

Redkite
(A Company Limited by Guarantee)

ACN: 104 710 787

Financial Report for the period 1 January 2019 to 31 December 2019

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**Redkite
Directors Report**



The Directors present their report on the Company for the financial year ended 31st December 2019.

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

Ms Jennifer Horrigan (Chair)
Mr Bruce Morgan
Dr Robert Every AO.
Ms Sarah Goodman
Mr Joost de Kock
Ms Teresa Engelhard
Mr Alex Scandurra
Mr Stephen Conry
Mr Mark Rigotti (Leave of absence)
Mr Adam Spencer

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 Directors 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, teenagers and young adults with cancer and their families. There were no significant changes in the nature of the Company's principal activities during the financial year.

2019 Objectives

The Company's long term objective is to address the gaps in cancer support available to children, teenagers and young adults 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 of 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 \$274,647 (2018 deficit: -\$132,024).

REVIEW OF OPERATIONS

During 2019 the Company 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 2019, Redkite supported around 2600 families and around 3800 individuals, an increase of 5% and 6% respectively from 2018 and continued its investment in its fundraising strategy, focusing on individual donors.

POST BALANCE DATE EVENTS

Subsequent to the reporting date, the existence of the infectious disease COVID-19 ("Coronavirus") has become widely known, and begun to rapidly spread throughout the world, including Australia. Since the reporting date, this has caused increasing disruption to populations, and to business and economic activity.

As this situation is rapidly developing, it is not yet practicable to accurately estimate the actual impact this may have on the future operations of Redkite, although it is anticipated to have some negative impact on levels of corporate funding support and fundraising events. However, given the strong cash, investments and net assets of the company, the Directors have assessed that the going concern assumption remains appropriate.

On 24 February 2020, Redkite communicated its intention to extend the range and reach of support for children with cancer (0-18 year olds) and their families by focusing support to this age group from 2021. The Youth Cancer Services is now well established to support young adults aged 19-24 and Redkite will transition its support to young adults over a 12-month period.

The group considers both of these to be a non-adjusting events after the reporting date.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Redkite
Directors Report**

INFORMATION ON DIRECTORS

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 PriceWaterhouseCoopers 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 Sydney Water Corporation, Director of Origin Energy Limited, the University of NSW Foundation and the European Australian Business Council. Previously a director of Caltex.

Name: Dr Robert Every AO

Appointed Director: 5th July 2016

Qualifications: B Science (Hon), Doctor of Philosophy

Formerly Chairman of Wesfarmers Limited and Boral Limited and a Director of Cricket Australia. Past roles include CEO of Steel & Tube Holdings Ltd NZ, MD & CEO of Tubemakers, President of BHP Steel, MD & CEO of OneSteel, in addition to being a Patron and past Chairman of Redkite.

Awarded a Centenary Medal and an Order of Australia.

Directorships held in other entities:

Director of Gresham Partners Holdings Limited and chairman of the WACA Foundation

Special Responsibilities: None

Name: Ms Sarah Goodman

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. Early career, CFO for professional consultants and superannuation consultancy.

Directorships held in other entities:

Over 20 years' experience as Company Director. Previously a director of several NFPs, some of which were Workventures Ltd; Eastern Suburbs Rental Housing Association Ltd; Granma's Youth Refuge Ltd.

Also previously Company Director of five wealth management operating subsidiaries in Commonwealth Bank Group.

Special Responsibilities:

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

25 years' experience across investment banking, financial communication, investor relations and strategic communications. Formerly the Chief Operating Officer of investment bank Greenhill Australia.

Directorships held in other entities:

Non-Executive Director of APN Funds Management Limited (including APN Industrial REIT (ASX: ADI) and APN Convenience Retail REIT (ASX: AQR), Yarra Funds Management Limited and QV Equities (ASX: QVE).

Special Responsibilities:

Chairman of the Board of Directors, Member of Redkite's Investment Committee, Member of Redkite's Remuneration Committee and ExOfficio member of Redkite's Risk and Audit 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 and Member of the Redkite Digital Advisory Committee

Name: Ms Teresa Engelhard

Appointed Director: 28th February 2017 (resigned 27 February 2020)

Qualifications: B.S. in Engineering and Applied Science (Caltech), MBA (Stanford University Graduate School of Business), Graduate (AICD)

Experience:

Executive roles in Silicon Valley technology sector include CEO, GM and VP Marketing; in Venture Capital a Managing Partner at Jolimont Capital (Melbourne) and Principal Investor at MDV (California); Consulting at McKinsey & Company (Los Angeles, California);

Former Directorships:

RedBubble (ASX:RBL), Planet Innovation, Entrepreneurs' Programme Committee (Australian Government), Daintree

Directorships held in other entities:

Non-Executive Director of Origin Energy (ASX:ORG), WiseTech Global (ASX: WTC), StartupAUS.

Special Responsibilities:

Member of the Redkite Digital Advisory Committee

**Redkite
Directors Report**

Name: Mr Alex Scandurra

Appointed Director: 20th July 2017

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

Experience:

Currently 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: Redkite Digital Steering Committee

Name: Mr Mark John Rigotti

Appointed Director: 23rd April 2010

Qualifications: BA, LLB (Hons), LLM (Syd), Graduate AMP (Melbourne University); Graduate Professional Services Leadership (Harvard)

Experience: Former 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

Directorships held in other entities:

Director, European Australia Business Council, Governor, Marymount International School for Girls, London, Member, Herbert Smith Freehills Global Partnership Council

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, JLL.

Directorships held in other entities:

President and Board member of the Property Council of Australia and Director of JLL Australia

Special Responsibilities: None

Name: Mr Adam Barrington Spencer

Appointed Director: 17th December 2013

Qualifications : BA Pure Mathematics Hons1); Doctor of Science Honoris Causa, Edith Cowan University

Experience:

Fellow of the Senate of The University of Sydney (1993 to 1995 and 2001 to 2008); 15-year radio career at the ABC on 702 and Triple J to Dec 2013; ambassador for Mathematics & Science at the University of Sydney; an international keynote speaker (TED); an in-demand MC & conference speaker and a successful author.

Directorships held on other entities:

Director Adam Spencer Enterprises.

Special Responsibilities:

Redkite Corporate Quiz Master of Ceremonies (2003 to date) and one of Redkite's most high profile and dedicated ambassadors.

MEETINGS OF DIRECTORS

The number of Directors meetings held and attended by each of the Directors of the Company during **2019** was:

	DIRECTORS MEETINGS	
	Number Eligible to Attend	Number Attended
Name of Director		
Ms Jennifer Horrigan (Chair)	5	5
Dr Robert Every	5	3
Ms Sarah Goodman	5	5
Mr Bruce Morgan	5	4
Mr Joost De Kock	5	5
Mr Mark Rigotti (Leave of absence)	5	0
Mr Adam Spencer	5	3
Ms Teresa Engelhard	5	1
Mr Alex Scandurra	5	4
Mr Stephen Conry	5	5

With effect from 17th December 2013 Mr Mark Rigotti was granted special leave of absence until further notice.

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 2019 the total amount that members of the Company are liable to contribute if the company is wound up is \$100 (2018: \$100).

**Redkite
Directors Report**

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 29th October 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;
 - o One of the Directors as executive director, and
 - o 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 9 Directors at the date of signing the Directors' report.

Achieving the Mission

The Board's primary role is to manage the Company's business and ensure that the activities of the Company are directed towards achieving both the Company's objectives of alleviating the suffering and promoting the relief and care in Australia of children and young people under the age of 25 afflicted with the disease of cancer as well as the related objective that every child and young person diagnosed with cancer and their families in Australia are empowered to cope with the emotional social and practical consequences.

Specific Responsibilities

The Board fulfils its primary role as follows:

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 particular 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 Ms Sarah Goodman (Chair) and Mr Bruce Morgan 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:

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

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 Bruce Morgan (Chair), Ms Jennifer Horrigan 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:

	Number Eligible to Attend	Number Attended
Name of Director		
Mr Bruce Morgan (Chair)	1	1
Ms Sarah Goodman	1	1
Ms Jennifer Horrigan	1	1

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.

**Redkite
Directors Report**

Investment Committee

The members of the Committee during the year comprised Mr Joost de Kock (Chair), Ms Jennifer Horrigan and as Directors together with Mr Geoff Brunsdon, 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)	4	3
Ms Jennifer Horrigan	4	4
Mr Geoff Brunsdon (External Advisor)	4	2
Ms Helen Sewell (External Advisor)	4	3
Mr Mark Palmer (External Advisor)	4	4
Dr Don Stammers (External Advisor)	4	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 (taking into account franking credits on Australian equities) 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 and National Action and Advisory Committees 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

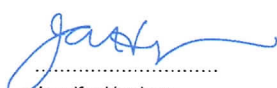
Redkite undertakes its fundraising from appeals (Fundraising Appeals), the collection of voluntary donations and sponsorships from individuals, charitable foundations and corporate donors (Donations), the receipt of bequests that support either specific activities or the general activities of the Company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

Redkite does not receive government funding, rather Redkite seeks to raise 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 a small amount of paid 3rd party fundraising.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 December 2019 has been received and can be found on the following page.

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



Jennifer Horrigan
Director (Chair)

Dated this 10th day of June 2020



Sarah Goodman
Director

10 June 2020

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 2019, 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

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 the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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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 2019 to 31 December 2019
- (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 2019 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.



Jennifer Horrigan
Director (Chair)



Sarah Goodman
Director

Dated this 10th day of June 2020

Independent Auditor's Report to the Members of Redkite

Report on the Audit of the Financial Report

Qualified Opinion in regards to fundraising income

We have audited the financial report of Redkite, which comprises the statement of financial position as at 31 December 2019, 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, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, except for the possible effects on the financial statements of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Redkite is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a. Giving a true and fair view of the company's financial position as at 31 December 2019 and of its performance and cash flows 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-profit Commission Regulation 2013*.

In addition, and with reference to the Charitable Fundraising Act 1991:

- a. the Financial Report gives a true and fair view of the Redkite's financial result of fundraising appeal activities for the financial year ended 31 December 2019;
- b. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2019 to 31 December 2019, in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations;
- c. money received as a result of fundraising appeal activities conducted during the period from 1 December 2019 to 31 December 2019 has been properly accounted for and applied in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations; and
- d. there are reasonable grounds to believe that Redkite will be able to pay its debts as and when they fall due.

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 the Crowe Australasia external audit division. 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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Basis for Qualified Opinion

As is common for organisations of this type, it is not practical for Redkite to maintain an effective system of internal control over cash donations and other fundraising activities until their initial entry in the accounting records. Accordingly, our audit in relation to fundraising was limited to the amounts disclosed.

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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's financial report for the year ended 31 December 2019, 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 ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors 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 Entity'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, the auditor exercises professional judgement and maintains 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 Entity'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 Entity'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 Entity 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 those charged with governance 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



Barbara Richmond
Partner

Dated 10 June 2020

REDKITE
ACN 104 710 787
STATEMENT OF PROFIT AND LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31-Dec-19 \$	31-Dec-18 \$
Revenue from fundraising activities	2	13,311,261	12,200,892
Direct costs of fundraising		(1,567,401)	(800,779)
Administrative expenses attributed to fundraising		(2,811,091)	(2,770,930)
Net revenue from fundraising appeals		8,932,770	8,629,183
Other revenue	2	595,283	606,394
Grants and services provided		(8,142,230)	(8,098,886)
Salaries and wages not directly attributable to fundraising and services		(665,216)	(822,776)
Administration expenses		(445,959)	(445,937)
NET SURPLUS/(DEFICIT) FROM CONTINUING OPERATIONS		<u>274,647</u>	<u>(132,024)</u>
OTHER COMPREHENSIVE INCOME			
Items that may not be reclassified subsequently to Profit and Loss			
Net gain/(loss) on revaluation of investments		<u>1,040,083</u>	<u>(659,218)</u>
TOTAL COMPREHENSIVE SURPLUS/(DEFICIT) FOR THE YEAR		<u>1,314,730</u>	<u>(791,242)</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 2019

	Note	31-Dec-19 \$	31-Dec-18 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	2,304,691	1,847,987
Receivables and other current assets	6	309,453	319,774
Other assets	7	269,842	238,276
TOTAL CURRENT ASSETS		2,883,985	2,406,035
NON-CURRENT ASSETS			
Plant and equipment	8	451,278	510,369
Financial assets	9	12,252,212	11,500,080
Lease - Right of Use Asset	9A	2,664,366	-
TOTAL NON-CURRENT ASSETS		15,367,856	12,010,448
TOTAL ASSETS		18,251,840	14,416,484
CURRENT LIABILITIES			
Short-term payables	10	1,569,486	1,795,313
Deferred revenue	10	-	4,085,505
Short-term provisions	11	287,259	322,806
Lease - rent liability	11A	418,964	-
TOTAL CURRENT LIABILITIES		2,275,709	6,203,623
NON CURRENT LIABILITIES			
Long-term provisions	11	38,615	48,894
Lease - non-current liability	11A	2,371,444	-
TOTAL NON CURRENT LIABILITIES		2,410,059	48,894
TOTAL LIABILITIES		4,685,768	6,252,518
NET ASSETS		13,566,072	8,163,966
EQUITY			
Accumulated surplus	12	11,305,758	6,943,735
Financial asset reserve	13	2,260,314	1,220,230
TOTAL EQUITY		13,566,072	8,163,966

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 2019

	Note	Revaluation Reserve \$	Accumulated Surplus \$	Total \$
Balance at 31 December 2017		1,888,804	7,066,404	8,955,207
Surplus for the year		-	(132,024)	(132,024)
Transfer to Retained Earnings on sale of investments	12	(9,356)	9,356	-
Revaluation increment for the year		(659,218)	-	(659,218)
Balance at 31 December 2018		1,220,231	6,943,736	8,163,966

		Financial Asset Reserve \$	Accumulated Surplus \$	Total \$
Balance at 31 December 2018		1,220,231	6,943,736	8,163,966
Adjustment on transition to AASB 15 (Note 1)			3,825,906	3,825,906
Restated 1 January 2019		1,220,231	10,769,642	11,989,872
Surplus for the year		-	274,647	274,647
Transfer to Retained Earnings on sale of investments	12	(261,469)	261,469	-
Revaluation increment for the year		1,301,552	-	1,301,552
Balance at 31 December 2019		2,260,314	11,305,758	13,566,072

Note 1 - The company reassessed all revenue streams and determined that certain revenue arrangements did not contain sufficiently precise performance obligations as defined under AASB 15- Revenue from Contracts with Customers. As a result, deferred revenue associated with these revenue arrangements amounting to \$3,825,906 has been adjusted against retained earnings on date of transition.

REDKITE
ACN 104 710 787
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31-Dec-19 \$	31-Dec-18 \$
Cash flows from operating activities			
Net receipts from fundraising activities		12,518,088	9,429,852
Net receipts from donations		1,215,263	989,376
Grants and services provided		(8,114,618)	(8,015,706)
Payments for creditors, fundraising, administration and staffing		(6,405,359)	(4,458,854)
Interest received		20,429	32,698
Net cash provided by/(used in) operating activities		<u>(766,196)</u>	<u>(2,022,634)</u>
Cash flows from investing activities			
Dividends/trust distribution received		616,324	568,296
Payment for purchase of fixed assets		(35,355)	(454,359)
Payment for purchase of investments		(3,959,492)	(2,351,363)
Cash from sale of investments		4,601,424	1,550,585
Net cash provided by/(used in) investing activities		<u>1,222,900</u>	<u>(686,841)</u>
Net increase/(decrease) in cash held		456,704	(2,709,475)
Cash at beginning of financial year		1,847,988	4,557,463
Cash at end of financial year	5	<u><u>2,304,692</u></u>	<u><u>1,847,988</u></u>

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 2019

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 Accounting Standards:

The company has adopted the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New and revised standards and amendments thereof and interpretations effective for the current financial year that are relevant to the company include:

- AASB 15 – *Revenue from Contracts with Customers*
- AASB 1058 – *Income of Not for Profit Entities*
- AASB 16 – *Leases*

AASB 15 Revenue from Contracts with Customers

The company has adopted AASB 15 from 1 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard introduces a new contract-based revenue recognition model with a measured approach that is based on an allocation of the transaction price. This is described further in the accounting policy note on revenue below. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable depending on the relationship between the entity's performance and the customer's payment.

AASB 1058 Income of Not for Profit Entities

The company has adopted AASB 1058 from 1 January 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt.

Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Impact of adoption of AASB 15 and AASB 1058

The company adopted AASB 15 and AASB 1058 using the modified retrospective method of adoption and as such the comparatives have not been restated.

The company reassessed all revenue streams and determined that certain revenue arrangements did not contain sufficiently precise performance obligations as defined under AASB 15. As a result, deferred revenue associated with these revenue arrangements amounting to \$3,825,906 has been adjusted against retained earnings on date of transition. No further deferred revenue/ contract liability will be recognised in respect of these revenue streams under the new revenue standards.

AASB 16 Leases

The company has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases.

Except for short-term leases and leases of low-value assets, right of use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption at 1 January 2019 is as follows:

Right-of-use assets	3,173,573
Interest-bearing lease liability	(3,138,573)
Make good provision	(35,000)
Advance payments	-

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.

REDKITE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 and 2018.

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.

(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.

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 office - 5 yrs with option for 3 yrs	Aug2018 - Jul2023
Melbourne office - 5 yr option exercised	Oct2019 - Sep2024
Brisbane office - 3 yr option exercised	Apr2019 - Mar2022
Perth office - 3yr option exercised	Mar2019 - Feb2022

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%

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

(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: Corporate Quiz with raffles and auctions at functions, two Appeals during the year, and we are also the nominated charity for various events throughout the year, (e.g. Golf Days, SAP Regatta).

Redkite Led Events

Corporate Quiz NSW

Corporate Quiz QLD

Corporate Quiz WA

Corporate Quiz VIC

Tax Appeal

Christmas Appeal

Month of Activity

October

August

November

September

May/June

November/December

(e) Monetary figures and percentages

	31-Dec-19	31-Dec-19	31-Dec-18	31-Dec-18
Comparisons				
Fundraising income as defined by the Charitable Fundraising Act, excludes bequests.				
Direct Cost of Fundraising/	1,567,401	12%	800,779	7%
Gross Income from Fundraising	13,291,261		12,163,020	
Net Surplus from Fundraising/	11,723,860	88%	11,362,241	93%
Gross Income from Fundraising	13,291,261		12,163,020	
Total Grant and Services Provided/	8,142,230	88%	8,098,886	86%
Total Expenditure (excluding Fundraising)	9,253,405		9,367,599	
Total Grant and Services Provided/	8,142,230	59%	8,098,886	63%
Total Income Received	13,906,544		12,807,285	
Total Grant and Services Provided/	8,142,230	69%	8,098,886	71%
Net Revenue from Fundraising Activities	11,723,860		11,362,241	
Gross comparisons including Fundraising revenue not covered by the Charitable Fundraising Act, bequests, and including indirect expenses.				
Total cost of all Fundraising/	4,378,492	33%	3,571,709	29%
Gross proceeds from all Fundraising	13,311,261		12,200,892	
Total grant and services provided/	8,142,230	91%	8,098,886	94%
Net proceeds from all Fundraising	8,932,770		8,629,183	

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

REDKITE**ACN 104 710 787****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2019****2. REVENUE**

	31-Dec-19	31-Dec-18
	\$	\$
Operating activities		
Fundraising appeals	12,095,999	11,211,516
Donations and bequests	1,215,263	989,376
	<u>13,311,261</u>	<u>12,200,892</u>
Non-operating activities		
Dividends received - other corporations	574,854	573,696
Interest received - other corporations	20,429	32,698
Total other income	<u>595,284</u>	<u>606,395</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.

Donation and other revenue

Donations 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 \$33,000

4. INFORMATION AND DECLARATIONS TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT, 1991**(a) Fundraising Income and Expenses**

	31-Dec-19	31-Dec-18
	\$	\$
Details of aggregate gross income and total expenses in Fundraising activities		
Excludes bequests		
Gross proceeds from Fundraising activities	13,291,261	12,163,020
Less: Total direct costs of Fundraising	-1,567,401	-800,779
Net surplus from Fundraising	<u>11,723,860</u>	<u>11,362,241</u>

Information on material matters

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

All of the fundraising events achieved the target returns.

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

During the year the Company received net income of \$11,723,860 (2018: \$11,362,241) from Fundraising appeals and activities as defined under the Charitable Fundraising Act excluding indirect overheads. Including indirect overheads, net income from Fundraising appeals and activities was \$8,871,391 (2018: \$8,629,183). The Company also received \$20,000 (2018: \$37,871) from bequests.

Of this, the Company spent \$8,142,230 on grants and services as follows: \$2,347,371 on financial grants and support to families, \$1,840,771 on emotional support programs including the funding of social workers and counsellors, \$470,259 on music therapy, \$434,732 on educational support and grants, \$64,083 on community support and projects and \$2,985,013 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.

(c) Fundraising Conducted Jointly with Traders

The Company engaged in fundraising activities that were conducted jointly with traders in year ended 31 December 2019.

These fundraising activities were conducted with the following traders: Go Fundraise, EveryDay Hero and GiveEasy.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. CASH AND CASH EQUIVALENTS

Cash on hand	610	610
Cash at bank	2,304,080	1,847,377
Short-term bank deposits	-	-
	<u>2,304,691</u>	<u>1,847,987</u>

Short term deposits include cash of \$185,731 (2018: \$256,016) which represents the Johanna Sewell Reserve Fund.

The effective interest rate on short-term bank deposits was between 1.25 - 2.5%. These deposits have an average maturity of 3-6 months.

6. RECEIVABLES AND OTHER CURRENT ASSETS

	31-Dec-19	31-Dec-18
	\$	\$
Current		
Sundry debtors	39,332	26,766
Bonds & deposits	<u>270,121</u>	<u>293,008</u>
	<u>309,453</u>	<u>319,774</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 2019 and 2018.

7. OTHER ASSETS

	31-Dec-19	31-Dec-18
	\$	\$
Current		
Prepayments	139,407	178,998
Other Assets	<u>130,435</u>	<u>59,278</u>
	<u>269,842</u>	<u>238,276</u>

8. PLANT AND EQUIPMENT

Office equipment at cost	534,363	499,008
Less accumulated depreciation	<u>(465,930)</u>	<u>(430,557)</u>
	<u>68,433</u>	<u>68,452</u>
Leasehold improvements at cost	608,968	608,968
Less accumulated depreciation	<u>(226,124)</u>	<u>(167,050)</u>
	<u>382,844</u>	<u>441,918</u>
Total Plant and Equipment	<u>451,277</u>	<u>510,370</u>

Movements in Carrying Amounts

	Office Equipment	Leasehold Improvements
	\$	\$
Balance at beginning of year	68,451	441,919
Additions at cost for the year	35,356	-
Depreciation expense	<u>(35,374)</u>	<u>(59,075)</u>
Carrying amount at end of year	<u>68,433</u>	<u>382,844</u>

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation. 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

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

The depreciation rates used for each class of assets are:

Class of fixed assets	Depreciation Rate
Office Equipment	25%
Leasehold Improvements	33%

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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.

11A. LEASE LIABILITY

	\$	\$
Lease Liability - Current	418,964	-
Lease Liability - Non Current	2,371,444	-
	<u>2,790,408</u>	<u>-</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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	31-Dec-19 \$	31-Dec-18 \$
9. FINANCIAL ASSETS (NON-CURRENT)		
Equity Investments		
Managed investments	3,163,210	2,267,085
Shares - listed investments	9,089,002	9,232,995
Total financial assets	<u>12,252,212</u>	<u>11,500,080</u>

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 \$5,571,146 (2018:\$4,925,069) which represent the Johanna Sewell Reserve Fund Investments.

9A. LEASE - RIGHT OF USE ASSET

	31-Dec-19	31-Dec-18
Right of Use Asset		
<i>Cost</i>		
Opening (restated) and closing balance	3,173,573	-
<i>Depreciation</i>		
Opening balance (restated)	-	-
Charge for year	(509,207)	-
Closing balance	(509,207)	-
Net book value	<u>2,664,366</u>	<u>-</u>

Right-Of-Use Assets

A right-of-use asset is recognised at the beginning of 2019. 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		
Trade creditors	41,850	159,948
Deferred income	-	4,085,505
Accrued expenses	1,527,639	1,635,367
	<u>1,569,487</u>	<u>5,880,818</u>
Less deferred income	-	4,085,505
Total financial liabilities, short term payables	<u>1,569,488</u>	<u>1,795,315</u>

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.

11. PROVISIONS

Current liabilities		
Employee entitlements	<u>287,259</u>	<u>322,806</u>
Non-current liabilities		
Employee entitlements	<u>38,615</u>	<u>48,894</u>

At 31 December 2019 there were 70 Redkite employees.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	31-Dec-19 \$	31-Dec-18 \$
12. ACCUMULATED SURPLUS		
Accumulated Surplus at beginning of the year	6,943,736	7,066,404
Excess/(deficit) of Revenue over Expenses	274,647	(132,024)
Transfer of revaluation gains on sale of investments	261,469	9,356
Adjustment on transition to AASB 15 (Note 1)	3,825,906	-
Accumulated Surplus at end of year	<u>11,305,758</u>	<u>6,943,736</u>

Note 1 - The company reassessed all revenue streams and determined that certain revenue arrangements did not contain sufficiently precise performance obligations as defined under AASB 15- Revenue from Contracts with Customers. As a result, deferred revenue associated with these revenue arrangements amounting to \$3,825,906 has been adjusted against retained earnings on date of transition.

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	4,179,225	4,301,506
Deficit of revenue over expenses	(57,401)	(106,502)
Transfer to General Funds		
Transfer between revaluation reserves and retained earnings on sale of assets	12,982	-15,779
Accumulated surplus at end of year	<u>4,134,806</u>	<u>4,179,225</u>

13. FINANCIAL ASSET RESERVE

<u>2,260,312</u>	<u>1,220,231</u>
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Changes in the fair value of investments that are classified as fair value through OCI with no recycling financial assets (eg 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-19 \$	31-Dec-18 \$
Financial Assets			
Cash and cash equivalents	5	2,304,691	1,847,987
Financial assets measured at amortised cost	6	309,453	319,774
Equity Investments at fair value			
- shares in listed corporations	9	9,089,002	9,232,995
- managed investments	9	3,163,210	2,267,085
Total Financial Assets		<u>14,866,354</u>	<u>13,667,839</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. These include credit risk policies and future cash flow requirements.

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15. RELATED PARTY TRANSACTIONS

(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

	31-Dec-19 \$	31-Dec-18 \$
Donations received	24,019	17,728
Event tickets and auction items sold	23,600	18,830

(b) Key Management Personnel Remuneration

	Short-term benefits \$	Super-annuation Contributions \$	Non-cash Benefits \$	Total \$
Gross remuneration paid to key management personnel - 2019	930,454	85,521	1,300	1,017,275
Gross remuneration paid to key management personnel - 2018	860,982	81,793	1,300	944,075

(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	68,142	61,116
Donations received	2,773	3,795
Sponsorship received	-	-
Event tickets and auction items sold	27,500	12,500

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

The following balances are outstanding at 31 December 2018 in relation to transactions with related parties:

Payables	-	-
Receivables	-	2,000

16. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date, the existence of the infectious disease COVID-19 ('Coronavirus') has become widely known, and begun to rapidly spread throughout the world, including Australia. Since the reporting date, this has caused increasing disruption to populations, and to business and economic activity.

As at the date of this report, there has been no material impact on fundraising revenue. As this situation is rapidly developing, it is not yet practicable to accurately estimate the actual impact this may have on the future operations of Redkite, although it is anticipated to have some negative impact on levels of corporate funding support and fundraising events. However, given the strong cash, investments and net assets of the company, the Directors have assessed that the going concern assumption remains appropriate.

On 24 February 2020, Redkite communicated its intention to extend the range and reach of support for children with cancer (0-18 year olds) and their families by focusing support to this age group from 2021. This strategic change is in the context of significant needs that remain in the childhood cancer space, and with the Youth Cancer Services now well established to support young adults aged 19-24 who Redkite will transition over a 12-month period.

The group considers both of these to be a non-adjusting events after the reporting date.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company'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 2019 and 2018.