PCYC | LIFE CHANGING

Annual Financial Report
31 December 2020

POLICE CITIZENS YOUTH CLUBS NSW LTD
A.B.N. 89 401 152 271

POLICE CITIZENS YOUTH CLUBS NSW LTD
2020 Annual Financial Report

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DIRECTORS' REPORT

For the year ended 31 December 2020

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 2020 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:

– Alexander Harvey (appointed 28 May 2015)
– Ben Shields (appointed 25 August 2017)
– Dorothy Hennessy (appointed 25 August 2017)
– Erin Flaherty (appointed 25 August 2017)
– James Dack (appointed 9 August 2013)
– Paul Pisanos (appointed 1 January 2020)
– Dominic Teakle (appointed 15 July 2019)
– Michael Hope (appointed 25 August 2017)
– Peter Johnstone (appointed 25 August 2017)
– Peter Kirkwood (appointed 25 August 2017)
– Nicolas Dan (appointed 27 February 2019)
– Joseph Cassar (resigned 31 December 2019)

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.
• 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
Alexander Harvey	6	6	6	6
Dominic Teakle	6	6	6	6
Ben Shields	6	6	-	-
Dorothy Hennessy	6	5	-	-
Erin Flaherty	6	5	6	5
James Dack	6	6	-	-
Michael hope	6	5	6	5
Peter Johnstone	6	5	-	-
Peter Kirkwood	6	6	-	-
Paul Pisanos	6	5	6	5
Nicholas Dan	6	6	-	-

DIRECTORS' REPORT (continued)

For the year ended 31 December 2020

4 Review of operations and results

PCYC reported an underlying operating surplus of $553,306 (2019: Deficit of $613,130) which includes fundraising revenue, donations from donors and supporters of PCYC. The deficit for the year of $3,790,076 (2019: $5,186,534) 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 deficit of $4,343,382 (2019: non operating deficit of $4,573,404).

	2020	2019
	$	$
Revenue	37,209,435	46,445,998
Job Keeper government grant income	10,951,350	-
Expenses	(47,607,479)	(47,059,128)
Underlying surplus/(deficit)	**553,306**	**(613,130)**
Depreciation and amortisation	(8,499,372)	(7,125,633)
Capital grants income	3,798,729	2,335,234
One off adjustment to income and expenses	-	(59,948)
Other income	357,261	276,943
Non operating deficit	**(4,343,382)**	**(4,573,404)**
Deficit for the year	**(3,790,076)**	**(5,186,534)**

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, this is reflected in the above results from operations. On 22 March 2020, 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 23 March 2020 to 13 June 2020. PCYC clubs subsequently reopened onwards from 13 June 2020, 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 Keeper Payment Scheme ('Job Keeper') during the year, which was 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 2020. The organisation is well supported by all levels of Government and has been operating in the community continuously across multiple locations for over 84 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

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

8 Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the financial year ended 31 December 2020.

Signed in accordance with a resolution of the directors:

ALEXANDER HARVEY

Chairman

25th June 2021

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

To: the directors of 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 2020 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

KPMG

Cameron Roan

Partner

Sydney

25th June 2021

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2020

	Note	2020	2019
		$	$
Revenue			
Fundraising	17	9,179,113	10,171,665
Sale of goods		928,389	1,372,337
Activity and membership fees		15,372,856	18,914,177
Operating grant income		7,848,190	11,082,842
Capital grant income		3,798,729	2,335,234
Fair value gain on investment portfolio		748,027	682,710
Venue hire		3,132,860	4,057,136
Job keeper income		10,951,350	-
Other income		357,261	276,943
Revenue and other income	2	**52,316,775**	**48,893,044**
Fundraising costs	17	2,089,489	1,880,391
Cost of sales		319,847	729,776
Activity costs	3	53,697,515	51,469,411
Expenditure		**56,106,851**	**54,079,578**
Deficit for the year		(3,790,076)	(5,186,534)
Other comprehensive loss		-	-
Total comprehensive loss for the year		**(3,790,076)**	**(5,186,534)**

The accompanying notes form part of these financial statements.

Statement of financial position

As at 31 December 2020

	Note	2020	2019
		$	$
Current assets			
Cash and cash equivalents	4	10,456,524	4,562,455
Trade and other receivables	5	2,436,515	2,307,248
Inventories	6	334,095	153,802
Other current assets	7	1,508,820	1,465,482
Financial assets	8	43,110,504	37,362,560
Total current assets		**57,846,458**	**45,851,547**
Non-current assets			
Property, plant and equipment	9	97,844,720	93,876,787
Intangibles	10	683,262	664,354
Right of use assets	14	363,444	550,709
Total non-current assets		**98,891,426**	**95,091,850**
Total assets		**156,737,884**	**140,943,397**
Current liabilities			
Trade and other payables	11	6,511,864	4,074,861
Deferred income	12	46,577,973	29,340,306
Short-term provisions	13	2,263,433	2,625,506
Lease Liability	15	181,902	186,349
Total current liabilities		**55,535,172**	**36,227,022**
Non-current liabilities			
Deferred income	12	3,050,000	3,050,000
Long-term provisions	13	767,229	304,678
Lease Liability	15	241,098	427,236
Total non-current liabilities		**4,058,327**	**3,781,914**
Total liabilities		**59,593,499**	**40,008,936**
Net assets		**97,144,385**	**100,934,461**
Equity			
Reserves		53,119,569	53,119,569
Accumulated funds		44,024,816	47,814,892
Total equity		**97,144,385**	**100,934,461**

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2020

	Accumulated funds	Reserves	Total
	$	$	$
Balance at 1 January 2019	53,001,426	53,119,569	106,120,995
Total comprehensive loss for the year	(5,186,534)	-	(5,186,534)
Transfer to and from reserve	-	-	-
Balance at 31 December 2019	47,814,892	53,119,569	100,934,461
Balance at 1 January 2020	47,814,892	53,119,569	100,934,461
Total comprehensive loss for the year	(3,790,076)	-	(3,790,076)
Transfer to and from reserve	-	-	-
Balance at 31 December 2020	44,024,816	53,119,569	97,144,385

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 31 December 2020

	Note	2020	2019
		$	$
Cash flows from operating activities			
Receipts from customers – inclusive of GST		68,636,642	71,384,446
Payments to suppliers and employees - inclusive of GST		(45,293,629)	(47,919,160)
Net cash inflow from operating activities	18	**23,343,013**	**23,465,286**
Cash flows from investing activities			
Payments for intangibles		(129,056)	(28,212)
Purchases of property, plant and equipment		(12,242,770)	(8,140,387)
Payments for investments		(4,999,917)	(12,999,960)
Proceeds from sale of property, plant and equipment		113,384	203,079
Net cash outflow from investing activities		**(17,258,359)**	**(20,965,480)**
Cash flows from financing activities			
Payment of lease liabilities	15	(190,585)	(174,523)
Net outflow from financing activities		**(190,585)**	**(174,523)**
Net increase in cash flows		5,894,069	2,325,283
Cash at the beginning of the year		4,562,455	2,237,172
Cash at the end of the year	4	**10,456,524**	**4,562,455**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2020

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 2020.

The financial report for the year ended 31 December 2020 were approved and authorised for issue by the Board of Directors on 25 June 2021.

(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.

The financial report for the year ended 31 December 2020 was approved and authorised for issue by the Board of Directors on 30 April 2021.

(b) Revenue

(i) 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.

Notes to the financial statements

For the year ended 31 December 2020

1. Statement of accounting policies (continued)

(b) Revenue (continued)

(iv) Capital Grant

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.

(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.

Notes to the financial statements

For the year ended 31 December 2020

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.

Notes to the financial statements

For the year ended 31 December 2020

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 as assets buildings held in trust 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.

Notes to the financial statements

For the year ended 31 December 2020

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 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.

Notes to the financial statements

For the year ended 31 December 2020

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

Police Citizens Youth Clubs NSW Ltd 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).

Notes to the financial statements

For the year ended 31 December 2020

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 (see below).

Notes to the financial statements

For the year ended 31 December 2020

1. Statement of accounting policies (continued)

(m) Financial instruments (continued)

(i) Subsequent measurement financial assets (continued)

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.

Notes to the financial statements

For the year ended 31 December 2020

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) Intangibles

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.

(q) Reserves

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

(r) 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.

(s) 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.

Notes to the financial statements

For the year ended 31 December 2020

1. Statement of accounting policies (continued)

(t) Estimation uncertainty

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.

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.

Notes to the financial statements (continued)

For the year ended 31 December 2020

	2020 $	2019 $
2. Revenue		
Operating activities include the following:		
Revenue from contracts with customers - AASB15 *Revenue from Contracts with Customers*		
Sale of goods	928,389	1,372,337
Activity and membership fees	15,372,856	18,914,177
Venue hire	3,132,860	4,057,136
Other income	357,261	276,943
	19,791,366	**24,620,593**
Revenue recognised under AASB1058 *Income of NFP entities*		
Fundraising	9,179,113	10,171,665
Operating grant income	7,848,190	11,082,842
Capital grants income	3,798,729	2,335,234
	20,826,032	**23,589,741**
Revenue from continuing operations	**40,617,398**	**48,210,334**
Job keeper grant recognised under AASB 120	10,951,350	-
Fair value gain on investment portfolio under AASB 9	748,027	682,710
	11,699,377	**682,710**
Total revenue	**52,316,775**	**48,893,044**

(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	928,389	1,372,337
Venue hire	3,132,860	4,057,136
Membership fees	1,200,596	1,612,403
Activity fees	14,172,260	17,301,774
Other income	357,261	276,943
	19,791,366	**24,620,593**
Revenue Recognised under AASB1058	20,826,032	23,589,741
Revenue from continuing operations	**40,617,398**	**48,210,334**

Notes to the financial statements (continued)

For the year ended 31 December 2020

	2020	2019
	$	**$**
2. Revenue (continued)		
(b) Sources of funds		
Fundraising revenue		
Housie	-	6,895
Donations	4,068,131	4,754,394
Raffles and art unions	4,389,379	4,226,226
Other fundraising projects	721,603	1,184,150
Total fundraising revenue	**9,179,113**	**10,171,665**
Grant income		
Capital grants	3,798,729	2,335,234
Club manager funding grant (operating activities)	5,371,436	5,881,983
Operating grants	2,476,754	5,200,859
Total grant income	**11,646,919**	**13,418,076**
Other income		
Profit from sale of assets	43,349	58,545
Insurance proceeds	745	46,141
Other	313,167	172,257
Total other income	**357,261**	**276,943**
Club income		
Sale of goods	928,389	1,372,337
Venue hire	3,132,860	4,057,136
Membership fees	1,200,596	1,612,403
Activity fees	14,172,260	17,301,774
Total club income	**19,434,105**	**24,343,650**
Total income recognised under AASB15 and AABS1058	**40,617,398**	**48,210,334**

3. Expenditure

Deficit for the year has been determined after the specific following charges:

	2020	2019
Depreciation		
Buildings on freehold land	3,626,208	3,632,709
Buildings on leasehold land	1,976,285	855,119
Buildings held in trust	1,014,539	1,011,073
Plant, equipment and motor vehicles	1,584,927	1,330,730
	8,201,959	**6,829,631**
Right of use assets	187,265	187,265
	8,389,224	**7,016,896**
Amortisation of software	110,148	108,737
Finance costs	45,087	45,087

Notes to the financial statements (continued)
For the year ended 31 December 2020

	2020 $	2019 $
3. Expenditure (continued)		
Significant expenses		
The following expense items are relevant in explaining the financial performance:		
Activity costs		
Employee benefit expense	28,391,616	25,988,431
Employee benefit expense - superannuation	1,915,431	2,285,620
Costs relating to administration and other related operating costs	23,179,159	22,387,218
Travel and accommodation	211,309	808,142
	53,697,515	**51,469,411**
4. Cash and cash equivalents		
Cash at bank	10,444,551	4,551,795
Cash on hand	11,973	10,660
	10,456,524	**4,562,455**
5. Trade and other receivables		
Current		
Trade receivables	2,493,450	2,307,248
Less: Allowance for credit losses	(56,935)	-
	2,436,515	**2,307,248**

All of the Company's trade and other receivables have been reviewed for indicators of impairment. An allowance for expected credit losses of $56,935 has been recognised as at 31 December 2020. See Note 1 in relation to the basis of determining credit losses for the Company.

	2020 $	2019 $
6. Inventories		
Finished goods at cost	334,095	153,802
	334,095	**153,802**
7. Other current assets		
Prepaid expenses	1,508,820	1,465,482
	1,508,820	**1,465,482**
8. Financial assets		
Unit fund investment - valued at fair value through profit or loss	43,110,504	37,362,560
	43,110,504	**37,362,560**

Notes to the financial statements (continued)
For the year ended 31 December 2020

	2020 $	2019 $
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	69,816,882	69,468,007
Less: accumulated depreciation	(31,951,056)	(28,324,848)
	37,865,826	**41,143,159**
Buildings on leasehold land		
At cost	22,600,590	22,097,556
Less: accumulated depreciation	(11,101,050)	(9,124,765)
	11,499,540	**12,972,791**
Buildings held in trust		
At cost	25,256,712	24,328,488
Less: accumulated depreciation	(16,242,734)	(15,228,195)
	9,013,978	**9,100,293**
Plant, equipment and motor vehicles		
At cost	29,654,131	28,006,258
Less: accumulated depreciation	(18,777,544)	(17,615,064)
	10,876,587	**10,391,194**
Capital projects – work in progress	13,139,789	4,820,350
Total property, plant and equipment	**97,844,720**	**93,876,787**

Notes to the financial statements (continued)
For the year ended 31 December 2020

9. Property, plant and equipment - Continued

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

2020	Freehold Properties Land	Freehold Properties Buildings	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	41,143,159	12,972,791	9,100,293	10,391,194	4,820,350	93,876,787
Additions	-	-	503,034	137,881	1,043,215	10,558,640	12,242,770
Disposals	-	-	-	-	(72,878)	-	(72,878)
Transfers in/(out)	-	348,875	-	790,343	1,099,983	(2,239,201)	-
Depreciation expense	-	(3,626,208)	(1,976,285)	(1,014,539)	(1,584,927)	-	(8,201,959)
Carrying amount at the end of the year	**15,449,000**	**37,865,826**	**11,499,540**	**9,013,978**	**10,876,587**	**13,139,789**	**97,844,720**

Notes to the financial statements (continued)

For the year ended 31 December 2020

	2020 $	2019 $
10. Intangibles		
Software		
At cost	2,332,013	2,202,957
Less: accumulated amortisation	(1,648,751)	(1,538,603)
	683,262	**664,354**
Carrying amount at the start of the year	664,354	744,879
Additions	129,056	28,212
Amortisation expense	(110,148)	(108,737)
Carrying amount at the end of the year	**683,262**	**664,354**
11. Trade and other payables		
Current		
Trade creditors	665,337	954,424
Accrued expenses	5,130,267	2,024,863
Employee bonuses accrued	423,963	-
Other payables	292,297	1,095,574
	6,511,864	**4,074,861**
12. Deferred Income		
Current		
Grants in advance	46,577,973	29,340,306
Non-current		
Grants in advance	3,050,000	3,050,000
	49,627,973	**32,390,306**

Revenue recognised during the year that was included in the deferred income balance at the beginning of the period:

Grant monies received in advance	4,330,642	4,190,738
Capital grants received to acquire or construct an asset to be controlled by the Company	2,444,765	1,701,246
	6,775,407	**5,891,984**

Unsatisfied performance obligations

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	9,698,162	7,396,228
Capital grants received to acquire or construct an asset to be controlled by the company	39,929,811	24,994,078
	49,627,973	**32,390,306**

The Company does not expect to recognise the revenue from these grants within the next 12 months, as the asset being constructed using the capital grant will be completed within the next 4 years.

Notes to the financial statements (continued)

For the year ended 31 December 2020

		2020	2019
		$	$
13.	**Provisions**		
	Current		
	Provision for employee entitlements	2,263,433	2,625,506
	Non-current		
	Provision for employee entitlements	767,229	304,678
		3,030,662	**2,930,184**
14.	**Right-of-use assets**		
	Opening balance	550,709	737,974
	Depreciation charge	(187,265)	(187,265)
		363,444	**550,709**
15.	**Lease liabilities**		
	Current lease liabilities	181,902	186,349
	Non-current lease liabilities	241,098	427,236
		423,000	613,585
	Maturity analysis		
	Not later than 1 year	181,902	186,349
	Later than 1 year but not later than 5 years	241,098	427,236
	Later than 5 years	-	-
		423,000	613,585
	Amounts recognised in profit or loss		
	Depreciation of right-of-use assets	187,265	187,265
	Interest expense	33,753	45,087
	Expenses relating to short-term leases	-	290,192
		221,018	**522,544**
	Total cash outflow for leases	**190,585**	**174,523**

The Company receives below market leases for it 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.

Notes to the financial statements (continued)

For the year ended 31 December 2020

	2020 $	2019 $
17. Fundraising Appeals		
Fundraising income and expenses		
Housie	-	6,895
Donations and bequests	760,196	1,190,947
Workplace giving donations	3,099,030	3,137,476
Sponsorships	199,125	425,971
Raffles and art unions	4,389,379	4,226,226
Events	35,573	200,342
Direct mail campaigns	401,717	178,036
Committee fundraising	17,705	54,557
Other fundraising	276,388	751,215
Total income	9,179,113	10,171,665
Total fundraising expenses	(2,089,489)	(1,880,391)
Net surplus from fundraising activities	**7,089,624**	**8,291,274**
Net margin from fundraising activities	77%	82%

18. Cashflow information

	2020 $	2019 $
Reconciliation of cash flow from operations with total comprehensive loss:		
Deficit for the year	(3,790,076)	(5,186,534)
Non-cash flows in deficit for the year:		
Depreciation and amortisation expense	8,499,372	7,125,633
Gain on disposal of assets	(43,349)	(58,545)
Fair value gain on investment portfolio	(748,027)	(682,710)
Changes in assets and liabilities:		
(Increase) in other assets	(45,671)	(724,590)
(Increase)/decrease in trade and other receivables	(129,267)	5,807,246
(Increase) in inventories	(180,293)	(85,332)
Increase in deferred income	17,237,667	17,354,709
Increase/(decrease) in trade and other payables	2,439,846	(521,007)
Increase in employee provisions	100,478	436,416
Net cash flows from operating activities	**23,340,680**	**23,465,286**

Notes to the financial statements (continued)

For the year ended 31 December 2020

	2020	2019
	$	$

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:

	2020 $	2019 $
Short term employee benefits	1,593,075	1,520,775

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. On 22 March 2020, 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 23 March 2020 to 13 June 2020. PCYC clubs subsequently reopened onwards from 13 June 2020, 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 Keeper Payment Scheme ('Job Keeper') during the year, which was 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.

23. 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.

(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.

All trade and other payables are expected to be paid within 12 months, refer to note 15 for a maturity analysis of lease liabilities.

(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.

23. Financial risk management (continued)

(ii) Credit risk (continued)

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.

(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	
	2020	**2019**
Fixed rate instrument	**$**	**$**
Lease liabilities	423,000	613,585
Variable rate instruments		
Cash at bank	10,444,551	4,562,455

Sensitivity analysis
No reasonably possible movement in interest rates at 31 December 2020, as assessed by the Directors based on current economic conditions, would cause a material effect on reported profit or equity.

Notes to the financial statements (continued)

For the year ended 31 December 2020

23. Financial risk management (continued)

(iv) Interest rate risk (continued)

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.

DIRECTORS' DECLARATION

For the year ended 31 December 2020

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 6 to 31 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 2020 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:

ALEXANDER HARVEY
Chairman
Dated at Sydney this 25th day of June 2021

STATEMENT BY THE BOARD IN RESPECT OF FUNDRAISING APPEALS

For the year ended 31 December 2020

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 2020;

(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 2020; 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:

ALEXANDER HARVEY
Chairman
Dated at Sydney this 25th day of June 2021

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 2020, 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 2020.

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.

[redacted]

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.

[redacted]

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

[redacted]

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

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 2020;

ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2020 to 31 December 2020, 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 2020 to 31 December 2020 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

25th June 2021