

The Kokoda Track Foundation Limited

ABN 45 103 660 948

Annual report for the financial year ended
31 December 2022

The Kokoda Track Foundation Limited

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Chair and Chief Executive Officer's Report

In 2022 we joined our partners, people and communities in reimagining the future beyond COVID-19. It was a year of continuing growth and impact for KTF, but our people and partners across remote and rural Papua New Guinea continued to struggle with a range of challenges exacerbated by the pandemic. These challenges included access to quality healthcare, participation in basic education and further educational opportunities, and the safety of women, children and vulnerable people.

We delivered 20 projects across five of PNG's Provinces over the year; including through our ongoing national work in leadership. Our Flexible Open Distance Education (FODE) Colleges enrolled over 830 students across Grades 9 to 12 from Kokoda, Balimo, Morehead, Kiunga, Mt Koiari and Hanuabada, and over 100 students successfully graduated with a Grade 12 qualification. The opening of the Mt Koiari FODE Centre brought the first ever high school opportunity for the people of the Kokoda Track, opening in Manari village and enrolling its first intake of students.

Many of our students reached the ultimate goal of graduating from Grade 12 with a high GPA, enabling them to gain entry into Teachers Colleges or Schools of Nursing. Our vision across our FODE Colleges, which are delivered in partnership with the PNG Sustainable Development Program (SDP) in Western Province, the Australian Department of Foreign Affairs and Trade (DFAT) in Oro and the Kokoda Track, and the Motu Koita Assembly in Hanuabada, is to provide "second chance" education pathways for people from remote, rural or disadvantaged backgrounds – to help them 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.

In support of our education work across remote PNG we continue to power and illuminate homes, schools and health centres. In 2022 our teams installed 4,500+ units across Western and Oro Provinces, where students are enrolled at one of our FODE Colleges. The power of solar helped improve the lives of more than 16,000+ people, thanks to our partnership with DFAT's Pawarim Komuniti, SDP, Puma Energy Foundation, Schneider Electric Foundation and Little Hearts Learning.

KTF education teams delivered 18 workshops targeting the introduction of early childhood education into elementary schools, reaching more than 150 teachers, trainers and parents. We also established playgrounds and learning corners across many schools, to enable them to commence early years education from 2023 – targeting children aged four and five for the first time, in line with the new National Education Plan.

Our work in health remained critical as PNG adapts to the post COVID climate. With the strong emergence of vaccine hesitancy during the pandemic, the work of our 17 health facilities and team of health workers delivering primary healthcare via patrols and in-facility, remains vitally important. Our health workers delivered healthcare to 22,000 patients across KTF-supported aid posts, clinics and hospitals which support a combined catchment population of more than 108,000 people. Over 100 women accessed pre- and post-natal care, delivering their babies safely in our health facilities, and more than 1,000 people accessed family planning services. We continued to deliver more than 100,000 PPE items and WASH materials in our ongoing response to the pandemic.

Our work in equality continued to support victims, save lives and challenge violent and anti-social behaviours. 32 survivors of family and sexual violence were supported at our safe house in Oro Province; and more than 3,000 people participated in education and awareness sessions about family and sexual

violence and their role in preventing it in their homes, schools and communities. These programs were delivered by our wonderful partners Femili PNG and the Family and Sexual Violence Action Committee.

As we emerged from COVID, we were excited to hold our first Archer Leaders exchange programme since 2019, bringing 23 young leaders to Australia for an experiential leadership development program. These young leaders are the hope for their nation's future, holding bold visions of change and tangible pathways to get there.

With our amazing partners SDP, we opened and operated the first-ever Teachers College for Western Province, pursuing our accreditation with PNG's Department of Higher Education, Research, Science and Technology; and with technical support and backing from Western Sydney University. We are proud to support and play a critical role in delivering SDP's vision for improved education and health outcomes for the people of remote and rural Western Province; a long-term commitment to second chance education pathways leading to practical training and qualifications in teaching and healthcare.

In 2022, we underwent our reaccreditation with DFAT's Australia NGO Cooperation Program (ANCP), passing at the full level. This rigorous review gives confidence to our donors, partners and supporters that our programming design, implementation and monitoring are of the highest standard, along with our approach to safeguarding and other critical cross-cutting issues – such as gender equality, social and disability inclusion, localisation, and climate change and disaster risk reduction.

This year we also commemorated the 80th anniversary of the Kokoda campaign, remembering the courage, sacrifice, endurance and mateship of the Australian and PNG veterans and local Papuan carriers, known affectionately as the Fuzzy Wuzzy Angels. We remember the inspiration behind the establishment of the Kokoda Track Foundation and recommitted ourselves to keeping the spirit of Kokoda alive, for generations to come, through tangible and practical action that changes lives in remote and rural communities in PNG.

In 2023 we will celebrate the 20th birthday of KTF. It will be a year to celebrate the positive impact of KTF's staff and supporters over the years, and to remind ourselves that anything is possible when we work together.



Ian Kemish AM
Chair
27 March 2023



Genevieve Nelson
Chief Executive Officer
27 March 2023

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 2022. 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 Chair of Waste Authority WA
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) Adjunct Research Fellow, University of Queensland Adjunct Research Fellow, Western Sydney University Director - KTF PNG Limited Director - Partnering PNG Limited Director - Balimo College Limited
Bernard Michael Egan	(Retired 28 April 2022) 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

Jessica Leigh Gallagher	<p>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)</p>
Peter Barrow	<p>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</p>
Peter John Aitsi	<p>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</p>
Peter William John Parry	<p>(Appointed 8 June 2022) Chair - Finance Audit & Risk Management Committee, The Kokoda Track Foundation Limited Chair - Gift Fund Committee, The Kokoda Track Foundation Limited Fellow of Certified Practicing Accountant Bachelor of Business (NSW Institute of Technology) Director - KTF PNG Limited</p>
Stephannie Anna-Maria Kirriwom	<p>(Retired 8 June 2022) LLB (University of Papua New Guinea) Policy Lawyer (Litigation) Chair - KTF PNG Limited (retired June 2022) Chair - Partnering PNG Limited</p>
Susan Patricia Black	<p>BOccThy (University of Queensland) Master of Social Welfare Administration and Planning (University of Queensland) President - The Sandgate and Bracken Ridge Action Group Incorporated</p>
William Manfred James	<p>BEcon (University of Sydney) Dip Ed (University of Sydney) Founding Director - Flight Centre Travel Group Director - Partnering PNG Limited</p>
Yahoo Serious	<p>Hon DLitt. Hon Doctorate of Letters (University of Newcastle) Actor, Producer, Director and Writer of feature films Director - Serious Productions Pty Limited</p>

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 \$347,341 (2021: \$773,970). 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.

As the world opens up after the COVID-19 pandemic, in 2022, KTF hosted the first in person cocktail event, Wantoks and Wine, after two years of holding Lt. Col. Ralph Honner Virtual Reception online using technology. The donations received at the Wantoks and Wine event of \$50,567 are included in Donations on the financial statements (FY2021: \$5,744).

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.

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.

Subsequent events

Subsequent to 31 December 2022, KTF renewed a \$5.3 million funding agreement for 2023, within a long-term partnership with PNG Sustainable Development Program for the expansion of its educational initiatives in Western Province.

There has not arisen in the interval between 31 December 2022 and the date of these Financial Statements, any other event that would have a material effect on the Financial Statements as at 31 December 2022.

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)	5	4
Elizabeth Carr AM (Deputy Chair)	5	5
Bernard Egan (Retired 28 April 2022)	2	2
William James	5	4
Stephannie Kirriwom (On leave, Retired 8 June 2022)	0	0
Genevieve Nelson (Chief Executive Officer)	5	5
Yahoo Serious	5	3
Peter Barrow	5	5
Jessica Gallagher	5	2
Peter John Aitsi	5	3
Susan Patricia Black	5	4
Peter William John Parry (Appointed 8 June 2022)	3	3
Finance Audit & Risk Management Committee		
Peter Parry (Chair, from May 2022)	5	4
Elizabeth Carr AM	5	5
Bernie Egan (Chair, until April 2022)	5	5
Gift Fund Committee		
Peter Parry (Chair, from May 2022)	3	3
Elizabeth Carr AM	3	3
Bernie Egan (Chair, until April 2022)	3	3

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 2022.

On behalf of the Directors

A handwritten signature in cursive script, appearing to read 'Ian Kemish'.

Ian Kemish AM
Chairman
Sydney, 27 March 2023



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 for the financial year ended 31 December 2022 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.

KPMG

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

Nicola Buddee

Partner
Sydney
27 March 2023



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 2022, and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards – Simplified Disclosures Framework* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNCR)* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2022.
- Consolidated statement of revenue and expenditure and 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 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:

- Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures Framework and the ACNC and ACNCR and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*
- 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.
- 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 to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Foundation 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.

KPMG

Nicola Buddee

Partner

Sydney

27 March 2023

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 27 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 2022 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Simplified Disclosures, 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, 27 March 2023

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The Kokoda Track Foundation Limited

Consolidated Statement of Revenue and Expenditure and Comprehensive Income for the financial year to 31 December 2022

	FY 2022	FY 2021
	\$	\$
REVENUE		
Donations & Gifts		
Monetary		
Donations	5,026,919	3,790,846
Non-monetary		
SolarBuddy Lights Program (Donation of Goods)	8,250	97,450
Grants		
Department of Foreign Affairs and Trade		
Australian NGO Cooperation Program Grant	1,079,702	1,037,692
Kokoda Initiative Partnership	84,198	71,900
Australian Sports Partnerships Program	90,000	147,574
DFAT/ESIP – Pawarim Komuniti Program	1,820,570	1,293,909
Other overseas		
High Commission of Canada	81,311	59,316
Finance Income	9,749	6,619
Other Revenue	81,870	735
TOTAL REVENUE	8,282,569	6,506,041
EXPENDITURE		
International Aid and Development Programs Expenditure		
International Programs		
Funds to International Programs - PNG		
Education	(5,161,206)	(3,525,134)
Health	(516,946)	(1,074,521)
Equality	(331,774)	(218,645)
Leadership	(341,396)	(228,547)
Program Support Costs	(1,020,399)	(185,519)
Fundraising Costs		
Public	(138,743)	(129,531)
Government, multilateral and private	(34,686)	(32,383)
Accountability and Administration	(381,828)	(240,341)
Non-Monetary Expenditure		
Goods to International Programs		
SolarBuddy Lights Program	(8,250)	(97,450)
Total International Aid and Development Programs Expenditure	(7,935,228)	(5,732,071)
Other Expenditure	-	-
TOTAL EXPENDITURE	(7,935,228)	(5,732,071)
EXCESS OF REVENUE OVER EXPENDITURE	347,341	773,970
Other comprehensive income	-	-
TOTAL SURPLUS	347,341	773,970

Notes to the financial statements are included on pages 19 to 27.

The Kokoda Track Foundation Limited

Consolidated Statement of Financial Position as at 31 December 2022

	Note	31 December 2022	31 December 2021
Current assets			
Cash and cash equivalents	8	1,843,328	1,583,151
Short-term bank deposits		1,785,776	1,526,512
Trade and other receivables	4	21,682	53,235
Total current assets		3,650,786	3,162,898
Non-current assets			
Property, plant & equipment	5	111,175	120,529
Intangibles		3,975	3,975
Total non-current assets		115,150	124,504
Total assets		3,765,936	3,287,402
Current liabilities			
Trade and other payables		464,699	159,254
Deferred income		382,109	586,001
Provisions	6	146,399	128,297
Total current liabilities		993,207	873,552
Non-current liabilities			
Provisions	6	26,268	14,730
Total non-current liabilities		26,268	14,730
Total liabilities		1,019,475	888,282
Net assets		2,746,461	2,399,120
Accumulated funds			
Funds held		2,746,461	2,399,120
Total equity		2,746,461	2,399,120

The Kokoda Track Foundation Limited

Consolidated Statement of Changes in Equity for the financial year ended 31 December 2022

	Accumulated Funds \$
Balance at 1 January 2021	1,625,149
Surplus for the year	<u>773,971</u>
Balance at 31 December 2021	<u>2,399,120</u>
Balance at 1 January 2022	2,399,120
Surplus for the year	<u>347,341</u>
Balance at 31 December 2022	<u>2,746,461</u>

Notes to the financial statements are included on pages 19 to 27.

The Kokoda Track Foundation Limited

Consolidated Statement of Cash Flows for the financial year ended 31 December 2022

		FY 2022	FY 2021
	Note	\$	\$
Cash flows from operating activities			
Receipts from donors, fundraising activities and government grants		8,012,420	6,247,136
Payments to suppliers and employees		(7,442,186)	(5,529,555)
Cash receipts from other operating activities	8(c)	81,870	735
Lease payments for short-term leases		(58,124)	(21,891)
Lease payments for leases of low-value assets		(4,278)	(4,302)
Net cash provided by operating activities	8(b)	589,702	692,123
Cash flows from investing activities			
Payment for property, plant and equipment	5	(80,010)	(105,070)
Net cash payments to short-term bank deposits		(259,264)	(256,191)
Interest received		9,749	6,619
Net cash used in investing activities		(329,525)	(354,642)
Net increase in cash and cash equivalents		260,177	337,481
Cash and cash equivalents at the beginning of the financial year			
		1,583,151	1,245,670
Cash and cash equivalents at the end of the financial year	8(a)	1,843,328	1,583,151

Notes to the financial statements are included on pages 19 to 27.

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2022

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 2022.

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	Level 1	Level 1 & Lower Ground Floor
274 Darling Street	274 Darling Street	Monian Tower, Douglas Street
BALMAIN NSW 2041	BALMAIN NSW 2041	Downtown Port Moresby

2. Significant accounting policies

Statement of compliance

The financial report is a Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures (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 Revenue and Expenditure and Comprehensive Income are not appropriate. "Profit or Loss" in the prescribed format of the Statement of Revenue and Expenditure and 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.

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2022

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.

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 the following conditions are met:

- (i) Control over goods is passed (normally on receipt of goods);

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2022

- (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 330 lights were distributed, compared to 3,898 lights in FY 2021. The decrease in the number of donated lights is reflected in the value of the in-kind donation sum reported in the financial statements.

Other revenue

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

Other revenue includes ticket sales and silent auction sales from the fundraising event Wantoks and Wine.

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

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2022

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.

(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 February 2022, KTF renewed the one-year lease agreement with Ray White Monian Tower, Port Morseby, PNG, for lease of the lower ground level office.

In April 2022, KTF further entered a one-year lease agreement with the same owner, for lease of an additional office at level one of the Monian Tower.

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-

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2022

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;
- (iii) Transport assets 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) Program Support Costs

Program Support Costs FY2022 include all Australian salary wages expenses on the basis that such costs incurred and paid for in Australia. This is a different approach KTF has adopted after the review of its Recognised Development Expenditure (RDE) by ANCP, as part of the 2022 ANCP reaccreditation process. In previous years, the majority of the Australian salary wages expenses were allocated to the actual program costs being managed or coordinated by that employee and a portion to the Program Support Cost. As a result, the FY2022 Program Support Costs (\$1,020,399) are significantly higher than FY2021 (\$185,519).

(k) 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.

As the world opens up after the COVID-19 pandemic, in 2022, KTF hosted the first in person cocktail event, Wantoks and Wine, after two years of holding Lt. Col. Ralph Honner Virtual Reception online using technology. The donations received at the Wantoks and Wine event of \$50,567 are included in Donations on the financial statements (FY2021: \$5,744).

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.

(l) Subsequent events

Subsequent to 31 December 2022, KTF renewed a \$5.3 million funding agreement for 2023, within a long-term partnership with PNG Sustainable Development Program for the expansion of its educational initiatives in Western Province.

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Notes to the Consolidated Financial Statements for the financial year ended 31 December 2022

There has not arisen in the interval between 31 December 2022 and the date of this Financial Statements any other event that would have a material effect on the Financial Statements as at 31 December 2022.

3. Key management personnel compensation

	2022	2021
	\$	\$
Employee Benefits	474,090	496,718

In FY2022 KTF has identified the Key Management Personnel to be the Chief Executive Officer, The Chief Operating Officer and the General Manager (January – September 2022).

4. Trade and other receivables

Sundry Debtors	17,252	50,865
Rental Bond	4,430	2,370
	<u>21,682</u>	<u>53,235</u>

5. Property, plant & equipment

Office Equipment

Office Equipment at Cost	169,915	128,679
Less: Accumulated Depreciation	(104,579)	(51,766)
	<u>65,336</u>	<u>76,913</u>
Opening Balance as at 1 January	76,913	44,416
Additions During the Year	77,017	60,463
Depreciation During the Year	(67,785)	(27,966)
Transfer in / (out) During the year	(20,809)	-
	<u>65,336</u>	<u>76,913</u>

Closing Balance as at 31 December

Motor Vehicles

Motor Vehicles at Cost	44,607	44,607
Less: Accumulated Depreciation	(19,577)	(991)
	<u>25,030</u>	<u>43,616</u>

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Notes to the Consolidated Financial Statements for the financial year ended 31 December 2022

	2022	2021
	\$	\$
Opening Balance as at 1 January	43,616	-
Additions During the Year	-	44,607
Depreciation During the Year	(18,586)	(991)
	25,030	43,616
Transport Assets		
Transport Assets at Cost	38,774	-
Less: Accumulated Depreciation	(17,965)	-
	20,809	-
Opening Balance as at 1 January	-	-
Additions During the Year	2,993	-
Transfer in / (out) During the year	20,809	-
Depreciation During the Year	(2,993)	-
	20,809	-
Closing Balance as at 31 December	20,809	-
Total Property, plant & equipment as at 31 December	111,175	120,529

6. Provisions

Current

Provision for Annual Leave	83,339	72,757
Provision for Long Service Leave	63,060	55,540
	146,399	128,297

Non-current

Provision for Long Service Leave	26,268	14,730
	26,268	14,730

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 2022

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:

	2022	2021
	\$	\$
Cash and cash equivalents	1,843,328	1,583,151

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

Surplus for the year	347,341	773,970
Interest income received from investing activities	(9,749)	(6,619)
Depreciation	89,364	28,957
	426,956	796,308
<i>Changes in net assets and liabilities:</i>		
Decrease in assets:		
Trade and other receivables	31,553	3,908
	31,553	3,908
<i>(Decrease)/Increase in liabilities:</i>		
Trade and other payables	305,446	4,191
Deferred income	(203,892)	(158,390)
Provisions	29,639	46,106
	131,193	(108,093)
Net cash provided by operating activities	589,702	692,123

(c) Cash receipts from other operating activities

Event Tickets and Silent Auctions	36,340	-
Other sundry revenue	45,530	735
Cash receipts from other operating activities	81,870	735

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Notes to the Consolidated Financial Statements for the financial year ended 31 December 2022

9. Controlled Entities

Name of Entity	Country of Incorporation	Interest of immediate parent entity (ordinary shares)	
		2022	2021
KTF PNG Limited	Papua New Guinea	100%	100%

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 FY2022 and has elected to recognise the lease at nil value in its financial statements.

11. Auditor's remuneration

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

Fees in relation to audit services in FY2022 were \$23,300 (FY2021: \$21,735). No non-audit services were provided in FY2022 (FY2021: nil).

12. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 27 March 2023.