

The Kokoda Track Foundation Limited

ABN 45 103 660 948

Annual report for the financial year ended
31 December 2019

The Kokoda Track Foundation Limited

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Contents

	Page
Chair and Chief Executive Officer's Report	2
Directors' Report	4
Auditor's Independence Declaration	8
Independent Auditor's Report	9
Directors' Declaration	13
Declaration under the Charitable Fundraising Act 1991	14
Index to the Financial Statements	15
Consolidated Statement of Comprehensive Income	16
Consolidated Statement of Financial Position	17
Consolidated Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19
Notes to the Financial Statements	20

Chair and Chief Executive Officer's Report

As we embark on another year, with uncertainty and many challenges ahead of us, we are reminded of our extraordinary family of dedicated people who are committed to keeping the spirit of Kokoda alive. From our extremely hardworking teams across PNG and Australia, to our army of volunteers, to our partners in delivery and fundraising, to our voluntary board and strategic advisors, the achievements of the organisation over this past year are for each and every one of you to be proud of.

Of course, the beginning of 2020 has been extremely difficult, from the bushfires that raged across Australia, devastating communities and wildlife; to the COVID-19 outbreak and the resulting health and economic crises that are unfolding around the world. We look to 2020 with a cautious lens and we will ensure that we balance a tightening economic climate with our commitments to our mission as well as the growing health impact that COVID-19 will have on remote communities across PNG.

But we also want to look back at the year that was and reflect on our impact and lessons learnt. 2019 was another year of growth, expansion, and scale-up of what we know works. We formally wrapped up our Teach for Tomorrow project which saw 3,685 elementary teachers trained across 14 Provinces, who together deliver schooling to more than 136,000 children across remote and rural PNG. These teachers comprise 54% females and 388 teachers with a disability.

But certification is not our end goal; we are committed to the cycle of education and making sure that pathways are created for people into teaching careers, especially in remote and rural areas; and that once in those careers, teachers are supported and nurtured to deliver the highest quality teaching and learning possible. Our FODE program delivered across the Kokoda and Balimo Colleges, creates pathways for early school leavers in Oro, Central and Western Provinces to pursue second chance matriculation education and pathways into teaching and health work. At the time of writing, we are in the process of opening a third FODE Centre in Hanuabada, NCD, in partnership with the Motu Koita Assembly. Our Teach for Tomorrow II project is supporting the ongoing professional development and mentoring of thousands of teachers across eight Provinces; some of these teachers have not received prior professional learning since they originally trained, most over a decade ago.

Our work in health continues to evolve and respond to the major skills gaps identified by the health workers who deliver primary healthcare across the Oro and Central Provinces. 2019 saw the launch of our new Bebi na Mama project, which delivered specialised child and maternal health training to 105 community health workers and village birth attendants across two provinces. A new partnership with the Australian Council of Neo Natal Nurses, the training provides critical knowledge and resources that health workers use to deliver and resuscitate babies, nurture mothers, infants and children, and save lives.

This year also saw the launch of a new livelihoods project: Strongim Meri Bisnis which delivers skills and business training to women's groups across New Ireland, Central and the Autonomous Region of Bougainville. The women create and sell reusable sanitary napkins. Our Village Connect project reached an extraordinary 1,000 households and 80 schools and health facilities, illuminating the entire Kokoda Track catchment region with sustainable and powerful solar lighting and charging systems. The results have been testament to the power of the intervention: a 92% reduction in expenditure of kerosene across the region and an increase in children's study time of 141%.

In October, we conducted a wide-scale qualitative review of the changes in education, health and wellbeing outcomes for communities along and around the Kokoda Track where much of our work has focused over the past 15 years. The results were promising with major positive outcomes reported across most communities including access to schooling and primary healthcare; but they also pointed to the future and where we must focus our efforts. The creation of pathways into formal learning and employment opportunities, especially in teaching and healthcare, were identified as of high importance across most communities.

In November, we launched our new Strategic Plan (2019 - 2022) which focuses on four core areas: (i) Improve lives and futures through education, health, livelihoods and leadership programs; (ii) Deliver programs via partnerships; (iii) Build the sustainability of the organisation; and (iv) Support a strong KTF.

We have set ambitious targets for ourselves over this next strategic cycle. By 2022, we want to reach half a million children and ensure they receive a quality education from the teachers that we help to support. We want to see 11,000 teachers receiving ongoing professional development and mentoring; including many who will be new to the teaching system. We want to increase the number people who have access to primary healthcare, especially vision and dental services; and we want to see 2,000 mothers with reliable access to pre and post-natal care delivered by our health workers who have been trained in specialised child and maternal health strategies. We want to see communities illuminated with the latest solar technology, people on pathways to formal education, women empowered and improved livelihoods, and to continue our work in finding and fostering the next generation of leaders for PNG.

Since the holding of our 16th Lt. Col. Ralph Honner Leadership Oration Dinner in October 2019, we have sadly said goodbye to three Kokoda veterans who have attended every year since 2009. Arnold Forrester, Dick Payten OAM and Bill Ryan passed away at the respective ages of 100, 98 and 97. They were our dear friends and keepers of the spirit and will be missed terribly. We will continue to keep their memory alive in everything we do in partnership with our mates in PNG.

*“No matter where they all now rest, They are men that I knew;
Young men who answered the summons, Australian bugles blew.
All left a priceless legacy – A land secure and free.
And so we rise to salute them, A final act for me.
We few who fought and still survive, Now wait at heaven’s door,
To join those, none but we can see, TOGETHER EVER MORE.”*

(Gordon Maitland, dedicated to Dick Payten; read by Dick Payten at the Lt. Col. Ralph Honner Dinner)



Ian Kemish AM
Chair
25 March 2020



Genevieve Nelson
Chief Executive Officer
25 March 2020

Directors' Report

The directors of The Kokoda Track Foundation Limited (KTF) submit herewith the annual financial report of KTF for the financial year ended 31 December 2019. In order to comply with the provisions of the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC), the directors report as follows:

Information about the directors

The names and particulars of the directors of the company during or since the end of the financial year are:

Name	Qualifications and experience
Ian Ferguson Kemish AM	Chair – Kokoda Track Foundation BA (Hons) Dip Ed (University of Queensland) Executive General Manager, External Affairs and Social Performance, Newcrest Mining Limited Member – Board of Commissioners, Nusa Halmahera Minerals Member – Board of Commissioners, Nusantara Bintang Management Director – Australia Indonesia Centre
Elizabeth Jessie Carr AM	Deputy Chair – Kokoda Track Foundation BA (Hons) (University of Western Australia) MPA (Harvard University) Fellow of the Australian Institute of Company Directors Chair – St Catherine's Aged Care Services (NSW) Chair – Department of Family & Community Services Audit & Risk Committee Chair – South Metropolitan Tafe (WA) Chair – St Mary's Anglican Girls School (WA) Director – ICARE (NSW) Member – Environmental Protection Authority (WA) Member – Urban Growth Development Corp Audit & Risk Committee Member – Harvard Club Australia Council
Wendy Joan Brooks	(Retired 28 January 2020) BMus (University of Melbourne) LLB (Hons) (Charles Darwin University) GDipLegPrac (College of Law) Managing Director, Wendy Brooks & Partners Pty Ltd Co-Chair – Human Rights Watch Australia Director – Summer Housing Pty Ltd Director – InLife Independent Living Ltd Director – Fitted for Work Director – National Trust of Australia (Victoria) Director – National Trust of Victoria Foundation

Bernard Michael Egan	BA (Macquarie University) Certified Practicing Accountant Fellow of the Institute of Chartered Secretaries and Administrators Fellow of the Governance Institute of Australia Consultant – Banking and Risk Management
William Manfred James	BEcon (University of Sydney) Dip Ed (University of Sydney) Director – Flight Centre Foundation Director – Partnering PNG Limited
Stephannie Anna-Maria Kirriwom	LLB (University of Papua New Guinea) Lawyer (Litigation), Dentons Lawyers Chair – KTF PNG Limited Chair – Partnering PNG Limited
Andrew Moutu	BA (University of Papua New Guinea) PhD, Anthropology & Philosophy (University of Cambridge) Member – Department of Foreign Affairs & Trade Innovation Xchange Director – PNG National Museum and Art Gallery
Genevieve Fiona Nelson	BPsych (Hons) (Western Sydney University) PhD in Educational and Cross Cultural Psychology (Western Sydney University) Chief Executive Officer – Kokoda Track Foundation (KTF) Adjunct Research Fellow, Australian Catholic University Director – KTF PNG Limited Director – Partnering PNG Limited
Yahoo Serious	Hon DLitt. Hon Doctorate of Letters (University of Newcastle) Actor, Producer, Director and Writer of feature films Director – Serious Productions Pty Limited
Peter Barrow	Fellow of the Australian Institute of Company Directors Fellow of Chartered Accountants Australia and New Zealand Founder & Senior Partner 35 years - MBT Chartered Accountants Chair – Oaks Hotels & Resorts Limited Chair – Audit & Risk Committee, Flight Centre Limited Director - Mosaic Oil N.L

Company Secretary

Mr Peter Barrow, FAICD, FCA, is the company secretary. He was appointed Secretary of KTF in January 2018.

Principal activities

The Kokoda Track Foundation Limited (KTF) is an international aid organisation working in Papua New Guinea.

We work with people and communities to improve the lives and futures of Papua New Guineans. Our inspiration is to keep the spirit of Kokoda alive.

Review of operations

KTF's net surplus for the financial year was \$148,369 (2018: \$13,716 deficit). A review of the operations of KTF during the financial year and the results of those operations found that KTF continued to engage in its principal activity, the results of which are disclosed in the attached financial statements. KTF held total assets of \$1.5 million at the end of the financial year. KTF has a policy of holding reserves sufficient to ensure it can meet existing commitments to its development activities. It currently holds funds in respect of a potential purchase of an asset with intended social and income-generating purposes in the next financial year. KTF is a Deductible Gift Recipient and as such can accept tax deductible donations

Changes in state of affairs

There was no significant change in the state of affairs of KTF during the financial year.

Subsequent events

Subsequent to 31 December 2019, KTF has been impacted by the evolving situation surrounding the COVID-19 virus and the unprecedented travel bans imposed by various governments. Whilst we believe that many of our funding partnerships are secure and will not be impacted in 2020, we are regularly reviewing our programs to see where cuts can be made commensurate with any reduction in our funding. KTF has made a concerted effort to build up its reserves over the past four years which are available where necessary.

The travel restrictions imposed by the PNG and Australian Governments may also hamper our ability to deliver programs as originally designed; we are reviewing the nature and structure of programs and utilising technology and other methods to deliver remotely during the travel ban periods.

There has not arisen in the interval between 31 December 2019 and the date of this Financial Statements any other event that would have a material effect on the Financial Statements as at 31 December 2019.

Future developments

Disclosure of information regarding likely developments in the operations of KTF in future financial years is made in the Chair and Chief Executive Officer's Report.

Dividends

KTF is a not-for-profit organisation and pays no dividends.

Directors' meetings

The following table sets out the number of directors' meetings and meetings of the Finance Audit & Risk Management Committee held during the financial year and the number of meetings attended by each director (while they were a director). No payments were made to non executive directors.

Directors	Held	Attended
Ian Kemish AM (Chair)	5	5
Elizabeth Carr AM (Deputy Chair)	5	5
Wendy Brooks	5	3
Bernard Egan	5	5
Bill James	5	4
Stephannie Kirriwom	5	3
Andrew Moutu	5	3
Genevieve Nelson (Chief Executive Officer)	5	5
Yahoo Serious	5	5
Peter Barrow	5	3
Finance Audit & Risk Management Committee		
Bernie Egan (Chair)	5	5
Elizabeth Carr AM	5	4
Peter Parry	5	5

Auditor's independence declaration

The Lead Auditor's Independence Declaration is set out on page 8 and forms part of the Directors' Report for the financial year ended 31 December 2019.

On behalf of the Directors



Ian Kemish AM
Chair
Sydney, 25 March 2020



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To the Directors of The Kokoda Track Foundation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of The Kokoda Track Foundation Limited for the financial year ended 31 December 2019 there have been:

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

KPMG

Daniel Robinson
Partner
Sydney
25 March 2020



Independent Auditor's Report

To the members of The Kokoda Track Foundation Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of The Kokoda Track Foundation Limited (the Foundation and Group).

In our opinion, the accompanying Financial Report of the Foundation and Group is in accordance with the Division 60 of the Australian Charities and Not-for-profits Commission (ACNC) Act 2012, including:

- giving a true and fair view of the Foundations and Group's financial position as at 31 December 2019, and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards- Reduced Disclosure Requirements and the Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises

- Consolidated Statement of financial position as at 31 December 2019
- Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration of the Foundation Group
- Declaration by the Chairman in respect of fundraising appeals of the Foundation and Group

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Foundation and Group in accordance with the auditor independence requirements of the *ACNC Act 2012* and 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 fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in The Kokoda Track Foundation's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Chairman's Report, Chief Executive Officer's Report and Directors' Report. The Directors are responsible for the Other Information.

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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that give a true and fair view in accordance with Australian Accounting Standards- Reduced Disclosure Requirements and the ACNC.
- preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991.
- implementing necessary internal control to enable the preparation of Financial Report that give a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Foundation and Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Foundation and Group's or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.



As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment 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 registered Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' 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 registered Foundation'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 registered Foundation 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 the Directors of the registered Foundation 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 our audit.

In addition we have:

- Obtained an understanding of the internal control structure for fundraising appeal activities.
- Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulation.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

Report on other legal and regulatory requirements

Opinion pursuant to the Charitable Fundraising Act 1991

In our opinion:

- i. the Financial Report gives a true and fair view of the Foundation of the Group's financial result of fundraising appeal activities for the financial year ended 31 December 2019;
- ii. 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;
- iii. money received as a result of fundraising appeal activities conducted during the period from 1 January 2019 to 31 December 2019 has been properly accounted for and applied in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations; and
- iv. There are reasonable grounds to believe that the Foundation and Group will be able to pay its debts as and when they fall due.



KPMG



Daniel Robinson
Partner

Sydney
25 March 2020

Directors' Declaration

In the opinion of the Directors of KTF:

- (a) KTF is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 16 to 28 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of KTF's financial position as at 31 December 2019 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
- (c) there are reasonable grounds to believe that KTF will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Ian Kemish AM
Chairman
Sydney, 25 March 2020

Declaration under the Charitable Fundraising Act (1991)

I, Ian Kemish AM, Chairman of the Board of Directors of The Kokoda Track Foundation Limited declare that in my opinion:

1. The financial statements give a true and fair view of all income and expenditure of KTF with respect to the fundraising appeals activities for the financial year ended 31 December 2019.
2. The statement of financial position gives a true and fair view of the status of affairs with respect to fundraising appeals activities for the financial year ended 31 December 2019.
3. The provisions of the Charitable Fundraising Act 1991 (NSW), the Regulations under the Act and the conditions attached to the authority have been complied with for the financial year ended 31 December 2019.
4. The internal controls exercised by KTF are appropriate and effective in accounting for all income received and applied by KTF from any of its fundraising appeals.

Signed in accordance with a resolution of the directors:



Ian Kemish AM
Chair
Sydney, 25 March 2020

Index to the Financial Statements

Contents	Page
Consolidated Statement of Comprehensive Income	16
Consolidated Statement of Financial Position	17
Consolidated Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19
Notes to the Consolidated Financial Statements:	
1 General information	20
2 Significant accounting policies	20
3 Key management personnel compensation	25
4 Trade and other receivables	25
5 Property, plant & equipment	25
6 Provisions	25
7 Table of cash movements for designated purposes	26
8 Reconciliation of general funds held	26
9 Members' guarantee	27
10 Notes to the statement of cash flows	27
11 Controlled entities	28
12 Related parties	28
13 Auditors remuneration	28
14 Approval of financial statements	28

The Kokoda Track Foundation Limited

Consolidated Statement of Comprehensive Income for the financial year to 31 December 2019

	2019	2018
	\$	\$
REVENUE		
Donations & Gifts		
Monetary		
Donations	1,727,702	1,568,734
Ralph Honner Oration Dinner	122,862	125,974
Other Events	10,337	33,970
Non-monetary		
SolarBuddy Lights Program (Donation of Goods)	353,975	231,250
Government Grants		
Department of Foreign Affairs & Trade (ANCP)	726,386	728,690
Department of Foreign Affairs & Trade (Kokoda Initiative)	210,153	76,561
Other Revenue	7,339	2,334
TOTAL REVENUE	3,158,754	2,767,513
EXPENDITURE		
International Aid and Development Programs Expenditure		
International Programs		
Funds to International Programs		
Education	(1,038,795)	(1,441,379)
Health	(343,268)	(229,484)
Livelihoods	(348,362)	(242,344)
Leadership	(288,485)	(189,502)
Goods to International Programs		
SolarBuddy Lights Program	(353,975)	(231,250)
Program Support Costs	(130,500)	(110,750)
Fundraising Costs		
Public Events		
Ralph Honner Oration Dinner	(67,759)	(50,855)
Other Events	(9,993)	(10,225)
General Fundraising	(245,624)	(129,347)
Accountability and Administration	(199,379)	(152,248)
TOTAL EXPENDITURE	(3,026,140)	(2,787,384)
Finance Income	15,755	6,154
EXCESS OF REVENUE OVER EXPENDITURE	148,369	(13,716)
Other comprehensive income	-	-
TOTAL SURPLUS / (DEFICIT)	148,369	(13,716)

Notes to the financial statements are included on pages 20 to 28.

The Kokoda Track Foundation Limited

Consolidated Statement of Financial Position as at 31 December 2019

	Note	31 December 2019	31 December 2018
Current assets			
Cash and cash equivalents	10(a)	1,417,980	1,077,043
Trade and other receivables	4	93,084	144,087
Total current assets		1,511,064	1,221,130
Non current assets			
Property, plant & equipment	5	15,671	10,802
Intangibles		3,975	3,975
Total non-current assets		19,646	14,777
Total assets		1,530,710	1,235,907
Current liabilities			
Trade and other payables		149,550	140,914
Deferred income		129,596	21,003
Provisions	6	44,371	53,168
Total current liabilities		323,517	215,085
Non-current liabilities			
Provisions	6	38,002	-
Total non-current liabilities		38,002	-
Total liabilities		361,519	215,085
Net assets		1,169,191	1,020,822
Accumulated funds			
Funds held		1,169,191	1,020,822
Total equity		1,169,191	1,020,822

Notes to the financial statements are included on pages 20 to 28.

The Kokoda Track Foundation Limited

Consolidated Statement of Changes in Equity for the financial year ended 31 December 2019

	Accumulated Funds
	\$
Balance at 1 January 2018	1,034,538
Surplus/(Deficit) for the year	<u>(13,716)</u>
Balance at 31 December 2018	<u>1,020,822</u>
Balance at 1 January 2019, as previously reported	1,020,822
Impact of change in accounting policy	-
Adjusted balances at 1 January 2019	1,020,822
Surplus for the year	<u>148,369</u>
Balance at 31 December 2019	<u>1,169,191</u>

Notes to the financial statements are included on pages 20 to 28.

The Kokoda Track Foundation Limited

Consolidated Statement of Cash Flows for the financial year ended 31 December 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from donors, fundraising activities and government grant		2,913,264	2,668,964
Payments to suppliers and employees		(2,503,319)	(2,433,168)
Lease payments from short-term leases		(70,000)	(70,000)
Lease payments for leases of low-value assets		(2,136)	-
Net cash provided by operating activities	10(b)	337,809	165,796
Cash flows from investing activities			
Payment for property, plant and equipment		(12,627)	(58,481)
Interest received		15,755	6,154
Net cash provided by investing activities		3,128	(52,327)
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net increase in cash and cash equivalents		340,937	113,468
Cash and cash equivalents at the beginning of the financial year			
		1,077,043	963,575
Cash and cash equivalents at the end of the financial year	10(a)	1,417,980	1,077,043

Notes to the financial statements are included on pages 20 to 28.

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2019

1. General information

The Kokoda Track Foundation Limited (KTF) is an entity limited by guarantee, incorporated in Australia and operating in Australia and Papua New Guinea (PNG). It has two 100% owned subsidiary companies in PNG: KTF PNG Limited and Partnering PNG Limited, neither was in operation during financial year 2019.

KTF's registered office and its principal place of business are as follows:

Registered office	Principal place of business
Level 1	Level 1
274 Darling Street	274 Darling Street
BALMAIN NSW 2041	BALMAIN NSW 2041

KTF is an international aid organisation working in Papua New Guinea.

We work with people and communities to improve the lives and futures of Papua New Guineans. Our inspiration is to keep the spirit of Kokoda alive.

KTF raises funds in both Australia and Papua New Guinea to design, co-deliver, and monitor and evaluate its programs in education, health, livelihoods and leadership across Papua New Guinea.

2. Significant accounting policies

Statement of compliance

The financial report is Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB-RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission (ACNC Act).

In the opinion of the Directors, having regard to the not-for-profit nature of KTF's business, the terms used in the prescribed format of the Statement of Comprehensive Income are not appropriate. "Profit or Loss" in the prescribed format of the Statement of Comprehensive Income has been substituted by "Surplus or Deficit". Statements are also compliant with the Australian Council for International Development's Code of Conduct.

Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Critical accounting judgements and key sources of estimation uncertainty

In the application of KTF's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2019

2. Significant accounting policies (continued)

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Foreign currency

For the purpose of the financial statements, the results and financial position are expressed in Australian dollars, which is the functional currency of The Kokoda Track Foundation Limited and the presentation currency for the financial statements.

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

(b) Revenue

AASB 15 Revenue from Contracts with Customers

KTF has adopted AASB 15 Revenue from Contracts with Customers with a cumulative effect method.

AASB15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB118 Revenue, AASB111 Construction Contracts and related interpretations. Under AASB15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. KTF recognises revenue when it transfers control over a product or service to a customer.

AASB 1058 Income of NFP Entities

KTF has also adopted AASB 1058 Income of NFP Entities for the first time in 2019 with a modified retrospective transition method.

AASB 1058 establishes principles for not for profit (NFP) entities that apply specifically to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable an NFP entity to further its objectives; and to volunteer services received.

There is no significant impact on adoption to the financial statements and new disclosures for 2019. Comparative information has not been restated under the cumulative effect method.

Cash donations

Donations and collections are recognised when control passes which is normally on receipt.

Donations of goods

Donations of goods are recognised as revenue when following conditions are met:

- (i) Control over goods is passed (normally on receipt of goods);
- (ii) KTF is able to benefit from those goods in the pursuit of the entity's objects and to deny or regulate access of others to that benefits;
- (iii) The fair value of goods can be reliably determined;
- (iv) It is probable that the economic benefits comprising the contribution will flow to KTF.

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2019

No amounts are included in the financial report for services donated by volunteers.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

Interest

Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Government grants

Revenue from non-reciprocal grants are recognised when KTF obtains control of the asset or the right to receive it; it is probable that the economic benefits from the asset will flow to KTF; and its amount can be measured reliably. Grants or donations which are reciprocal in nature (those which have to be returned if KTF fails to deliver specified services or fulfil specified conditions) are initially recognised as deferred revenue (liability), with revenue recognised as the services are performed or the conditions are fulfilled.

Sales of goods

Revenue from sales of goods comprises sales of small goods at KTF funding raising events, and, contributions from Women's Group, using part of their proceeds of sale of solar lights to fund their further stock purchase for their solar lights business. Revenue is recognised by KTF upon receipt.

None of the items sold have any warranty attached to them.

Significant estimates and judgements relating to revenue

For of the government grants received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions.

Grants received by KTF have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made.

If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

(c) Income tax

KTF is a registered charity and is exempt from income tax pursuant to Section 50-5 of the Income Tax Assessment Act 1997.

**Notes to the Consolidated Financial Statements
for the financial year ended 31 December 2019**

(d) Financial assets

Other financial assets are classified as 'loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter year.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

(e) Trade payables and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost. Amortised cost is the initial amount payable less any repayments.

(f) Leases

KTF has adopted AASB 16 Leases with a modified retrospective transition method.

At inception of a contract, KTF assesses whether a contract is, or, contains, a lease. A contract is or, contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration. To assess whether a contract conveys the right to control the use of an identified asset, KTF assesses whether:

- (i) The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- (ii) KTF has the right to obtain substantially all the economic benefits from use of the assets throughout the period of use; and
- (iii) KTF has the right to direct the use of the assets. KTF has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, KTF has the right to direct the use of the asset if either:
 - KTF has the right to operate the assets; or
 - KTF designed the asset in a way that predetermines how and for what purpose it will use.

At inception or on assessment of a contract that contains a lease component, KTF allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of buildings in which it is the lessee, KTF has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2019

As a lessee

Under AASB 16, a lessee is in essence required to:

- (i) Recognise all lease assets and liabilities (including those currently classed as operating leases) on the balance sheet, initially measured at the present value of unavoidable lease payments;
 - (ii) Recognise amortisation of lease assets and interest on lease liabilities in the income statement over the lease term; and
 - (iii) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (which companies can choose to present within operating or financing activities consistent with presentation of any other interest paid) in the cash flow statement.
- (iv) AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019.

Short-term leases and leases of low value assets

KTF has elected not to recognise right of use assets and leased liabilities for short-term lease of the office building at Level 1, 274 Darling Street, Balmain, which has a lease term of less than 12 months, and lease of low value assets, including office equipment.

KTF recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(g) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

(h) Subsequent events

Subsequent to 31 December 2019, KTF has been impacted by the evolving situation surrounding the COVID-19 virus and the unprecedented travel bans imposed by various governments. Whilst we believe that many of our funding partnerships are secure and will not be impacted in 2020, we are regularly reviewing our programs to see where cuts can be made commensurate with any reduction in our funding. KTF has made a concerted effort to build up its reserves over the past four years which are available where necessary.

The travel restrictions imposed by the PNG and Australian Governments may also hamper our ability to deliver programs as originally designed; we are reviewing the nature and structure of programs and utilising technology and other methods to deliver remotely during the travel ban periods.

There has not arisen in the interval between 31 December 2019 and the date of this Financial Statements any other event that would have a material effect on the Financial Statements as at 31 December 2019.

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2019

3. Key management personnel compensation

	2019	2018
	\$	\$
Employee Benefits	204,852	175,000

4. Trade and other receivables

	2019	2018
	\$	\$
Sundry Debtors	93,084	97,997
Prepayments *	-	46,090
	93,084	144,087

* Note: FY 2018 prepayments included prepayments for property, plant and equipment.

5. Property, plant & equipment

	2019	2018
	\$	\$
Office Equipment	28,000	15,373
Less: Accumulated Depreciation	(12,329)	(4,571)
	15,671	10,802
Opening Balance as at 1 January	10,802	4,097
Additions During the Year	12,627	10,629
Depreciation During the Year	(7,758)	(3,924)
	15,671	10,802
Closing Balance as at 31 December	15,671	10,802

6. Provisions

	2019	2018
	\$	\$
Current		
Provision for Annual Leave	44,371	53,168
Non-current		
Provision for Long Service Leave	38,002	-

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2019

7. Table of Cash Movements for Designated Purposes

Any surplus on a program is quarantined for use on the designated program for future years. The majority of donations received by KTF are received directly in to KTF's bank account or are received via credit card or cheque, with receipts issued for all donations received.

	Cash available at beginning of financial year	Cash raised during financial year	Cash disbursed during financial year *	Transferred in/(out)	Cash available at end of financial year
Education Program	145,444	1,501,514	1,091,746	-	555,212
Health Program	-	74,448	365,979	291,531	-
Livelihoods Program	-	344,516	370,183	25,667	-
Leadership Program	4,837	272,224	317,486	40,425	-
General (non- designated purposes)	926,762	720,562	426,933	(357,623)	862,768
TOTAL	1,077,043	2,913,264	2,572,327	-	1,417,980

* Cash disbursed during financial year includes program support cost for each program.

8. Reconciliation of general funds held

	2019	2018
	\$	\$
As at beginning of the financial year	926,762	804,002
Income		
General	704,807	743,574
Other	15,755	6,154
	<u>720,562</u>	<u>749,728</u>
Transfer from general funds to programs	(357,623)	(284,931)
Expenses		
Ralph Honner Oration Dinner	(67,759)	(50,855)
Other Events	(9,993)	(10,225)
Fundraising	(245,624)	(129,348)
Accountability & Administration	(103,557)	(151,609)
	<u>(426,933)</u>	<u>(342,037)</u>
As at end of financial year	<u>862,768</u>	<u>926,762</u>

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2019

9. Members' guarantee

KTF is limited by guarantee. If KTF is wound up, the Constitution states that each member is required to contribute a maximum of \$10 towards any outstanding obligations of KTF.

10. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

	2019	2018
	\$	\$
Cash at bank	1,417,980	1,077,043

KTF held term deposits as at the end of the financial year as a financial reserve for future projects.

(b) Reconciliation of surplus / (deficit) for the year to net cash flows from operating activities

	2019	2018
	\$	\$
Surplus/(Deficit) for the year	148,369	(13,716)
Interest income received	(15,755)	(6,154)
Depreciation	7,757	3,924
	<u>140,371</u>	<u>(15,946)</u>
<i>Changes in net assets and liabilities:</i>		
<i>(Increase)/Decrease in assets:</i>		
Prepayments	46,090	-
Trade and other receivables	4,913	219,991
	<u>51,003</u>	<u>219,991</u>
<i>Increase/(Decrease) in liabilities:</i>		
Trade and other payables	46,291	10,827
Deferred income	108,593	(98,583)
Accrued expenses	38,717	35,000
GST payable	(47,166)	14,507
	<u>146,435</u>	<u>(38,249)</u>
Net cash (used in)/provided by operating activities	<u>337,809</u>	<u>165,796</u>

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2019

11. Controlled Entities

Name of Entity	Country of Incorporation	Interest of immediate parent entity (ordinary shares)	
		2019	2018
KTF PNG Limited	Papua New Guinea	100%	100%
Partnering PNG Limited	Papua New Guinea	100%	100%

12. Related Parties

James Management Services is a related party of William Manfred James. Over the duration of FY2019, KTF had a tenancy arrangement with James Management Services in respect of the 274 Darling Street Balmain Property. The total value of rental expense incurred during the year relating to this agreement was \$70,000 (FY2018: \$70,000). Donations made to KTF by Mr James during the year exceeded the rental expenses.

13. Auditor's remuneration

KTF's auditor is Daniel Robinson, Chartered Accountant, Partner, Audit and Assurance, from KPMG, Tower Three, 300 Barangaroo Avenue Sydney NSW 2000.

Fees in relation to audit services in FY2019 were \$17,500 (FY2018: \$15,000). No non-audit services were provided in FY2019 (FY2018: nil).

14. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 25 March 2020.