

POLICE CITIZENS YOUTH CLUBS NSW LTD

A.B.N. 89 401 152 271

Annual Financial Report

31 December 2021

POLICE CITIZENS YOUTH CLUBS NSW LTD

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POLICE CITIZENS YOUTH CLUBS NSW LTD

Directors' Report

For the year ended 31 December 2021

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 2021 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 1 January 2022) | – Dominic Teakle (appointed 15 July 2019) |
| – Alexander Harvey (resigned 31 December 2021) | – Michael Hope (appointed 25 August 2017) |
| – Ben Shields (appointed 25 August 2017) | – Peter Johnstone (resigned 3 September 2021) |
| – Dorothy Hennessy (appointed 25 August 2017) | – Peter Kirkwood (appointed 25 August 2017) |
| – Erin Flaherty (appointed 25 August 2017) | – Nicolas Dan (appointed 27 February 2019) |
| – James Dack (appointed 9 August 2013) | – Joseph Cassar (resigned 31 December 2019) |
| – Paul Pisanos (resigned 31 December 2020) | – Gelina Talbot (appointed 14 February 2021 - resigned 31 December 2021) |
| – Claire Beattie (appointed 20 August 2021) | |

2 Principal activities, objectives and strategies

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 "Empower Young People 2017 – 2022" launched in July 2017 defines the immutable themes and strategic objectives for PCYC NSW, the Company's objectives are to deliver on the strategic plan. Processes implemented to achieve the aforementioned strategies:

- The executive management team has been structured to deliver on the club expansion program, to support and improve club level performance, and to increase generation of own revenue streams;
- Funding is made available to the Youth Command to support Police programs, including allocations to support replication of best practice work;
- Introduction of updated controls and processes around operating procedures and reporting; and
- The settlement of property sales to reinvest in the development of modern, enhanced PCYC Clubs to meet the emerging needs of Youth.

3 Meetings of Directors

During the financial year, six 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	-	2	-	2
Alexander Harvey	6	6	6	6
Dominic Teakle	6	6	6	6
Ben Shields	6	5	-	-
Dorothy Hennessy	6	6	-	-
Erin Flaherty	6	6	6	6
James Dack	6	6	-	-
Michael Hope	6	6	6	6
Peter Johnstone	4	4	-	-
Peter Kirkwood	6	6	-	-
Gelina Talbot	6	5	6	5
Nicholas Dan	6	5	-	-
Claire Beattie	2	2	-	-

POLICE CITIZENS YOUTH CLUBS NSW LTD

DIRECTORS' REPORT (continued)

For the year ended 31 December 2021

4 Review of operations and results

PCYC reported an underlying operating deficit of \$444,648 (2020: surplus \$553,306) which includes fundraising revenue, donations from donors and supporters of PCYC. The surplus for the year of \$11,742,063 (2020: deficit of \$3,790,076) 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 \$12,186,711 (2020: non-operating deficit of \$4,343,382).

	2021	2020
	\$	\$
Revenue	42,215,317	37,209,435
Government wage subsidy	1,233,539	10,951,350
Expenses	(43,893,504)	(47,607,479)
Underlying (deficit)/surplus	(444,648)	553,306
Depreciation and amortisation	(7,723,653)	(8,499,372)
Capital grants income	19,201,782	3,798,729
Other income	708,582	357,261
Non-operating surplus/(deficit)	12,186,711	(4,343,382)
Surplus/(deficit) for the year	11,742,063	(3,790,076)

5 COVID - 19

The onset of the coronavirus (COVID-19) pandemic has had an impact on the Company's operations and activities during the year, as reflected in the above results from operations. On 25 June 2021, the Federal and State governments announced restrictions on social gatherings and gymnasium activities which resulted in the closure of PCYC clubs and a significant reduction in programs run from 25 June 2021 to 30 September 2021. PCYC clubs subsequently reopened onwards from 1 October 2021, in line with government policies and social distancing protocols. The closure and reduction in activities has resulted in a reduction in underlying revenues generated from fundraising activities, sale of goods, activity membership, venue hire and operating grants. The Company received government support through the Job Saver Payment Scheme ('Job Saver') during the year, which is a temporary subsidy introduced by the Federal government to support organisations significantly affected by COVID-19.

6 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 2021. The organisation 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 positive 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.

7 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.

8 Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 3 and forms part of the Directors' report for the financial year ended 31 December 2021.

Signed in accordance with a resolution of the Directors:



Nicole Sorbara

Chairperson

Dated at Sydney this 29th day of July 2022



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 Clubs NSW Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2021 there have been:

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

KPMG

Cameron Roan

Partner

Sydney

29 July 2022

POLICE CITIZENS YOUTH CLUBS NSW LTD

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Note	2021	2020
		\$	\$
Revenue			
Fundraising	17	9,940,598	9,179,113
Sale of goods		1,044,534	928,389
Activity and membership fees		17,582,119	15,372,856
Operating grant income		9,796,013	7,848,190
Capital grant income		19,201,782	3,798,729
Fair value gain on investment portfolio		263,045	748,027
Venue hire		3,589,008	3,132,860
Government support income		1,233,539	10,951,350
Other income		708,582	357,261
Revenue and other income	2	63,359,220	52,316,775
Fundraising costs	17	2,402,541	2,089,489
Cost of sales		629,670	319,847
Activity costs	3	48,584,946	53,697,515
Expenditure		51,617,157	56,106,851
Surplus/(deficit) for the year		11,742,063	(3,790,076)
Other comprehensive loss		-	-
Total surplus/(deficit) for the year		11,742,063	(3,790,076)

The accompanying notes on pages 8 to 29 form part of these financial statements.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Statement of Financial Position

As at 31 December 2021

	Note	2021	2020
		\$	\$
Current assets			
Cash and cash equivalents	4	5,500,476	10,456,524
Trade and other receivables	5	3,816,906	2,436,515
Inventories	6	174,865	334,095
Other current assets	7	1,544,437	1,508,820
Financial assets	8	37,873,550	43,110,504
Total current assets		48,910,234	57,846,458
Non-current assets			
Property, plant and equipment	9	110,222,097	97,844,720
Intangibles	10	1,023,602	683,262
Right of use assets	14	199,020	363,444
Total non-current assets		111,444,719	98,891,426
Total assets		160,354,953	156,737,884
Current liabilities			
Trade and other payables	11	8,103,119	6,511,864
Deferred income	12	36,965,951	46,577,973
Short-term provisions	13	2,587,085	2,263,433
Lease liability	15	183,637	181,902
Total current liabilities		47,839,792	55,535,172
Non-current liabilities			
Deferred income	12	3,200,000	3,050,000
Long-term provisions	13	371,252	767,229
Lease liability	15	57,461	241,098
Total non-current liabilities		3,628,713	4,058,327
Total liabilities		51,468,505	59,593,499
Net assets		108,886,448	97,144,385
Equity			
Reserves		53,119,569	53,119,569
Accumulated funds		55,766,879	44,024,816
Total equity		108,886,448	97,144,385

The accompanying notes on pages 8 to 29 form part of these financial statements.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Statement of Changes in Equity

For the year ended 31 December 2021

	Accumulated funds	Reserves	Total
	\$	\$	\$
Balance at 1 January 2020	47,814,892	53,119,569	100,934,461
Total operating deficit for the year	(3,790,076)	-	(3,790,076)
Balance at 31 December 2020	<u>44,024,816</u>	<u>53,119,569</u>	<u>97,144,385</u>
 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	<u>55,766,879</u>	<u>53,119,569</u>	<u>108,886,448</u>

The accompanying notes on pages 8 to 29 form part of these financial statements.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021	2020
		\$	\$
Cash flows from operating activities			
Receipts from customers – inclusive of GST		58,400,037	68,636,642
Payments to suppliers and employees - inclusive of GST		(48,433,589)	(45,293,629)
Net cash inflow from operating activities	18	9,966,448	23,343,013
Cash flows from investing activities			
Payments for intangibles		(461,722)	(129,056)
Purchases of property, plant and equipment		(19,935,680)	(12,242,770)
Withdrawal from/(payments for) investments		5,499,999	(4,999,917)
Proceeds from sale of property, plant and equipment		156,809	113,384
Net cash outflow from investing activities		(14,740,594)	(17,258,359)
Cash flows from financing activities			
Payment of lease liabilities	15	(181,902)	(190,585)
Net outflow from financing activities		(181,902)	(190,585)
Net decrease/(increase) in cash flows		(4,956,048)	5,894,069
Cash at the beginning of the year		10,456,524	4,562,455
Cash at the end of the year	4	5,500,476	10,456,524

The accompanying notes on pages 8 to 29 form part of these financial statements.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2021

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 2021.

The financial report for the year ended 31 December 2021 was approved and authorised for issue by the Board of Directors on 29 July 2022.

(a) Basis of preparation

(i) *Statement of compliance*

The financial report is a Tier 2 general purpose financial report which has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012.

(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 operations.

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.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2021

1. Statement of accounting policies (continued)

(b) Revenue (continued)

(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*

Goods and 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.

(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.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2021

1. Statement of accounting policies (continued)

(c) Taxes (continued)

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 17 are in accordance with Authority Condition 7, which is issued to the Company under section 19 of the Act.

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 17 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 17. Exclusion of the indirect costs decreases the cost of fundraising and increases the margins from fundraising activities shown in Note 17.

(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.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2021

1. Statement of accounting policies (continued)

(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.

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.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2021

1. Statement of accounting policies (continued)

(h) Property, plant and equipment (continued)

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 directors to ensure it is not in 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.

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.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2021

1. Statement of accounting policies (continued)

(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.

(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).

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2021

1. Statement of accounting policies (continued)

(m) Financial instruments (continued)

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 (FVPL)
- 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 FVPL):

- 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.

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

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 apply.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2021

1. Statement of accounting policies (continued)

(m) Financial instruments (continued)

(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.

(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.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2021

1. Statement of accounting policies (continued)

(o) Classification and measurement of financial liabilities

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) Financial risk management

The Company's financial instruments comprise:

- cash and cash equivalents
- listed investments
- receivables
- lease liabilities and
- payables.

The main risks arising from the Company's financial instruments are liquidity risk, credit risk and market price risk. The Company does not use derivative instruments to manage risks associated with its financial instruments.

The Directors have overall responsibility for risk management, including risks associated with financial instruments. Risk management policies are established to identify and analyse the risks associated with the company's financial instruments, to set appropriate risk limits and controls and to monitor the risks and adherence to limits. The management is responsible for monitoring the effectiveness of the Company's risk management policies and processes and regularly reviewing risk management policies and systems, considering changes in market conditions and the Company's activities. The Audit and Finance Committee management is responsible for developing and monitoring investment policies.

This note presents information about the Company's exposure to liquidity, credit and market price risk and its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2021

1. Statement of accounting policies (continued)

(p) Financial risk management (continued)

(i) Liquidity risk

Liquidity risk is the risk that the company will not be able to fund its obligations as they fall due.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds are available to meet normal operating expenses for 120 days. When necessary, cash for unforeseen events such as relief activities following natural disasters is sourced from liquidation of available-for-sale financial investments.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to two sources of credit risk – amounts receivable in respect of customers for services and other debtors and counterparty risk in respect of funds deposited with banks and other financial institutions.

Exposure to credit risk

The Company's maximum exposure to credit risk at the reporting date is the carrying amount of financial assets per the statement of financial position.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counter party to the transaction. The Company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties, however all receivables and cash holdings are within Australia and therefore there is a significant geographical credit risk exposure.

None of the other receivables are past due at the reporting date.

(iii) Market price risk

Market price risk is the risk that changes in market prices such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to two sources of market price risk – fluctuations in interest rates and fluctuations in the value of its financial investments.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2021

1. Statement of accounting policies (continued)

(iv) Interest rate risk

Interest rate risk refers to the risk that the value of financial instruments or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Company is exposed to interest rate fluctuations on its cash at bank and on deposit. The company actively monitors interest rates for cash at bank and on deposit to maximise interest income.

The following table summarises the interest rate profile of the Company's interest-bearing financial instruments:

	Carrying Amounts	
	2021	2020
	\$	\$
<i>Fixed rate instrument</i>		
Lease liabilities	241,098	423,000
<i>Variable rate instruments</i>		
Cash at bank	5,487,703	10,444,551

Sensitivity analysis

No reasonably possible movement in interest rates at 31 December 2021, as assessed by the Directors based on current economic conditions, would cause a material effect on reported profit or equity.

Currency risks

The Company does not hold financial assets or liabilities in foreign currency and therefore there is no material effect on reported profit or equity.

Equity price risk

Equity price risk arises from fluctuations in the market values of financial investments.

The Company has invested in a fund managed by Macquarie Bank which provides exposure to a range of highly-rated Australian and international credit-based securities (primarily Australian issued bank, corporate and asset backed securities) and cash. The unit trust does not invest in equity or high yield securities, and thus the risk of exposure to equity market movements is low.

Fair Value

All financial investments held are quoted on the Australian Securities Exchange and have quoted prices, therefore they are allocated to level 1 of the fair value hierarchy.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2021

1. Statement of accounting policies (continued)

(q) 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.

(r) Reserves

Reserves are funds received in relation to the sale of land & buildings. These funds have been designated for future capital expenditure.

(s) 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.

(t) 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.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements

For the year ended 31 December 2021

1. Statement of accounting policies (continued)

(t) Estimation uncertainty (continued)

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.

Provision for impairment of receivables

Management has reviewed individual debtors for impairment. Management have provided for specific debtors and when recoverability appears doubtful.

Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

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.

Lease term

The Directors considered the extension option on the commercial buildings and have determined that it is reasonably certain that the company will choose to exercise the option and therefore the lease payments that would arise during the optional extension periods have been included in the lease liability.

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2021

	2021	2020
	\$	\$
2. Revenue		
Operating activities include the following:		
Revenue from contracts with customers - AASB15 <i>Revenue from Contracts with Customers</i>		
Sale of goods	1,044,534	928,389
Activity and membership fees	17,582,119	15,372,856
Venue hire	3,589,008	3,132,860
Other income	708,582	357,261
	22,924,243	19,791,366
Revenue recognised under AASB1058 <i>Income of NFP entities</i>		
Fundraising	9,940,598	9,179,113
Operating grant income	9,796,013	7,848,190
Capital grants income	19,201,782	3,798,729
	38,938,393	20,826,032
Revenue from continuing operations	61,862,636	40,617,398
Government support payments recognised under AASB 120	1,233,539	10,951,350
Fair value gain on investment portfolio under AASB 9	263,045	748,027
	1,496,584	11,699,377
Total revenue	63,359,220	52,316,775

(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.

<i>Type of good or service</i>		
Sale of goods	1,044,534	928,389
Venue hire	3,589,008	3,132,860
Membership fees	945,157	1,200,596
Activity fees	16,636,962	14,172,260
Other income	708,582	357,261
	22,924,243	19,791,366
Revenue recognised under AASB1058	38,938,393	20,826,032
Revenue from continuing operations	61,862,636	40,617,398

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2021

	2021	2020
	\$	\$
2. Revenue (continued)		
(b) Sources of funds		
Fundraising revenue		
Donations	4,281,903	4,068,131
Raffles and art unions	4,555,579	4,389,379
Other fundraising projects	1,103,116	721,603
Total fundraising revenue	9,940,598	9,179,113
Grant income		
Capital grants	19,201,782	3,798,729
Club manager funding grant (operating activities)	5,550,474	5,371,436
Operating grants	4,245,539	2,476,754
Total grant income	28,997,795	11,646,919
Other income		
Profit from sale of assets	36,353	43,349
Insurance proceeds	92,777	745
Other	579,452	313,167
Total other income	708,582	357,261
Club income		
Sale of goods	1,044,534	928,389
Venue hire	3,589,008	3,132,860
Membership fees	945,157	1,200,596
Activity fees	16,636,962	14,172,260
Total club income	22,215,661	19,434,105
Total income recognised under AASB15 and AABS1058	61,862,636	40,617,398
3. Expenditure		
Surplus /(deficit) for the year has been determined after the specific following charges:		
Depreciation		
Buildings on freehold land	3,631,153	3,626,208
Buildings on leasehold land	876,503	1,976,285
Buildings held in trust	1,045,846	1,014,539
Plant, equipment and motor vehicles	1,884,345	1,584,927
	7,437,847	8,201,959
Right of use assets	164,424	187,265
	7,602,271	8,389,224
Amortisation		
Amortisation of software	121,382	110,148
	121,382	110,148

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2021

	2021	2020
	\$	\$
3. Expenditure (continued)		
Significant expenses		
The following expense items are relevant in explaining the financial performance:		
Activity costs		
Employee benefit expense	23,792,602	28,391,616
Employee benefit expense - superannuation	2,159,178	1,915,431
Costs relating to administration and other related operating costs	22,389,023	23,179,159
Travel and accommodation	244,143	211,309
	48,584,946	53,697,515
4. Cash and cash equivalents		
Cash at bank	5,487,703	10,444,551
Cash on hand	12,773	11,973
	5,500,476	10,456,524
5. Trade and other receivables		
Current		
Trade receivables	4,033,540	2,493,450
Less: Allowance for credit losses	(216,634)	(56,935)
	3,816,906	2,436,515
All of the Company's trade and other receivables have been reviewed for indicators of impairment. An allowance for expected credit losses of \$216,634 has been recognised as at 31 December 2021. See Note 1 in relation to the basis of determining credit losses for the Company.		
6. Inventories		
Finished goods at cost	174,865	334,095
	174,865	334,095
7. Other current assets		
Prepaid expenses	1,544,437	1,508,820
	1,544,437	1,508,820
8. Financial assets		
Unit fund investment - valued at fair value through profit or loss	37,873,550	43,110,504
	37,873,550	43,110,504

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2021

	2021	2020
	\$	\$
9. Property, plant and equipment		
Freehold land		
At deemed cost	15,449,000	15,449,000
	15,449,000	15,449,000
Buildings on freehold land		
At deemed cost	76,171,847	69,816,882
Less: accumulated depreciation	(35,582,209)	(31,951,056)
	40,589,638	37,865,826
Buildings on leasehold land		
At cost	25,057,451	22,600,590
Less: accumulated depreciation	(11,977,553)	(11,101,050)
	13,079,898	11,499,540
Buildings held in trust		
At cost	25,256,712	25,256,712
Less: accumulated depreciation	(17,288,580)	(16,242,734)
	7,968,132	9,013,978
Plant, equipment and motor vehicles		
At cost	31,256,988	29,654,131
Less: accumulated depreciation	(20,661,889)	(18,777,544)
	10,595,099	10,876,587
Capital projects – work in progress	22,540,330	13,139,789
Total property, plant and equipment	110,222,097	97,844,720

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2021

9. Property, plant and equipment - Continued

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

	Freehold Properties		Buildings on	Buildings in	Plant,	Capital Projects-	Total
	Land	Buildings	Leasehold	Trust	Equipment and	Work in	
2021			Land		Motor Vehicles	Progress	
	\$	\$	\$	\$	\$	\$	\$
Carrying amount at the start of the year	15,449,000	37,865,826	11,499,540	9,013,978	10,876,587	13,139,789	97,844,720
Additions			148,755		1,485,069	18,301,856	19,935,680
Disposals					(120,456)		(120,456)
Transfers in/(out)		6,354,965	2,308,106	-	238,244	(8,901,315)	-
Depreciation expense		(3,631,153)	(876,503)	(1,045,846)	(1,884,345)		(7,437,847)
Carrying amount at the end of the year	15,449,000	40,589,638	13,079,898	7,968,132	10,595,099	22,540,330	110,222,097

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2021

	2021	2020
	\$	\$
10. Intangibles		
Software		
At cost	2,793,735	2,332,013
Less: accumulated amortisation	(1,770,133)	(1,648,751)
	1,023,602	683,262
Carrying amount at the start of the year	683,262	664,354
Additions	461,722	129,056
Amortisation expense	(121,382)	(110,148)
Carrying amount at the end of the year	1,023,602	683,262
11. Trade and other payables		
Current		
Trade creditors	2,196,379	665,337
Accrued expenses	4,341,337	5,130,267
Employee bonuses accrued	455,508	423,963
Other payables	1,109,895	292,297
	8,103,119	6,511,864
12. Deferred Income		
Current		
Grants in advance	36,965,951	46,577,973
Non-current		
Grants in advance	3,200,000	3,050,000
	40,165,951	49,627,973
Revenue recognised during the year that was included in the deferred income balance at the beginning of the period:		
Grant monies received in advance	3,968,344	4,330,642
Capital grants received to acquire or construct an asset to be controlled by the Company	9,913,854	2,444,765
	13,882,198	6,775,407
<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	9,383,333	9,698,162
Capital grants received to acquire or construct an asset to be controlled by the company	30,782,618	39,929,811
	40,165,951	49,627,973

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2021

	2021	2020
	\$	\$
13. Provisions		
Current		
Provision for employee entitlements	2,587,085	2,263,433
Non-current		
Provision for employee entitlements	371,252	767,229
	2,958,337	3,030,662
14. Right-of-use assets		
Opening balance	363,444	550,709
Depreciation charge	(164,424)	(187,265)
	199,020	363,444
15. Lease liabilities		
Current lease liabilities	183,637	181,902
Non-current lease liabilities	57,461	241,098
	241,098	423,000
<i>Maturity analysis</i>		
Not later than 1 year	183,637	181,902
Later than 1 year but not later than 5 years	57,461	241,098
Later than 5 years	-	-
	241,098	423,000
<i>Amounts recognised in profit or loss</i>		
Depreciation of right-of-use assets	164,424	187,265
Interest expense	21,850	33,753
	186,274	221,018
Total cash outflow for leases	181,902	190,585

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*.

16. 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 2021

	2021	2020
	\$	\$
17. Fundraising Appeals		
Fundraising income and expenses		
Donations and bequests	940,289	760,196
Workplace giving donations	2,805,153	3,099,030
Sponsorships	536,461	199,125
Raffles and art unions	4,555,579	4,389,379
Events	87,552	35,573
Direct mail campaigns	582,327	401,717
Committee fundraising	56,782	17,705
Other fundraising	376,455	276,388
Total income	9,940,598	9,179,113
Total fundraising expenses	(2,402,541)	(2,089,489)
Net surplus from fundraising activities	7,538,057	7,089,624
Net margin from fundraising activities	76%	77%
18. Cashflow information		
Reconciliation of cash flow from operations with total comprehensive loss:		
Profit/(deficit for the year)	11,742,063	(3,790,076)
<i>Non-cash flows in surplus for the year:</i>		
Depreciation and amortisation expense	7,723,653	8,499,372
Gain on disposal of assets	(36,353)	(43,349)
Fair value gain on investment portfolio	(263,045)	(748,027)
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in other assets	(35,617)	(45,671)
(Increase)/decrease in trade and other receivables	(1,380,391)	(129,267)
(Increase)/decrease in inventories	159,230	(180,293)
Increase/(decrease) in deferred income	(9,462,022)	17,237,667
Increase/(decrease) in trade and other payables	1,591,255	2,439,846
Increase/(decrease) in employee provisions	(72,325)	100,478
Net cash flows from operating activities	9,966,448	23,340,680

POLICE CITIZENS YOUTH CLUBS NSW LTD

Notes to the financial statements (continued)

For the year ended 31 December 2021

	2021	2020
	\$	\$

19. Key Management Personnel Compensation

Directors

All Directors (Responsible Entities) 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
Karen Hope	General Manager, People, Culture and Youth Programs
Lester Stump	General Manager, Strategic Development, Facilities and Assets
Howard Barton	General Manager, Marketing and Communications
Simon Gerathy	General Manager, Strategic Partnerships and Fundraising

Total Compensation paid to key management personnel during the year:

Short term employee benefits	1,757,324	1,593,075
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20. 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.

21. COVID-19

The onset of the coronavirus (COVID-19) pandemic has had an impact on the Company's operations and activities during the year, as reflected in the above results from operations. On 25 June 2021, the Federal and State governments announced restrictions on social gatherings and gymnasium activities which resulted in the closure of PCYC clubs and a significant reduction in programs run from 25 June 2021 to 30 September 2021. PCYC clubs subsequently reopened onwards from 1 October 2021, in line with government policies and social distancing protocols. The closure and reduction in activities has resulted in a reduction in underlying revenues generated from fundraising activities, sale of goods, activity membership, venue hire and operating grants. The Company received government support through the Job Saver Payment Scheme ('Job Saver') during the year, which is a temporary subsidy introduced by the Federal government to support organisations significantly affected by COVID-19.

22. 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 2021

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 8 to 29 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 2021 and performance for the year ended on that date;
 - (b) complying with Australian Accounting Standards – *Reduced 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:



Nicole Sorbara

Chairperson

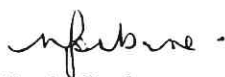
Dated at Sydney this 29th day of July 2022

POLICE CITIZENS YOUTH CLUBS NSW LTD
STATEMENT BY THE BOARD IN RESPECT OF FUNDRAISING
For the year ended 31 December 2021

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 2021;
- (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 2021; 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:



Nicole Sorbara

Chairperson

Dated at Sydney this 29th day of July 2022



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 Citizens 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 the Charitable Fundraising (NSW) Act 1991, including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2021, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Statement of financial position as at 31 December 2021.
- ii. Statement of profit or loss and other comprehensive income, 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 the Code.

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 an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.
- ii. Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations.
- iii. 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.
- iv. 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 2021;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2021 to 31 December 2021, 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 2021 to 31 December 2021 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

29 July 2022