Young Men's Christian Association of Sydney (Trading as YMCA NSW)

ABN 28 067 150 010

Annual financial report
For the year ended 30 June 2019

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ABN 28 067 150 010
Annual report - For the year ended 30 June 2019

Your Directors present their report on Young Men's Christian Association of Sydney (referred to hereafter as "YMCA NSW" or the "Association") for the year ended 30 June 2019.

Directors

The following persons were Directors of Young Men's Christian Association of Sydney, unless otherwise stated, during the whole of the financial year and up to the date of this report:

Christina Harlamb
Frances-Anne Keeler
Jonathan Rea
Nicole Rieveley
Philip Knox
Richard Hughes
Shirley Chowdhary

Principal activities

During the year the principal continuing activities of the Association consisted of fitness swim and sports centre management, camping, out of school hours care and community programs.

There was no significant change in the nature of the activity of the Association during the year.

Review of operations

The deficit from ordinary activities amounted to $1,078,861 (2018 deficit: $545,411).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Association during the year.

Event since the end of the financial year

No matter or circumstance has arisen since 30 June 2019 that has significantly affected the Association's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

Further information on likely developments in the operations of the Association and the expected results of operations have not been included in this annual report because the Directors believe it would be likely to result in unreasonable prejudice to the Association.

Environmental regulation

The Association is not affected by any significant environmental regulation in respect of its operations.

Meetings of directors

The numbers of meetings of the Association's board of Directors and of each board committee held during the year ended 30 June 2019, and the numbers of meetings attended by each Director were:

	Board meetings		Meetings of committees: Risk, audit and finance committee		Meetings of committees: People and culture committee	
	A	B	A	B	A	B
Christina Harlamb	4	6	-	-	5	5
Frances-Anne Keeler	6	6	-	-	5	5
Jonathan Rea	6	6	3	3	-	-
Nicole Rieveley	6	6	-	-	5	5
Philip Knox	6	6	3	3	-	-
Richard Hughes	6	6	3	3	5	5
Shirley Chowdhary	5	6	3	3	-	-

Meetings of directors (continued)

A = Number of meetings attended
B = Number of meetings held during the time the Directors held office during the year

Auditor

PwC continues in office in accordance with section 327 of the *Corporations Act 2001*.

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, Young Men's Christian Association of Sydney paid a premium of $5,689 to insure the directors and secretaries of the Association and the general managers of each of the divisions of the Association.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Association, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Association. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-Profit Commission (ACNC) Act 2012* is set out on page 3.

This report is made in accordance with a resolution of Directors.

Richard Hughes
Director

Philip Knox
Director

Sydney
23 October 2019

Auditor's Independence Declaration

As lead auditor for the audit of Young Men's Christian Association of Sydney (Trading as YMCA NSW) for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Manoj Santiago
Partner
PricewaterhouseCoopers

Sydney
24 October 2019

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Young Men's Christian Association of Sydney
(Trading as YMCA NSW)

ABN 28 067 150 010

Annual report - For the year ended 30 June 2019

These financial statements are the financial statements of Young Men's Christian Association of Sydney as an individual entity. The financial statements are presented in the Australian dollar ($).

The financial statements were authorised for issue by the Directors on 1 October 2019. The Directors have the power to amend and reissue the financial statements.

Statement of profit and loss and other comprehensive income
For the year ended 30 June 2019

	Notes	**2019** **$**	2018 $
Revenue from continuing operations	5	**46,416,783**	42,296,083
Activity and program costs		**(2,878,785)**	(3,037,269)
Employee benefits expense		**(30,743,312)**	(28,692,761)
Depreciation and amortisation expense		**(1,177,965)**	(972,476)
Impairment charges		**(2,908,426)**	-
Community program expenses		**(508,512)**	(801,444)
Other expenses	6	**(9,743,354)**	(9,893,198)
Finance income - net	6	**464,710**	555,654
(Deficit) before income tax		**(1,078,861)**	(545,411)
Income tax expense		**-**	-
(Deficit) for the year		**(1,078,861)**	(545,411)
Other comprehensive income			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive (deficit) for the year		**(1,078,861)**	(545,411)

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

Young Men's Christian Association of Sydney
(Trading as YMCA NSW)
Statement of financial position
As at 30 June 2019

	Notes	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**3,798,729**	2,794,867
Trade receivables	8	**603,927**	1,360,002
Inventories	10	**96,708**	83,677
Term deposits		**20,633,687**	21,368,977
Other current assets	11	**596,592**	512,394
Financial assets at amortised cost	9	**1,201,482**	1,852,256
Total current assets		**26,931,125**	27,972,173
Non-current assets			
Financial assets at fair value through profit or loss	12	**45,883**	45,883
Property, plant and equipment	13	**16,418,600**	16,595,526
Intangible assets	14	**129,032**	-
Total non-current assets		**16,593,515**	16,641,409
Total assets		**43,524,640**	44,613,582
LIABILITIES			
Current liabilities			
Trade and other payables	15	**4,802,942**	4,921,904
Borrowings	16	**24,620**	24,620
Deferred revenue		**1,284,415**	1,085,567
Employee benefit obligations	18	**2,345,677**	2,102,158
Provisions	17	**826,004**	1,395,528
Total current liabilities		**9,283,658**	9,529,777
Non-current liabilities			
Trade and other payables	15	**258,715**	-
Borrowings	16	**30,745**	56,484
Employee benefit obligations	18	**1,171,765**	1,140,203
Provisions	17	**1,985,500**	2,014,000
Total non-current liabilities		**3,446,725**	3,210,687
Total liabilities		**12,730,383**	12,740,464
Net assets		**30,794,257**	31,873,118
EQUITY			
Other reserves	19(a)	**3,508,415**	3,508,415
Accumulated surplus	19(b)	**27,285,842**	28,364,703
Total equity		**30,794,257**	31,873,118

The above statement of financial position should be read in conjunction with the accompanying notes.

Young Men's Christian Association of Sydney
(Trading as YMCA NSW)
Statement of changes in equity
For the year ended 30 June 2019

	Notes	Other reserves $	Accumulated surplus $	Total equity $
Balance at 1 July 2017		-	28,910,114	28,910,114
Deficit for the year		-	(545,411)	(545,411)
Other comprehensive income		-	-	-
Total comprehensive deficit for the year		**-**	**(545,411)**	**(545,411)**
Transactions with owners in their capacity as owners:				
Changes in asset revaluation reserve	19	3,508,415	-	3,508,415
Balance at 30 June 2018		**3,508,415**	**28,364,703**	**31,873,118**
Balance at 1 July 2018		3,508,415	28,364,703	31,873,118
Deficit for the year		-	(1,078,861)	(1,078,861)
Other comprehensive income		-	-	-
Total comprehensive deficit for the year		**-**	**(1,078,861)**	**(1,078,861)**
Transactions with owners in their capacity as owners:				
Changes in asset revaluation reserve		-	-	-
Balance at 30 June 2019		**3,508,415**	**27,285,842**	**30,794,257**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Young Men's Christian Association of Sydney
(Trading as YMCA NSW)
Statement of cash flows
For the year ended 30 June 2019

	Notes	**2019** **$**	2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**49,398,615**	45,576,614
Payments to suppliers and employees (inclusive of goods and services tax))		**(45,592,666)**	(47,207,156)
		3,805,949	(1,630,542)
Interest received		**464,710**	556,944
Interest paid		**-**	(1,290)
Net cash inflow (outflow) from operating activities	25	**4,270,659**	(1,074,888)
Cash flows from investing activities			
Payments for property, plant and equipment		**(3,922,546)**	(2,339,329)
Acquisition of intangible assets		**(150,000)**	-
Proceeds from redemption of investments		**735,290**	1,517,338
Proceeds from sale of property, plant and equipment		**96,198**	187,440
Net cash (outflow) from investing activities		**(3,241,058)**	(634,551)
Cash flows from financing activities			
Repayment of borrowings		**(25,739)**	(100,262)
Net cash (outflow) from financing activities		**(25,739)**	(100,262)
Net increase (decrease) in cash and cash equivalents		**1,003,862**	(1,809,701)
Cash and cash equivalents at the beginning of the financial year		**2,794,867**	4,604,568
Cash and cash equivalents at end of year	7	**3,798,729**	2,794,867

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

1 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Young Men's Christian Association of Sydney (trading and referred to hereafter as "YMCA NSW" or the "Association").

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board the *Australian Charities and Not-for-profits Commission Act 2012* and associated regulations, as appropriate for not-for-profit oriented entities.

(i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The financial statements of the Young Men's Christian Association of Sydney Association comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

The Association has determined that where it is engaged to operate contract sites on behalf of the sites owner (typically a local Council), it is in the capacity of agents rather than principals. As such the revenue/costs belong to the contracting party, e.g. the Council. On this basis the financial statements of YMCA NSW do not include assets, liabilities, revenue and expenses incurred in managing the contract sites. Where the operation of a site in the view of YMCA creates a residual liability to YMCA, this is accounted for separately as an onerous contract provision in accordance with accounting policy.

(ii) Historical cost convention

These financial statements have been prepared under the historical cost basis, for certain assets, which as noted are at revalued amount.

(iii) New and amended standards adopted by the Association

The Association has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2018:

- AASB 9 *Financial Instruments*

The Association had to change its accounting policies following the adoption of AASB 9. However these amendments did not have any impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Association. The Association's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	**AASB 1058 Income of Not-for-Profit Entities**
Nature of change	AASB 1058 introduces major changes to the income recognition by public and private sector not-for-profit (NFP) entities. Rather than accounting for all contribution transactions under AASB 1004 *Contributions*, NFPs will now need to determine whether a transaction is a genuine donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15 *Revenue from Contracts with Customers*). Implementation guidance has been added to AASB 15 to assist with this determination.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iv) New standards and interpretations not yet adopted (continued)

Impact	A contract is within the scope of AASB 15 if ● the entity has an enforceable contract with a customer, and ● the contract includes sufficiently specific promises for the NFP entity to transfer goods or services to the customer or third party beneficiaries. Under AASB 15 income will only be recognised as the obligations under the contract are satisfied, potentially resulting in a deferral of income as compared to the current accounting under AASB 1004. AASB 1058 also introduces new requirements for income recognition in several other types of transactions which don't fall within the scope of AASB, including: ● below-market leases ● obligations to acquire or construct a specific asset for an entity's own use, and ● other transactions such as volunteer services, donated inventories, endowments and bequests. If NFPs account for income under AASB 15, the relevant disclosures will also apply. In addition, AASB 1058 includes incremental disclosures for NFPs such as the disaggregation of income. Management are still assessing the impact of the adoption of these new standards.
Date of adoption by Association	The mandatory application date of AASB 15 has been deferred to 1 January 2019 for NFP entities. If they want to adopt the new revenue recognition rules before that date, they will need to apply AASB 1058 at the same time. Management has elected not to early adopt AASB 15/AASB 1058 and as such these new standards will apply for the first time for the financial year beginning 1 July 2019.
Title of standard	**AASB 15 *Revenue from Contracts with Customers***
Nature of change	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
Impact	Management is yet to do their assessment, but it is not expected to have any material impact on the Association's financial statements.
Mandatory application date/ Date of adoption by Association	Mandatory for financial years commencing on or after 1 January 2019, but available for early adoption. The Association intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2019 and that comparatives will not be restated.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iv) New standards and interpretations not yet adopted (continued)

Title of standard	**AASB 16 *Leases***
Nature of change	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The standard will affect primarily the accounting for the Association's operating leases. As at the reporting date, the Association has non-cancellable operating lease commitments of $1,659,643, see note 22. However, the Association has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Association's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.
Mandatory application date/ Date of adoption by Association	The Association will apply the standard from its mandatory adoption date of 1 July 2019. At this stage, the Association does not intend to adopt the standard before its effective date.
Title of standard	**AASB 2018-8 *Amendments to Australian Accounting Standards - Right-of-Use Assets of net-for-Profit Entities***
Nature of change	This Standard amends AASB 1, AASB 16, AASB 117, AASB 1049 and AASB 1058 to provide a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of-use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects on the financial position, financial performance and cash flows of the entity arising from these leases.
Impact	Management is yet to do their assessment, but it is not expected to have any impact on the Association's financial statements.
Mandatory application date/ Date of adoption by Association	Mandatory for financial years commencing on or after 1 January 2019, but available for early adoption. The Association intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2019 and that comparatives will not be restated.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting years and on foreseeable future transactions.

Standards amended by AASB 2018-8
AASB 1058 made amendments to AASB 16 to require not-for-profit entities to measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives.

1 Summary of significant accounting policies (continued)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars ($), which is Young Men's Christian Association of Sydney's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other gains/(losses).

(c) Revenue recognition

The Association recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Association's activities as described below.

Revenue is recognised for the major business activities using the methods outlined below.

Render of services

Revenues from activity, program, hire and membership fees are recognised as service is provided. Revenue is recognised on a basis that reflects the timing, nature and value of the benefits provided.

Sale of merchandise

Revenue from the sale of merchandise is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer.

Management fees

Management fees derived from the operation of facilities for third party bodies, such as Councils, are brought to account in accordance with the contractual arrangements established. Only management fees applicable to the financial period of operation are recognised in that period. Any prepayment of recognised management fees is recorded as income in advance in the statement of financial position and, where applicable, management fees outstanding are accrued and recorded as trade receivable in the statement of financial position.

Management contracts entered into by the Association may also include a provision for the sharing of profits/losses of the particular centres operations. The vast majority of management contracts are reportable on a 30 June financial period.

Donations and fundraising activities

Donations and fund raising activities represent monies received into the Association’s bank account.

Interest income

Interest income is recognised using the effective interest method.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Association will comply with all attached conditions. Government assistance income is recognised when the Association fulfills its obligations and obtains control of the funding.

1 Summary of significant accounting policies (continued)

(d) Income tax

Based on the nature of its activities being not for profit, the Association is exempt from income tax under Section 50-5 of the *Income Tax Assessment Act 1997* and accordingly no provision has been made for income tax.

(e) Leases

Leases of property, plant and equipment where the Association, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease year so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Association will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Association as lessee are classified as operating leases (note 22). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(f) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(h) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. These are generally due for settlement within 30 days and therefore are all classified as current.

The Association applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on transfer prices set at the beginning of the year. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Investments and other financial assets

(i) Classification

From 1 July 2019, the Association classifies its financial assets in the following measurement categories:

1 Summary of significant accounting policies (continued)

(j) Investments and other financial assets (continued)

(i) Classification (continued)

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Association's business model for managing the financial assets and the contractual terms of the cash flows. The Association reclassifies debt investments when and only when its business model for managing those assets changes.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Association commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Association has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iii) Measurement

At initial recognition, the Association measures a financial asset at its fair value plus, in the case of a financial asset at amortised cost, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Association's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Association classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit and loss and other comprehensive income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Association subsequently measures all equity investments at fair value.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit and loss and other comprehensive income as applicable.

(iv) Impairment

From 1 July 2018, the Association assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Association applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note for further details.

1 Summary of significant accounting policies (continued)

(j) Investments and other financial assets (continued)

(v) Accounting policies applied until 30 June 2018

The Association has applied AASB 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Association's previous accounting policy.

Classification

Until 30 June 2018, the Association classified its financial assets in the following categories:

- financial assets at fair value through profit or loss, and
- loans and receivables

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition.

Subsequent measurement

The measurement at initial recognition did not change on adoption of AASB 9, see description above.

Subsequent to the initial recognition, loans and receivables were carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised in profit or loss within other gains/(losses).

Details on how the fair value of financial instruments is determined are disclosed in note 3(b).

Impairment

The Association assessed at the end of each reporting year whether there was objective evidence that a financial asset or Association of financial assets was impaired. A financial asset or an Association of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or Association of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

(k) Financial assets

Financial assets consist of term deposits and investments in shares of stocks. Term deposits have maturity of more than three months and are classified as current assets in the statement of financial position. Investments in shares of stocks are from listed and unlisted companies in Australia. This is classified as non-current assets in the statement of financial position.

(l) Property, plant and equipment

Freehold land and buildings are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. In periods where the freehold land and buildings are not subject to an independent valuation, the Directors may conduct Directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are credited to an asset revaluation reserve in equity. Decreases that offset previous increases of the same assets are charged against the asset revaluation reserve directly in equity. All other decreases are charged to the statement of profit and loss and other comprehensive income.

1 Summary of significant accounting policies (continued)

(l) Property, plant and equipment (continued)

Property, plant and equipment is stated at historical cost less depreciation. Directors' valuation or fair value less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Association and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation begins in the month the asset is placed in service.

- Building and leasehold improvements 2.5% to 10%
- Plant and equipment 10% to 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

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 (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(m) Acquired intangible assets excluding goodwill

(i) Client lists

Client lists acquired are amortised on a straight line basis over the period of their expected benefits, being their finite useful life of two years.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Association prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the year of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Association has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

1 Summary of significant accounting policies (continued)

(p) Provisions

Provisions are recognised when the Association has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year.

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Other long-term employee benefit obligations

A provision for long service leave is recognised after five years of service on a pro-rata basis and is measured at current rates, plus related on costs.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Superannuation

Contributions made to employee defined contribution funds are charged as an expense as the contributions are paid or become payable.

(iv) Contract sites employees

In respect to the management contracts that the Association has entered into, the staff wages and superannuation entitlements are attributed directly to the contract centre cost centres and separate audited accounts are prepared and made available to the council (being a 'principal'). As a result, the wages and superannuation entitlements attributable to those staff employed by the Association, but involved in the management of the various centre operations, are not reflected in the statement of profit and loss and other comprehensive income as employee benefits.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2 Changes in accounting policies

This note explains the impact of the adoption of AASB 9 *Financial Instruments* on the Association's financial statements.

(a) AASB 9 Financial Instruments

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 *Financial Instruments* from 1 July 2018 resulted in changes in accounting policies, however no adjustments to the amounts recognised in the financial statements were required. The new accounting policies are set out in note 1(j) above. There was no impact on the Association's comprehensive income for the year to 30 June 2019 or the retained earnings as at 1 July 2018 resulting from the adoption of AASB 9 *Financial Instruments*.

3 Financial risk management

(a) Market risk

(i) Cash flow and fair value interest rate risk

The Association's exposure to interest rate risk arises predominantly from assets bearing variable interest rates, which includes cash balances held in banks. As interest income does not make up the main source of revenue, the management expects no significant interest rate risk on these balances.

(b) Recognised fair value measurements - Financial assets and liabilities

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Association has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements **At 30 June 2019**	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets				
Financial assets at FVPL				
Investment in shares	**-**	**-**	**45,883**	**45,883**
Total financial assets	**-**	**-**	**45,883**	**45,883**

Recurring fair value measurements At 30 June 2018	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets				
Financial assets at FVPL				
Investment in shares	-	-	45,883	45,883
Total financial assets	-	-	45,883	45,883

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting year. The quoted market price used for financial assets held by the Association is the current bid price. These instruments are included in level 1.

3 Financial risk management (continued)

(b) Recognised fair value measurements - Financial assets and liabilities (continued)

(i) Fair value hierarchy (continued)

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

4 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Association's accounting policies.

(a) Significant estimates and judgements

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(b) Critical accounting estimates and assumptions

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Provision for onerous contract

There is judgement involved in determining the onerous portion of the net present value of future losses from management contracts and premises leases that the Association has entered into. The provision is based on the period of time the Association expects to operate the management contract or premises lease, discount rates and forecast cashflows.

(ii) Management contract fee

The Directors have determined that the organisation is not acting as Principal under the management contracts and therefore are not required to account for the gross revenues and expenses, nor assets and liabilities of the business unit, only the management fees receivable and profit and loss share arrangements.

(iii) Provision for legal claims

The Association has received a number of claims with allegations of past child abuse in its venues and/or by its employees.

The Association considers each and every claim seriously, applying a robust internal process to deal with claims on a fair and timely basis. Each claim is also reviewed to identify the potential for settlement through either the National Redress Scheme (the Scheme) and/or Association's insurance coverage. Where either Scheme applies or insurance coverage is available, the financial impact of the claim to the Association is normally capped and this amount is accrued for each claim in light of legal advice and prior experience. It should be noted that redress is always offered as the first option for alleged victims as it is more expeditious than civil claims and is generally a less traumatic process.

In FY19, the Association received two claims relating to period during which insurance coverage was not available. Both claims are currently being considered by our legal advisors as the claimants chose not to access Redress Scheme at this time. Further to consultation, management have accrued an amount that reflects the best estimate and the final amounts paid may vary due to the facts and circumstances of each individual case, ongoing investigations and any decision of the courts (should any of these cases proceed to that stage).

5 Revenue from contract with customers

	2019 **$**	2018 $
Activity and programs	**35,386,030**	33,665,183
Management fees	**1,801,870**	1,854,619
Government grants	**3,515,293**	1,729,678
Rent received	**31,620**	32,000
Hire of hall	**475,365**	415,071
Sale of merchandise	**569,958**	448,915
Contract revenue	**2,040,003**	2,072,507
Other revenue	**2,596,644**	2,078,110
Total revenue from continuing operations	**46,416,783**	42,296,083

Other revenue consist of fundraising, community program income, membership fees and sundry income which are individually immaterial to disclose.

As at 30 June 2019, the government grant income included $3M (2018: $1.3M) from the Restart NSW fund related to the redevelopment of the Broken Hill site.

6 Expenses

	2019 **$**	2018 $
Operational overheads	**8,971,781**	8,181,893
Net loss on management contracts	**372,605**	208,040
Cost of goods sold merchandise	**342,058**	268,581
Others expenses	**56,910**	1,234,684
	9,743,354	9,893,198

Other expenses consist of expenses which are individually immaterial to disclose.

Finance income		
Interest income	**464,710**	556,944
Finance costs		
Interest and finance charges paid/payable	**-**	(1,290)
Net finance income	**464,710**	555,654

7 Cash and cash equivalents

	2019 **$**	2018 $
Current assets		
Cash at bank and in hand	**399,818**	9,938
Bank balances	**3,398,911**	2,784,929
	3,798,729	2,794,867

8 Trade receivables

	2019			2018		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
Trade receivables	**663,374**	**-**	**663,374**	1,436,583	-	1,436,583
Loss allowance	**(59,447)**	**-**	**(59,447)**	(76,581)	-	(76,581)
	603,927	**-**	**603,927**	1,360,002	-	1,360,002

The Association applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

(a) Loss allowance

Movements in loss allowance are as follows:

	2019	2018
	$	$
At 1 July	**76,581**	36,915
Increase in loss allowance during the year	**-**	39,666
Unused amount reversed	**(17,134)**	-
At 30 June	**59,447**	76,581

Amounts recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired receivables.

	2019	2018
	$	$
Impairment losses		
- movement in loss allowance	**(17,134)**	39,666

9 Financial assets at amortised cost

	2019			2018		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
Contract management receivables	**950,827**	**-**	**950,827**	1,585,919	-	1,585,919
Other receivables	**250,655**	**-**	**250,655**	266,337	-	266,337
	1,201,482	**-**	**1,201,482**	1,852,256	-	1,852,256

10 Inventories

	2019 $	2018 $
Merchandise goods	**96,708**	83,677

(a) Amounts recognised in profit or loss

Inventories recognised as expense during the year ended 30 June 2019 amounted to $342,058 (2018: $268,581). These were included in cost of sales and cost of providing services.

11 Other current assets

	2019 $	2018 $
Current assets		
Prepayments	**596,592**	512,394

12 Financial assets at fair value through profit or loss

	2019 $	2018 $
Non-current assets		
Investment in shares (280 shares at YMCA E-Store Pty Ltd)	**45,883**	45,883

13 Property, plant and equipment

	Land and buildings $	Plant and equipment - at cost $	Leasehold improvements - at cost $	Total $
At 30 June 2018				
Cost/revalued amount	18,426,970	3,290,780	32,850	21,750,600
Accumulated depreciation	(2,500,433)	(2,621,791)	(32,850)	(5,155,074)
Net book amount	15,926,537	668,989	-	16,595,526
Year ended 30 June 2019				
Opening net book amount	15,926,537	668,989	-	16,595,526
Additions	3,291,127	631,419	-	3,922,546
Disposals	(840)	(33,209)	-	(34,049)
Depreciation charge	(741,958)	(415,039)	-	(1,156,997)
Impairment charge	(2,908,426)	-	-	(2,908,426)
Closing net book amount	15,566,440	852,160	-	16,418,600
At 30 June 2019				
Cost/revalued amount	21,738,225	3,856,155	32,835	25,627,215
Accumulated depreciation	(6,171,785)	(3,003,995)	(32,835)	(9,208,615)
Net book amount	15,566,440	852,160	-	16,418,600

13 Property, plant and equipment (continued)

Land and Buildings - the redevelopment of the Broken Hill Wellness Centre was completed in early 2019 at a total build cost of $5.02M. The Centre is a modern facility offering a range of fitness and sport facilities and classes in to the local community. $4.4M of Grant support was received towards the build cost by the Federal and NSW Government, Broken Hill Council and Marri Ma Aboriginal Health.

All the Association's Land and Building was independently valued in July 2019. The Broken Hill Land and Building has been impaired by $2.9M to its current market value.

14 Intangible assets

	2019 **$**	2018 $
Opening balance	**-**	-
Acquisition of customer list	**150,000**	-
Amortisation charge	**(20,968)**	-
Closing net book value	**129,032**	-

During the year the YMCA acquired the ESTR PTS Pty Ltd's gym business as an assets acquisition. The primary assets acquired was the gym membership list. This has been recognised as an intangible asset and will be amortised over a 2 year period.

15 Trade and other payables

	2019			2018		
	Current **$**	**Non-current** **$**	**Total** **$**	Current $	Non-current $	Total $
Trade payables	**652,813**	**-**	**652,813**	1,032,215	-	1,032,215
Accrued expenses	**2,082,332**	**-**	**2,082,332**	1,957,666	-	1,957,666
Other payables	**2,067,797**	**258,715**	**2,326,512**	1,932,023	-	1,932,023
	4,802,942	**258,715**	**5,061,657**	4,921,904	-	4,921,904

16 Borrowings

	2019			2018		
	Current **$**	**Non-current** **$**	**Total** **$**	Current $	Non-current $	Total $
Secured						
Secured loans	**24,620**	**30,745**	**55,365**	24,620	56,484	81,104
Total secured borrowings	**24,620**	**30,745**	**55,365**	24,620	56,484	81,104

The loan is secured by the property held in Broken Hill.

17 Provisions

	2019			2018		
	Current **$**	**Non-current** **$**	**Total** **$**	Current $	Non-current $	Total $
Make good provision	**-**	**209,000**	**209,000**	-	199,000	199,000
General provision	**413,004**	**-**	**413,004**	764,528	-	764,528
Onerous contract provision	**413,000**	**1,776,500**	**2,189,500**	631,000	1,815,000	2,446,000
	826,004	**1,985,500**	**2,811,504**	1,395,528	2,014,000	3,409,528

(a) Information about individual provisions and significant estimates

(i) Make good provision

The Association is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

(ii) General provision

Provision for legal claims

A provision has been established to reflect the deductible amount payable under the respective insurance policy/policies for any claims made (though not necessarily litigated or settled or under negotiation) and any expected outcomes not covered by insurance.

Profit/loss share on management contracts

As mentioned in note 1(c), the Directors have made an assessment as to the necessity for a provision as to profits/losses applicable to the various management contracts being undertaken that have profits/loss sharing arrangement.

(iii) Onerous contracts

Onerous contract provisions are recognised in accordance to AASB 137 *Provisions* for losses on contracts where the forecast costs of fulfilling the contract throughout the contract period exceed the forecast income receivables. The provision is calculated based on discounted cash flows to the end of the contract.

(b) Movements in provisions

Movements in each class of provision during the financial year are set out below:

2019	**Make good provision** **$**	**General provision** **$**	**Onerous contract provision** **$**	**Total** **$**
Carrying amount at start of year	199,000	764,528	2,446,000	3,409,528
Charged/(credited) to profit or loss				
- additional provisions recognised/(released)	10,000	(98,526)	(7,500)	(96,026)
- unused amounts reversed	-	(252,998)	(249,000)	(501,998)
Carrying amount at end of year	209,000	413,004	2,189,500	2,811,504

18 Employee benefit obligations

	2019			2018		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
Annual leave	**2,055,677**	**-**	**2,055,677**	1,924,224	-	1,924,224
Long service leave	**290,000**	**1,171,765**	**1,461,765**	177,934	1,140,203	1,318,137
Total employee benefit obligations	**2,345,677**	**1,171,765**	**3,517,442**	2,102,158	1,140,203	3,242,361

(a) Leave obligations

The leave obligations cover the Association’s liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 1(q).

19 Other reserve and accumulated surplus

(a) Other reserves

The following table shows a breakdown of the statement of financial position line item ‘other reserves’ and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	2019	2018
	$	$
Revaluation surplus - property, plant and equipment	**3,508,415**	3,508,415

	2019	2018
	$	$
Movements:		
Revaluation surplus - Property, plant and equipment		
Balance 1 July	**3,508,415**	-
Revaluation	**-**	3,508,415
Balance 30 June	**3,508,415**	3,508,415

(i) Nature and purpose of other reserves

Revaluation surplus - property, plant and equipment

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings, see accounting policy note 1(l) for details.

(b) Accumulated surplus

Movements in accumulated surplus were as follows:

	2019	2018
	$	$
Balance 1 July	**28,364,703**	28,910,114
Net deficit for the year	**(1,078,861)**	(545,411)
Balance 30 June	**27,285,842**	28,364,703

20 Financial guarantees

The Association has provided financial guarantees in respect of $702,256 (2018: $397,257).

21 Contingent liabilities and contingent assets

The Association had no contingent liabilities and assets at 30 June 2019 (2018: nil).

22 Commitments

(a) Lease commitments: Association as lessee

(i) Non-cancellable operating leases

	2019 **$**	2018 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**730,355**	669,954
Later than one year but not later than five years	**923,406**	1,111,412
Later than five years	**5,882**	6,509
	1,659,643	1,787,875

23 Related party transactions

(a) Key management personnel compensation

	2019 **$**	2018 $
Total key personnel management compensation	**2,369,665**	2,345,481
Directors' reimbursements	**4,547**	4,841

Board Members are not remunerated for their services but are reimbursed for their out of pocket expenses relating to YMCA NSW matters. Total key management personnel includes 12 employees (2018: 12 employees).

(b) Transactions with other related parties

The following transactions occurred with related parties:

	2019 **$**	2018 $
Service income	**100,000**	122,070

(c) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting year in relation to transactions with related parties:

	2019 **$**	2018 $
Current receivables - YYCS	**1,935**	22,524

24 Events occurring after the reporting period

No matters or circumstances have occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Association, the results of those operations or the state of affairs of the Association or economic entity in subsequent financial years.

25 Cash flow information

Reconciliation of deficit after income tax to net cash inflow (outflow) from operating activities

	2019 $	2018 $
(Deficit) for the year	**(1,078,861)**	(545,411)
Adjustments for		
Depreciation and amortisation	**1,177,965**	972,476
Impairment on property, plant and equipment	**2,908,426**	-
Net (gain) loss on sale of non-current assets	**(62,149)**	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity and sale of engineering division:		
Decrease/(increase) in trade and other receivables	**1,406,849**	(1,001,676)
(Increase)/decrease in inventories	**(13,031)**	3,146
(Increase) in other operating assets	**(84,198)**	(114,827)
Increase in trade and other payables	**276,753**	3,809
Increase in contract liabilities	**198,848**	70,558
(Decrease) in other provisions	**(459,943)**	(462,963)
Net cash inflow (outflow) from operating activities	**4,270,659**	(1,074,888)

In the Directors' opinion:

(a) the financial statements and notes set out on pages 4 to 28 are in accordance with the *Corporations Act 2001*, including:

(i) comply with Accounting Standards - Reduced Disclosure Requirements, the *Australian Charities and Not-for-profits Commission Act 2012*, and other mandatory professional reporting requirements, and

(ii) give a true and fair view of the entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.

Richard Hughes
Director

Philip Knox
Director

Sydney
23 October 2019

Independent auditor's report

To the members of Young Men's Christian Association of Sydney (Trading as YMCA NSW)

Our opinion

In our opinion:

The accompanying financial report of Young Men's Christian Association of Sydney (Trading as YMCA NSW) (the Association) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

(a) giving a true and fair view of the Association's financial position as at 30 June 2019 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The financial report comprises:

- the Statement of financial position as at 30 June 2019
- the Statement of changes in equity for the year then ended
- the Statement of cash flows for the year then ended
- the Statement of profit or loss and other comprehensive income for the year then ended
- the Notes to the financial statements, which include a summary of significant accounting policies
- the Directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Association in accordance with 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 also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual financial report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Association to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

Manoj Santiago
Partner

Sydney
24 October 2019