Brisbane Youth Service Inc.

ABN: 83 967 756 338

Financial report

For the year ended 30 June 2020

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BRISBANE YOUTH SERVICE INC.
ABN: 83 967 756 338

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 (restated) $
Revenue and other income			
Grant revenue		**7,293,333**	6,686,265
Other revenue	3	**563,628**	512,861
Other income	3	**19,383**	121,271
		7,876,344	7,320,397
Less: expenses			
Employee benefits expense	4	**(5,849,404)**	(5,562,626)
Client support services expense		**(574,877)**	(358,326)
Property expenses		**(250,584)**	(393,272)
IT costs		**(194,670)**	(177,865)
Depreciation expense	4	**(188,109)**	(70,148)
Motor vehicle and travel expenses		**(163,717)**	(165,472)
Insurance expense		**(54,416)**	(53,802)
Audit, legal and consultancy fees		**(44,605)**	(52,040)
Finance costs	4	**(6,953)**	-
Other operating costs		**(329,208)**	(455,219)
		(7,656,543)	(7,288,770)
Surplus before income tax expense		**219,801**	31,627
Income tax expense		**-**	-
Surplus for the year		**219,801**	31,627
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Revaluation of property, plant and equipment, net of tax		**40,000**	(125,000)
Net change in fair value of financial assets designated at fair value through other comprehensive income, net of tax		**(252,806)**	-
		(212,806)	(125,000)
Other comprehensive income for the year		**(212,806)**	(125,000)
Total comprehensive income		**6,995**	(93,373)

The accompanying notes form part of these financial statements.

BRISBANE YOUTH SERVICE INC.
ABN: 83 967 756 338

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 $	2019 (restated) $
Current assets			
Cash and cash equivalents	6	**2,608,795**	5,312,011
Receivables	7	**61,578**	12,981
Other assets	8	**155,065**	146,319
Total current assets		**2,825,438**	5,471,311
Non-current assets			
Other financial assets	9	**2,607,783**	-
Lease assets	11	**110,905**	-
Property, plant and equipment	10	**1,660,403**	1,648,616
Total non-current assets		**4,379,091**	1,648,616
Total assets		**7,204,529**	7,119,927
Current liabilities			
Payables	12	**574,798**	581,962
Lease liabilities	11	**112,603**	-
Provisions	14	**540,401**	495,736
Contract liabilities	15	**125,775**	185,233
Total current liabilities		**1,353,577**	1,262,931
Non-current liabilities			
Lease liabilities	11	**1,280**	-
Borrowings	13	**136,000**	153,000
Provisions	14	**46,971**	44,290
Total non-current liabilities		**184,251**	197,290
Total liabilities		**1,537,828**	1,460,221
Net assets		**5,666,701**	5,659,706
Members funds			
Reserves	16	**617,434**	772,838
Accumulated surplus		**5,049,267**	4,886,868
Total members funds		**5,666,701**	5,659,706

The accompanying notes form part of these financial statements.

BRISBANE YOUTH SERVICE INC.
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STATEMENT OF CHANGES IN MEMBERS FUNDS
FOR THE YEAR ENDED 30 JUNE 2020

	Reserves $	Accumulated surplus $	Total equity $
Balance as at 1 July 2018	1,346,374	3,979,471	5,325,845
Adjustment for prior year error	-	427,234	427,234
Restated balance as at 1 July 2018	1,346,374	4,406,705	5,753,079
Balance as at 1 July 2018	1,346,374	4,406,705	5,753,079
Surplus for the year	-	31,627	31,627
Other comprehensive income for the year	(125,000)	-	(125,000)
Total comprehensive income for the year	(125,000)	31,627	(93,373)
Transfers	(448,536)	448,536	-
Balance as at 30 June 2019	772,838	4,886,868	5,659,706
Balance as at 1 July 2019	**772,838**	**4,886,868**	**5,659,706**
Surplus for the year	**-**	**219,801**	**219,801**
Other comprehensive income for the year	**(212,806)**	**-**	**(212,806)**
Total comprehensive income for the year	**(212,806)**	**219,801**	**6,995**
Transactions with owners in their capacity as owners:			
Transfers to retained earnings, upon disposal of financial assets designated at fair value through other comprehensive income	**57,402**	**(57,402)**	**-**
Total transactions with owners in their capacity as owners	**57,402**	**(57,402)**	**-**
Balance as at 30 June 2020	**617,434**	**5,049,267**	**5,666,701**

The accompanying notes form part of these financial statements.

BRISBANE YOUTH SERVICE INC.
ABN: 83 967 756 338

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 (restated) $
Cash flow from operating activities			
Receipts from grantors, donors and tenants		**8,424,701**	7,305,776
Payments to suppliers and employees		**(8,147,487)**	(7,115,035)
Dividends received		**15,140**	-
Interest received		**27,037**	136,762
Finance costs		**(6,953)**	-
Net cash provided by operating activities		**312,438**	327,503
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		**1,853**	734,616
Proceeds from sale of investments		**286,170**	-
Payment for property, plant and equipment		**(29,276)**	(13,650)
Payment for investments		**(3,146,759)**	-
Net cash provided by / (used in) investing activities		**(2,888,012)**	720,966
Cash flow from financing activities			
Payment for lease liabilities		**(127,642)**	-
Net cash provided by / (used in) financing activities		**(127,642)**	-
Reconciliation of cash			
Cash at beginning of the financial year		**5,312,011**	4,263,542
Net increase / (decrease) in cash held		**(2,703,216)**	1,048,469
Cash at end of financial year	6	**2,608,795**	5,312,011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the *Associations Incorporation Act 1981* and the *Australian Charities and Not-for-profits Commission Act 2012*, and Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

Brisbane Youth Service Inc. is a not-for-profit entity for the purpose of preparing the financial statements.

The following are the significant accounting policies adopted by the association in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Fair value measurement

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Economic dependency

The association is dependant on government funding to operate. As at the date of this report the committee has no reason to believe the government will not continue to support the organisation.

(c) New and revised accounting standards effective at 30 June 2020

The association has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 *Leases* (AASB 16), AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) and AASB 15: *Revenue from Contracts with Customers* (AASB 15).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New and revised accounting standards effective at 30 June 2020 (Continued)

AASB 16: Leases

AASB 16 replaces AASB 117 *Leases* and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

(a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:

   i. investment property, the lessee applies the fair value model in AASB 140 *Investment Property* to the right-of-use asset; or

   ii. property, plant or equipment, the lessee applies the revaluation model in AASB 116 *Property, Plant and Equipment* to all of the right-of-use assets that relate to that class of property, plant and equipment; and

(b) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117.

In accordance with the transition requirements of AASB 16, the association has elected to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect, if any, of initially applying the new standard recognised as an adjustment to opening retained earnings at the date of initial application (i.e., at 1 July 2019). Accordingly, comparative information has not been restated.

The association has also elected to apply the following practical expedients to the measurement of right-of-use assets and lease liabilities in relation to those leases previously classified as operating leases under the predecessor standard:

- to recognise each right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;
- to not recognise a right-of-use asset and a lease liability for leases for which the underlying asset is of low value;
- to not recognise a right-of-use asset and a lease liability for leases for which the lease term ends within 12 months of the date of initial application;
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- to adjust each right-of-use asset at the date of initial application by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application;
- to exclude initial direct costs from the measurement of each right-of-use asset at the date of initial application; and
- to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New and revised accounting standards effective at 30 June 2020 (Continued)

The application of AASB 16 resulted in the recognition of right-of-use assets with an aggregate carrying amount of $108,046 (referred to in these financial statements as "lease assets") and corresponding lease liabilities with an aggregate carrying amount of $108,046. The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities was 4.00%.

AASB 1058: Income for not-for-profit entities and AASB 15: Revenue from contracts with customers

AASB 1058 replaces the income recognition requirements in AASB 1004: *Contributions* applicable to private sector not-for-profit entities with a model based on the principles of AASB 15: *Revenue from Contracts with Customers*. Consequently, AASB 1058 requires private sector not-for-profit entities to recognise all revenue from contracts with customers when the related performance obligations are satisfied, irrespective of whether the ultimate beneficiary of the goods or services provided by the not-for-profit entity is the grantor of the funds or another entity. An agreement involving a not-for-profit entity would be classified as a contract with a customer (and therefore accounted for under AASB 15) if the agreement:

(a) creates enforceable rights and obligations between the parties; and

(b) includes a promise by the not-for-profit entity to transfer a good or service that is sufficiently specific for the entity to determine when the obligation is satisfied.

For contracts with customers that comprise a donation component, AASB 1058 requires such components to be treated as part of the performance obligation(s) unless the entity can demonstrate that component is not related to the promised goods or services.

When an arrangement does not meet the criteria for a contract with a customer under AASB 15, the arrangement is accounted for in accordance with AASB 1058, which requires:

(a) the asset received by the not-for-profit entity to be accounted for in accordance with the applicable Australian Accounting Standard, which in most circumstances requires the asset to be initially measured at its fair value;

(b) any related amounts (such as contributions from owners, financial liabilities, contract liabilities, lease liabilities and provisions) to be accounted for in accordance with the applicable Australian Accounting Standard; and

(c) any difference between the consideration given for the asset and its fair value, after recognising any related amounts (such as contributions from owners, financial liabilities, contract liabilities, lease liabilities and provisions), is recognised as income.

However, amending standard AASB 2018-8 provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirement to right-of-use assets arising under leases with significantly below-market terms and conditions. This enables not-for-profit entities to elect to initially measure such right-of-use assets at cost rather than fair value, which has the corresponding effect of reducing the amount of income recognised under AASB 1058.

AASB 1058 also permits a not-for-profit entity to recognise volunteer services as an asset or expense (as applicable) and any related contributions by owners or revenue as an accounting policy choice, provided that the fair value of the services can be measured reliably.

AASB 1058 also has specific recognition criteria in relation to transfers to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity. The obligation to acquire or construct the non-financial asset is accounted for similarly to a performance obligation under AASB 15.

In accordance with the transition requirements of AASB 1058 and AASB 15, the association has elected to apply AASB 1058 and AASB 15 retrospectively, with the cumulative effect, if any, of initially applying the new standards recognised as an adjustment to opening retained earnings at the date of initial application (i.e., at 1 July 2019). Accordingly, comparative information has not been restated.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New and revised accounting standards effective at 30 June 2020 (Continued)

The application of AASB 1058 and AASB 15 has not materially impacted the recognition and measurement of income or revenue from contracts with customers.

Further details of the association's accounting policy in relation to accounting for income under AASB 1058 and revenue from contracts with customers under AASB 15 are contained in Note 1(e) and Note 1(f) .

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(e) Government grants and donations

Goverment grants

Grant funding under arrangements that do not contain enforceable and sufficiently specific performance obligations are recognised upon receipt. Grant funding under arrangement with enforeable and sufficinetly specific performance obligations are initially recognised as a liability (unspent grant funds), and subsequently recognised as income as, or when, the association satisfies its performance obligation.

Donations

Cash donations and goods and services donated in-kind are recognised as income when the company obtains control of the asset. These revenues are recognised at the fair value of the consideration received.

(f) Other revenue and other income

Interest

Interest revenue is measured in accordance with the effective interest method.

Leases

Lease revenue from operating leases is recognised on either a straight-line basis or another systematic basis (if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished).

All revenue is measured net of the amount of goods and services tax (GST).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that are denominated in the currency in which the benefits will be paid. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the association 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. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(iii) Retirement benefit obligations

Defined contribution superannuation plan

The association makes superannuation contributions to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The association's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the statement of financial position.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Income tax

No provision for income tax has been raised as the association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(i) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the association becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the association commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the association are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the association irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the association's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the association for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the association are subsequently measured at amortised cost.

Long-term equity instruments

Long-term equity instruments comprise ordinary shares in listed entities that are not held for trading. On initial recognition, investments identified by the association as long-term equity instruments are irrevocably designated (and measured) at fair value through other comprehensive income. This election has been made as the directors' believe that to otherwise recognise changes in the fair value of these investments in profit or loss would be inconsistent with the objective of holding the investments for the long term.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Property, plant and equipment

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

Properties that are held for strategic purpose or to provide a social service and generate cash inflows where the rental revenue is incidental to the purpose for holding the property. Properties do not meet the definition of investment properties and are classified as properties in accordance with AASB 116.

Property

Freehold land and buildings are measured at revalued amounts, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and any accumulated impairment losses. At each reporting date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in equity. To the extent that the increase reverses a decrease of the same class of asset previously recognised in profit or loss, the increase is recognised in profit or loss. Decreases that offset previous increases of the same class of asset are recognised in other comprehensive income; all other decreases are recognised in profit or loss.

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

Land is not depreciated. The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the association commencing from the time the asset was held ready for use.

Class of fixed asset	Useful lives	Depreciation basis
Leasehold improvements at cost	4 years	Straight line
Motor vehicles at cost	4 - 4.5 years	Straight line
Office equipment at cost	4 years	Straight line
Furniture, fixtures and fittings at cost	4 years	Straight line

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of non-financial assets

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level.

Assets are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use (where ‘value in use’ is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same class of asset. Impairment losses are allocated on a pro rata basis to the assets comprising the relevant cash generating unit.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same class of asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

(l) Leases

Accounting policy applied to the information presented for the current period under AASB 16 Leases:

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the association recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the association, and an estimate of costs to be incurred by the association in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the association’s incremental borrowing rate.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leases (Continued)

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

Accounting policy applied to the information presented for the prior period under AASB 117 Leases:

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Lease payments for operating leases are recognised as an expense on a straight-line basis over the term of the lease. Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(m) Provisions

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(n) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial report is authorised for issue.

The amounts recognised in the financial statements reflect events after the reporting period that provide evidence of conditions that existed at the reporting date. Whereas, events after the reporting period that are indicative of conditions that arose after the reporting period (i.e., which did not exist at the reporting date) are excluded from the determination of the amounts recognised in the financial statements.

NOTE 2: FAIR VALUE MEASUREMENT

Fair value hierarchy

2020	**Total** **$**
Financial assets	
Financial assets at fair value through comprehensive income	
Investment in equity securities	2,607,783
Total financial assets	2,607,783
Non-financial assets	
Revalued property, plant and equipment	
Land and buildings	1,565,000
Total non-financial assets	1,565,000
2019 (restated)	
Non-financial assets	
Revalued property, plant and equipment	
Land and buildings	1,525,000
Total non-financial assets	1,525,000

Valuation of investment in equity securities

The equity securities are valued using a level 1 fair value measurement, being the quoted market price at the reporting date.

Valuation of land and buildings

The land and buildings are valued by an external property valuer who uses a level 2 fair value measurement. The valuation is a market-based approach with observable inputs.

	2020 $	2019 (restated) $

NOTE 3: OTHER REVENUE AND OTHER INCOME

	2020 $	2019 (restated) $
Other revenue		
Dividend income	**15,140**	-
Interest income	**27,037**	94,330
Donation revenue	**211,116**	220,725
Medicare revenue	**121,886**	43,070
Rental revenue	**188,449**	154,736
	563,628	512,861
Other income		
Gain on fair value of borrowings	**17,000**	119,000
Profit on sale of non current assets	**1,853**	-
Other income	**530**	2,271
	19,383	121,271

NOTE 4: OPERATING PROFIT

	2020 $	2019 (restated) $
Surplus before income tax has been determined after:		
Interest expense on lease liabilities	**6,953**	-
Employee benefits:		
- Short term benefits	**5,256,307**	5,000,181
- Superannuation guarantee contributions	**478,655**	456,871
- Other employee benefits	**114,442**	105,574
	5,849,404	5,562,626
Loss on disposal of non current assets	**-**	164,384
Depreciation		
Leasehold improvements	**5,070**	8,471
Motor vehicles	**49,287**	54,795
Office equipment	**2,515**	6,882
Furniture, fixtures and fittings	**617**	-
Lease assets	**130,620**	-
	188,109	70,148

	2020 $	2019 (restated) $
NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION		
Total compensation received by key management personnel	**442,903**	421,125
NOTE 6: CASH FLOW INFORMATION		
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:		
Cash on hand	**325**	2,000
Cash at bank	**2,608,470**	5,310,011
	2,608,795	5,312,011
NOTE 7: RECEIVABLES		
CURRENT		
Other receivables	**61,578**	12,981
NOTE 8: OTHER ASSETS		
CURRENT		
Prepayments	**143,854**	135,108
Other current assets	**11,211**	11,211
	155,065	146,319
NOTE 9: OTHER FINANCIAL ASSETS		
NON CURRENT		
Financial assets at fair value through other comprehensive income		
Other financial assets at fair value		
Other investments	**2,607,783**	-

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	2020 $	2019 (restated) $
Land and buildings		
Land and buildings at fair value	**1,565,000**	1,525,000
Accumulated depreciation	**-**	-
	1,565,000	1,525,000
Leasehold improvements		
Leasehold improvements at cost	**140,027**	140,027
Accumulated depreciation	**(140,027)**	(134,957)
	-	5,070
Total land and buildings	**1,565,000**	1,530,070
Plant and equipment		
Motor vehicles at cost	**536,268**	521,445
Accumulated depreciation	**(442,299)**	(407,465)
	93,969	113,980
Office equipment at cost	**401,470**	401,470
Accumulated depreciation	**(400,036)**	(397,521)
	1,434	3,949
Furniture, fixtures and fittings at cost	**45,188**	45,188
Accumulated depreciation	**(45,188)**	(44,571)
	-	617
Total plant and equipment	**95,403**	118,546
Total property, plant and equipment	**1,660,403**	1,648,616

(a) Valuations

The fair values of freehold land, and buildings on freehold land have been determined by reference to director valuations, based upon independent valuations obtained in August 2020. Such valuations are performed on a fair value basis, being the amounts for which the assets could be exchanged between market participants in an arm's length transaction at the valuation date.

Refer to Note 2: Fair Value Measurements for additional information on the fair value of property, plant and equipment.

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

	2020 $	2019 (restated) $
Land and buildings		
Opening carrying amount	**1,525,000**	2,550,000
Disposals	**-**	(900,000)
Net revaluation increments / decrements	**40,000**	(125,000)
Closing carrying amount	**1,565,000**	1,525,000
Leasehold improvements		
Opening carrying amount	**5,070**	13,541
Depreciation expense	**(5,070)**	(8,471)
Closing carrying amount	**-**	5,070
Motor vehicles		
Opening carrying amount	**113,980**	155,125
Additions	**29,276**	13,650
Depreciation expense	**(49,287)**	(54,795)
Closing carrying amount	**93,969**	113,980
Office equipment		
Opening carrying amount	**3,949**	10,831
Depreciation expense	**(2,515)**	(6,882)
Closing carrying amount	**1,434**	3,949
Furniture, fixtures and fittings		
Opening carrying amount	**617**	617
Depreciation expense	**(617)**	-
Closing carrying amount	**-**	617

	2020
	$

NOTE 11: LEASE ASSETS AND LEASE LIABILITIES

Lease arrangements (30 June 2020)

The following information relates to the current reporting period only, and is presented in accordance with AASB 16 *Leases* (which was applied by the association for the first time in the current reporting period).

(a) Lease assets

Land and buildings under lease	**241,525**
Accumulated depreciation	**(130,620)**
Total carrying amount of lease assets	**110,905**

Reconciliations

Reconciliation of the carry amount of lease assets at the beginning and end of the financial year:

Land and buildings	
Opening carrying amount	**108,046**
Additions	**133,479**
Depreciation	**(130,620)**
Closing carrying amount	**110,905**

(b) Lease liabilities

CURRENT	
Land and buildings under lease	**112,603**
NON CURRENT	
Land and buildings under lease	**1,280**

(c) Lease expenses and cashflows

Interest expense on lease liabilities	**6,953**
Expense relating to lease payments made for leases of low value assets (for which a lease asset and a lease liability has not been recognised)	**20,760**
Depreciation expense on lease assets	**130,620**
Cash outflow in relation to leases	**134,595**

	2020 $	2019 (restated) $

NOTE 12: PAYABLES

	2020 $	2019 (restated) $
CURRENT		
Unsecured liabilities		
Trade creditors	**186,138**	127,374
Sundry creditors and accruals	**286,339**	328,324
GST payables	**102,321**	126,264
	574,798	581,962

NOTE 13: BORROWINGS

NON CURRENT

	2020 $	2019 (restated) $
Secured liabilities		
Mortgage loans	**136,000**	153,000

The association is party to a mortgage agreement with the Department of Public Works and Housing ("the Department"). The association is required to repay the mortgage if it is in default of the terms of the agreement and/or the property has been sold. The agreement is in effect until it is either terminated by the Department or repaid in full.

The repayment amount is equal to 68% of the market value/sale value of the property. The movement in the value of the mortgage is recognised as income or expense in the period to which it relates. No interest is attached to the mortgage.

NOTE 14: PROVISIONS

	2020 $	2019 (restated) $
CURRENT		
Annual leave	**315,875**	252,712
Long service leave	**217,284**	235,490
Other employee entitlements	**7,242**	7,534
	540,401	495,736
NON CURRENT		
Long service leave	**46,971**	44,290

	2020 $	2019 (restated) $

NOTE 15: CONTRACT LIABILITIES

	2020 $	2019 (restated) $
CURRENT		
Unspent grant funds	**125,775**	185,233

A contract liability represents the association's obligation to transfer services under contractual arrangements that contain enforceable and sufficiently specific performance obligations for which the association has received consideration (or an amount of consideration is due) in advance of those services being provided. Amounts recorded as contract liabilities are subsequently recognised as revenue as performance obligations are satisfied. Services are generally provided by the association within the term of the grant agreement.

NOTE 16: RESERVES

	2020 $	2019 (restated) $
Asset revaluation reserve	**812,838**	772,838
Financial assets at fair value through other comprehensive income reserve	**(195,404)**	-
	617,434	772,838

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

The financial assets at fair value through other comprehensive income reserve is used to record changes in the fair value of financial assets classified or designated at fair value through other comprehensive income.

NOTE 17: COMMITMENTS

	2020 $	2019 (restated) $
Low value or short-term lease arrangements (not accounted for as lease assets and lease liabilities in note 12)		
Payable		
- not later than one year	**20,760**	130,490
- later than one year and not later than five years	**12,110**	33,592
	32,870	164,082

NOTE 18: CONTINGENT LIABILITIES

In prior years the association received $250,000 from the Department of Public Works and Housing ("the Department") under a mortgage agreement which is repayable if the association is in default of the terms of the mortgage agreement and/or the property is sold. The agreement expires on 19 December 2021, upon which the mortgage will no longer be repayable by the association to the Department.

The mortgage is contingent on the default of the terms of the agreement and/or the sale of the property, both of which are in the control of the association.

NOTE 19: PRIOR PERIOD ERROR

The following errors have been identified in the prior period financial statements:

(a) Contingent liability - Department of Public Works and Housing:

$250,000 was recognised as borrowings representing a mortgage with the Department of Public Works and Housing ("the Department"). The terms of the agreement require the mortgage to be repaid if the association is in default of the terms of the agreement and/or the property has been sold. The agreement expires on 19 December 2021, upon which the mortgage will no longer be repayable by the association to the Department.

The mortgage was deemed to be a contingent liability as no contractual obligations exist under the agreement which are outside the association's control. The mortgage has been reversed in full with a decrease in the prior period borrowings of $250,000 and an increase in retained earnings of $250,000.

(b) Sick leave provision:

$117,188 was recognised as a sick leave provision. The sick leave provision is non-vesting with no contractual obligation to pay the provision at the termination of an employee's service.

The provision has been reversed in full with a decrease in the prior period employee provision of $117,188, a decrease in employee benefits expense of $6,816 and an increase in retained earnings of $110,372.

(c) Long service leave provision:

$346,651 was recognised as a long service leave provision. The provision was not calculated and disclosed in accordance with Australian Accounting Standards as it did not consider probability factors, discount rates or the classification of the provision.

The provision has been decreased by $66,871 with an increase of $66,871 in retained earnings. $235,490 of the provision has been reclassified from a current liability to a non-current liability.

(d) Borrowings:

Borrowings were fair valued with a decrement of $119,000 posted to other comprehensive income. The movement in borrowings is required to be accounted for through profit or loss rather than other comprehensive income.

The fair value adjustment has been transferred from other comprehensive income to other income.

(e) Other reclassifications:

The prior period statement of financial position and statement of profit or loss and other comprehensive income have been restated for a change in the classification of line items.

The errors listed above have been corrected by restating each of the affected financial statement line items for the prior period as follows:

NOTE 19: PRIOR PERIOD ERROR (CONTINUED)

Restatement of statement of financial position

	2019 (as reported) $	Increase / (decrease) $	2019 (restated) $
Current assets			
Cash and cash equivalents	**177,123**	5,134,888	5,312,011
Debtors, prepayments and deposits	**159,300**	(159,300)	-
Receivables	**-**	12,981	12,981
Other assets	**-**	146,319	146,319
Total current assets	**336,423**	5,134,888	5,471,311
Non-current assets			
Other financial assets	**5,134,887**	(5,134,887)	-
Lease assets	**-**	-	-
Property, plant and equipment	**1,648,615**	1	1,648,616
Total non-current assets	**6,783,502**	(5,134,886)	1,648,616
Total assets	**7,119,925**	2	7,119,927
Current liabilities			
Payables	**581,962**	-	581,962
Lease liabilities	**-**	-	-
Provisions	**377,434**	118,302	495,736
Contract liabilities	**185,233**	-	185,233
Total current liabilities	**1,144,629**	118,302	1,262,931
Non-current liabilities			
Borrowings	**403,000**	(250,000)	153,000
Provisions	**346,651**	(302,361)	44,290
Total non-current liabilities	**749,651**	(552,361)	197,290
Total liabilities	**1,894,280**	(434,059)	1,460,221
Net assets	**5,225,645**	434,061	5,659,706
Equity			
Reserves	**-**	772,838	772,838
Accumulated surplus	**5,225,645**	(338,777)	4,886,868
Total equity	**5,225,645**	434,061	5,659,706

NOTE 19: PRIOR PERIOD ERROR (CONTINUED)

Restatement of statement of profit or loss and other comprehensive income

	2019 (as reported) $	Increase / (decrease) $	2019 (restated) $
Revenue and other income			
Revenue	**6,975,112**	(288,847)	6,686,265
Other revenue	**-**	512,861	512,861
Other income	**227,280**	(106,009)	121,271
Total revenue and other income	**7,202,392**	118,005	7,320,397
Expenses			
Employee benefits expense	**5,569,442**	(6,816)	5,562,626
Client support services expense	**358,328**	(2)	358,326
Property expenses	**393,272**	-	393,272
IT costs	**-**	177,865	177,865
Depreciation expense	**70,148**	-	70,148
Motor vehicle and travel expenses	**165,471**	1	165,472
Insurance expense	**53,802**	-	53,802
Audit, legal and consultancy fees	**52,041**	(1)	52,040
Other operating costs	**634,088**	(178,869)	455,219
Total expenses	**7,296,592**	(7,822)	7,288,770
Surplus before income tax	**(94,200)**	125,827	31,627

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2020 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2020, of the association, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2020, of the association.

NOTE 21: ASSOCIATION DETAILS

The registered office of the association is:

Brisbane Youth Service Inc.
42 McLachlan Street
Fortitude Valley QLD 4006

BRISBANE YOUTH SERVICE INC.
ABN: 83 967 756 338

STATEMENT BY MEMBERS OF THE COMMITTEE

The committee declare that:

1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and

2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

President: ______________________
Dr Nikola Stepanov

Dated this 26 day of October 2020

Pitcher Partners

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Brisbane, QLD 4000

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Brisbane, QLD 4001

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INDEPENDENT AUDITOR'S REPORT
To the Members of Brisbane Youth Service Inc.
Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Brisbane Youth Service Inc. (the "Registered Entity"), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of Brisbane Youth Service Inc. has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the Registered Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

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

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 are independent of the Registered Entity in accordance with the auditor independence requirements of the *Australian Charities and Not for-profits Commission Act 2012* ("ACNC Act") 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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, 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 Members and Those Charged with Governance for the Financial Report.

The Members of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the Registered Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.

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 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible entity's 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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Pitcher Partners

PITCHER PARTNERS

Mason

CHERYL MASON
Partner

Brisbane, Queensland
26 October 2020