

Redkite

(A Company Limited by Guarantee)

ACN: 104 710 787

Financial Report for the period 1 January 2017 to 31 December 2017

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Redkite
Directors' Report

The Directors present their report on the Company for the financial year ended 31st December 2017.

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

Mr Bruce Morgan (Chair)
Dr Robert Every AO
Ms Sarah Goodman
Ms Jennifer Horrigan
Mr Joost de Kock
Ms Teresa Engelhard (Appointed 28th February 2017)
Mr Alex Scandurra (Appointed 20th July 2017)
Mr Stephen Conry (Appointed 1st December 2017)
Mr Mark Riggotti (Leave of absence)
Mr Adam Spencer

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

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

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were the provision of immediate and ongoing emotional, financial and educational support to children, teenagers and young adults with cancer and their families. There were no significant changes in the nature of the Company's principal activities during the financial year.

2017 Objectives

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

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

OPERATING RESULT

The operating surplus from continuing operations amounted to \$39,327 (2016 surplus: \$50,732).

REVIEW OF OPERATIONS

During 2017 the Company successfully continued its partnership with a national supermarket group to raise awareness of the Company, increase fundraising income and bridge the gap in support to children, young people and their families. The additional funds raised in 2017 from this partnership, and not taken to revenue in the current year, have been carried forward for future service delivery. Also in response to feedback from families the Company also released an information site, Cancer Advisor, that provides information and support to families.

POST BALANCE DATE EVENTS

The Company expects to continue its fundraising arrangements with a national supermarket group that will further support fundraising income in 2018 and beyond, and allow the Company to further increase its service activities. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of the affairs of the Company in future financial years.

**Redkite
Directors' Report**

INFORMATION ON DIRECTORS

Name: Mr Bruce William Distin Morgan

Appointed Director: 22nd April 2013

Qualifications: B Comm UNSW FCA FAICD

Experience:

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

Directorships held in other entities:

Chairman of Sydney Water Corporation, Director of Origin Energy Limited, Caltex Australia Limited, the University of NSW Foundation and the European Australian Business Council.

Special Responsibilities:

Chair of the Board of Directors, Member of Redkite's Risk and Audit Committee and Chair of Redkite's Remuneration Committee.

Name: Dr Robert Every AO

Appointed Director: 5th July 2016

Qualifications: B Science (Hon), Doctor of Philosophy

Experience:

Formerly CEO of Steel & Tube Holdings Limited (NZ), MD and CEO of Tubemakers, President of BHP Steel, MD and CEO of OneSteel, Non-executive Directorships and Chairman of Wesfarmers Limited, Chairman of Boral Limited and Director of Cricket Australia.

Directorships held in other entities:

None

Special Responsibilities: None

Name: Ms Sarah Anne Louise Goodman

Appointed Director: 19th April 2011

Qualifications: GAICD, LLB (UNSW)

Experience:

Formerly Executive General Manager, Policy and Advice Division, Australian Prudential Regulatory Authority (APRA), Company Secretary, Australian Securities & Investments Commission (ASIC), Head of Compliance, BT Financial Group, Chief Compliance Officer, Commonwealth Bank Group, Head of Compliance, Colonial Group, CFO for professional consultants and superannuation consultancy.

Directorships held in other entities:

Chairman and Non-Executive Director of Spaceship Super Pty Ltd.

Previously Company Director of several NFPs including Workventures Ltd, Granma's Youth Refuge Ltd, and Eastern Suburbs Rental Housing Association Ltd.

Special Responsibilities:

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

Name: Ms Jennifer Horrigan

Appointed Director: 19th April 2011

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

Experience:

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

Directorships held in other entities:

Non-Executive Director of QV Equities (ASX: QVE), APN Funds Management Limited, Industria REIT (ASX: IDR), Convenience Retail REIT (CRR), Breast Cancer Trials

Special Responsibilities:

Chair of Redkite's Investment Committee and Member of Redkite's Remuneration Committee.

Name: Mr Joost de Kock

Appointed Director: 31st March 2015

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

Experience:

Currently General Manager Enterprise Transformation with the Australian Government Department of Human Services.

Former Partner and Managing Director of the Boston Consulting Group (Sydney). Formerly Manager at Andersen Consulting (now Accenture), Research Scientist with Sony (Tokyo).

Directorships held in other entities: None

Special Responsibilities:

Member of Redkite's Investment Committee and Member of the Redkite Digital Advisory Committee

Name: Ms Teresa Engelhard

Appointed Director: 28th February 2017

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

Experience:

Former VP Marketing; GM and CEO roles in Silicon Valley; Strategy Consultant at McKinsey; Venture Capital Partner roles in the US and Australia.

Directorships held in other entities:

Non-Executive Director of Origin Energy (ASX:ORG), WiseTech Global (ASX: WTC), StartupAUS, Zen Ecosystems. Member of Entrepreneurs' Programme Committee (Australian Government).

Special Responsibilities:

Member of the Redkite Digital Advisory Committee

Name: Mr Alex Scandurra

Appointed Director: 20th July 2017

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

Experience:

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

Directorships held in other entities:

Advisory Board member of NSW Department of Finance, Services and Innovation, Founding Director of Fintech Australia, Co-Founder & Director of Spark Festival Australia

Special Responsibilities: None

Name: Mr Mark John Rigotti

Appointed Director: 23rd April 2010

Qualifications: BA, LLB (Hons), LL.M, ASIA

Experience:

Commercial Law (Herbert Smith Freehills Partner, Banking & Finance). Law Firm Management (Herbert Smith Freehills Global Chief Executive Officer).

Directorships held in other entities:

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

Special Responsibilities: None

Name: Mr Stephen Conry

Appointed Director: 1st December 2017

Qualifications: FRICS, FAPI, FAICD, Property Economics

Experience:

International Director and CEO Australia, JLL. Fellow of the Australian Property Institute, Royal Institute of Chartered Surveyors and Australian Institute of Company Directors.

Directorships held in other entities:

Board member of the Property Council of Australia

Special Responsibilities: None

Name: Mr Adam Barrington Spencer

Appointed Director: 17th December 2013

Qualifications: BA (Pure Mathematics Hons 1) The University of Sydney

Experience:

Fellow of the Senate of The University of Sydney (1993 to 1995 and 2001 to 2008).

Directorships held in other entities:

Director Adam Spencer Enterprises.

Special Responsibilities:

Redkite Corporate Quiz Master of Ceremonies (2003 to date) and Redkite ambassador.

Redkite
Directors' Report

MEETINGS OF DIRECTORS

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

Name of Director	DIRECTORS MEETINGS	
	Number Eligible to Attend	Number Attended
Mr Bruce Morgan (Chair)	5	5
Dr Robert Every	5	4
Ms Sarah Goodman	5	4
Ms Jennifer Horrigan	5	5
Mr Joost De Kock	5	4
Mr Mark Rigotti (Leave of absence)	5	0
Mr Adam Spencer	5	4
Ms Teresa Engelhard	4	2
Mr Alex Scandurra	3	1
Mr Stephen Conry	1	1

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

INCORPORATION AND EVENTS ON A WINDING UP

Redkite is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the Company. At 31st December 2016 the total amount that members of the Company are liable to contribute if the company is wound up is \$70 (2016: \$70).

CORPORATE GOVERNANCE STATEMENT

The Company's corporate governance structure and policy has been developed by the Board based on feedback provided by Redkite stakeholders, the requirements of the governance standards issued by the ACNC together with industry best practice and designed to address certain key governance considerations. It is to be reviewed every 3 years and was last reviewed and updated on 12th December 2016.

Directors and Board Composition

The constitution of the Company states

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

The Governance Policy approved by the Board provides that

- a) Directors are appointed for a term of 3 years and for a maximum of three terms.
- b) The Chairman is appointed for a fixed term of 3 years.

Details of the members of the Board, their experience and qualifications are set out in this Directors Report under the heading "Information on Directors". There are 8 Directors at the date of signing the Directors' report.

Achieving the Mission

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

Specific Responsibilities

Management Responsibility

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

Board Oversight

The Board oversee and monitor Management's performance by:

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

**Redkite
Directors' Report**

Risk and Audit Committee

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

Name of Director	Number Eligible to Attend	Number Attended
Ms Sarah Goodman (Chair)	3	2
Mr Bruce Morgan	3	3
Mr Jonathon Dooley (external advisor)	3	3

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

Remuneration Committee

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

Name of Director	Number Eligible to Attend	Number Attended
Mr Bruce Morgan	2	2
Ms Sarah Goodman	2	2
Ms Jennifer Horrigan	2	2

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

Investment Committee

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

Name of Director	Number Eligible to Attend	Number Attended
Ms Jennifer Horrigan (Chair)	5	5
Mr Bruce Morgan	5	2
Mr Joost De Kock	5	4
Mr Geoff Brunson (External Advisor)	5	5
Ms Helen Sewell (External Advisor)	5	5
Mr Mark Palmer (External Advisor)	5	5
Dr Don Stammers (External Advisor)	5	5

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

Other Support Governance Structures

State based Regional Councils and National Action and Advisory Committees operate to support the Board and management in meeting their responsibilities and achieving their objectives.

ETHICAL STANDARDS AND CODE OF CONDUCT

Board members, senior executives, staff and volunteers are expected to comply with relevant laws and codes of conduct determined by the Board and to act with integrity, compassion, fairness, honesty and respect at all times when dealing with the children, young people and families affected by cancer as well as donors, colleagues and other stakeholders in our mission. It is also expected that Board members, senior executives, staff and volunteers never permit their personal interests to conflict or appear to conflict with those of Redkite.

Fundraising and How We Raise Funds

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

Redkite does not fundraise on the streets or receive government funding, rather Redkite seeks to raise funds through building personal and corporate relationships, engaging community support, making representations to foundations and conducting or benefiting from events. Redkite undertakes its fundraising using a combination of staff, volunteers and a small amount of paid 3rd party fundraising.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 December 2017 has been received and can be found on the following page.

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


Bruce Morgan
Director

Dated this 15th day of May 2018


Sarah Goodman
Director

15 May 2018

The Board of Directors
Redkite
Level 8 Tower 1
1 Lawson Square
REDFERN NSW 2016

Dear Board Members

Redkite

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

As lead audit partner for the audit of the financial report of Redkite for the financial year ended 31 December 2017, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

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

Yours sincerely



CROWE HORWATH SYDNEY



LEAH RUSSELL
Senior Partner

DIRECTORS' DECLARATION

Requirements per Charitable Fundraising Act 1991

The Directors of the Company declare that:

- (a) the financial statements give a true and fair view of all income and expenditure of the Company with respect to fundraising appeals;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to Financial Report for the period 1 January 2017 to 31 December 2017
- (c) the provisions of the Charitable Fundraising Act 1991 and the regulations under that Act have been complied with;
- (d) the internal controls exercised by the Company are appropriate and effective in accounting for all income received;
- (e) the financial statements are properly drawn up in accordance with Australian Accounting Standards and Urgent Issues Group Consensus Views as outlined in note 1 to the accounts.

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

The Directors of the Company declare that:

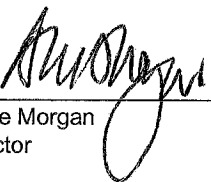
1. The financial statements and notes, as set out on pages 11 to 21, satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012 and Regulation 2013* and:

(a) The Australian Accounting Standards - Reduced Disclosure Requirements and other mandatory professional requirements; and


(b) give a true and fair view of the financial position as at 31 December 2017 and of the performance for the financial year ended on that date of the Company.

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

By Order of the Board.



Bruce Morgan
Director



Sarah Goodman
Director

Dated this 15th day of May 2018

Independent Auditor's Report to the Members of Redkite

Report on the Audit of the Financial Report

Qualified Opinion in regards to fundraising income

We have audited the financial report of Redkite, which comprises the statement of financial position as at 31 December 2017, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a. Giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance and cash flows for the year then ended; and
- b. Complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

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

- a. the financial report gives a true and fair view of the financial results of fundraising appeal activities for the financial year the ended 31 December 2017;
- b. the financial report has been properly drawn up and the associated records have been properly kept for the year ended 31 December 2017, in accordance with the Charitable Fundraising Act 1991 and Regulations;
- c. money received by the company as a result of fundraising appeal activities conducted during the year ended 31 December 2017 has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 and Regulations;
- d. money received by the company for a specific purpose has been applied for the purpose that it has been raised;
- e. money received and sent overseas have been properly accounted for and those funds were used in meeting the society's charitable objective; and
- f. there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Basis for Qualified Opinion

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

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's financial report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management .
- Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluates 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.
- The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

L Russell

LEAH RUSSELL

Senior Partner

Dated this 15th day of May 2018

REDKITE
ACN 104 710 787
STATEMENT OF PROFIT AND LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	31-Dec-17 \$	31-Dec-16 \$
Revenue from fundraising activities	2	11,880,658	11,822,818
Direct costs of fundraising		(779,280)	(630,769)
Administrative expenses attributed to fundraising		<u>(3,058,761)</u>	<u>(2,801,082)</u>
Net revenue from fundraising appeals		8,042,617	8,390,967
Other revenue	2	519,106	596,499
Grants and services provided		(7,297,368)	(7,640,974)
Salaries and wages not directly attributable to fundraising and services		(935,696)	(1,040,675)
Administration expenses		(289,333)	(255,085)
NET SURPLUS/(DEFICIT) FROM CONTINUING OPERATIONS		<u>39,327</u>	<u>50,732</u>
OTHER COMPREHENSIVE INCOME			
Items that may not be reclassified subsequently to Profit and Loss			
Net gain/(loss) on revaluation of investments		608,121	222,148
TOTAL COMPREHENSIVE SURPLUS/(DEFICIT) FOR THE YEAR		<u>647,448</u>	<u>272,880</u>

This statement should be read in conjunction with the notes to the financial statements.

REDKITE
ACN 104 710 787
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	31-Dec-17 \$	31-Dec-16 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	4,557,463	3,171,386
Receivables	6	255,698	160,306
Other assets	7	203,639	408,673
TOTAL CURRENT ASSETS		<u>5,016,800</u>	<u>3,740,365</u>
NON-CURRENT ASSETS			
Plant and equipment	8	102,195	151,156
Financial assets	9	11,399,049	11,021,683
TOTAL NON-CURRENT ASSETS		<u>11,501,244</u>	<u>11,172,839</u>
TOTAL ASSETS		<u>16,518,044</u>	<u>14,913,204</u>
CURRENT LIABILITIES			
Short-term payables	10	1,439,260	1,348,227
Deferred revenue	10	5,818,488	4,894,153
Short-term provisions	11	267,188	285,089
TOTAL CURRENT LIABILITIES		<u>7,524,936</u>	<u>6,527,469</u>
NON CURRENT LIABILITIES			
Long-term provisions	11	37,899	77,976
TOTAL NON CURRENT LIABILITIES		<u>37,899</u>	<u>77,976</u>
TOTAL LIABILITIES		<u>7,562,835</u>	<u>6,605,445</u>
NET ASSETS		<u>8,955,209</u>	<u>8,307,760</u>
EQUITY			
Accumulated surplus	12	7,066,404	7,113,890
Financial asset reserve	13	1,888,804	1,193,870
TOTAL EQUITY		<u>8,955,209</u>	<u>8,307,760</u>

This statement should be read in conjunction with the notes to the financial statements.

REDKITE
ACN 104 710 787
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Revaluation Reserve \$	Accumulated Surplus \$	Total \$
Balance at 31 December 2015		969,241	7,065,639	8,034,880
Surplus for the year		-	50,732	50,732
Transfer to Retained Earnings on sale of investments	12	2,481	(2,481)	-
Revaluation increment for the year		222,148	-	222,148
Balance at 31 December 2016		1,193,870	7,113,890	8,307,760
		Financial Asset Reserve \$	Accumulated Surplus \$	Total \$
Balance at 31 December 2016		1,193,870	7,113,890	8,307,760
Surplus for the year		-	39,327	39,327
Transfer to Retained Earnings on sale of investments	12	86,813	(86,813)	-
Revaluation increment for the year		608,121	-	608,121
Balance at 31 December 2017		1,888,804	7,066,404	8,955,206

This statement should be read in conjunction with the notes to the financial statements.

REDKITE
ACN 104 710 787
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	31-Dec-17 \$	31-Dec-16 \$
Cash flows from operating activities			
Net receipts from fundraising activities		11,753,879	10,725,794
Net receipts from donations		1,100,363	1,659,737
Grants and services provided		(7,198,774)	(7,568,546)
Payments for creditors, fundraising, administration and staffing		(5,021,219)	(4,653,958)
Interest received		33,812	37,146
Net cash provided by/(used in) operating activities		<u>668,061</u>	<u>200,173</u>
Cash flows from investing activities			
Dividends/trust distribution received		485,294	559,351
Payment for purchase of fixed assets		(27,638)	(43,981)
Payment for purchase of investments		(865,779)	(1,306,668)
Cash from sale of investments		1,126,138	1,029,944
Net cash provided by/(used in) investing activities		<u>718,015</u>	<u>238,646</u>
Net increase/(decrease) in cash held		1,386,076	438,819
Cash at beginning of financial year		3,171,386	2,732,567
Cash at end of financial year	5	<u>4,557,463</u>	<u>3,171,386</u>

This statement should be read in conjunction with the notes to the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for Redkite as an individual entity incorporated and domiciled in Australia. Redkite is a company limited by guarantee.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board, the Australian Charities and Not-for-Profit Commission Regulation 2013, the Not-For-Profit Commission Act 2012 and the Charitable Fundraising Act 1991. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 January 2017. They did not have a significant impact on the measurement and recognition or disclosures in the financial statements.

There are a number of new accounting standards, AASB15 Revenue and AASB16 Leasing that will be effective from 1 January 2019. Redkite is in the process of assessing the impact. The expectation is that the ability to defer income will reduce, and lease reductions will need to be recognised as income.

Basis of Preparation

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

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

Accounting Policies

(a) Taxes

Income Tax

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

Fringe Benefits Tax

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

Capital Gains Tax

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

Payroll Tax

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

Stamp duties and charges

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

Goods and Services Tax

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

(b) Donated Services and Assets

Various services and assets are donated to the Company including volunteers, legal advice, the auditing of the accounts, prizes for auctions, event assistance including equipment and production, office hardware, marketing and media services and services to children and families. In the absence of an accurate estimation of the value of these services, they have not been included in the accounts for 2016 and 2017.

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

(c) Disposal of Surplus

Annual Surplus

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

Surplus on Liquidation

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

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2. REVENUE

	31-Dec-17 \$	31-Dec-16 \$
Operating activities		
Fundraising appeals	10,780,295	10,163,081
Donations and bequests	<u>1,100,363</u>	<u>1,659,737</u>
	<u>11,880,658</u>	<u>11,822,818</u>
Non-operating activities		
Dividends received - other corporations	485,294	559,351
Interest received - other corporations	<u>33,812</u>	<u>37,148</u>
Total other income	<u>519,106</u>	<u>596,499</u>

Fundraising and donation income is recognised in the statement of profit and loss upon receipt, except for that designated for a specific purpose. Specific purpose revenue is corporate sponsorship, revenue received for a specific project and/or received with specific terms and conditions. Specific purpose revenue is recognised over the length of the sponsorship or specific project period and other revenue with specific terms are recognised in accordance with the terms upon which they were paid.

All revenue is stated net of the amount of GST.

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

Interest revenue on term deposits is recognised on receipt or otherwise accrued as the control of the right to receive the interest payment exist.

Any other investment income is recognised on receipt.

Income received and not recognised in the statement of profit and loss is carried forward as deferred income in the statement of financial position until the income meets the tests for recognition in the statement of profit and loss.

3. AUDITORS REMUNERATION

The audit of Redkite is completed on a pro-bono basis, the value of which is \$30,000.

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

(a) Fundraising Income and Expenses

	31-Dec-17 \$	31-Dec-16 \$
Details of aggregate gross income and total expenses in Fundraising appeals		
Excludes bequests		
Gross proceeds from Fundraising appeals	11,875,658	11,789,882
Less: Total direct costs of Fundraising	<u>(779,280)</u>	<u>(630,769)</u>
Net surplus from Fundraising	<u>11,096,378</u>	<u>11,159,113</u>

Information on material matters

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

All of the fundraising events achieved the target returns.

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

During the year the Company received net income of \$11,096,378 (2016: \$11,159,113) from Fundraising appeals as defined under the Charitable Fundraising Act excluding indirect overheads. Including indirect overheads, net income from Fundraising appeals was \$8,049,661 (2016: \$8,390,966). The Company also received \$5,000 (2016: \$32,936) from bequests.

Of this, the Company spent \$7,291,212 on grants and services as follows: \$2,077,084 on financial grants and support to families, \$1,0918,094 on emotional support programs including the funding of social workers and counsellors, \$377,100 on music therapy, \$334,778 on educational support and grants, \$75,271 on community support programs and other projects including pilot programs, and \$2,508,965 on direct expenses to support these grants and services.

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

(c) Fundraising Conducted Jointly with Traders

The Company engaged in fundraising activities that were conducted jointly with traders in year ended 31 December 2017. These fundraising activities were conducted with the following traders: Go Fundraise, EveryDay Hero and GiveEasy.

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

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

The Company engaged in the following activities throughout the year in order to raise revenue: Corporate Quiz with raffles and auctions at functions, two Appeals during the year, and we are also the nominated charity for various events throughout the year, (e.g. Golf Days, SAP Trivia, Hedge Fund Rocks).

Redkite Led Events	Month of Activity
Fashion Parade WA	November
Corporate Quiz NSW	October
Corporate Quiz QLD	July
Corporate Quiz WA	August
Corporate Quiz VIC	September
Chairman's Appeal	May/June
Christmas Appeal	November/December

(e) Monetary figures and percentages

	31-Dec-17	31-Dec-17	31-Dec-16	31-Dec-16
Comparisons				
Fundraising income as defined by the Charitable Fundraising Act, excludes bequests.				
Direct Cost of Fundraising/ Gross Income from Fundraising	779,280 11,875,658	7%	630,769 11,789,882	5%
Net Surplus from Fundraising/ Gross Income from Fundraising	11,096,378 11,875,658	93%	11,159,113 11,789,882	95%
Total Grant and Services Provided/ Total Expenditure (excluding Fundraising)	7,297,368 8,522,395	86%	7,640,974 8,936,733	86%
Total Grant and Services Provided/ Total Income Received	7,297,368 12,399,763	59%	7,640,974 12,419,317	62%
Total Grant and Services Provided/ Net Revenue from Fundraising Activities	7,297,368 11,096,378	66%	7,640,974 11,159,113	68%
Gross comparisons including Fundraising revenue not covered by the Charitable Fundraising Act, bequests, and including indirect expenses.				
Total cost of all Fundraising/ Gross proceeds from all Fundraising	3,838,041 11,880,658	32%	3,431,851 11,822,818	29%
Total grant and services provided/ Net proceeds from all Fundraising	7,297,368 8,042,617	91%	7,640,974 8,390,967	91%

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

The ratios calculated for 2017 are impacted by the deferral of income received in 2017 to fund future service delivery in accordance with the funding agreements in place with donors.

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5. CASH AND CASH EQUIVALENTS

Cash on hand	500	500
Cash at bank	3,806,963	2,169,386
Short-term bank deposits	<u>750,000</u>	<u>1,001,500</u>
	<u>4,557,464</u>	<u>3,171,386</u>

Short term deposits include cash of \$696,371 (2016: \$764,995) which represents the Johanna Sewell Reserve Fund. The effective interest rate on short-term bank deposits was between to 2.2 - 2.7%. These deposits have an average maturity of 3-6 months.

6. RECEIVABLES

Current

Sundry debtors	<u>56,281</u>	<u>160,306</u>
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(i) Provision for impairment of Receivables

Sundry debtors are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. There has been no requirement to provide for sundry debtors at 31 December 2017 and 2016.

As at 31 December 2017, \$36,109 (2016: \$14,591) is past due but they are expected to be received.

7. OTHER ASSETS

	31-Dec-17 \$	31-Dec-16 \$
Current		
Bonds and deposits	146,891	144,643
Prepayments	185,689	192,611
Other Assets	<u>70,476</u>	<u>71,419</u>
	<u>403,056</u>	<u>408,673</u>

8. PLANT AND EQUIPMENT

Office equipment at cost	465,014	441,874
Less accumulated depreciation	<u>(385,733)</u>	<u>(335,253)</u>
	<u>79,280</u>	<u>106,621</u>
Leasehold improvements at cost	158,069	153,569
Less accumulated depreciation	<u>(135,154)</u>	<u>(109,034)</u>
	<u>22,916</u>	<u>44,535</u>
Motor vehicles at cost	27,591	27,591
Less accumulated depreciation	<u>(27,591)</u>	<u>(27,591)</u>
	<u>-</u>	<u>-</u>
Total Plant and Equipment	<u>102,195</u>	<u>151,156</u>

Movements in Carrying Amounts

	Office Equipment \$	Leasehold Improvements \$
Balance at beginning of year	106,622	44,535
Additions at cost for the year	23,138	4,500
Depreciation expense	<u>(50,480)</u>	<u>(26,119)</u>
Carrying amount at end of year	<u>79,280</u>	<u>22,916</u>

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

Depreciation

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

The depreciation rates used for each class of assets are:

Class of fixed assets	Depreciation Rate
Office Equipment	25%
Motor Vehicles	20%
Leasehold Improvements	33%

31-Dec-17
\$

31-Dec-16
\$

9. FINANCIAL ASSETS (NON-CURRENT)

Equity Investments		
Managed investments	1,736,531	1,851,284
Shares - listed investments	9,662,518	9,170,399
Total financial assets	<u>11,399,049</u>	<u>11,021,683</u>

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

Investments include investments of \$4,803,849 (2016: \$4,647,347) which represent the Johanna Sewell Reserve Fund Investments.

10. PAYABLES - Current

Unsecured liabilities		
Trade creditors	158,396	-
Deferred income	5,818,488	4,894,153
Accrued expenses	1,280,863	1,348,227
	<u>7,257,748</u>	<u>6,242,380</u>
Less deferred income	5,818,488	4,894,153
Total financial liabilities, short term payables	<u>1,439,260</u>	<u>1,348,227</u>

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

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

11. PROVISIONS

Current liabilities		
Employee entitlements	<u>267,188</u>	<u>285,089</u>
Non-current liabilities		
Employee entitlements	<u>37,899</u>	<u>77,976</u>

At 31 December 2017 there were 79 Redkite employees.

Provision for Employee Benefits

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

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

Short Term Employee Benefit Obligations

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

Long Term Employee Benefit Obligations

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

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

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	31-Dec-17 \$	31-Dec-16 \$
12. ACCUMULATED SURPLUS		
Accumulated Surplus at beginning of the year	7,113,890	7,065,639
Excess/(deficit) of Revenue over Expenses	39,327	50,732
Transfer of revaluation gains on sale of investments	<u>(86,813)</u>	<u>\$ (2,481)</u>
Accumulated Surplus at end of year	<u>7,066,404</u>	<u>7,113,890</u>

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

Johanna Sewell Bequest Reserve included in accumulated surplus shown above:

Accumulated surplus at beginning of year	4,383,630	4,406,252
Deficit of revenue over expenses	(120,418)	(39,761)
Transfer to General Funds		
Transfer between revaluation reserves and retained earnings on sale of assets	<u>38,294</u>	<u>17,139</u>
Accumulated surplus at end of year	<u>4,901,506</u>	<u>4,383,630</u>

13. FINANCIAL ASSET RESERVE

<u>1,888,804</u>	<u>1,193,870</u>
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Changes in the fair value of investments that are classified as available-for-sale financial assets (eg equities) are recognised in other comprehensive income and accumulated in a separate reserve within equity. Per Redkite's Investment Policy, the preferred level of investment (at market value) is equal to 6 months, up to 12 months of total operating expenditure as budgeted for the ensuring year with a minimum of 4 months (at market value) total operating expenditure. Increases in the market value of General Funds above this 12 month benchmark will prompt a review of services and fundraising activities.

\$901,198 (2016: \$745,014) of the revaluation reserve relates to the Johanna Sewell Bequest.

14. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, short-term and long-term investments, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	31-Dec-17 \$	31-Dec-16 \$
Financial Assets			
Cash and cash equivalents	5	4,557,463	3,171,386
Financial assets measured at amortised cost	6	255,698	160,306
Equity Investments			
- shares in listed corporations	9	9,662,518	9,170,399
- managed investments	9	<u>1,736,531</u>	<u>1,851,284</u>
Total Financial Assets		<u>16,212,211</u>	<u>14,353,375</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	10	<u>1,439,260</u>	<u>1,348,227</u>
Total Financial Liabilities		<u>1,439,260</u>	<u>1,348,227</u>

Net Fair Values

a) The fair values of equity investments are based on exit prices at the end of the reporting period.

b) In determining the fair value of the unlisted equity investments, the Directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

Financial Risk Management Policies

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

15. RELATED PARTY TRANSACTIONS

(a) Transactions with Directors

No Directors have received or are due to receive any remuneration.

During the year the following transactions occurred between the Company and its Directors

	31-Dec-17 \$	31-Dec-16 \$
Donations received from Directors	5,323	2,920
Event tickets and auction items sold to Directors	11,332	10,350

(b) Key Management Personnel Remuneration

	Short-term benefits \$	Super- annuation Contributions \$	Non-cash Benefits \$	Total \$
Gross remuneration paid to key management personnel - 2017	1,220,352	106,436	2,924	1,329,712
Gross remuneration paid to key management personnel - 2016	1,028,621	97,194	4,912	1,130,727

(c) Transactions with Other Related Parties

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

Purchase of goods	71,338	68,910
Donations received	4,899	43,921
Sponsorship received	-	-
Event tickets and auction items sold	12,200	10,800

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

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

(d) Outstanding Balances with Other Related Parties

The following balances are outstanding at 31 December 2017 in relation to transactions with related parties:

Payables	-	-
Receivables	2,000	1,100

16. OPERATING LEASE COMMITMENTS

Non-cancellable operating leases contracted for but not capitalised in the financial statements for rental premises.

	31-Dec-17 \$	31-Dec-16 \$
Not later than one year	245,800	255,205
Later than one but not later than 5 years	117,857	394,555
Over 5 years	-	-
	<u>363,657</u>	<u>649,760</u>

The property leases have varying terms of 1-5 years, with options for extension. The annual fixed rental increase is between 3.5 - 4%. The rent expense for the year was \$503,528 (2016: \$481,324).

17. EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant events subsequent to reporting date.

18. CONTINGENT LIABILITIES AND ASSETS

The company had no contingent liabilities or contingent assets as at 31 December 2017 and 2016.

