

# **The Kokoda Track Foundation Limited**

**ABN 45 103 660 948**

Annual report for the financial year ended  
31 December 2020

# The Kokoda Track Foundation Limited

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## Annual report for the financial year ended 31 December 2020

### Contents

	<b>Page</b>
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

We did not know, at the dawn of another year, that what would ensue would be our greatest test of resilience, innovation and strength of family. 2020 has been a year like no other. The COVID-19 pandemic has swept the globe, leaving havoc in its wake. At the time of writing, Papua New Guinea was experiencing its second wave of COVID-19 outbreak, putting immense pressure on an already struggling health system, with many health workers testing positive to the disease and hospitals scaling back services. We have entered 2021 in the firm understanding that now, more than ever, Australians and Papua New Guineans must stand side by side as we continue to confront our greatest challenge in decades.

In direct response to the pandemic, KTF established its Project Airborne initiative, supplying tens of thousands of pieces of Personal Protective Equipment to front line workers including community health workers, aid workers and teachers, as well as mass distributions of soap and sanitation products, water taps, buckets and tanks, and COVID-19 educational awareness to schools, health centres and communities. Project Airborne has directly targeted hundreds of communities across Oro, Central and New Ireland Provinces; and our education and awareness work has reached 17 Provinces and more than 120,000 people. Additionally, all KTF projects were “pivoted” to respond to the pandemic and have delivered COVID-19 education and awareness and protection measures to all staff, partners and beneficiaries. Our women’s groups pivoted to making WHO-standard face masks and we have distributed these widely across the country.

Against the odds, our Kokoda and Balimo Colleges, and our new Motu Koita FODE Centre, managed to deliver a full academic program in 2020, despite multiple disruptions posed by states of emergencies and lock downs. Across the three Colleges, 71% of students completed a full academic year and sat their end of year national examinations, with most others completing at least a portion of the academic year. This is testament to the resilience and commitment of our academic and ancillary teams across the facilities as well as our program managers and coordinators who fought against the odds to ensure educational continuity under extreme pressures. Our graduates from the Colleges will now pursue further training in teaching and health work and are committed to serving in these roles across remote and rural PNG.

2020 required significant flexibility across our portfolio; during the early stages of the pandemic, some projects were paused due to funding shortages or the inability to deliver under our usual operating models as a consequence of international and domestic border closures and other COVID-19 restrictions. During this period, KTF relied on the Australian Government’s critical subsidies including JobKeeper, which served as a lifeline and enabled the organisation to continue its frontline response to the pandemic and work across education, health, equality and leadership.

KTF emerged strengthened from the height of the financial impact of the pandemic thanks to assistance from the Department of Foreign Affairs and Trade’s ANCP Program, which continued to support and partner with the NGO sector to respond to the pandemic; and with our critical and generous long-term donors and partners, including the Sustainable Development Program, Mundango Abroad, and Web of Hope Foundation. As such, we were able to continue to roll-out support for schools and health facilities across remote and rural Oro and Central Provinces, including the operations of 14 health facilities and delivery of critical primary healthcare, child and maternal health services, vaccination patrols and health promotion activities. We were also able to commence new teacher training initiatives, pilot early childhood programs, and provide targeted resourcing, teacher training and coaching support for rural primary and elementary schools. We commenced a new gender-based violence and child protection initiative, supporting training, education and awareness in Oro Province as well as the operations for a newly established safe house for women and children fleeing violence – the first of its kind in Oro Province. As it enters 2021, thanks to the generosity of its existing and new supporters, KTF is well placed financially to further increase its assistance to the peoples of PNG.

Like the rest of the world, we learnt to operate in a new online environment, and introduced a strong technology element to the entire organisation including virtual connectivity of our offices and Colleges, delivery of training via e-learning mechanisms, and technology adaptations across every project. We hosted the second Pawa LikLik NGO Virtual Forum bringing together 160 people from Australian and international NGOs to share learnings and lessons on aid and development in the age of COVID-19.

Our Archer Leadership exchange also took place on-line in 2020; and whilst we eagerly await borders re-opening so that the 2020 cohort can complete their exchange to Australia, the exchange in 2021 will be replaced with a crossing of the Kokoda Track, connecting our most promising leaders with the spirit of Kokoda, the birthplace of KTF, and the leadership lessons that were etched into our souls almost 80 years ago, when Papua New Guineans and Australians came side by side to overcome great adversity. At the annual Lt. Col. Ralph Honner Leadership Oration, held virtually in October 2020, we were reminded by Sir Angus Houston AK of the criticality of relationships. Relationships built on trust, honesty and rapport are required for leading through times of hardship and adversity. We were reminded of the great leader that Ralph Honner was, who through his “courage, cheerfulness, calmness and skill” led the men of the 39th Battalion, against all the odds, to victory.

Just as we fought our greatest battles along the Kokoda Track side by side, we will only overcome this present-day battle by working together. As we face this latest wave of the pandemic, we are committed to supporting our brothers and sisters in PNG through these dark hours. We are poised to play a critical role in the vaccine roll-out via our Healthy Communities project; and until that time, we are escalating our efforts to support our teams, partners and project beneficiaries to be in the strongest position of prevention and protection from the virus that is raging across the country. Our message is strong and simple. Wear face-masks at all times; double up where possible. Practice continuous hand-hygiene. Socially distance as much as possible, and isolate if you are sick.

2020 was a test of our resilience, but what shone more brightly than ever was the courage and culture of our extraordinary workforce – the staff, volunteers, directors and partners of the KTF. We thank every person who is a part of this special family – for your commitment, your endurance, your resilience and your positivity. We will need it in spades as we continue to fight the battles ahead.



Ian Kemish AM  
Chair  
29 March 2021



Genevieve Nelson  
Chief Executive Officer  
29 March 2021

## 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 2020. 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:

<b>Name</b>	<b>Qualifications and experience</b>
Ian Ferguson Kemish AM	Chair – Kokoda Track Foundation Limited BA (Hons) Dip Ed (University of Queensland) Co-founder and Principal Consultant, Forridel International Advisory Services Vice President Australia PNG Business Council Chair – ChangeMakers Alumni Engagement Committee, UQ Director – Australia Indonesia Centre Director – 3rd Space Brisbane Adjunct Associate Professor , UQ Visiting Fellow, Lowy Institute of International Affairs Honorary Fellow, Deakin University
Elizabeth Jessie Carr AM	Deputy Chair – Kokoda Track Foundation Limited BA (Hons) (University of Western Australia) MPA (Harvard University) Fellow of the Australian Institute of Company Directors Chair – South Metropolitan Tafe (WA) Chair – St Mary's Anglican Girls School (WA) Chair – St Catherine's Aged Care Services (NSW) Chair – Murrumbidgee Local Health District NSW Audit & Risk Committee Director – ICARE (NSW) Member – NSW Trustees & Guardians Audit & Risk Committee Member – WA Department Communities Audit & Risk Committee President – Harvard Club Australia
Bernard Michael Egan	Chair - Finance Audit & Risk Management Committee, Kokoda Track Foundation Limited BA (Macquarie University) Certified Practising Accountant Fellow of the Chartered Governance Institute Fellow of the Governance Institute of Australia Consultant – Banking and Risk Management
William Manfred James	BEcon (University of Sydney) Dip Ed (University of Sydney) Founding Director – Flight Centre Travel Group Director – Partnering PNG Limited
Stephannie Anna- Maria Kirriwom	LLB (University of Papua New Guinea) Lawyer (Litigation) Chair – KTF PNG Limited Chair – Partnering PNG Limited

Andrew Moutu	BA (University of Papua New Guinea) PhD, Anthropology & Philosophy (University of Cambridge) Member – Australian Department of Foreign Affairs & Trade InnovationXchange 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 Limited Adjunct Research Fellow, University of Queensland Research Partner, Western Sydney 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
Jessica Leigh Gallagher	PhD in Comparative Cultural Studies (University of Queensland) Graduate of the Australian Institute of Company Directors Pro-Vice-Chancellor, Global Engagement and Entrepreneurship (University of Queensland) Adjunct Senior Lecturer, School of Languages and Cultures (University of Queensland)
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

## Company Secretary

Mr Peter Barrow, FAICD, FCA, is the company secretary.

## Principal activities

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

KTF works with people and communities to improve lives, livelihoods and futures. KTF is inspired by keeping the spirit of Kokoda alive.

## **Review of operations**

KTF's net surplus for the financial year was \$455,959 (2019: \$148,369). 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 albeit with some programmatic pivots towards directly responding to the COVID-19 pandemic.

KTF held total assets of \$2.6 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 upcoming development activities.

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.

## **Impact of COVID-19**

During the financial year, KTF committed itself to sustainability and continuity through programmatic adaptations, major pivots, use of technology, strong partnerships and innovations in project design. Its mission during the course of nation-wide states of emergencies, international and domestic border closures, travel restrictions, and school closures, is to fully support its students, schools and communities to return to education and livelihoods activities as soon as possible; all the while ensuring communities had access to critical primary healthcare and COVID-19 information and education.

The year has also seen KTF face the adverse impact of the economic downturn, especially at the beginning of the pandemic. Towards the end of the financial year, KTF successfully secured new partnerships and multi-year funding opportunities, and was in a stronger financial position than at the beginning of the pandemic; the results of which are disclosed in the financial statements.

## **Subsequent events**

Subsequent to 31 December 2020, KTF entered a multi-year funding agreement with a major donor for the expansion of KTF's education projects in Western Province; and a further agreement with the Australian Government (DFAT) for the Pawarim Komuniti program, totalling \$2m and \$1m respectively.

On 8 February 2021, KTF disposed of its interest in its 100% owned subsidiary Partnering PNG Limited for consideration of PGK1.00, at its book value and fair value.

There has not arisen in the interval between 31 December 2020 and the date of this Financial Statements any other event that would have a material effect on the Financial Statements as at 31 December 2020.

## **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
Bernard Egan	5	5
Bill James	5	5
Stephannie Kirriwom (on leave from November)	4	2
Andrew Moutu	5	2
Genevieve Nelson (Chief Executive Officer)	5	5
Yahoo Serious	5	5
Peter Barrow	5	5
Jessica Gallagher (appointed 7/8/2020)	2	2
<b>Finance Audit &amp; Risk Management Committee</b>		
Bernard Egan (Chair)	6	6
Elizabeth Carr AM	6	6
Peter Parry	6	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 2020.

On behalf of the Directors



Ian Kemish AM  
Chair  
Sydney, 29 March 2021





# 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 2020 there have been:

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

A handwritten signature of Daniel Robinson in black ink, written in a cursive style.

KPMG

A handwritten signature of Daniel Robinson in black ink, written in a cursive style.

Daniel Robinson  
Partner  
Sydney  
29 March 2021



# 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 Division 60 of the Australian Charities and Not-for-profits Commission (ACNC) Act 2012, including:

- giving a true and fair view of the Foundation and Group's financial position as at 31 December 2020, 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 2020
- 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 and 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 gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures 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 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 this Financial Report.



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

We also:

- Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.
- 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 and the Group's financial result of fundraising appeal activities for the financial year ended 31 December 2020;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2020 to 31 December 2020, 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 2020 to 31 December 2020 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  
29 March 2021

**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 27 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 2020 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, 29 March 2021

**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 2020.
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 2020.
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 2020.
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, 29 March 2021

## Index to the Financial Statements

<b>Contents</b>	<b>Page</b>
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	24
4 Trade and other receivables	24
5 Property, plant & equipment	24
6 Provisions	24
7 Table of cash movements for designated purposes	25
8 Reconciliation of general funds held	25
9 Members' guarantee	26
10 Notes to the statement of cash flows	26
11 Controlled entities	27
12 Related parties	27
13 Auditors remuneration	27
14 Approval of financial statements	27



# The Kokoda Track Foundation Limited

## Consolidated Statement of Comprehensive Income for the financial year to 31 December 2020

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>		
Donations & Gifts		
Monetary		
Donations	2,015,161	1,727,702
Ralph Honner Gala Dinner / Virtual Reception	17,273	122,862
Other Events	-	10,337
Non-monetary		
SolarBuddy Lights Program (Donation of Goods)	88,750	353,975
Government Grants		
Department of Foreign Affairs & Trade (ANCP)	441,774	726,386
Department of Foreign Affairs & Trade (Kokoda Initiative)	192,148	210,153
High Commission of Canada	27,126	-
Other Revenue	266,309	7,339
<b>TOTAL REVENUE</b>	<b>3,048,541</b>	<b>3,158,754</b>
<b>EXPENDITURE</b>		
<b>International Aid and Development Programs Expenditure</b>		
International Programs		
Funds to International Programs		
Education	(1,313,908)	(1,038,795)
Health	(255,830)	(343,268)
Livelihoods & Equality	(190,058)	(348,362)
Leadership	(195,389)	(288,485)
Humanitarian	(33,948)	-
Goods to International Programs		
SolarBuddy Lights Program	(88,750)	(353,975)
Program Support Costs	(145,047)	(130,500)
Fundraising Costs		
Public Events		
Ralph Honner Gala Dinner / Virtual Reception	(5,306)	(67,759)
Other Events	(435)	(9,993)
General Fundraising	(220,877)	(245,624)
Accountability and Administration	(156,582)	(199,379)
<b>TOTAL EXPENDITURE</b>	<b>(2,606,130)</b>	<b>(3,026,140)</b>
Finance Income	13,548	15,755
<b>EXCESS OF REVENUE OVER EXPENDITURE</b>	<b>455,959</b>	<b>148,369</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>TOTAL SURPLUS / (DEFICIT)</b>	<b>455,959</b>	<b>148,369</b>

Notes to the financial statements are included on pages 20 to 27.

# The Kokoda Track Foundation Limited

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## Consolidated Statement of Financial Position as at 31 December 2020

	Note	31 December 2020	31 December 2019
<b>Current assets</b>			
Cash and cash equivalents	10	1,245,670	410,873
Short-term bank deposits		1,270,321	1,007,107
Trade and other receivables	4	57,143	93,084
<b>Total current assets</b>		2,573,134	1,511,064
<b>Non-current assets</b>			
Property, plant & equipment	5	44,416	15,671
Intangibles		3,975	3,975
<b>Total non-current assets</b>		48,391	19,646
<b>Total assets</b>		2,621,525	1,530,710
<b>Current liabilities</b>			
Trade and other payables		155,063	149,550
Deferred income		744,391	129,596
Provisions	6	77,604	44,371
<b>Total current liabilities</b>		977,058	323,517
<b>Non-current liabilities</b>			
Provisions	6	19,317	38,002
<b>Total non-current liabilities</b>		19,317	38,002
<b>Total liabilities</b>		996,375	361,519
<b>Net assets</b>		1,625,150	1,169,191
<b>Accumulated funds</b>			
Funds held		1,625,150	1,169,191
<b>Total equity</b>		1,625,150	1,169,191

Notes to the financial statements are included on pages 20 to 27.

# The Kokoda Track Foundation Limited

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## Consolidated Statement of Changes in Equity for the financial year ended 31 December 2020

	<b>Accumulated Funds</b>
	<b>\$</b>
Balance at 1 January 2019	1,020,822
Surplus for the year	<u>148,369</u>
<b>Balance at 31 December 2019</b>	<b><u>1,169,191</u></b>
Balance at 1 January 2020, as previously reported	1,169,191
Impact of change in accounting policy	-
<b>Adjusted balances at 1 January 2020</b>	1,169,191
Surplus for the year	<u>455,959</u>
<b>Balance at 31 December 2020</b>	<b><u>1,625,150</u></b>

Notes to the financial statements are included on pages 20 to 27.

# The Kokoda Track Foundation Limited

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## Consolidated Statement of Cash Flows for the financial year ended 31 December 2020

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Receipts from donors, fundraising activities and government grants		3,270,680	2,905,925
Payments to suppliers and employees		(2,388,686)	(2,503,319)
Cash receipts from other operating activities	10(c)	266,309	7,339
Lease payments for short-term leases		(21,751)	(70,000)
Lease payments for leases of low-value assets		(1,539)	(2,136)
Net cash provided by operating activities	10(b)	1,125,013	337,809
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment	5	(40,216)	(12,627)
Net cash payments to short-term bank deposits		(263,214)	(465,315)
Interest received		13,214	15,755
Net cash used in investing activities		(290,216)	(462,187)
<b>Cash flows from financing activities</b>			
Net cash flows used in financing activities		-	-
<b>Net increase in cash and cash equivalents</b>		834,797	(124,378)
<b>Cash and cash equivalents at the beginning of the financial year</b>			
		410,873	535,251
<b>Cash and cash equivalents at the end of the financial year</b>	10(a)	1,245,670	410,873

Notes to the financial statements are included on pages 20 to 27.

# The Kokoda Track Foundation Limited

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## Notes to the Consolidated Financial Statements for the financial year ended 31 December 2020

### 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 were in operation during financial year 2020. Subsequent to 31 December 2020, KTF disposed of its interest in its 100% owned subsidiary Partnering PNG Limited for consideration of PGK1.00, at its book value and fair value, on 8 February 2021.

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

KTF works with people and communities to improve lives, livelihoods and futures. KTF is inspired by keeping the spirit of Kokoda alive.

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

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

<b>Registered office</b>	<b>Principal place of business</b>	<b>In-Country office - PNG</b>
Level 1	Level 1	Office 5, Lower Ground Floor
274 Darling Street	274 Darling Street	Monian Tower, Douglas Street
BALMAIN NSW 2041	BALMAIN NSW 2041	Downtown Port Moresby

### 2. Significant accounting policies

#### Statement of compliance

The financial report is a 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.

## Notes to the Consolidated Financial Statements for the financial year ended 31 December 2020

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.

### 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

##### 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.

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

KTF recognises solar light donations from its charity partner, SolarBuddy, as in-kind revenue when lights are received by KTF and distributed to PNG communities and projects. During the financial year, a total of 3,550 lights were distributed, compared to 14,159 lights in FY 2019. The decrease in the number of donated lights is reflected in the value of the in-kind donation sum reported in the financial statements.

##### Other revenue

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

Australian Government COVID-19 subsidies are recognised in the financial statements as other revenue. During the early months of the pandemic, KTF experienced a drop in donations due to the growing economic crisis. KTF applied for and was assessed to be eligible for the Australian Government's Jobkeeper payments. The Jobkeeper payments of \$156,000 were received for all of KTF's permanent employees within Australia during the period April to September 2020. The Government's JobKeeper subsidy enabled KTF to retain all of its employees during the height of the pandemic whilst the organisation identified new, ongoing donors to replace those lost during the crisis. KTF did not apply for the JobKeeper extension 2.0 in September 2020, as the organisation identified new funding sources for it to meet its current and ongoing obligations. In addition to the

## Notes to the Consolidated Financial Statements for the financial year ended 31 December 2020

Jobkeeper payments, KTF was eligible for the Australian Government stimulus package Cash Flow Boost and the NSW State Government COVID-19 Small Business Grant, total \$110,000, as disclosed in the financial statements.

Other revenue includes 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, and contributions from Flexible Open Distance Education (FODE) program students towards their course fees at KTF's FODE colleges (FY2020: nil).

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

### Interest

Interest income, including income arising from financial instruments, is recognised when it is received.

### Government grants

Revenue is recognised over time as performance obligations are met. Funding is usually received in advance with a deferred income liability recorded for unspent funds.

In 2020, KTF received ANCP funding from DFAT of \$922,568, a 19% increase from 2019's total grant \$774,168. The grant was received in the midst of the pandemic at a time when KTF had adopted a tightened financial policy. By the end of year 31 December 2020, KTF estimates that 40% of the ANCP funding has been spent and 60% has been carried over to its FY2021 projects. This represents \$553,541 of the total \$744,391 deferred income.

### **Estimates and judgements relating to revenue**

For the government grants received, the determination of whether the contract includes sufficiently specific performance obligations was a 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.

### **(d) Cash at bank**

#### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, in hand, and short-term, highly liquid investments that have short maturities of three months or less from the date of acquisition.

#### Short-term bank deposits

Short-term bank deposits comprise term deposits in financial institutions with maturities over three months but less than one year from the date of acquisition, held as at the end of the financial year as a financial reserve for future projects.

## Notes to the Consolidated Financial Statements for the financial year ended 31 December 2020

### Interest

Interest income, including income arising from short-term bank deposits, is recognised upon receipt.

### **(e) Trade and other receivables**

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

### **(f) 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.

### **(g) Short-term leases and leases of low value assets**

KTF has elected to recognise the free of charge lease at nil value, instead of its fair value, for the short-term lease of the office building at Level 1, 274 Darling Street, Balmain.

In January 2020, KTF entered a one-year lease agreement with Ray White Monian Tower, Port Morseby, PNG, for lease of the KTF PNG office. KTF has elected not to recognise right of use assets and leased liabilities for the short-term lease, 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.

### **(h) 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.

### **(i) Impact of COVID-19**

During the financial year, KTF committed itself to sustainability and continuity through programmatic adaptations, major pivots, use of technology, strong partnerships and innovations in project design. Its mission during the course of nation-wide states of emergencies, international and domestic border closures, travel restrictions, and school closures, is to fully support its students, schools and communities to return to education and livelihoods activities as soon as possible; all the while ensuring communities had access to critical primary healthcare and COVID-19 information and education.

The year has seen KTF face the adverse impact of the economic downturn, especially at the beginning of the pandemic. Towards the end of the financial year, KTF successfully secured new partnerships and multi-year funding opportunities, and was in a stronger financial position than at the beginning of the pandemic; the results of which are disclosed in the financial statements.

### **(j) Subsequent events**

Subsequent to 31 December 2020, KTF entered a multi-year funding agreement with a major donor for the expansion of KTF's education projects in Western Province; and a further agreement with the Australian Government (DFAT) for the Pawarim Komuniti program, totalling \$2m and \$1m respectively.

On 8 February 2021, KTF disposed of its interest in its 100% owned subsidiary Partnering PNG Limited for consideration of PGK1.00, at its book value and fair value.



# The Kokoda Track Foundation Limited

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## Notes to the Consolidated Financial Statements for the financial year ended 31 December 2020

There has not arisen in the interval between 31 December 2020 and the date of this Financial Statements any other event that would have a material effect on the Financial Statements as at 31 December 2020.

### 3. Key management personnel compensation

	2020	2019
	\$	\$
Employee Benefits	191,625	204,852

### 4. Trade and other receivables

Sundry Debtors	55,153	93,084
Rental Bond	1,990	-
	<u>57,143</u>	<u>93,084</u>

### 5. Property, plant & equipment

Office Equipment	68,216	28,000
Less: Accumulated Depreciation	(23,800)	(12,329)
	<u>44,416</u>	<u>15,671</u>
Opening Balance as at 1 January	15,671	10,802
Additions During the Year	40,216	12,627
Depreciation During the Year	(11,471)	(7,758)
	<u>44,416</u>	<u>15,671</u>

### 6. Provisions

#### Current

Provision for Annual Leave	41,904	44,371
Provision for Long Service Leave	35,700	-
	<u>77,604</u>	<u>44,371</u>

#### Non-current

Provision for Long Service Leave	<u>19,317</u>	<u>38,002</u>
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# The Kokoda Track Foundation Limited

## Notes to the Consolidated Financial Statements for the financial year ended 31 December 2020

### 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	555,212	2,182,607	1,346,574	-	1,391,245
Health Program	-	390,523	276,742	-	113,781
Livelihoods & Equality Program	-	254,002	207,642	-	46,360
Leadership Program	-	280,095	264,383	-	15,712
Humanitarian	-	24,362	33,948	9,586	-
General (non-designated purposes)	862,768	405,400	309,689	(9,586)	948,893
<b>TOTAL</b>	<b>1,417,980</b>	<b>3,536,989</b>	<b>2,438,978</b>	<b>-</b>	<b>2,515,991</b>

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

### 8. Reconciliation of general funds held

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
As at beginning of the financial year	862,768	926,762
<b>Income</b>		
General	405,400	720,562
	<u>405,400</u>	<u>720,562</u>
Transfer from general funds to programs	(9,586)	(357,623)
<b>Expenses</b>		
Ralph Honner Gala Dinner / Virtual Reception	(5,306)	(67,759)
Other Events	(435)	(9,993)
Fundraising	(220,877)	(245,624)
Accountability & Administration	(83,071)	(103,557)
	<u>(309,689)</u>	<u>(426,933)</u>
As at end of financial year	<u>948,893</u>	<u>862,768</u>

# The Kokoda Track Foundation Limited

## Notes to the Consolidated Financial Statements for the financial year ended 31 December 2020

### 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:

	2020	2019
	\$	\$
Cash and cash equivalents	1,245,670	410,873

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

	2020	2019
	\$	\$
Surplus for the year	455,959	148,369
Interest income received	(13,214)	(15,755)
Depreciation	11,471	7,757
	454,216	140,371
<i>Changes in net assets and liabilities:</i>		
<i>(Increase)/Decrease in assets:</i>		
Prepayments	-	46,090
Trade and other receivables	35,941	4,913
	35,941	51,003
<i>Increase/(Decrease) in liabilities:</i>		
Trade and other payables	5,513	37,842
Deferred income	614,795	99,269
Provisions	14,548	255,028
	634,856	392,139
Net cash provided by operating activities	1,125,013	583,513

# The Kokoda Track Foundation Limited

## Notes to the Consolidated Financial Statements for the financial year ended 31 December 2020

### (c) Cash receipts from other operating activities

	2020	2019
	\$	\$
Stimulus package Cash Flow boost	100,000	-
JobKeeper	156,000	-
NSW Small Business Support Grant	10,000	-
Sundry revenue	309	7,339
Cash receipts from other operating activities	266,309	7,339

### 11. Controlled Entities

Name of Entity	Country of Incorporation	Interest of immediate parent entity (ordinary shares)	
		2020	2019
KTF PNG Limited	Papua New Guinea	100%	100%
Partnering PNG Limited	Papua New Guinea	100%	100%

\* Subsequent to 31 December 2020, KTF disposed of its interest in its 100% owned subsidiary Partnering PNG Limited for consideration of PGK1.00, at its book value and fair value, on 8 February 2021.

### 12. Related Parties

KTF occupies the office located at 274 Darling Street Balmain, NSW, a property owned by James Management Services, which is a related party of William Manfred James. The tenancy agreement ended at 31 December 2019 and a new tenancy agreement was not entered. KTF occupies the property free of charge over the duration of the FY2020 and has elected to recognise the lease at nil value in its financial statements.

### 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 FY2020 were \$20,500 (FY2019: \$17,500). No non-audit services were provided in FY2020 (FY2019: nil).

### 14. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 29 March 2021.