

POLICE CITIZENS YOUTH CLUBS NSW LTD

A.B.N. 89 401 152 271

Annual Financial Report

31 December 2022

POLICE CITIZENS YOUTH CLUBS NSW LTD

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POLICE CITIZENS YOUTH CLUBS NSW LTD

Directors' Report

For the year ended 31 December 2022

The Directors present their report together with the financial report of Police Citizens Youth Clubs NSW Ltd ("PCYC NSW" or the "Company") for the year ended 31 December 2022 and the auditor's report thereon.

1 Directors

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. The names of the Directors in office at any time during or since the end of the financial year are:

- Nicole Sorbara (appointed 01 January 2022)
- Ben Shields (appointed 25 August 2017)
- Dorothy Hennessy (appointed 25 August 2017)
- Erin Flaherty (appointed 25 August 2017)
- James Dack (appointed 9 August 2013)
- Gavin Wood (appointed 27 June 2022)
- Dominic Teakle (appointed 15 July 2019)
- Michael Hope (appointed 25 August 2017)
- Peter Kirkwood (appointed 25 August 2017)
- Nicolas Dan (appointed 27 February 2019)
- Claire Beattie (appointed 20 August 2021)

2 Principal activities, objectives and strategies

PCYC NSW is a charity empowering young people through Police and community partnership. The principal activities of the Company are to manage a network of youth clubs across NSW and deliver programs targeted at getting young people active in life.

The strategic plan "2022 – 2027 Better Together Strategy" launched in 2022 defines the immutable themes and strategic objectives for PCYC NSW over the next 5 years.

The executive management team was expanded and re-structured during 2022 to deliver on the Company's 2022-2027 key strategic objectives which can be summarised as follows:

- Growing impact through life changing programs and delivering health and well-being benefits to the communities it serves; and
- Driving sustainability through the effective commercial operation of its clubs and delivering activities that matter to the communities it serves;
- Being an effective charity, driving the fundraising and philanthropic support needed to deliver life changing programs;
- Building its reputation as a trusted youth organisation that delivers measured impact while operating exceptional sport, health and wellbeing facilities.

3 Meetings of Directors

During the financial year, five meeting of Directors (including committees) were held. Attendees were:

| | Directors' Meetings | | Finance & Risk Committee Meetings | |
|------------------|---------------------------|-----------------|-----------------------------------|-----------------|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Nicole Sorbara | 4 | 4 | 5 | 5 |
| Dominic Teakle | 4 | 4 | 5 | 5 |
| Ben Shields | 4 | 2 | 5 | 4 |
| Dorothy Hennessy | 4 | 3 | - | - |
| Erin Flaherty | 4 | 3 | 5 | 4 |
| James Dack | 4 | 4 | 5 | 5 |
| Michael Hope | 4 | 3 | 5 | 4 |
| Peter Kirkwood | 4 | 4 | - | - |
| Gavin Wood | 4 | 4 | 5 | 1 |
| Nicholas Dan | 4 | 3 | 5 | 4 |
| Claire Beattie | 4 | 3 | - | - |

POLICE CITIZENS YOUTH CLUBS NSW LTD

DIRECTORS' REPORT (continued)

For the year ended 31 December 2022

4 Review of operations and results

PCYC reported an underlying operating deficit of \$1,714,757 (2021: \$444,648) which includes fundraising revenue, donations from donors and supporters of PCYC. The surplus for the year of \$10,051,404 (2021: \$11,742,063) includes non-operating and one-off items. Significant non-operating items include capital grants, other income, depreciation and amortisation expenses which contributed with a non-operating surplus of \$11,766,161 (2021: \$12,186,711).

| | 2022 | 2021 |
|-------------------------------|--------------------|-------------------|
| | \$ | \$ |
| Revenue | 51,976,196 | 42,215,317 |
| Government wage subsidy | - | 1,233,539 |
| Expenses | (53,690,953) | (43,893,504) |
| Underlying deficit | (1,714,757) | (444,648) |
| Depreciation and amortisation | (8,670,770) | (7,723,653) |
| Capital grants income | 17,461,483 | 19,201,782 |
| Other income | 2,975,448 | 708,582 |
| Non-operating surplus | 11,766,161 | 12,186,711 |
| Surplus for the year | 10,051,404 | 11,742,063 |

5 Going concern

The Board and Management have considered the longer-term sustainability of the Company's operations taking into account the underlying deficit but recognising the strong asset base and balance sheet as at 31 December 2022. The Company is well supported by all levels of Government and has been operating in the community continuously across multiple locations for over 85 years. This combined with a strong cash flow position and a strategy that is underpinned by sustainability initiatives provides tangible grounds for the Board and Management to consider it a going concern.


6 Contribution in winding up

The Company is incorporated under the Australian Charities Not-for-Profit Commission Act 2012 and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the entity.

7 Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' report for the financial year ended 31 December 2022.

Signed in accordance with a resolution of the Directors:



Nicole Sorbara

Chairperson

Dated at Sydney this 30 day of June 2023



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

To the Members of Police Citizens Youth Club NSW Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Police Citizens Youth Club NSW Ltd 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

A small, stylized version of the KPMG logo, featuring the letters 'KPMG' in a bold, blue, sans-serif font, with a graphic of four vertical bars to the left.

KPMG

A handwritten signature in black ink, appearing to read 'Cameron Roan', written over a circular stamp or seal.

Cameron Roan

Partner

Sydney

30 June 2023

POLICE CITIZENS YOUTH CLUBS NSW LTD

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

| | Note | 2022 | 2021 |
|---|------|-------------------|-------------------|
| | | \$ | \$ |
| Revenue | | | |
| Fundraising | 16 | 8,484,040 | 9,940,598 |
| Sale of goods | | 1,463,281 | 1,044,534 |
| Activity and membership fees | | 25,462,075 | 17,582,119 |
| Operating grant income | | 11,359,527 | 9,796,013 |
| Capital grant income | | 17,461,483 | 19,201,782 |
| Fair value gain on investment portfolio | | (57,217) | 263,045 |
| Venue hire | | 5,264,490 | 3,589,008 |
| Government support income | | - | 1,233,539 |
| Other income | | 2,975,448 | 708,582 |
| Revenue and other income | 2 | 72,413,127 | 63,359,220 |
| | | | |
| Fundraising costs | 16 | 1,125,005 | 2,402,541 |
| Cost of sales | | 964,890 | 629,670 |
| Activity costs | 3 | 60,271,828 | 48,584,946 |
| Expenditure | | 62,361,723 | 51,617,157 |
| | | | |
| Surplus/(deficit) for the year | | 10,051,404 | 11,742,063 |
| Other comprehensive loss | | - | - |
| Total surplus/(deficit) for the year | | 10,051,404 | 11,742,063 |

The accompanying notes on pages 9 to 27 form part of these financial statements.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Statement of Financial Position

As at 31 December 2022

| | Note | 2022 | 2021 |
|--------------------------------------|------|--------------------|--------------------|
| | | \$ | \$ |
| Current assets | | | |
| Cash and cash equivalents | 4 | 6,788,286 | 5,500,476 |
| Trade and other receivables | 5 | 2,717,440 | 3,816,906 |
| Inventories | | 171,274 | 174,865 |
| Other current assets | 6 | 2,107,317 | 1,544,437 |
| Financial assets | 7 | 29,316,332 | 37,873,550 |
| Total current assets | | 41,100,649 | 48,910,234 |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 122,011,184 | 110,222,097 |
| Intangibles | 9 | 1,127,617 | 1,023,602 |
| Right of use assets | 13 | 43,872 | 199,020 |
| Total non-current assets | | 123,182,673 | 111,444,719 |
| Total assets | | 164,283,322 | 160,354,953 |
| Current liabilities | | | |
| Trade and other payables | 10 | 7,269,864 | 8,103,119 |
| Deferred income | 11 | 34,861,594 | 36,965,951 |
| Short-term provisions | 12 | 2,919,631 | 2,587,085 |
| Lease liability | 14 | 53,225 | 183,637 |
| Total current liabilities | | 45,104,314 | 47,839,792 |
| Non-current liabilities | | | |
| Deferred income | 11 | - | 3,200,000 |
| Long-term provisions | 12 | 241,156 | 371,252 |
| Lease liability | 14 | - | 57,461 |
| Total non-current liabilities | | 241,156 | 3,628,713 |
| Total liabilities | | 45,345,470 | 51,468,505 |
| Net assets | | 118,937,852 | 108,886,448 |
| Equity | | | |
| Reserves | | 53,119,569 | 53,119,569 |
| Accumulated funds | | 65,818,283 | 55,766,879 |
| Total equity | | 118,937,852 | 108,886,448 |

The accompanying notes on pages 9 to 27 form part of these financial statements.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Statement of Changes in Equity

For the year ended 31 December 2022

| | Accumulated funds | Reserves | Total |
|--------------------------------------|----------------------|-------------------|--------------------|
| | \$ | \$ | \$ |
| Balance at 1 January 2021 | 44,024,816 | 53,119,569 | 97,144,385 |
| Total operating surplus for the year | 11,742,063 | - | 11,742,063 |
| Balance at 31 December 2021 | 55,766,879 | 53,119,569 | 108,886,448 |
| Balance at 1 January 2022 | 55,766,879 | 53,119,569 | 108,886,448 |
| Total operating surplus for the year | 10,051,404 | - | 10,051,404 |
| Balance at 31 December 2022 | 65,818,283 | 53,119,569 | 118,937,852 |

The accompanying notes on pages 9 to 27 form part of these financial statements.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Statement of Cash Flows

For the year ended 31 December 2022

| | Note | 2022 | 2021 |
|--|------|---------------------|---------------------|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from customers – inclusive of GST | | 74,134,986 | 58,400,037 |
| Payments to suppliers and employees - inclusive of GST | | (61,526,271) | (48,433,589) |
| Net cash inflow from operating activities | | 12,608,714 | 9,966,448 |
| Cash flows from investing activities | | | |
| Payments for intangibles | | (238,259) | (461,722) |
| Purchases of property, plant and equipment | | (21,861,404) | (19,935,680) |
| Withdrawal from/(payments for investments) | | 8,500,001 | 5,499,999 |
| Proceeds from sale of property, plant and equipment | | 2,466,630 | 156,809 |
| Net cash outflow from investing activities | | (11,133,032) | (14,740,594) |
| Cash flows from financing activities | | | |
| Payment of lease liabilities | 14 | (187,872) | (181,902) |
| Net outflow from financing activities | | (187,872) | (181,902) |
| Net increase/(decrease) in cash flows | | 1,287,810 | (4,956,048) |
| Cash at the beginning of the year | | 5,500,476 | 10,456,524 |
| Cash at the end of the year | 4 | 6,788,286 | 5,500,476 |

The accompanying notes on pages 9 to 27 form part of these financial statements.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2022

1. Statement of accounting policies

Police Citizens Youth Clubs NSW Ltd ("PCYC NSW" or the "Company"), is a not-for-profit public company limited by guarantee, incorporated and domiciled in Australia. The address of the Company's registered office is 2/6B Figtree Drive Sydney Olympic Park NSW 2127. The Company is registered under the Australian Charities and Not-for-profits Commission Act 2012. The financial report is as at and for the year ended 31 December 2022.

(a) Basis of preparation

(i) *Statement of compliance*

These financial statements are general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the Corporations Act 2001. They have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures made by the Australian Accounting Standards Board and the Corporations Act 2001.

These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures. In the prior year the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the statement of financial position, profit and loss and other comprehensive income and cash flows of the Company as a result of the change in the basis of preparation.

These financial statements were authorised for issue by the Company's board of directors on 30 June 2023.

(ii) *Basis of measurement*

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

(iii) *Functional and presentation currency*

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(iv) *Use of judgement and estimates*

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Details of the specific judgement, estimates and assumptions that have the most significant effects on the amounts recognised in the consolidated financial statements are summarised in the Notes.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2022

1. Statement of accounting policies (continued)

(b) Revenue

(i) *Operating grant income*

Grant income arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligation is satisfied.

The performance obligations are varied based on the agreement but primarily relate to club

Within grant agreements, there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where the control is transferred over time, generally the revenue is recognised based on either cost or time incurred which best reflects the transfer of control.

(ii) *Activity, membership fees and venue hire*

Where the consideration for activity, membership fees and venue hire consists of a fixed amount over the contract term (eg. monthly or annual payment) and the member receives and consumes the benefits of the services as the Company provides them then revenue is recognised on a straight-line basis over the term of the contract.

(iii) *Sale of goods*

Revenue from sale of goods comprises revenue earned from the sale of goods purchased for resale. Sales revenue is recognised when the control of goods passes to the customer which is at the time that the goods are physically transferred.

(iv) *Capital grant income*

Capital grants received under an enforceable agreement to enable the company to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the Company (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

(v) *Donations, fundraising and bequests*

Donations, fundraising and bequests collected, including cash and goods for resale, are recognised as revenue when the Company gains control of the asset.

(vi) *In-kind donations*

Services donated are included at the fair value to the company where this can be quantified and a third party is bearing the cost. No amounts are included in the financial report for services donated by volunteers.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2022

1. Statement of accounting policies (continued)

(c) Taxes

Income tax: The Company is endorsed as an income tax exempt charitable entity and accordingly is an exempt body for income tax accordingly no provision for income tax is required.

Fringe benefits tax: The Company, as a public benevolent institution, was previously fully exempt from fringe benefits tax under section 57A, Fringe Benefits Tax Assessment Act 1986. From 1 April 2001, this exemption ceased for certain fringe benefits paid to employees in excess of \$30,000 grossed up value for each employee.

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

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

Land Tax: The Company, as a charitable institution, is exempt from land tax under section 10(d), Land Tax Act.

Stamp duties and charges: The Company, as a public benevolent institution and holder of an Authority to Fundraise, under the Charitable Fundraising Act 1991 has a general exemption from paying stamp duty and charges under section 275 of the NSW Duties Act 1997.

Goods and Services Tax: The Company, as a public benevolent institution is registered for the goods and services tax (GST), applicable from 1 July 2000. The tax paid is paid on revenues from commercial activities and sponsorship. Most input taxes charged are credited except for expenses related to non-creditable transactions. Revenues, expenses and assets are recognised net of the amount of GST except:

- where the amount of GST incurred is not recoverable from the ATO, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- for receivables or payables which are recognised inclusive of GST where applicable; and
- cashflows are recognised gross of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

(d) Fundraising activities

NSW Charitable Fundraising Act 1991: This Act and supporting Charitable Fundraising Regulation prescribe the manner in which fundraising appeals are conducted, controlled and reported in NSW. The amounts shown in Note 16 are in accordance with Authority Condition 7, which is issued to the Company under section 19 of the Act.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2022

1. Statement of accounting policies (continued)

(d) Fundraising activities (continued)

Donations and bequests: Are recognised as income as and only when received by the Company or deposited to the Company's bank account. As specified in the Act, unsolicited donations, members' donations and bequests are not treated as fundraising income when determining information required under the Act.

Costs of fundraising: Costs used in Note 16 include all direct fundraising costs in accordance with the Act. The inclusion of indirect costs is discretionary. Indirect costs such as the time spent by accounting or office staff administering appeals, cost apportionment of rent, light and power, and insurance have been excluded from Note 16. Exclusion of the indirect costs decreases the cost of fundraising and increases the margins from fundraising activities shown in Note 16.

(e) Inventories

Inventories are valued at the lower of cost or current replacement costs. Costs have been assigned to inventories on hand at balance date using the average cost method.

(f) Deferred income

Deferred income represents the unspent grants or other fees received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within twelve months of receipts of the grant. Where the amount received is in respect of services to be provided over a period that exceeds twelve months after reporting date then the liability is disclosed as non-current.

(g) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and depreciated replacement costs, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

The decline in future economic benefit is recognised in the statement of profit or loss and other comprehensive income annually as a depreciation expense. The depreciation rates are reviewed with sufficient regularity to ensure they reflect the decline in future economic benefits.

(h) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Where an asset is acquired at no cost or for nominal cost, the cost is its fair value at the date of acquisition.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2022

1. Statement of accounting policies (continued)

(h) Property, plant and equipment

Freehold land and buildings: Freehold land and buildings, are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Freehold land and building are subsequently measured using the cost model, less subsequent depreciation and impairment losses. Land is not depreciated, whilst depreciation for buildings is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and other equipment.

Buildings held in trust: These assets comprise buildings erected on land where there is a legal right to ownership of the land, or a trustee's right to occupy whilst there is continuing utilisation exclusively for Police & Community Youth Club purposes.

The Company recognises buildings held in trust as assets on the basis that they are a scarce resource controlled by the Company. Furthermore they provide service potential through their ability to enable the Company to achieve its stated objectives, whilst providing economic benefits, through the absence of a commercial rental charge or acquisition cost.

Buildings held in trust are only taken up in the accounts where there is a continuing use and service benefit to the Company. In the event of cessation of existing use all benefits therein would be forfeited under the terms of the right of occupation and in some cases there may be expenses associated with removal or re-instatement to original condition. A provision has been estimated where it can be reliably measured.

Plant, equipment and motor vehicles

Plant, equipment and motor vehicles are measured on a cost basis.

The carrying amount of plant and equipment is reviewed annually by management to ensure it is not excess of the recoverable amount from these assets or equivalent depreciable cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation: The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2022

1. Statement of accounting policies (continued)

(h) Property, plant and equipment (continued)

Plant, equipment and motor vehicles (continued)

The depreciation rates used for each class of depreciable assets are:

| Class of fixed asset | Depreciation Rate |
|-------------------------------------|-------------------|
| Buildings | 2.5 – 12.5% |
| Plant, Equipment and Motor Vehicles | 10 – 50% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Capital projects - work in progress: Work in progress is in relation to capital works in progress at year-end in accordance with various grant funding received. Work in progress is valued at cost, less any provision for anticipated future losses.

(i) Employee benefits

A provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

(j) Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

(k) Members' guarantees

PCYC NSW is a Company limited by guarantee. In the event of the Company being wound up, each member may be liable to contribute an amount not exceeding \$100.

(l) Disposal of surplus

Paragraph 4 of the Company's constitution prohibits the distribution of any surplus to members. As required by the Charitable Fundraising Act 1991, the Income Tax Assessment Act 1997 and Tax Ruling TR 2000/12, any assets remaining upon winding up of the Company must be applied to the objects or purposes for which they were raised.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2022

1. Statement of accounting policies (continued)

(m) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as the long-term deposit that were previously classified as held-to-maturity under AASB 139.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2022

1. Statement of accounting policies (continued)

(m) Financial instruments (continued)

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements

(i) Subsequent measurement financial assets

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139.

(ii) Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2022

1. Statement of accounting policies (continued)

(n) Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Company assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below. The Company's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(p) Intangibles

Software

Software is initially recorded at cost less amortisation and impairment losses. Software is being amortised over a period of 5 years. The carrying amount of the software is revised annually by the Directors to ensure it is not in excess of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Website

Website is initially recorded at cost less amortisation and impairment losses. Website is being amortised over a period of 8 years. The carrying amount of the software is revised annually by the Directors to ensure it is not in excess of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(q) Economic dependence

The Company is dependent upon the ongoing receipt of government grants and community and corporate donations to ensure the ongoing continuance of the programs. At the date of this report, management have no reason to believe that this financial support will not continue.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2022

1. Statement of accounting policies (continued)

(r) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial reports based on historical knowledge and best available current information. The Directors assess impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

The directors have applied the methodology in relation to impairment as set out in the statement of accounting policies. No specific indicators of impairment have been assessed on the Company's assets in the current year.

(s) Estimation uncertainty

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Grants in advance

The provision for grants in advance is measured based on the progression of the performance outcomes within each funding agreement. In determining this amount, management measures expenditure which is in line with the funding agreement and a provision is raised for that portion not expended.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2022

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | \$ | \$ |
| 2. Revenue | | |
| Operating activities include the following: | | |
| Revenue from contracts with customers - AASB15 Revenue from Contracts with Customers | | |
| Sale of goods | 1,463,281 | 1,044,534 |
| Activity and membership fees | 25,462,075 | 17,582,119 |
| Venue hire | 5,264,490 | 3,589,008 |
| Other income | 83,775 | 579,451 |
| | 32,273,622 | 22,795,112 |
| Revenue recognised under AASB1058 Income of NFP entities | | |
| Fundraising | 8,484,040 | 9,940,598 |
| Operating grant income | 11,359,527 | 9,796,013 |
| Capital grants income | 17,461,483 | 19,201,782 |
| | 37,305,049 | 38,938,393 |
| Other income recognised under AASB116 Property, Plant & Equipment | | |
| Gain on sale of Property, plant and equipment. | 1,079,957 | 36,354 |
| Insurance proceeds | 1,811,716 | 92,777 |
| | 2,891,673 | 129,131 |
| Revenue from continuing operations | 72,470,344 | 61,862,636 |
| Government support payments recognised under AASB 120 | - | 1,233,539 |
| Fair value (loss)/gain on investment portfolio under AASB 9 | (57,217) | 263,045 |
| | (57,217) | 1,496,584 |
| Total revenue | 72,413,127 | 63,359,220 |

(a) Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated based on type of goods or services provided and source of funds.

Type of good or service

| | | |
|---|-------------------|-------------------|
| Sale of goods | 1,463,281 | 1,044,534 |
| Venue hire | 5,264,490 | 3,589,008 |
| Membership fees | 1,485,815 | 945,157 |
| Activity fees | 23,976,261 | 16,636,962 |
| Other income | 83,775 | 579,451 |
| | 32,273,622 | 22,795,112 |
| Revenue Recognised under AASB1058 | 37,305,049 | 38,938,393 |
| Revenue recognised under AASB116 | 2,891,673 | 129,131 |
| Revenue from continuing operations | 72,470,344 | 61,862,636 |

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2022

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | \$ | \$ |
| 2. Revenue (continued) | | |
| (b) Sources of funds | | |
| Fundraising revenue | | |
| Donations | 4,620,421 | 4,281,903 |
| Raffles and art unions | 3,226,958 | 4,555,579 |
| Other fundraising projects | 636,660 | 1,103,116 |
| Total fundraising revenue | 8,484,039 | 9,940,598 |
| Grant income | | |
| Capital grants | 17,461,483 | 19,201,782 |
| Club manager funding grant (operating activities) | 5,927,500 | 5,550,474 |
| Operating grants | 5,432,027 | 4,245,539 |
| Total grant income | 28,821,010 | 28,997,795 |
| Other income | | |
| Profit from sale of assets | 1,079,957 | 36,353 |
| Insurance proceeds | 1,811,716 | 92,777 |
| Other | 83,775 | 579,452 |
| Total other income | 2,975,448 | 708,582 |
| Club income | | |
| Sale of goods | 1,463,281 | 1,044,534 |
| Venue hire | 5,264,490 | 3,589,008 |
| Membership fees | 1,485,815 | 945,157 |
| Activity fees | 23,976,261 | 16,636,962 |
| Total club income | 32,189,847 | 22,215,661 |
| Revenue from continuing operations | 72,470,344 | 61,862,636 |
| 3. Expenditure | | |
| Surplus /(deficit) for the year has been determined after the specific following charges: | | |
| Depreciation | | |
| Buildings on freehold land | 3,875,731 | 3,631,153 |
| Buildings on leasehold land | 1,191,943 | 876,503 |
| Buildings held in trust | 1,042,465 | 1,045,847 |
| Plant, equipment and motor vehicles | 2,271,238 | 1,884,345 |
| | 8,381,377 | 7,437,848 |
| Right of use assets | 155,148 | 164,424 |
| | 8,536,525 | 7,602,272 |
| Amortisation | | |
| Amortisation of software | 134,244 | 121,382 |
| | 134,244 | 121,382 |

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2022

| | 2022 | 2021 |
|--|-------------------|-------------------|
| | \$ | \$ |
| 3. Expenditure (continued) | | |
| Significant expenses | | |
| The following expense items are relevant in explaining the financial performance: | | |
| Activity costs | | |
| Employee benefit expense | 30,006,682 | 23,792,602 |
| Employee benefit expense - superannuation | 2,775,040 | 2,159,178 |
| Costs relating to administration and other related operating costs | 26,934,121 | 22,389,023 |
| Travel and accommodation | 555,985 | 244,143 |
| | 60,271,828 | 48,584,946 |
| 4. Cash and cash equivalents | | |
| Cash at bank | 6,776,416 | 5,487,703 |
| Cash on hand | 11,870 | 12,773 |
| | 6,788,286 | 5,500,476 |
| 5. Trade and other receivables | | |
| Current | | |
| Trade receivables | 2,984,074 | 4,033,540 |
| Less: Allowance for credit losses | (266,634) | (216,634) |
| | 2,717,440 | 3,816,906 |
| All of the Company's trade and other receivables have been reviewed for indicators of impairment. An allowance for expected credit losses of \$266,634 has been recognised as at 31 December 2022. See Note 1 in relation to the basis of determining credit losses for the Company. | | |
| 6. Other current assets | | |
| Prepaid expenses | 2,107,317 | 1,544,437 |
| | 2,107,317 | 1,544,437 |
| 7. Financial assets | | |
| Unit fund investment - valued at fair value through profit or loss | 29,316,332 | 37,873,550 |
| | 29,316,332 | 37,873,550 |

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2022

| | 2022 | 2021 |
|--|--------------------|--------------------|
| | \$ | \$ |
| 8. Property, plant and equipment | | |
| Freehold land | | |
| At deemed cost | 14,719,000 | 15,449,000 |
| | 14,719,000 | 15,449,000 |
| Buildings on freehold land | | |
| At deemed cost | 106,051,483 | 76,171,847 |
| Less: accumulated depreciation | (39,122,679) | (35,582,209) |
| | 66,928,804 | 40,589,638 |
| Buildings on leasehold land | | |
| At cost | 20,902,056 | 25,057,451 |
| Less: accumulated depreciation | (7,154,481) | (11,977,553) |
| | 13,747,575 | 13,079,898 |
| Buildings held in trust | | |
| At cost | 24,388,723 | 25,256,712 |
| Less: accumulated depreciation | (18,114,343) | (17,288,580) |
| | 6,274,380 | 7,968,132 |
| Plant, equipment and motor vehicles | | |
| At cost | 33,264,422 | 31,256,988 |
| Less: accumulated depreciation | (22,470,682) | (20,661,889) |
| | 10,793,740 | 10,595,099 |
| Capital projects – work in progress | 9,547,685 | 22,540,330 |
| Total property, plant and equipment | 122,011,184 | 110,222,097 |

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2022

8. Property, plant and equipment (continued)

Reconciliation of the carrying amount of each class of property, plant and equipment are set out below:

| 2022 | Freehold Properties | | Buildings on Leasehold Land | | Buildings in Trust | Plant, Equipment and Motor Vehicles | Capital Projects- Work in Progress | Total |
|--|---------------------|-------------------|-----------------------------|------------------|--------------------|-------------------------------------|------------------------------------|-------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Carrying amount at the start of the year | 15,449,000 | 40,589,638 | 13,079,898 | 7,968,132 | 10,595,099 | 22,540,330 | 110,222,097 | |
| Additions | - | - | 431,381 | - | 1,451,420 | 19,978,603 | 21,861,404 | |
| Disposals | (730,000) | (425,285) | (167,119) | (867,989) | (276,237) | - | (2,466,630) | |
| Transfers in/(out) | - | 30,304,921 | 1,570,702 | - | 1,095,625 | (32,971,248) | - | |
| Depreciation expense | - | (3,540,470) | (1,167,287) | (825,763) | (2,072,167) | - | (7,605,687) | |
| Carrying amount at the end of the year | 14,719,000 | 66,928,804 | 13,747,575 | 6,274,380 | 10,793,740 | 9,547,685 | 122,011,184 | |

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2022

| | 2022 | 2021 |
|--|-------------------|-------------------|
| | \$ | \$ |
| 9. Intangibles | | |
| Software | | |
| At cost | 3,031,994 | 2,793,735 |
| Less: accumulated amortisation | (1,904,377) | (1,770,133) |
| | 1,127,617 | 1,023,602 |
| Carrying amount at the start of the year | 1,023,602 | 683,262 |
| Additions | 238,259 | 461,722 |
| Amortisation expense | (134,244) | (121,382) |
| Carrying amount at the end of the year | 1,127,617 | 1,023,602 |
| 10. Trade and other payables | | |
| Current | | |
| Trade creditors | 3,909,557 | 2,196,379 |
| Accrued expenses | 2,310,608 | 4,341,337 |
| Employee bonuses accrued | 497,404 | 455,508 |
| Other payables | 552,295 | 1,109,895 |
| | 7,269,864 | 8,103,119 |
| 11. Deferred Income | | |
| Current | | |
| Grants in advance | 34,861,594 | 36,965,951 |
| Non-current | | |
| Grants in advance | - | 3,200,000 |
| | 34,861,594 | 40,165,951 |
| Revenue recognised during the year that was included in the deferred income balance at the beginning of the period: | | |
| Grant monies received in advance | 3,028,243 | 3,968,344 |
| Capital grants received to acquire or construct an asset to be controlled by the Company | 8,415,137 | 9,913,854 |
| | 11,443,380 | 13,882,198 |
| <i>Unsatisfied performance obligations</i> | | |
| The following table shows the aggregate amount of the transaction price allocated to unsatisfied (or partially satisfied) performance obligations resulting from grant monies received in advance: | | |
| Grant income for programs | 10,153,907 | 9,383,333 |
| Capital grants received to acquire or construct an asset to be controlled by the company | 24,707,687 | 30,782,618 |
| | 34,861,594 | 40,165,951 |

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2022

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| 12. Provisions | | |
| Current | | |
| Provision for employee entitlements | 2,919,631 | 2,587,085 |
| Non-current | | |
| Provision for employee entitlements | 241,156 | 371,252 |
| | 3,160,787 | 2,958,337 |
| 13. Right-of-use assets | | |
| Opening balance | 199,020 | 363,444 |
| Depreciation charge | (155,148) | (164,424) |
| | 43,872 | 199,020 |
| 14. Lease liabilities | | |
| Current lease liabilities | | |
| | 53,225 | 183,637 |
| Non-current lease liabilities | - | 57,461 |
| | 53,225 | 241,098 |
| <i>Maturity analysis</i> | | |
| Not later than 1 year | 53,225 | 183,637 |
| Later than 1 year but not later than 5 years | - | 57,461 |
| Later than 5 years | - | - |
| | 53,225 | 241,098 |
| <i>Amounts recognised in profit or loss</i> | | |
| Depreciation of right-of-use assets | 155,148 | 164,424 |
| Interest expense | 9,715 | 21,850 |
| | 164,863 | 186,274 |
| Total cash outflow for leases | 187,872 | 181,902 |

The Company receives below market leases for its club facilities. These have been recognised at cost in accordance with elections available for Not-For-Profit entities in AASB16 *Leases*.

15. Contingent liabilities

In the course of its normal business the Company received claims arising from its operating activities. In the opinion of the Directors, all such matters are covered by insurance.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2022

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| 16. Fundraising Appeals | | |
| Fundraising income and expenses | | |
| Donations and bequests | 1,751,920 | 940,289 |
| Workplace giving donations | 2,451,797 | 2,805,153 |
| Sponsorships | 416,704 | 536,461 |
| Raffles and art unions | 3,226,958 | 4,555,579 |
| Events | 131,275 | 87,552 |
| Direct mail campaigns | 2,719 | 582,327 |
| Committee fundraising | 24,625 | 56,782 |
| Other fundraising | 478,041 | 376,455 |
| Total income | 8,484,040 | 9,940,598 |
| Total fundraising expenses | (1,125,005) | (2,402,541) |
| Net surplus from fundraising activities | 7,359,035 | 7,538,057 |
| Net margin from fundraising activities | 87% | 76% |
| 17. Auditor's remuneration | | |
| Audit services | | |
| Auditor of the Company: KPMG Australia | | |
| Audit of financial reports | 120,000 | 110,000 |
| Other services - Financial statement compilations | 8,000 | 8,000 |
| | 128,000 | 118,000 |

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2022

| | 2022 | 2021 |
|--|------|------|
| | \$ | \$ |

18. Key Management Personnel Compensation

Directors

All Directors (Responsible Entities) excluding the CEO are non-executive and are listed in the Corporate Information section. Directors did not received any emoluments during the year.

Other Key Management Personnel

| Name | Position |
|-------------------|---|
| Dominic Teakle | CEO |
| Craig Becroft | CFO |
| Scott Murray | General Manager, Club Operations |
| Lester Stump | General Manager, Strategic Development, Facilities and Assets |
| Kellie Lavercombe | General Manager, People & Culture |
| Justine Russell | General Manager, Programs & Social Impact |
| Simon Gerathy | General Manager, Brand & Philanthropy |
| David Parrish | Head of Audit, Risk & Compliance |

Total Compensation paid to key management personnel during the year:

| | | |
|------------------------------|-----------|-----------|
| Short term employee benefits | 2,157,939 | 1,593,075 |
|------------------------------|-----------|-----------|

19. Related Party Information

Transactions between Police Citizens Youth Clubs NSW Ltd and Directors or Director related entities were on terms and conditions that were no more favourable to the Director related entity than those available, or which might reasonably be expected to be available, on similar transactions with non-Director-related entities and were on an arm's length basis.

20. Events after the Balance Date

There has been no matter or circumstance that has arisen since the end of the financial year to the date of this report that has significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Directors' Declaration

For the year ended 31 December 2022

In the opinion of the directors of Police Citizens Youth Clubs NSW LTD (the 'Company'):

- (a) The Company is not publicly accountable;
- (b) the financial statements and notes set out on pages 9 to 28 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012; including
 - (a) giving a true and fair view of the financial position as at 31 December 2022 and performance for the year ended on that date;
 - (b) complying with Australian Accounting Standards – *Simplified Disclosure Requirements* and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

DocuSigned by:

Nicole Sorbara

55D0008C019444B...

Nicole Sorbara

Chairperson

Dated at Sydney this 30 day of June 2023

POLICE CITIZENS YOUTH CLUBS NSW LTD
STATEMENT BY THE BOARD IN RESPECT OF FUNDRAISING APPEALS
For the year ended 31 December 2022

We, the Board of Directors of Police Citizens Youth Clubs NSW Ltd, declare in our opinion:

- (a) The financial report gives a true and fair view of all income and expenditure of Police Citizens Youth Clubs NSW Ltd with respect to fund raising appeals;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fund raising appeal activities as at 31 December 2022;
- (c) the provisions of the Charitable Fundraising (NSW) Act 1991 and the regulations under that Act and the conditions attached to the authority have been complied with for the year ended 31 December 2022; and
- (d) the internal controls exercised by Police Citizens Youth Clubs NSW Ltd are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

Signed in accordance with a resolution of the Directors:

DocuSigned by:
Nicole Sorbara
55D0008C019444B...
Nicole Sorbara
Chairperson
Dated at Sydney this 30 day of June 2023



Independent Auditor's Report

To the Members of Police Citizens Youth Clubs NSW Ltd

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report**, of the Police Citizen Youth Clubs NSW Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company 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:

- i. giving a true and fair view of the Company'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
- ii. complying with *Australian Accounting Standards – Simplified Disclosure 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:

- i. Statement of financial position as at 31 December 2022.
- ii. Statement of profit or loss, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration.
- v. Statement by the board in respect of fundraising appeals of the Company.



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 Company 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.

We confirm that the independence declaration required by the *ACNC Act 2012*, which has been given to the Directors of the Company on 30 June 2023, would be in the same terms if given to the Directors as at the time of this Auditor's Report.

Other information

Other Information is financial and non-financial information in Police Citizens Youth Clubs NSW Ltd'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.

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 – Simplified Disclosure 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*.
- 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. 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 skepticism throughout the audit.

We also:

- i. 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.
- ii. 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 Company's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. 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 Company'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 Company to cease to continue as a going concern.
- v. 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 Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



In addition, we have:

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

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

Report on Other Legal and Regulatory Requirements

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- i. The Financial Report gives a true and fair view of the Company's financial result of fundraising appeal activities for the financial year ended 31 December 2022;
- ii. The Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2022 to 31 December 2022, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- iii. Money received as a result of fundraising appeal activities conducted during the period from 1 January 2022 to 31 December 2022 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- iv. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

KPMG

Cameron Roan

Partner

Sydney

4 July 2023