. He has worked across the firm's Sydney, London, San Francisco and Perth offices. He leads Bain's Energy and Natural Resources practice across the Asia-Pacific region, advising clients globally on strategy, technology, sustainability, performance transformation and M&A.

Directorships held on other entities: None. Brian was previously a Board member of the WA Youth Jazz Orchestra.

Special Responsibilities: None

Name: Ms Georgie Gardner

Appointed Director: 2 March 2021

Qualifications: Associate diploma in performing arts and majoring in media performance, Western Australian Academy of Performing Arts.

Experience: Georgie has extensive media experience across both television and radio. She is one of the country's best known and most popular television news presenters, anchoring Nine's 6.00pm Sydney news bulletin on Friday and Saturday nights as well as doing special news reports midweek. Georgie was previously the news anchor for Nine's breakfast program, the Today Show, for seven years as well as being the show's co-host in 2018 and 2019, and has had roles with Radio 2NX, 2DAY FM, Ten Network and the Seven Network over her extensive media career.

Directorships held on other entities: None. Ambassador School for Life and Raise.

Special Responsibilities: Ambassador for Redkite since 2000

Name: Ms Sarah Goodman (resigned 3 August 2021)

Appointed Director: 19th April 2011

Qualifications: GAICD, LLB (UNSW)

Experience: 22 years senior executive experience in strategic regulatory policy, risk management and governance, gained in four large financial services groups and in two Australian financial services regulators. 13 years' experience as member of advisory panels to various Australian regulators, including ASIC, AUSTRAC, Privacy Commissioner, CFR, et al.

Directorships held in other entities: Over 20 years' experience as Company Director with agile challenger brands and with major operating subsidiaries in listed financial services groups. Previously a director of several large NFPs, some of which were Workventures Ltd; Eastern Suburbs Rental Housing Association Ltd; Granma's Youth Refuge Ltd.

Special Responsibilities: Chair of Redkite's Risk and Audit Committee and Member of Redkite's Remuneration Committee.

Name: Dr Chris Milross

Appointed Director: 20 December 2021

Qualifications: Associate Professor, MB BS MD FRANZCR FRACMA GAICD

Experience: Chris has more than 30 years' experience in clinical oncology as a specialist radiation oncologist, having trained and worked at The Prince of Wales Hospital, The MD Anderson Cancer Centre, and at Royal Prince Alfred Hospital, with administrative responsibility as a Department Head since 2004. Chris was instrumental in the creation and establishment of the Chris O'Brien Lifehouse in 2013, and in its strategic development and operations since then as a Member of the Hospital Executive Committee. Chris has experience in professional development and representation through various roles at The Royal Australian and New Zealand College of Radiologists and was College President 2014-15. At a national level Chris has been involved in cancer policy development through Cancer Australia as a member of its Advisory Council since 2017.

Directorships held in other entities: Member – Hospital Executive Committee at Chris O'Brien Lifehouse. Member – Cancer Australia. Director – Advant Foundation Board.

Special Responsibilities: Director of Radiation Oncology and Medical Services

Name: Ms Deanne Stewart

Appointed Director: 16 March 2022

Qualifications: Bachelor of Commerce (UNSW), MBA (Yale) and AICD Directors Course

Experience: Deanne is the Chief Executive Officer of Aware Super since 2018. Deanne has more than 25 years' leadership experience in financial services in wealth, superannuation, and insurance sectors in Australia and internationally. This includes previous Chief Executive Officer of MetLife Australia, senior roles within BT Financial Group and time as Managing Director with Merrill Lynch Investment management in New York, and as an Engagement Manager with McKinsey and Company in London. Deanne is also Adjunct Professor of University Technology Sydney.

Directorships held in other entities: CEO Aware Super Pty Ltd, and Director of Australian Superannuation Funds of Australia (ASFA), World Vision Advisory Board, UNSW Business Advisory Council and Australian Council of Superannuation Investors (ACSI).

Special Responsibilities: Nil.

Meetings of Directors

The number of Directors meetings held and attended by each of the Directors of the Company during 2021 was:

Name of Director	DIRECTORS MEETINGS	
	Number Eligible to Attend	Number Attended
Mr Mark Rigotti (Chair)	5	5
Ms Jennifer Horrigan	5	5
Mr Bruce Morgan	5	5
Ms Sarah Goodman	2	2
Mr Joost De Kock	5	4
Mr Alex Scandurra	5	5
Mr Stephen Conry	5	5
Mr Brian Murphy	5	5
Ms Georgie Gardner	5	4
Dr Chris Milross	0	0
Ms Deanne Stewart	0	0

Incorporation and events on a winding up

Redkite is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the Company. At 31st December 2021 the total amount that members of the Company are liable to contribute if the company is wound up is \$100 (2020: \$100).

Corporate governance statement

The Company's corporate governance structure and policy has been developed by the Board based on feedback provided by Redkite stakeholders, the requirements of the governance standards issued by the ACNC, together with industry best practice and designed to address certain key governance considerations. It is to be reviewed every 3 years and was last reviewed and updated on 10 December 2019.

Directors and Board composition

The constitution of the Company states

- There must be at least 5 Directors and no more than a number determined by the Directors from time to time, currently 10, with the prescribed qualification.
- Directors may elect one of the Directors as Chairperson of Directors, who must retire from that office no later than one month after the third anniversary of his or her election but may stand for re-election for another term with the approval of a majority of members.
- Directors may appoint executive officers including;
 - One of the Directors as executive director, and
 - One or more secretaries and additional secretaries.

The Governance Policy approved by the Board provides that

- a) Directors are appointed for a term of 3 years and for a maximum of three terms.
- b) Exceptions to this 3-term rule may be made by the Board in appropriate circumstances.
- c) The Chairman is appointed for a fixed term of 3 years.

Details of the members of the Board, their experience and qualifications are set out in this Directors Report under the heading "Information on Directors". There are 10 Directors at the date of signing the Directors' report.

Achieving the mission

Our Board of Directors provide strong corporate governance and are custodians of Redkite's mission and values. They volunteer their time to ensure that Redkite fully meets our objectives and obligations in support of children with cancer and their families.

Specific Responsibilities

Management responsibility

The Board has formally delegated responsibility for the Company's day by day operations and administration to the chief executive and executive management (Management).

Board oversight

The Board oversee and monitor Management's performance by:

- Meeting at least 4 times during the year
- Receiving detailed financial and operational reports from Management on both a regular and ad hoc basis
- Establishing Board Committees and assigning to them the Board responsibilities to oversee aspects of the Company's operations and administration. The Board Committees comprise the Risk and Audit Committee, Remuneration Committee, Investment Committee and also a Nomination Committee which may be convened as and when required to recommend the appointment of Directors including the next chairman.

Risk and Audit Committee

The members of this Committee during the year comprised Mr Bruce Morgan (Chair), and Ms Jennifer Horrigan (Ex Officio), Mr Mark Rigotti (Ex Officio), Ms Sarah Goodman as Directors together with Mr Jonathon Dooley as an external advisor. Details of the Directors' qualifications are set out in the Directors' Report. The number of meetings held through the year and the details of attendance are as follows:

Name of Director	Number Eligible to Attend	Number Attended
Mr Bruce Morgan (Chair)	5	5
Ms Jennifer Horrigan (Ex Officio)	4	3
Mr Mark Rigotti (Ex Officio)	3	3
Ms Sarah Goodman	3	3
Mr Jonathon Dooley (external advisor)	5	3

The key responsibilities of the Committee acting on behalf of the Board include: ensuring that appropriate processes and systems were in place at all times for financial reporting, audit and risk management.

Remuneration Committee

The members of this Committee during the year comprised Mr Mark Rigotti (Chair), Ms Jennifer Horrigan, Mr Bruce Morgan and Ms Sarah Goodman as Directors. Details of the Directors' qualifications are set out in the Directors' Report. The number of meetings held through the year and the details of attendance are as follows:

Name of Director	Number Eligible to Attend	Number Attended
Ms Jennifer Horrigan (Chair until May 2021)	1	1
Mr Mark Rigotti (Chair from May 2021)	2	2
Mr Bruce Morgan	3	3
Ms Sarah Goodman	1	0

The key responsibilities of the Committee acting on behalf of the Board include: Establishing the remuneration guidelines and policies to be applied to the chief executive, senior staff and staff in conjunction with the Board as well as monitor their implementation.

Investment Committee

The members of the Committee during the year comprised Mr Joost de Kock (Chair), Mr Mark Rigotti and Ms Jennifer Horrigan as Director's together with Mr Geoff Brunson, Ms Helen Sewell, Mr Mark Palmer and Dr Don Stammer as external advisors. Details of the Directors' qualifications are set out in the Directors' Report. The number of meetings held during the year and details of attendance are as follows:

Name of Director	Number Eligible to Attend	Number Attended
Mr Joost De Kock (Chair)	5	5
Ms Jennifer Horrigan	5	3
Mr Mark Rigotti	3	3
Mr Geoff Brunson (External Advisor)	5	3
Ms Helen Sewell (External Advisor)	5	4
Mr Mark Palmer (External Advisor)	5	5
Dr Don Stammer (External Advisor)	5	4

The key responsibilities of the Committee acting on behalf of the Board include: Managing all investments prudently in accordance with the policy set by the Board so as to secure acceptable capital growth and income for all investment assets within the risk profiles set by the Board of Redkite and to always adhere to the Trustees Act 1925 (NSW) and the Prudent Persons Test for investing.

Other support governance structures

State-based Regional Councils operate to support the Board and management in meeting their responsibilities and achieving their objectives.

Ethical standards and code of conduct

Board members, senior executives, staff and volunteers are expected to comply with relevant laws and codes of conduct determined by the Board and to act with integrity, compassion, fairness, honesty and respect at all times when dealing with the children, young people and families affected by cancer as well as donors, colleagues and other stakeholders in our mission.

It is also expected that Board members, senior executives, staff and volunteers never permit their personal interests to conflict or appear to conflict with those of Redkite.

Fundraising and how we raise funds

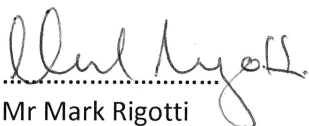
Redkite undertakes its fundraising from appeals (Fundraising Appeals), the collection of voluntary donations and sponsorships from individuals, charitable foundations and corporate donors (Donations), the receipt of bequests that support either specific activities or the general activities of the Company (Bequests) and Events.

Redkite does not receive government funding for our programs and services, rather Redkite raises funds through building personal and corporate relationships, engaging community support, making representations to foundations and conducting or benefiting from events. Redkite undertakes its fundraising using a combination of staff, volunteers and selective paid 3rd party fundraising.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 31 December 2021 has been received and can be found on the following page.

Signed in accordance with a resolution of the Board of Directors.



Mr Mark Rigotti
Director (Chair)



Mr Bruce Morgan
Director

Dated this 31 day of May 2022

Dated this 31 day of May 2022

31 May 2022

The Board of Directors
Redkite
3/418a Elizabeth Street
SURRY HILLS NSW 2010

Dear Board Members

Redkite

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, I am pleased to provide the following declaration of independence to the Directors of Redkite.

As lead audit partner for the audit of the financial report of Redkite for the financial year ended 31 December 2021, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,



Crowe Sydney



Barbara Richmond
Partner

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The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.

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Directors' Declaration

Requirements per Charitable Fundraising Act 1991

The Directors of the Company declare that:

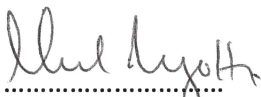
- a) the financial statements give a true and fair view of all income and expenditure of the Company with respect to fundraising appeals;
- b) the statement of financial position gives a true and fair view of the state of affairs with respect to Financial Report for the period 1 January 2021 to 31 December 2021
- c) the provisions of the Charitable Fundraising Act 1991 and the regulations under that Act have been complied with;
- d) the internal controls exercised by the Company are appropriate and effective in accounting for all income received;
- e) the financial statements are properly drawn up in accordance with Australian Accounting Standards and Urgent Issues Group Consensus Views as outlined in note 1 to the accounts.

Requirements per the Australian Charities and Not-for-Profits Commission Act 2012

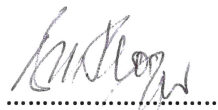
The Directors of the Company declare that:

1. The financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012 and Regulation 2013* and:
 - a) The Australian Accounting Standards - Reduced Disclosure Requirements and other mandatory professional requirements; and
 - b) give a true and fair view of the financial position as at 31 December 2021 and of the performance for the financial year ended on that date of the Company.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

By Order of the Board.



Mr Mark Rigotti
Director (Chair)



Mr Bruce Morgan
Director

Dated this 31 day of May 2022

Dated this 31 day of May 2022

Independent Auditor's Report to the Members of Redkite

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Redkite, which comprises the statement of financial position as at 31 December 2021, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Director's declaration.

In our opinion, the accompanying financial report of the Redkite has been prepared:

1. in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act), including:
 - (a) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the year then ended; and
 - (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
2. in all material respects, in accordance with the *Charitable Fundraising Act NSW 1991* (the Charitable Act) and the *Charitable Fundraising Regulation 2015* (the Charitable Regulation).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent Company, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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Other Information

The directors are responsible for the other information. The other information comprises the information contained in the Company's financial Report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of

accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Crowe Sydney

Crowe Sydney

B Rd

Barbara Richmond
Partner

31 May 2022
Sydney

REDKITE
ACN 104 710 787
STATEMENT OF PROFIT AND LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31-Dec-21 \$	31-Dec-20 \$
Revenue from fundraising activities	2	12,980,626	10,715,207
Direct costs of fundraising		(1,498,983)	(1,290,767)
Administrative expenses attributed to fundraising		(3,113,451)	(2,774,247)
Net revenue from fundraising appeals		8,368,192	6,650,193
Other revenue	2	1,094,077	2,338,601
Grants and services provided		(6,939,093)	(8,071,000)
Salaries and wages not directly attributable to fundraising and services		(585,633)	(825,577)
Administration expenses		(519,092)	(549,555)
NET SURPLUS/(DEFICIT) FROM CONTINUING OPERATIONS		<u>1,418,451</u>	<u>(457,338)</u>
OTHER COMPREHENSIVE INCOME			
Items that may not be reclassified subsequently to Profit and Loss			
Transfer to retained earnings on sale of investments		(867,672)	(154,312)
Net gain/(loss) on revaluation of investments		1,479,030	159,170
TOTAL COMPREHENSIVE SURPLUS/(DEFICIT) FOR THE YEAR		<u>2,029,809</u>	<u>(452,480)</u>

The accompanying notes form an integral part of these accounts.

REDKITE
ACN 104 710 787
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31-Dec-21 \$	31-Dec-20 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,246,500	2,284,853
Receivables and other current assets	6	212,306	326,219
Other assets	7	231,626	407,165
TOTAL CURRENT ASSETS		3,690,432	3,018,237
NON-CURRENT ASSETS			
Plant and equipment	8	418,461	481,136
Financial assets	9	14,266,046	12,856,945
Lease - Right of Use Asset	9A	2,138,919	2,640,978
TOTAL NON-CURRENT ASSETS		16,823,426	15,979,059
TOTAL ASSETS		20,513,858	18,997,296
CURRENT LIABILITIES			
Short-term payables	10	962,108	732,040
Deferred revenue	10	500,000	1,000,000
Short-term provisions	11	357,362	1,042,442
Lease - rent liability	11A	388,567	434,076
TOTAL CURRENT LIABILITIES		2,208,037	3,208,558
NON CURRENT LIABILITIES			
Long-term provisions	11	84,385	58,416
Lease - non-current liability	11A	2,073,851	2,462,418
TOTAL NON CURRENT LIABILITIES		2,158,236	2,520,834
TOTAL LIABILITIES		4,366,273	5,729,392
NET ASSETS		16,147,585	13,267,904
EQUITY			
Accumulated surplus	12	13,271,055	11,002,732
Financial asset reserve	13	2,876,530	2,265,172
TOTAL EQUITY		16,147,585	13,267,904

The accompanying notes form an integral part of these accounts.

REDKITE
ACN 104 710 787
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Financial Asset Reserve	Accumulated Surplus	Total
		\$	\$	\$
Balance at 31 December 2019		2,260,314	11,305,758	13,566,072
Surplus for the year		-	(457,338)	(457,338)
Transfer to Retained Earnings on sale of investments	12	(154,312)	154,312	-
Revaluation increment for the year		159,170	-	159,170
Balance at 31 December 2020		2,265,172	11,002,732	13,267,904
Surplus for the year		-	1,418,451	1,418,451
Prior year adjustment		-	(17,800)	(17,800)
Transfer to Retained Earnings on sale of investments	12	(867,672)	867,672	-
Revaluation increment for the year		1,479,030	-	1,479,030
Balance at 31 December 2021		2,876,530	13,271,055	16,147,585

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31-Dec-21 \$	31-Dec-20 \$
Cash flows from operating activities			
Net receipts from fundraising activities		10,076,004	9,740,598
Net receipts from donations		2,638,917	2,230,165
Grants and services provided		(6,703,551)	(8,396,176)
Payments for creditors, fundraising, administration and staffing		(6,125,646)	(5,299,645)
Interest received		18,112	8,290
Other income/refunds		49,523	-
Government revenue - COVID19 related		588,323	1,656,974
Net cash provided by/(used in) operating activities		541,682	(59,794)
Cash flows from investing activities			
Dividends/trust distribution received		460,770	554,592
Payment for purchase of fixed assets		(104,510)	(169,076)
Payment for purchase of investments		(4,997,554)	(3,423,650)
Cash from sale of investments		5,061,259	3,078,089
Net cash provided by/(used in) investing activities		419,965	39,955
Net increase/(decrease) in cash held		961,647	(19,839)
Cash at beginning of financial year		2,284,853	2,304,692
Cash at end of financial year	5	3,246,500	2,284,853

The accompanying notes form an integral part of these accounts.

REDKITE
ACN 104 710 787
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for Redkite as an individual entity incorporated and domiciled in Australia. Redkite is a company limited by guarantee. The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board, the Australian Charities and Not-for-Profit Commission Regulation 2013 and the Charitable Fundraising Act 1991. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. There was no impact on the company following the adoption of these new standards.

Any new or amended Accounting Standard or Interpretations that are not yet mandatory have not been early adopted.

Basis of Preparation

The financial report has been prepared on an accruals basis with the exception of donations which are recorded on a cash basis. It is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Accounting Policies

(a) Taxes

Income Tax

The Company was endorsed on 1 July 2000 by the ATO as an income tax exempt charity.

Fringe Benefits Tax

The Company, as a public benevolent institution, was exempt from fringe benefits tax under Section 57A Fringe Benefits Tax Assessment Act 1986. Grossed up value of specified fringe benefits to individual employees has been included on each employee's Statement of Earnings as required by law. From 1 April 2001 this exemption ceased for certain fringe benefits paid to employees in excess of \$30,000 grossed up value for each employee.

Capital Gains Tax

The Company, as a public benevolent institution, is exempt from capital gains tax under Section 50-5, Income Tax Assessment Act 1997.

Payroll Tax

The Company, as a public benevolent institution, is exempt from payroll tax under Section 10 (1) (a2), Payroll Tax Act 1971.

Stamp duties and charges

The Company, as a public benevolent institution and the holder of an Authority to fundraise under the Charitable Fundraising Act 1991 has a general exemption from paying stamp duty and charges.

Goods and Services Tax

The Company, as a public benevolent institution is registered for GST applicable from 1 July 2000. Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(b) Donated Services and Assets

Various services and assets are donated to the Company including volunteers, legal advice, the auditing of the accounts, prizes for auctions, event assistance including equipment and production, office hardware, marketing and media services and services to children and families. In the absence of an accurate estimation of the value of these services, they have not been included in the accounts for 2021 and 2020.

Non-current assets are recorded at cost except where received as a donation or bequest. Non-current assets received as donations are recorded at the fair value as determined by the donor or market value at the time of donation. Non-current assets received as bequests are recorded at their market value at the time of receipt of the bequest. This value is recorded as either a donation or bequest income in the year the donation or bequest is received.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

(c) Disposal of Surplus

Annual Surplus

Rule 4 of the Company's Constitution prohibits the distribution of any surplus to Members. All income must be applied solely towards the promotion of the objectives of the Company.

Surplus on Liquidation

As required by the Charitable Fundraising Act 1991, the Income Tax Assessment Act 1997 and Tax Ruling TR 2000/12 and Rule 9 of the Constitution, any assets remaining upon the winding up of the Company must be applied, to the extent practicable, to the objects or purposes for which they were raised.

(d) Significant Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Other payroll liabilities

Other payroll liabilities in 2020 were estimated based on the number of employees who were covered by an industrial agreement.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Sydney NSW office - 5 yrs with option for 3 yrs	Aug 2018 - Jul 2023
Melbourne VIC office - 5 yr option exercised	Oct 2019 - Sep 2024
Brisbane QLD office - 2 yr option exercised	Apr 2022 - Mar 2024
Perth WA office - 1.5 yr option exercised	Mar 2022 - Aug 2023

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Rate quoted by Westpac bank - applied to lease terms: 5.40% WA, QLD & VIC, 4.88% NSW.

REDKITE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. REVENUE

Operating activities

Fundraising appeals
Donations and bequests

Non-operating activities

Dividends received - other corporations
Interest received - other corporations
AASB16 adjustment from rent concessions
Government revenue - COVID-19 related
Other income/refunds
Total other income

	31-Dec-21	31-Dec-20
	\$	\$
	10,644,982	9,669,665
	2,335,644	1,045,542
	<u>12,980,626</u>	<u>10,715,207</u>
	438,119	571,358
	18,112	8,290
	-	101,979
	588,323	1,656,974
	49,523	-
	<u>1,094,077</u>	<u>2,338,601</u>

All revenue is stated net of the amount of GST.

Dividends are recognised when the right to receive payment is established. Reimbursements from the Australian Taxation Office (ATO) of dividend imputation credits are recognised on receipt.

Interest revenue on term deposits is recognised on receipt or otherwise accrued as the control of the right to receive the interest payment exist. Any other investment income is recognised on receipt. Income received and not recognised in the statement of profit and loss is carried forward as deferred income in the statement of financial position until the income meets the tests for recognition in the statement of profit and loss.

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds.

Grants and sponsorships

Revenue is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant or sponsorship which must be satisfied before the company is eligible to retain the contribution, the grant or sponsorship will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Donations, fundraising appeals and other revenue

Donations, fundraising appeals and other revenue are recognised when they are received or when the right to receive payment is established.

3. AUDITORS REMUNERATION

The audit of Redkite is completed on a pro-bono basis, the value of which is \$34,000

4. INFORMATION AND DECLARATIONS TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT, 1991

(a) Fundraising Income and Expenses

Details of aggregate gross income and total expenses in Fundraising appeals

Excludes bequests

Gross proceeds from Fundraising appeals

Less: Total direct costs of Fundraising

Net surplus from Fundraising

	31-Dec-21	31-Dec-20
	\$	\$
	12,573,805	10,550,207
	(1,498,983)	(1,290,767)
	<u>11,074,822</u>	<u>9,259,440</u>

Information on material matters

Gross results achieved the target returns under the Charitable Fundraising Act.

(b) Statement showing how Funds Received were applied to Charitable Purposes

During the year the Company received net income of \$11,074,822 (2020: \$9,259,440) from Fundraising appeals as defined under the Charitable Fundraising Act excluding indirect overheads. Including indirect overheads, net income from Fundraising appeals was \$7,961,371 (2020: \$6,596,820). The Company also received \$406,821 (2020: \$165,000) from bequests.

Of this, the Company spent \$6,939,093 on grants and services as follows: \$1,553,225 on financial grants and support to families, \$2,110,214 on emotional support programs including the funding of social workers and counsellors, \$500,933 on music therapy, \$298,772 on educational support and grants, \$23,379 on community support and projects and \$2,452,570 on direct expenses to support these grants and services.

The remainder of the net income received was spent on indirect overheads, general administration and marketing.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4. INFORMATION AND DECLARATIONS TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT, 1991 CONTINUED

(c) Fundraising Conducted Jointly with Traders

The Company engaged in fundraising activities that were conducted jointly with traders in year ended 31 December 2021.

These fundraising activities were conducted with the following traders: Go Fundraise, Good2Give, Funraisin, Grassrootz and It All Counts..

(d) Fundraising Appeals as Classified by the Charitable Fundraising Act conducted during the Financial Year

The Company engaged in the following activities throughout the year in order to raise revenue: Raise for Redkite Online Auction, crunch4kids with cancer, the Sun Up Challenge, five Appeals during the year, and we are also the nominated charity for various events throughout the year.

Redkite Led Events	Month of Activity
Tax Appeal	May/June
Christmas Appeal	November/December
Summer Kitetales	January
Winter Kitetales	July
September Donor Care	September

(e) Monetary figures and percentages

	31-Dec-21	31-Dec-21	31-Dec-20	31-Dec-20
Comparisons				
Fundraising income as defined by the Charitable Fundraising Act, excludes bequests.				
Direct Cost of Fundraising/	1,498,983	12%	1,290,767	12%
Gross Income from Fundraising	12,573,805		10,550,207	
Net Surplus from Fundraising/	11,074,822	88%	9,259,440	88%
Gross Income from Fundraising	12,573,805		10,550,207	
Total Grant and Services Provided/	6,939,093	86%	8,071,000	85%
Total Expenditure (excluding Fundraising)	8,043,818		9,446,132	
Total Grant and Services Provided/	6,939,093	49%	8,071,000	62%
Total Income Received	14,074,703		13,053,808	
Total Grant and Services Provided/	6,939,093	63%	8,071,000	87%
Net Revenue from Fundraising Activities	11,074,822		9,259,440	
Gross comparisons including Fundraising revenue not covered by the Charitable Fundraising Act, bequests, and including indirect expenses.				
Total cost of all Fundraising/	4,612,434	36%	4,065,014	38%
Gross proceeds from all Fundraising	12,980,626		10,715,207	
Total grant and services provided/	6,939,093	83%	8,071,000	121%
Net proceeds from all Fundraising	8,368,192		6,650,193	

Total cost of all Fundraising includes administrative costs such as salaries, promotions, rent and office costs that are attributed to fundraising activities.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	31-Dec-21	31-Dec-20
5. CASH AND CASH EQUIVALENTS		
Cash on hand	-	610
Cash at bank	3,143,526	2,284,243
Short-term bank deposits	102,974	-
	<u>3,246,500</u>	<u>2,284,853</u>

Cash at bank includes cash of \$170,751 (2020: \$600,204) which represents the Johanna Sewell Reserve Fund.
The effective interest rate on short-term bank deposits was between to 0.20 - 0.25%. These deposits have an average maturity of 6-12 months.

	31-Dec-21	31-Dec-20
6. RECEIVABLES AND OTHER CURRENT ASSETS		
Current		
Sundry debtors and other receivable	33,447	56,098
Bonds & deposits	178,859	270,121
	<u>212,306</u>	<u>326,219</u>

(i) Provision for Impairment of Receivables

Sundry debtors are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. There has been no requirement to provide for sundry debtors at 31 December 2021 and 2020.

	31-Dec-21	31-Dec-20
7. OTHER ASSETS		
Current		
Prepayments	173,217	359,115
Other Assets	58,409	48,050
	<u>231,626</u>	<u>407,165</u>

	31-Dec-21	31-Dec-20
8. PLANT AND EQUIPMENT		
Office equipment at cost	623,405	527,838
Less accumulated depreciation	(559,535)	(477,990)
	<u>63,870</u>	<u>49,848</u>
Leasehold improvements at cost	608,968	608,968
Less accumulated depreciation	(339,238)	(283,216)
	<u>269,730</u>	<u>325,752</u>
Intangible assets at cost	184,483	175,602
Less accumulated depreciation	(99,622)	(70,066)
	<u>84,861</u>	<u>105,536</u>
Total Plant and Equipment	<u>418,461</u>	<u>481,136</u>

Movements in Carrying Amounts

	Office Equipment \$	Leasehold Improvements \$	Intangible Assets \$
Balance at beginning of year	49,848	325,752	105,536
Additions at cost for the year	50,861	-	53,649
Reallocations during the year	(25,360)	-	25,298
Depreciation expense	(11,479)	(56,022)	(99,622)
Carrying amount at end of year	<u>63,870</u>	<u>269,730</u>	<u>84,861</u>

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation or amortisation. The carrying amount of plant and equipment is reviewed annually by directors to ensure that it is not in excess of recoverable amount from those assets.

Depreciation and Amortisation

Plant and equipment are depreciated/amortised over their estimated useful lives using the straight line method.

Intangible assets include acquired or developed software, capitalised on the basis of the costs incurred to acquire and install the asset. The capitalised costs are amortised on a straight-line basis over their estimated useful lives.

The useful life estimates used for each class of assets are:

Class of fixed assets

Office Equipment	1 - 4 years
Intangible assets	2 - 5 years
Leasehold Improvements	3 - 8 years

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

31-Dec-21
\$

31-Dec-20
\$

9. FINANCIAL ASSETS (NON-CURRENT)

Equity Investments

Managed investments	5,478,337	3,072,999
Shares - listed investments	8,787,709	9,783,946
Total financial assets	14,266,046	12,856,945

All investments are equity investments and are measured at fair value. Equity investments comprise investments in the ordinary share capital of various entities and managed investment schemes. The investments have been classified as not held for trading, and management has elected to recognise unrealised gains and losses arising from changes in the market value in other comprehensive income. The election is available at initial recognition on an instrument-by-instrument basis, with no recycling to profit or loss.

Investments include investments of \$6,635,172 (2020:\$6,216,384) which represent the Johanna Sewell Reserve Fund Investments.

9A. LEASE - RIGHT OF USE ASSET

Right of Use Asset	31-Dec-21 \$	31-Dec-20 \$
<i>Cost</i>		
Opening balance	3,657,009	3,173,573
Adjusted for NSW lease extension in 2020	-	483,436
	<u>3,657,009</u>	<u>3,657,009</u>
<i>Amortisation</i>		
Opening balance	(1,016,031)	(509,207)
Charge for year	(502,059)	(506,824)
Closing balance	<u>(1,518,090)</u>	<u>(1,016,031)</u>
Net book value	<u>2,138,919</u>	<u>2,640,978</u>

Right-Of-Use Assets

A right-of-use asset was recognised at the beginning of 2020. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Where the entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

10. PAYABLES - Current

Unsecured liabilities	31-Dec-21 \$	31-Dec-20 \$
Trade creditors	262,824	42,124
Deferred income	500,000	1,000,000
Accrued expenses	699,284	689,916
	<u>1,462,108</u>	<u>1,732,040</u>
Less deferred income	500,000	1,000,000
Total financial liabilities, short term payables	962,108	732,040

Income received during the financial year is deferred in accordance with the revenue recognition policy if it is received for funding of future service delivery per contract agreements.

Deferred Income is not to be taken into account as a financial liability for the determination of working capital as it will be recognised in the statement of profit and loss when it meets the tests for revenue recognition.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. PROVISIONS

	31-Dec-21	31-Dec-20
	\$	\$
Current liabilities		
Employee entitlements	357,362	352,442
Other payroll liabilities	-	690,000
	<u>357,362</u>	<u>1,042,442</u>
Non-current liabilities		
Employee entitlements	<u>84,385</u>	<u>58,416</u>

At 31 December 2021 there were 61 Redkite employees.

Provision for Employee Benefits

A provision has been recognised for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of annual leave and long service leave, the probability of annual leave and long service leave being taken is based on historical data.

Provision is made for the Company's liability for employees' benefits arising from services rendered by employees to reporting date.

Short Term Employee Benefit Obligations

Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and long service leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled, plus related on costs.

Long Term Employee Benefit Obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Other Payroll Liabilities

Other payroll liabilities provision at 31 Dec 2020 was an estimate for potential unintended underpayments for an estimated number of employees covered by a payroll award, reflecting the complexity of the modern award system. As the matter was remediated during 2021, there is no provision at 31 December 2021.

11A. LEASE LIABILITY

	\$	\$
Lease Liability - Current	388,567	434,076
Lease Liability - Non Current	<u>2,073,851</u>	<u>2,462,418</u>
	<u>2,462,418</u>	<u>2,896,494</u>

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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FOR THE YEAR ENDED 31 DECEMBER 2021

	31-Dec-21 \$	31-Dec-20 \$
12. ACCUMULATED SURPLUS		
Accumulated Surplus at beginning of the year	11,002,732	11,305,758
Excess/(deficit) of Revenue over Expenses	1,418,451	(457,338)
Transfer of revaluation gains on sale of investments	867,672	154,312
Prior year adjustment	(17,800)	-
Accumulated Surplus at end of year	<u>13,271,055</u>	<u>11,002,732</u>

An amount of \$2,000,000 was bequested to the Malcolm Sargent Cancer Fund for Children (WA) during the year ended 30 June 2001 and forms the foundation of the Johanna Sewell Bequest Reserve. This reserve, which reflects restricted funds, is accounted for and managed as a separate reserve in accordance with the terms of the bequest.

Johanna Sewell Bequest Reserve included in accumulated surplus shown above:

Accumulated surplus at beginning of year	4,291,539	4,203,427
Deficit of revenue over expenses	(566,551)	(57,089)
Transfer to General Funds	-	-
Transfer between revaluation reserves and retained earnings on sale of assets	414,591	145,201
Accumulated surplus at end of year	<u>4,139,579</u>	<u>4,291,539</u>

13. FINANCIAL ASSET RESERVE

<u>2,876,530</u>	<u>2,265,172</u>
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Changes in the fair value of investments that are classified as fair value through Other Comprehensive Income with no recycling, financial assets (e.g. equities) are recognised in other comprehensive income and accumulated in a separate reserve within equity. Per Redkite's Investment Policy, the preferred level of investment (at market value) is equal to 6 months, up to 12 months of total operating expenditure as budgeted for the ensuring year with a minimum of 4 months (at market value) total operating expenditure. Increases in the market value of General Funds above this 12 month benchmark will prompt a review of services and fundraising activities.

14. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, short-term and long-term investments, accounts receivable and payable. The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	31-Dec-21 \$	31-Dec-20 \$
Financial Assets			
Cash and cash equivalents	5	3,246,500	2,284,853
Financial assets measured at amortised cost	6	212,306	326,219
Equity Investments at fair value			
- managed investments	9	5,478,337	3,072,999
- shares in listed corporations	9	8,787,709	9,783,946
Total Financial Assets		<u>17,724,852</u>	<u>15,468,017</u>
Financial Liabilities			
Short-term payables	10	<u>962,108</u>	<u>732,040</u>

Net Fair Values

- a) The fair values of equity investments are based on exit prices at the end of the reporting period.
b) In determining the fair value of the unlisted equity investments, the Directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

Financial Risk Management Policies

The Risk and Audit committee's overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Risk and Audit committee on a regular basis.

REDKITE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

15. RELATED PARTY TRANSACTIONS

	31-Dec-21	31-Dec-20
	\$	\$
(a) Transactions with Directors		
No Directors have received or are due to receive any remuneration.		
During the year the following transactions occurred between the Company and its Directors		
Donations received	7,575	8,065
Event tickets and auction items sold	-	500

(b) Key Management Personnel Remuneration

	Short-term benefits \$	Superannuation Contributions \$	Non-cash Benefits \$	Total \$
Gross remuneration paid to key management personnel - 2021	1,001,934	98,609	1,300	1,101,843
Gross remuneration paid to key management personnel - 2020	978,023	102,263	1,300	1,081,586

(c) Transactions with Other Related Parties

During the year the following transactions occurred between the Company and other related parties associated with the Directors

Purchase of goods	94,489	66,506
Donations received	3,037	4,614
Event tickets and auction items sold	-	-

One Director is a Partner at Herbert Smith Freehills, who provides the Company with pro bono legal services.

Transactions between related parties are on normal commercial terms and conditions are no more favourable than those available to other persons, unless service is provided free.

(d) Outstanding Balances with Other Related Parties

	31-Dec-21	31-Dec-20
	\$	\$
The following balances are outstanding at 31 December 2021 in relation to transactions with related parties:		
Payables	-	-
Receivables	-	-

16. EVENTS SUBSEQUENT TO REPORTING DATE

Whilst it would appear that control measures, vaccines and related government policies for the COVID-19 pandemic have mitigated the risks caused by COVID-19 and its variants, it is not possible at this time to state that the pandemic will not subsequently impact Redkite's operations going forward. Redkite now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect Redkite, the results of those operations, or Redkite's state of affairs in future financial years.

17. CONTINGENT LIABILITIES AND ASSETS

The company had no contingent liabilities or contingent assets as at 31 December 2021 and 2020.