

The Kokoda Track Foundation Limited

ABN 45 103 660 948

Annual report for the financial year ended
31 December 2021

The Kokoda Track Foundation Limited

Annual report for the financial year ended 31 December 2021

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Chair and Chief Executive Officer's Report

2021 continued to be a challenging year for KTF's people and programs in the face of the ongoing COVID-19 pandemic, health and travel restrictions, and international and domestic border closures and lockdowns. Thanks to the ingenuity and flexibility of our people and the strength of our partnerships, however, we were able to grow our programmatic reach and impact, increasing our education and health hubs in Oro and Western Provinces and taking a household solar lighting and energy project to scale.

Throughout the year, we delivered 18 projects across nine of PNG's Provinces; as well as our ongoing national work in leadership. We ended the year with almost 200 students matriculating from our FODE Colleges in Kokoda, Balimo, Morehead, Kiunga and Hanuabada with a Grade 12 qualification; with a significant proportion gaining the new minimum qualifications required to enter Teachers Colleges or Schools of Nursing. The vision of these Colleges is to provide second chance education pathways for people from remote, rural or disadvantaged backgrounds, to reengage with formal schooling and gain the qualifications they need to go onto further tertiary studies and eventually serve their communities as teachers or health workers.

Hundreds of teachers participated in professional development and up-skilling opportunities; and more than 50 schools were supported with training, resourcing, and technology resulting in improved operating capabilities and outcomes for students. We reached over 250,000 people with COVID-19 education and awareness, WASH facilities and PPE resources; and 60,000+ people had access to primary healthcare services across our remote and rural catchment region. 5,000 households were illuminated with solar lighting and energy systems, bringing light and power to more than 25,000 people, including many students, teachers and health workers supported on our programs.

Our work in education, health, equality and leadership over the past three years of our current strategic plan cycle continues to improve lives, livelihoods and futures for the people of PNG. In education, our support of teacher training initiatives has enabled 115,000+ children to remain in school. As PNG introduces its major education restructure, we are targeting practical and critical pathways for teachers in remote and rural areas to upgrade their qualifications, in order to remain on Government payroll, or to train as primary teachers, as the elementary layer of schooling begins to be phased out. We have supported almost 1,500 people on second chance pathways to become qualified teachers or community health workers. Similarly, our work in health provides life-saving primary healthcare across a remote and rural population of 60,000 people. 50 health facilities have been supported in 2021 with solar infrastructure, staff postings, drugs and medical resources and/or operating costs; and one critical outcome of our work in child and maternal health training is that 70% of pregnant women are now seeking child and maternal health care and supervised births in health facilities with qualified health workers.

Our work in equality also saves lives, with 50 survivors of family and sexual violence having been supported at the first safe house servicing Oro Province; and more than 3,000 people have participated in education and awareness sessions about family and sexual violence and their role in preventing it in their homes, schools and communities. We continue to be grounded in the philosophy that key to the change that we seek is strong leadership. That's why we continue to invest in the next generation of PNG's leaders and have supported 74 extraordinary Papua New Guineans for more than a decade on their leadership journeys. With 70% of the alumni actively involved in establishing and running community and social impact projects, we know the future is in bright hands.

As we enter 2022 we hope the year brings a pathway out of the pandemic, but remain committed to a frontline response including community education and awareness about COVID-19, its impacts and the importance of vaccines and protective health measures. Otherwise we will reach an exciting milestone with our close partners, PNG Sustainable Development Program, in Balimo and will open the first Teachers College for Western Province, supporting the nation to take another critical step towards having one Teachers College per Province. We will continue to partner with the Australian Government's Department of Foreign Affairs and Trade on a range of initiatives in the Kokoda catchment region and will undergo our ANCP re-accreditation. We are grateful to all our extraordinary partners and donors who make our work possible, and we are looking forward to another productive year of improved outcomes especially across remote and rural PNG.

2022 is also the 80th anniversary of the Kokoda campaign, prompting us to pause and reflect again on the inspiration behind the establishment of KTF. We remember the courage, mateship, endurance, and sacrifice forged and displayed during the Kokoda campaign and we re-commit ourselves to keeping the spirit alive – through practical, tangible actions that improve the lives and futures of the people we work and walk alongside in PNG.



Ian Kemish AM
Chair
28 March 2022



Genevieve Nelson
Chief Executive Officer
28 March 2022

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 2021. In order to comply with the provisions of the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC), the directors report as follows:

Information about the directors

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

| Name | Qualifications and experience |
|-----------------------------------|--|
| Ian Ferguson Kemish AM | Chair – The Kokoda Track Foundation Limited BA (Hons) Dip Ed (University of Queensland) Co-founder and Principal Consultant, Forridel International Advisory Services Chair – ChangeMakers Alumni Engagement Committee, UQ Chair – 3rd Space Brisbane Director – Australia Indonesia Centre Adjunct Associate Professor, UQ Visiting Fellow, Lowy Institute of International Affairs Honorary Fellow, Deakin University |
| Elizabeth Jessie Carr AM | Deputy Chair – The Kokoda Track Foundation Limited Member - Finance Audit & Risk Management Committee, The Kokoda Track Foundation Limited Member - Gift Fund Committee, The 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 Chair - WA Department Communities Audit & Risk Committee Director – ICARE (NSW) Member – NSW Trustees & Guardians Audit & Risk Committee President – Harvard Club Australia |
| Bernard Michael Egan | Chair - Finance Audit & Risk Management Committee, The Kokoda Track Foundation Limited Chair - Gift Fund Committee, The Kokoda Track Foundation Limited BA (Macquarie University) Certified Practicing Accountant Fellow of the Chartered Governance Institute (UK) 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) Policy Lawyer (Litigation) Chair – KTF PNG Limited Chair – Partnering PNG Limited |

| | |
|-------------------------|--|
| Genevieve Fiona Nelson | Chief Executive Officer – The Kokoda Track Foundation Limited BPsych (Hons) (Western Sydney University) PhD in Educational and Cross Cultural Psychology (Western Sydney University) Chief Executive Officer – The Kokoda Track Foundation Limited Adjunct Research Fellow, University of Queensland Adjunct Research Fellow, Western Sydney University Director – KTF PNG Limited Director – Partnering PNG Limited Director - Balimo College 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) Deputy Vice-Chancellor (External Engagement) (University of Adelaide) |
| Peter John Aitsi | (Appointed 9 June 2021) Dip Program (PNG Institute of Banking & Finance) MBE for services to media and broadcasting in 2007 Male Director of the Year 2018 - PNG Institute of Directors Chair - PNGFM Ltd Chair - Transparency International PNG Chair - PNG Property Developers Association Director - Steamships Trading Ltd Group Director - City Mission of PNG Member - PNG Institute of Directors Member - Australian Institute of Company Directors |
| Susan Patricia Black | (Appointed 10 October 2021) BOccThy (University of Queensland) Master of Social Welfare Administration and Planning (University of Queensland) President - The Sandgate and Bracken Ridge Action Group Incorporated |
| Andrew Moutu | (Retired 29 June 2021) 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 |

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 \$773,970 (2020: \$455,959). 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 ongoing programmatic pivots as a result of responding to the COVID-19 pandemic.

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, education, health measures and vaccines.

2021 is the second year that KTF held the Lt. Col. Ralph Honner Virtual Reception as an online event using technology. KTF postponed the annual gala dinner for another year due to the uncertainty around COVID-19 forced travel restrictions and venue closures. The donations received on the Virtual Reception \$5,744 are included in Donations on the financial statements (FY2020: \$17,273).

The year has seen KTF continue to recover from the adverse financial impact of the economic downturn that it experienced at the beginning of the pandemic. In addition, KTF's financial position has been further strengthened by the partnership with PNG Sustainable Development Program for the expansion of its educational initiatives; and a further agreement with the Australian Government (DFAT) for the Pawarim Komuniti program; the results of which are disclosed in the financial statements.

Subsequent events

Subsequent to 31 December 2021, KTF renewed a \$4.1 million multi-year funding agreement with PNG Sustainable Development Program for the expansion of its educational initiatives.

On 1 March 2022, an amended constitution was adopted at the KTF extraordinary general meeting of members. The amendment allows KTF Annual General Meetings to be held virtually using technology and provides clarity on maintaining and managing KTF's Australian Gift Fund and overseas bank account.

There has not arisen in the interval between 31 December 2021 and the date of these Financial Statements, any other event that would have a material effect on the Financial Statements as at 31 December 2021.

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 and the Gift Fund 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) | 6 | 5 |
| Elizabeth Carr AM (Deputy Chair) | 6 | 6 |
| Bernard Egan | 6 | 5 |
| Bill James | 6 | 5 |
| Stephannie Kirriwom (on leave) | 6 | 1 |
| Andrew Moutu (Retired 29 June 2021) | 3 | 0 |
| Genevieve Nelson (Chief Executive Officer) | 6 | 6 |
| Yahoo Serious | 6 | 6 |
| Peter Barrow | 6 | 5 |
| Jessica Gallagher | 6 | 4 |
| Peter John Aitsi (appointed 9 June 2021) | 3 | 3 |
| Susan Patricia Black (appointed 10 October 2021) | 1 | 1 |
| | | |
| Finance Audit & Risk Management Committee | | |
| Bernie Egan (Chair) | 9 | 9 |
| Elizabeth Carr AM | 9 | 8 |
| Peter Parry | 9 | 9 |
| | | |
| Gift Fund Committee | | |
| Bernie Egan (Chair) | 5 | 5 |
| Elizabeth Carr AM | 5 | 4 |
| Peter Parry | 5 | 5 |

Auditor's independence declaration

The Lead Auditor's Independence Declaration is set out on page 9 and forms part of the Directors' Report for the financial year ended 31 December 2021.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Ian Kemish', with a long horizontal stroke extending to the right.

Ian Kemish AM
Chairman
Sydney, 28 March 2022



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 2021 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.

I, Daniel Robinson, am currently a member of Chartered Accountants Australia and New Zealand and my membership number is 266086.

KPMG

Tower Three,
International Towers Sydney,
300 Barangaroo Avenue,
Sydney, Australia

Daniel Robinson

Partner
Sydney
28 March 2022



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*, and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991*, including:

- giving a true and fair view of the Foundation and Group's financial position as at 31 December 2021, and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNCR)* and section 21 of the *Charitable Fundraising Regulation (NSW)*

The **Financial Report** comprises:

- Consolidated Statement of financial position as at 31 December 2021.
- 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.

The Group consists of The Kokoda Track Foundation Limited and the entities it controlled at the year end or from time to time during the financial year.

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 these requirements.

Other information

Other Information is financial and non-financial information in The Kokoda Track Foundation Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Chairman's Report, Chief Executive Officer's Report and Director's Report.

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:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC and ACNCR and section 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iii. 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 and Group'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 and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Foundation and Group to cease as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Foundation and Group 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.

I, Daniel Robinson, am currently a member of Chartered Accountants Australia and New Zealand and my membership number is 266086.

KPMG

Tower Three,
International Towers Sydney,
300 Barangaroo Avenue,
Sydney, Australia

Daniel Robinson

Partner
Sydney
28 March 2022

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 15 to 26 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Charitable Fundraising Act (NSW) 1991*, including:
 - (i) giving a true and fair view of KTF's financial position as at 31 December 2021 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Regime, the *Australian Charities and Not-for-profits Commission Regulation 2013*, the *Charitable Fundraising Act (NSW) 1991* and the *Charitable Fundraising Regulation (NSW) 2021*;
- (c) there are reasonable grounds to believe that KTF will be able to pay its debts as and when they become due and payable; and
- (d) the internal controls exercised by KTF are appropriate and effective.

Signed in accordance with a resolution of the directors:



Ian Kemish AM
Chairman
Sydney, 28 March 2022

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The Kokoda Track Foundation Limited

Consolidated Statement of Comprehensive Income for the financial year to 31 December 2021

| | FY 2021 | FY 2020 |
|---|--------------------|--------------------|
| | \$ | \$ |
| REVENUE | | |
| Donations & Gifts | | |
| Monetary | | |
| Donations | 3,790,846 | 2,032,434 |
| Non-monetary | | |
| SolarBuddy Lights Program (Donation of Goods) | 97,450 | 88,750 |
| Grants | | |
| Department of Foreign Affairs and Trade | | |
| Australian NGO Cooperation Program Grant | 1,037,692 | 441,774 |
| Kokoda Initiative Partnership | 71,900 | 192,148 |
| Australian Sports Partnerships Program | 147,574 | - |
| DFAT/ESIP – Pawarim Komuniti Program | 1,293,909 | - |
| Other overseas | | |
| High Commission of Canada | 59,316 | 27,126 |
| Finance Income | 6,619 | 13,548 |
| Other Revenue | 735 | 266,309 |
| TOTAL REVENUE | 6,506,041 | 3,062,089 |
| EXPENDITURE | | |
| International Aid and Development Programs Expenditure | | |
| International Programs | | |
| Funds to International Programs - PNG | | |
| Education | (3,525,134) | (1,313,908) |
| Health | (1,074,521) | (255,830) |
| Equality | (218,645) | (190,058) |
| Leadership | (228,547) | (195,389) |
| Humanitarian | - | (33,948) |
| Program Support Costs | (185,519) | (145,047) |
| Fundraising Costs | | |
| Public | (129,531) | (181,294) |
| Government, multilateral and private | (32,383) | (45,324) |
| Accountability and Administration | (240,341) | (156,582) |
| Non-Monetary Expenditure | | |
| Goods to International Programs | | |
| SolarBuddy Lights Program | (97,450) | (88,750) |
| Total International Aid and Development Programs Expenditure | (5,732,071) | (2,606,130) |
| Other Expenditure | - | - |
| TOTAL EXPENDITURE | (5,732,071) | (2,606,130) |
| EXCESS OF REVENUE OVER EXPENDITURE | 773,970 | 455,959 |
| Other comprehensive income | - | - |
| TOTAL SURPLUS | 773,970 | 455,959 |

Notes to the financial statements are included on pages 19 to 26.

The Kokoda Track Foundation Limited

Consolidated Statement of Financial Position as at 31 December 2021

| | Note | 31 December 2021 | 31 December 2020 |
|--------------------------------------|------|---------------------|---------------------|
| Current assets | | | |
| Cash and cash equivalents | 8 | 1,583,151 | 1,245,670 |
| Short-term bank deposits | | 1,526,512 | 1,270,321 |
| Trade and other receivables | 4 | 53,235 | 57,143 |
| Total current assets | | 3,162,898 | 2,573,134 |
| Non-current assets | | | |
| Property, plant & equipment | 5 | 120,529 | 44,416 |
| Intangibles | | 3,975 | 3,975 |
| Total non-current assets | | 124,504 | 48,391 |
| Total assets | | 3,287,402 | 2,621,525 |
| Current liabilities | | | |
| Trade and other payables | | 159,254 | 155,063 |
| Deferred income | | 586,001 | 744,391 |
| Provisions | 6 | 128,297 | 77,604 |
| Total current liabilities | | 873,552 | 977,058 |
| Non-current liabilities | | | |
| Provisions | 6 | 14,730 | 19,317 |
| Total non-current liabilities | | 14,730 | 19,317 |
| Total liabilities | | 888,282 | 996,375 |
| Net assets | | 2,399,120 | 1,625,150 |
| Accumulated funds | | | |
| Funds held | | 2,399,120 | 1,625,150 |
| Total equity | | 2,399,120 | 1,625,150 |

The Kokoda Track Foundation Limited

Consolidated Statement of Changes in Equity for the financial year ended 31 December 2021

| | Accumulated Funds \$ |
|------------------------------------|--------------------------------|
| Balance at 1 January 2020 | 1,169,191 |
| Surplus for the year | <u>455,959</u> |
| Balance at 31 December 2020 | <u>1,625,150</u> |
| Balance at 1 January 2021 | 1,625,150 |
| Surplus for the year | <u>773,970</u> |
| Balance at 31 December 2021 | <u>2,399,120</u> |

The Kokoda Track Foundation Limited

Consolidated Statement of Cash Flows for the financial year ended 31 December 2021

| | | FY 2021 | FY 2020 |
|---|------|----------------|----------------|
| | Note | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from donors, fundraising activities and government grants | | 6,247,136 | 3,270,680 |
| Payments to suppliers and employees | | (5,529,555) | (2,388,686) |
| Cash receipts from other operating activities | 8(c) | 735 | 266,309 |
| Lease payments for short-term leases | | (21,891) | (21,751) |
| Lease payments for leases of low-value assets | | (4,302) | (1,539) |
| | | 692,123 | 1,125,013 |
| Net cash provided by operating activities | | | |
| | 8(b) | 692,123 | 1,125,013 |
| Cash flows from investing activities | | | |
| Payment for property, plant and equipment | 5 | (105,070) | (40,216) |
| Net cash payments to short-term bank deposits | | (256,191) | (263,214) |
| Interest received | | 6,619 | 13,214 |
| | | (354,642) | (290,216) |
| Net cash used in investing activities | | | |
| | | (354,642) | (290,216) |
| Net increase in cash and cash equivalents | | 337,481 | 834,797 |
| Cash and cash equivalents at the beginning of the financial year | | 1,245,670 | 410,873 |
| Cash and cash equivalents at the end of the financial year | | 1,583,151 | 1,245,670 |
| | 8(a) | 1,583,151 | 1,245,670 |

Notes to the financial statements are included on pages 19 to 26.

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2021

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 one 100% owned subsidiary company in PNG: KTF PNG Limited, which was not in operation during financial year 2021.

KTF is an international development organisation working in Papua New Guinea. KTF works with people and communities to improve lives, livelihoods and futures. KTF does this by: assisting remote and rural communities with access to elementary, primary and secondary education; improving access to quality and accessible healthcare; improving opportunities for and the safety of women; and by fostering the next generation of leaders. KTF works across four main program areas: Education, Health, Equality and Leadership. Our inspiration is to keep 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, equality and leadership across Papua New Guinea.

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

| Registered office | Principal place of business | In-Country office - PNG |
|---|---|---|
| Level 1 274 Darling Street BALMAIN NSW 2041 | Level 1 274 Darling Street BALMAIN NSW 2041 | Office 5, Lower Ground Floor Monian Tower, Douglas Street 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 2021

2. Significant accounting policies (continued)

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.

Climate change

Impacts related to climate change may include physical impacts resulting from increased severity of extreme weather events, and those related to chronic risks resulting from longer-term changes in climate patterns.

KTF continues to develop its assessment of the potential impacts of climate change and the transition to a lower carbon economy. KTF actively seeks partnership opportunities and engages with entities in clean and renewable energy sectors to deliver innovative and sustainable programs. KTF adopted its Climate Change Adaption and Disaster Risk Reduction Policy in 2021.

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 3,898 lights were distributed, compared to 3,550 lights in FY 2020. The increase 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.

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2021

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. The significant decrease in Other revenue was due to KTF ceasing to receive Australian government COVID-19 Jobkeeper subsidies in the current financial year (FY2021: \$266,000).

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.

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.

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.

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2021

(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 2021, KTF entered a one-year lease agreement with Ray White Monian Tower, Port Morseby, PNG, for lease of the KTF PNG office. KTF has not recognised right of use asset and lease liability given this is a short-term lease with a lease term of less than 12 months.

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

(h) Property, plant and equipment

KTF reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Physical, economic and environmental factors are taken into consideration in assessing the useful lives of the assets, including but not limited to asset condition and obsolescence, technology changes, commercial contract lives and renewals, global and regional gas supply-and-demand, and climate change. Any reassessment of useful lives in a particular year will affect the depreciation expense.

The following estimated useful lives are used in the calculation of depreciation:

- (i) Office equipment 1 – 15 years;
- (ii) Motor vehicles 8 -10 years

(i) 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.

(j) 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, education, health measures and vaccines.

2021 is the second year that KTF held the Lt. Col. Ralph Honner Virtual Reception as an online event using technology. KTF postponed the annual gala dinner for another year due to the uncertainty around COVID-19 forced travel restrictions and venue closures. The donations received at the Virtual Reception \$5,744 is included in Donation on the financial statements (FY2020: \$17,273).

The year saw KTF recover from the adverse financial impact of the economic downturn it experienced at the beginning of the pandemic. In addition, KTF's financial position was further strengthened by the partnership with PNG Sustainable Development Program for the expansion of its educational initiatives; and a further agreement with the Australian Government (DFAT) for the Pawarim Komuniti program; the results of which are disclosed in the financial statements.

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2021

(k) Subsequent events

Subsequent to 31 December 2021, KTF renewed a \$4.1 million multi-year funding agreement with PNG Sustainable Development Program for the expansion of its educational initiatives.

On 1 March 2022, an amendment to the constitution was adopted at the KTF extraordinary general meeting of members. The amendment allows KTF Annual General Meetings to be held virtually using technology and provides clarity on maintaining and managing KTF's Australian Gift Fund and overseas bank account.

There has not arisen in the interval between 31 December 2021 and the date of this Financial Statements any other event that would have a material effect on the Financial Statements as at 31 December 2021.

3. Key management personnel compensation

| | 2021 | 2020 |
|-------------------|---------|---------|
| | \$ | \$ |
| Employee Benefits | 496,718 | 482,024 |

In FY2021 KTF has identified the Key Management Personnel to be the Chief Executive Officer, The Chief Operating Officer and the General Manager. The key management personnel employee benefits for FY2020 have been restated to include the same roles to ensure comparability.

4. Trade and other receivables

| | | |
|----------------|--------|--------|
| Sundry Debtors | 50,865 | 55,153 |
| Rental Bond | 2,370 | 1,990 |
| | 53,235 | 57,143 |

5. Property, plant & equipment

Office Equipment

| | | |
|-----------------------------------|----------|----------|
| Office Equipment at Cost | 128,679 | 68,216 |
| Less: Accumulated Depreciation | (51,766) | (23,800) |
| | 76,913 | 44,416 |
| Opening Balance as at 1 January | 44,416 | 15,671 |
| Additions During the Year | 60,463 | 40,216 |
| Depreciation During the Year | (27,966) | (11,471) |
| Closing Balance as at 31 December | 76,913 | 44,416 |

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2021

| | 2021 | 2020 |
|--|----------------------|---------------------|
| | \$ | \$ |
| Motor Vehicles | | |
| Motor Vehicles at Cost | 44,607 | - |
| Less: Accumulated Depreciation | (991) | - |
| | <hr/> 43,616 | <hr/> - |
| Opening Balance as at 1 January | - | |
| Additions During the Year | 44,607 | - |
| Depreciation During the Year | (991) | - |
| | <hr/> 43,616 | <hr/> - |
| Closing Balance as at 31 December | <hr/> 43,616 | <hr/> - |
| Total Property, plant & equipment as at 31 December | <hr/> 120,529 | <hr/> 44,416 |

6. Provisions

Current

| | | |
|----------------------------------|---------------|--------------|
| Provision for Annual Leave | 72,757 | 41,904 |
| Provision for Long Service Leave | 55,540 | 35,700 |
| | <hr/> 128,297 | <hr/> 77,604 |

Non-current

| | | |
|----------------------------------|--------|--------|
| Provision for Long Service Leave | 14,730 | 19,317 |
|----------------------------------|--------|--------|

7. 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.

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2021

8. 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:

| | 2021 \$ | 2020 \$ |
|---------------------------|------------|------------|
| Cash and cash equivalents | 1,583,151 | 1,245,670 |

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

| | 2021 \$ | 2020 \$ |
|--|------------|------------|
| Surplus for the year | 773,970 | 455,959 |
| Interest income received from investing activities | (6,619) | (13,214) |
| Depreciation | 28,957 | 11,471 |
| | 796,308 | 454,216 |
| <i>Changes in net assets and liabilities:</i> | | |
| Decrease in assets: | | |
| Trade and other receivables | 3,908 | 35,941 |
| | 3,908 | 35,941 |
| <i>(Decrease)/Increase in liabilities:</i> | | |
| Trade and other payables | 4,191 | 5,513 |
| Deferred income | (158,390) | 614,795 |
| Provisions | 46,106 | 14,548 |
| | (108,093) | 634,856 |
| Net cash provided by operating activities | 692,123 | 1,125,013 |

(c) Cash receipts from other operating activities

| | | |
|---|-----|---------|
| Stimulus package Cash Flow boost | - | 100,000 |
| JobKeeper | - | 156,000 |
| NSW Small Business Support Grant | - | 10,000 |
| Other sundry revenue | 735 | 309 |
| Cash receipts from other operating activities | 735 | 266,309 |

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2021

9. Controlled Entities

| Name of Entity | Country of Incorporation | Interest of immediate parent entity (ordinary shares) | |
|--------------------------|--------------------------|---|------|
| | | 2021 | 2020 |
| KTF PNG Limited | Papua New Guinea | 100% | 100% |
| Partnering PNG Limited * | Papua New Guinea | - | 100% |

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

10. Related Parties

KTF occupied the office located at 1/274 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 occupied the property free of charge over the duration of the FY2021 and has elected to recognise the lease at nil value in its financial statements.

11. 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 FY2021 were \$21,735 (FY2020: \$20,500). No non-audit services were provided in FY2021 (FY2020: nil).

12. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 28 March 2022.