CANBERRA POLICE COMMUNITY YOUTH CLUB INCORPORATED

ABN 71 012 467 609

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

CANBERRA POLICE COMMUNITY YOUTH CLUB INCORPORATED
ABN 71 012 467 609

DECLARATION BY THE COMMITTEE

The Committee of the Association declare that the financial statements:

1. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Association in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.

2. There are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

3. Satisfy the requirements of the *Australian Charities and Not-for-profit Commission Act 2012* and Australian Charities and Not-for-profit Commission Regulation 2013.

This declaration is made in accordance with subsection 60.15(2a) of the Australian Charities and Not-for-profit Commission Regulation 2013.

Committee Member

Chief Executive Officer

Dated this 1st day of November 2022.

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AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 60.40 OF THE *AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012* TO THE COMMITTEE OF CANBERRA POLICE COMMUNITY YOUTH CLUB INCORPORATED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

(a) no contraventions of the auditors' independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit, and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

AccountAbility

Anthony Wilson

Anthony Wilson
Registered Company Auditor
Canberra, ACT
1 November 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 $	2021 $
INCOME			
Grants		1,295,023	1,463,720
Fundraising		268,887	324,011
Fee for service programs		817,459	849,992
Other revenue	2	431,603	613,916
Total income		2,812,972	3,251,639
EXPENSES			
Accounting and audit		7,000	7,000
Amenities & office supplies		50,887	65,053
Bad debts		-	(4,143)
Communication		19,031	17,687
Computer & software		7,848	7,401
Consulting & bookkeeping		50,573	46,027
Depreciation		154,557	147,419
Depreciation – Right of Use Assets		89,603	42,516
Donations and sponsorship		-	10,030
Employee expenses	3	2,224,745	2,031,776
Fundraising		144,873	203,047
General		76,296	49,119
Insurance		91,523	53,593
Interest expense		28,604	15,537
Legal fees		9,425	-
Meetings & conferences		9,509	15,266
Motor vehicle expenses		112,998	88,697
Program costs		44,824	102,063
Rent		49,050	81,622
Total expenses		3,171,346	2,979,710
Surplus/(deficit) from operating activities		(358,374)	271,929
Other comprehensive income		-	-
Total comprehensive income for the year		(358,374)	271,929

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	2022 $	2021 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,197,961	1,417,455
Trade and other receivables		59,849	72,626
Held to investment maturities		177,889	177,658
Other assets		55,339	29,829
TOTAL CURRENT ASSETS		1,491,038	1,697,568
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,834,752	2,963,335
Right of use assets		384,780	474,383
TOTAL NON-CURRENT ASSETS		3,219,532	3,437,718
TOTAL ASSETS		4,710,569	5,135,286
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	136,921	190,920
Borrowings	7	54,277	375
Lease liabilities		412,431	488,340
Unearned income		104,342	119,447
Provisions	8	163,936	138,167
TOTAL CURRENT LIABILITIES		870,907	937,249
TOTAL LIABILITIES		870,906	937,249
NET ASSETS		3,839,663	4,198,037
EQUITY			
Retained earnings		2,097,280	2,455,654
Asset revaluation reserve		1,742,383	1,742,383
TOTAL EQUITY		3,839,663	4,198,037

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Asset revaluation reserve	Retained earnings	Total
	$	$	$
Balance at 1 July 2020	1,742,383	2,183,725	3,926,108
Operating surplus for the year	-	271,929	271,929
Other comprehensive income	-	-	-
Transfers between reserves	-	-	-
Balance at 30 June 2021	1,742,383	2,455,654	4,198,037
Operating surplus/(deficit) for the year	-	(358,374)	(358,374)
Other comprehensive income	-	-	-
Transfers between reserves	-	-	-
Balance at 30 June 2022	1,742,383	2,097,280	3,839,663

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 $	2021 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and others		1,671,047	1,862,219
Grant funding and other assistance		1,379,756	1,587,916
Payments to suppliers and employees		(3,140,368)	(3,024,351)
Interest & investment income		784	1,937
Net cash generated by/(used in) operating activities	9	(88,781)	427,721
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of held to maturity investments		(231)	(768)
Purchase of property, plant and equipment		(25,973)	(238,009)
Net cash generated by/(used in) investing activities		(26,204)	(238,777)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(104,509)	(45,535)
Net cash generated by/(used in) financing activities		(104,509)	(45,535)
Net increase/(decrease) in cash held		(219,494)	143,409
Cash at beginning of the financial year		1,417,455	1,274,046
Cash at end of the financial year	4	1,197,961	1,417,455

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is for Canberra Police Community Youth Club Incorporated as an individual entity, incorporated and domiciled in Australia. The Association is a Public Benevolent Institution registered with the Australian Charities and Not-for-profits Commission (ACNC).

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures, Interpretations of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

The functional and presentation currency of the Canberra Police Community Youth Club Incorporated is Australian dollars.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

Accounting Policies

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial statements.

The accounting policies have been consistently applied, unless otherwise stated. Comparatives are consistent with prior years, unless otherwise stated. When required by Accounting Standards, comparative figures are adjusted to conform with changes in presentation for the current financial year.

(a) New and amended accounting policies adopted by the Association

The Association has adopted all the new, revised or amended accounting standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

For the year ended 30 June 2022, the Association has adopted *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

The adoption of AASB 1060 has not had any material impact on the financial performance or position of the entity because the Association 's previous financial statements complied with Australian Accounting Standards - Reduced Disclosure Requirements.

The adoption of AASB 1060 has resulted in some minor disclosure changes in the financial statements.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue

Revenue recognised under AASB 15 is measured at the amount which the Association expects to receive in consideration for satisfying performance obligations to a customer. A performance obligation is the distinct good or service defined within the contract with a customer. The transaction price is allocated to one or more performance obligations contained within the contract, with revenue being recognised as or when the performance obligation is satisfied.

Timing of Revenue Recognition

Revenue is recognised either at a point in time or over time, when (or as) the entity satisfies performance obligations by transferring the promised goods or services to its customers.

If the entity satisfies a performance obligation before it receives the consideration, the entity recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Any income billed but not received at year end is recorded as part of trade receivables. Amounts unbilled and accrued at year end are recognised as contract assets and recorded as part of accrued income. When income is received prior to the provision of services, a contract liability is recognised in the statement of financial position as unearned income.

(c) Taxation

No provision for income tax has been raised as the entity is exempt from income tax under Division 50-5 of the *Income Tax Assessment Act 1997*.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year are measured at the net present value.

The Association's obligations for long term employee benefits are presented as non-current employee provisions on the Statement of financial position, except where the Association does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(e) Provisions

Provisions are recognised when the entity 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.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(g) Property, plant and equipment

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

Land and buildings

Land and buildings are carried at cost or fair value based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation and impairment losses where applicable. In periods when the land and buildings are not subject to an independent valuation, the committee members conduct internal 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 recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading 'change in fair value of land and buildings'. All other decreases are recognised in profit and loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Depreciation and amortisation

The depreciable amount of all fixed and intangible assets are depreciated or amortised on a diminishing value basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.0%
Exercise, plant and equipment	10.0 – 100.0%
Motor vehicles	12.5%
Office furniture and equipment	10 – 33.3%

The assets' residual values and useful lives are reviewed by Committee, and adjusted if appropriate, at each reporting date.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Leases

At inception of a contract, the Association assesses whether a contract is, or contains, a lease. A contract is considered to contain a lease if it allows the entity the right to control the use of an identified asset over a period of time in return for consideration. Where a contract or arrangement contains a lease, the Association recognises a right-of-use asset (lease asset) and a lease liability at the commencement date of the lease.

A right-of-use asset is initially measured at cost, which is the present value of future lease payments adjusted for any lease payments made at or before the commencement date, plus any make-good obligations and initial direct costs incurred. Lease assets are depreciated using the straight-line method over the shorter of their useful life and the lease term. Periodic adjustments are made for any re-measurements of the lease liabilities and for impairment losses.

Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the entity's incremental borrowing rate if the rate implicit in the lease cannot be readily determined, and are subsequently measured at amortised cost using the effective interest rate. Minimum lease payments include fixed payments, amounts expected to be paid under a residual value guarantee, the exercise price of purchase options for which the Association is reasonably certain to exercise and incorporate the Association's expectations of lease extension options.

The lease liability is remeasured when there are changes in future lease payments arising from a change in rates, index or lease terms from exercising an extension or termination option. A corresponding adjustment is made to the carrying amount of the lease assets.

Short term leases (lease term of 12 months or less) and leases of low value assets ($10,000 or less) are recognised as an expense as incurred in the statement of comprehensive income.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value or amortised cost using the effective interest rate method. The subsequent measurement depends on the classification of the financial instrument as described below.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the above, the Association may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Association may irrevocably elect to present subsequent changes in fair value of an equity instrument in other comprehensive income if certain criteria are met; and
- the Association may irrevocably designate a financial asset that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or at FVTOCI. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The entity recognises lifetime expected credit losses for trade receivables. The expected credit losses on these financial assets are estimated based on the entity's historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the future direction of conditions at the reporting date, including time value of money where appropriate.

(j) Comparative figures

When required by Australian Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Comparative balances in the Statement of comprehensive income have been re-stated to align with reporting categories used by the Association for internal reporting purposes. This restatement did result in a minor adjustment to the reported loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of tangible and intangible assets

At each reporting date, Committee reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

Where future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset class, the Association estimates the recoverable amount of the cash-generating unit to which the class of asset belongs.

(l) Critical accounting estimates and judgements

The Committee evaluate estimates and judgements incorporated in to the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

Key estimates – Impairment

The Association assesses impairment at each reporting date by evaluating conditions specific to the Association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(m) Application of new accounting standards

The Association has adopted all of the new, revised or amended accounting standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Association in either the current or prior financial reporting periods.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 2. OTHER REVENUE

	2022 $	2021 $
Lawn mowing	160,606	-
Café sales	84,341	(13,649)
COVID support	50,000	447,300
Parking fees	40,984	45,530
Facility hire	40,689	56,735
Donations	31,411	56,186
Subsidies received	19,381	-
Other	3,408	17,003
Interest	783	1,937
Membership	-	2,875
	431,603	613,916

NOTE 3. EMPLOYEE EXPENSES

	2022 $	2021 $
Wages & salaries	1,896,944	1,775,533
Superannuation expense	176,175	152,051
Annual leave	22,855	7,484
Long service leave	30,814	20,557
Employee amenities	158	1,758
Laundry allowance	-	1,377
Workers' compensation	55,904	49,003
Training & education	41,895	24,013
	2,224,745	2,031,776

NOTE 4. CASH ON HAND AND AT BANK

	2022 $	2021 $
Cash at bank	1,197,961	1,417,455
Cash on hand	-	-
	1,197,961	1,417,455

NOTE 5. NON-CURRENT ASSETS

	Land * $	Buildings *	Exercise Equipment $	Program Equipment $	Motor Vehicles $	Office & Computer Equipment	Leasehold Improvements $	TOTAL $
Opening cost	775,000	2,046,670	63,919	73,128	492,281	98,965	16,044	3,566,006
Less: Accumulated depreciation	-	(180,861)	(49,162)	(16,718)	(254,950)	(90,413)	(10,567)	(602,671)
Opening written down value	775,000	1,865,809	14,756	56,411	237,330	8,552	5,477	2,693,335
Additions	-	-	-	7,021	18,952	-	-	25,973
Revaluation recognised in other comprehensive income	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(20,888)	-	-	(20,888)
Reclassifications	-	-	-	-	-	-	-	-
Depreciation	-	(76,898)	(3,427)	(13,286)	(58,649)	(1,202)	(1,096)	(154,557)
Writeback on disposal	-	-	-	-	20,888	-	-	20,888
Closing cost	775,000	2,046,670	63,919	80,149	490,345	98,965	16,044	3,571,092
Less: Accumulated depreciation	-	(257,759)	(52,589)	(30,004)	(299,711)	(91,615)	(11,662)	(736,340)
Closing written down value	775,000	1,788,911	11,329	50,145	197,634	7,350	4,382	2,834,752

ï - a formal valuation of land and buildings was undertaken by Herron Todd White in 2019 utilising current market values. The increments in values were recorded in 2019 as *Other comprehensive income* and a credit made to the Asset Revaluation Reserve.
Improvements to building undertaken since the formal valuation was conducted are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 6. TRADE AND OTHER PAYABLES

	2022 $	2021 $
Trade creditors	24,325	46,322
Accrued expenses	7,800	46,739
GST payable	66,289	37,777
Payroll liabilities	38,508	60,082
	136,921	190,920

NOTE 7. BORROWINGS

	2022 $	2021 $
Current		
Premium funding	54,277	375
	54,277	375

NOTE 8. PROVISIONS

Analysis of total provision

	Long Service Leave	Annual Leave
Provisions		
Opening balance as at 1 July 2021	6,708	131,459
Net movement in balance	1,913	22,855
Balance as at 30 June 2022	8,621	154,314
Current	8,621	154,314
	8,621	154,314

NOTE 9. CASH FLOW RECONCILIATION

	Note	2022 $	2021 $
Cash as per:			
Statement of financial position	6	1,197,961	1,417,455
Statement of cash flows		1,197,961	1,417,455
Reconciliation of surplus/(deficit) from operating activities to net cash provided by / (used in) operating activities			
Surplus/(deficit) from ordinary activities		(358,374)	271,929
Adjustments for non-cash & other items			
Depreciation		244,160	189,935
Interest on lease liabilities		28,600	17,108
Movement in provision for doubtful debts		-	(4,143)
Movements in assets and liabilities			
Decrease/(increase) in receivables		12,778	(64,866)
Decrease/(increase) in other assets		(25,510)	52,377
Increase/(decrease) in creditors		(96)	(68,898)
Increase/(decrease) in unearned income		(15,106)	24,356
Increase/(decrease) in employee provisions		24,767	9,923
		(88,781)	427,721

NOTE 10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Association's financial instruments consist mainly of deposits with banks, local money market instruments, short and long term investments, accounts receivable and payable.

The totals for each category have been presented above and are measured in accordance with applicable Australian Accounting Standards as detailed in the accounting policies detailed at Note 1.

NOTE 10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Specific financial risk exposures and management

The main risks the Association is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and equity price risk.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the Association.

The Association does not have any material credit risk exposure as its major source of revenue is the receipt of subscriptions, funding for specific activities and Government funding.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets (net of any provision) are presented in the Statement of Financial Position. Trade and other receivables that are neither past due or impaired are considered to be of high credit.

The Association has no significant concentration of credit risk exposure to any single counterparty.

Credit risk related to balances with banks and other financial institutions are managed in accordance with Association policy and is monitored by the Committee.

Liquidity risk

Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Association manages this risk through the following mechanisms:

- Preparing forward looking cash flow analysis in relation to operational, investing and financing activities;
- Managing credit risk related to financial assets;
- Only investing surplus cash with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profiles of financial assets.

Market risk

Market risk arises from the following:

NOTE 10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

- Interest rate risk – where a future change in interest rates will affect future cash flows or the fair value of the fixed asset; and
- Price risk – where a change in market prices of securities affect the future cash flows.

Net fair values

Fair values are those amounts at which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair values of financial assets and liabilities are the same as the net carrying values presented in the Statement of financial position.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cashflow analysis and other valuation techniques commonly used by market participants. Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Association. Most of these instruments which are carried at amortised cost (i.e. trade receivables and borrowings) are to be held until maturity and the net fair value figures calculated bear little relevance to the Association.

NOTE 11. EVENTS AFTER THE BALANCE DATE

There has not been any matter or circumstance that has arisen since the end of the financial year which has significantly affected, or may significantly affect, the operations of the Association or the results of those operations, or the state of the Association in future financial years.

NOTE 12. CONTINGENT ASSETS AND LIABILITIES

The Committee believe there are no contingent liabilities or assets as at 30 June 2022 which require disclosure in the financial statements.

NOTE 13. KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

Key management personnel is defined by AASB 124 “Related Party Disclosures” as those persons having authority and responsibility for planning, directing and controlling the activities of the Association directly or indirectly.

Members of the Committee are not remunerated for undertaking this role. The names of each person holding the position of Committee Member of Canberra Police Community Youth Club Incorporated during the 2022 financial year are detailed at Note 17 of this financial report.

The total remuneration paid to other key management personnel of the Association is $269,291 (2021: $284,398).

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions between related parties are on normal commercial terms and conditions no more or less favourable than those available to other parties unless otherwise stated.

NOTE 14. CAPITAL MANAGEMENT

The Committee controls the capital of the Association to ensure that adequate cash flows are generated to fund operations. The Committee is responsible for the overall risk management strategy.

The Association's capital consists of financial liabilities, supported by financial assets.

The Committee effectively manages the Association's capital by assessing the Association’s financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

The Association does not have a formal policy on capital management and gearing ratios.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 15. STATUTORY INFORMATION

The registered office for the Association is:

Canberra Police Community Youth Club Incorporated
5 Richmond Avenue
Canberra Airport ACT 2609.

NOTE 16. SEGMENT INFORMATION

The Association operates in a single business segment and principally in the Australian Capital Territory.

NOTE 17. MEMBERS OF COMMITTEE

The members of Committee at the date of this report are:

Peter McFarlane - President

Stella Conroy – Vice President

Helen Badger - Member

Dean Chapman - Member

James Ogg - Member

Graciete Ferreira - Member

Commander Linda Champion - AFP Representative

Cheryl O'Donnell - Secretary/Chief Executive Officer.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANBERRA POLICE COMMUNITY YOUTH CLUB INCORPORATED

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Canberra Police Community Youth Club Incorporated, which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Declaration by the Committee.

In my opinion the financial report of Canberra Police Community Youth Club Incorporated 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 2022 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

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of Canberra Police Community Youth Club Incorporated in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the *Code*) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the *Code*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Committee for the Financial Report

The Committee of Canberra Police Community Youth Club Incorporated 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 Committee determines 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, the Committee is responsible for assessing Canberra Police Community Youth Club Incorporated'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 Committee either intends to liquidate Canberra Police Community Youth Club Incorporated or to cease operations, or has no realistic alternative but to do so.

The Committee is responsible for overseeing Canberra Police Community Youth Club Incorporated's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my 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, I exercise professional judgement and maintain professional scepticism throughout the audit.

I 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 my 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 Canberra Police Community Youth Club Incorporated's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Canberra Police Community Youth Club Incorporated.
- Conclude on the appropriateness of Canberra Police Community Youth Club Incorporated’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 Canberra Police Community Youth Club Incorporated’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause Canberra Police Community Youth Club Incorporated 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.

I communicate with Canberra Police Community Youth Club Incorporated regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including when considered necessary any significant deficiencies in internal control that I identify during my audit.

AccountAbility

Anthony Wilson
Registered Company Auditor
Canberra, ACT
1 November 2022