YOUNG MEN'S CHRISTIAN ASSOCIATION OF SYDNEY
(Trading as YMCA NSW)
ABN 28 067 150 010

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 June 2020

Young Men's Christian Association of Sydney
(Trading as YMCA NSW)
ABN 28 067 150 010

Annual report - For the year ended 30 June 2020

Contents | **Page No**

Your Directors present their report on Young Men's Christian Association of Sydney (referred to hereafter as YMCA NSW or the "Association") for the year ended 30 June 2020.

Directors

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

Christina Harlamb
Frances-Anne Keeler
Jonathan Rea (till 26 November 2019)
Nicole Rieveley
Philip Knox
Richard Hughes
Shirley Chowdhary (till 12 June 2020)
Leigh Johns (since 7 November 2019)
Timothy Sunwoo (since 16 April 2020)
Jeremy Sandbrook (since 16 April 2020)
Prue Warrilow (since 20 April 2020)

Principal activities

During the year the principal continuing activities of the Association consisted of fitness swim and sports centre management, camping, out of school hours care and community programs. There was no significant change in the nature of the activity of the Association during the year.

Review of operations

The Association has been affected by the ongoing economic impacts of COVID-19. Following the government enforced lockdowns in March 2020, Fitness Swim and Sports Centres managed by YMCA NSW were closed from March to June 2020 as well as Camping sites and Community Programs from March 2020. Out-of-School Hours Care continued to operate with minimal attendances as required. The Association has been receiving the JobKeeper government subsidy and have also implemented a range of cost control measures from March 2020 to protect earnings and cash reserves. The deficit from ordinary activities for the year ending 30 June 2020 amounted to $4,603,497 (2019 deficit: $1,078,861).

The Directors have determined that it remains appropriate to prepare the financial report on a going concern basis taking into the consideration the strong liquidity and net asset position of the Association.

Significant changes in the state of affairs

The outbreak of COVID-19 and subsequent mandatory government measures imposed since early 2020 have caused disruption to businesses and economic activity.

This has significantly impacted the operations of the Association, particularly during the period March to June 2020. As at 30 June 2020, Fitness Swim and Sports Centres managed by YMCA NSW (other than seasonal facilities, YMCA Mariners Aquatic Centre and University of NSW Fitness and Aquatic Centre) had re-opened. Some Community Programs are operating online and others are progressively re-commencing their usual mode of service delivery from July 2020 onwards. Camping remains closed, except for day programs operating at Camp Yarramundi. For services which are operating, attendances are generally substantially lower than levels experienced before the COVID-19 outbreak.

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

Event since the end of the financial year

As a result of the economic impacts of COVID-19, the University of NSW Fitness and Aquatic Centre remains closed. YMCA NSW has been in negotiations with the University of NSW since March 2020 to agree new contractual terms to make it financially viable to re-open the Centre. On October 16, 2020 YMCA NSW and the University of New South Wales entered into a Deed of Release to terminate the Management Services Agreement (Release Agreement) dated 19 December, 2018 effective 17 October, 2020.

At June 30, 2020 a lease liability of $2.9m and an equivalent right of use asset has been recognised in the Balance Sheet. The Directors recognised an impairment against the right of use asset, due to the centre remaining closed at June 30, 2020. This resulted in an impairment loss of $2.9m being recognised in the Profit & Loss Account at June 30, 2020, which will be derecognised in the 2021 financial year together with the Lease Liability at 30/06/20 further to the terms of the Release agreement.

At this stage the Association anticipates that it will continue to qualify for Jobkeeper beyond September 2020. No other matter or circumstance has arisen since 30 June 2020 that has significantly affected the Association’s operations, results or state of affairs or may do so in future years.

Likely developments and expected results of operations

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

Environmental regulation

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

Meetings of directors

The numbers of meetings of the Association's board of Directors and of each board committee held during the year ended 30 June 2020, and the numbers of meetings attended by each Director were:

	Board meetings		Meetings of committees			
			Risk, audit and finance committee		People and culture	
	A	B	A	B	A	B
Christina Harlamb	4	5	-	-	3	4
Frances-Anne Keeler	4	5	-	-	4	4
Jonathan Rea	1	1	1	1	-	-
Nicole Rieveley	5	5	-	-	3	4
Philip Knox	5	5	4	4	-	-
Richard Hughes	5	5	3	4	4	4
Shirley Chowdhary	4	5	4	4	-	-
Leigh Johns	4	4	-	-	2	3
Timothy Sunwoo	2	2	1	1	-	-
Jeremy Sandbrook	2	2	1	1	2	2
Prue Warrilow	2	2	-	-	2	2

A = Number of meetings attended

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

Auditor

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

Insurance of officers and indemnities

(a) Insurance of officers
During the financial year, Young Men's Christian Association of Sydney paid a premium to insure the directors and secretaries of the Association, executive leaders and the general managers of each of the divisions of the Association.

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-Profit Commission (ACNC) Act 2012* is set out on page 4.

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

……………………………………….
Director

……………………………………….
Director

Dated: 21 October 2020

Auditor's Independence Declaration

As lead auditor for the audit of Young Men's Christian Association of Sydney (Trading as YMCA NSW) for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Manoj Santiago
Partner
PricewaterhouseCoopers

Sydney
21 October 2020

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Young Men's Christian Association of Sydney
(Trading as YMCA NSW)
ABN 28 067 150 010

Annual report - For the year ended 30 June 2020

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

The financial statements were authorised for issue by the Directors on 21 October 2020. The Directors have the power to amend and reissue the financial statements.

Young Men's Christian Association of Sydney
(Trading as YMCA NSW)
Statement of profit and loss and other comprehensive income
For the year ended 30 June 2020

	Notes	2020 $	2019 $
Continuing operations			
Revenue from contract with customers	5a	57,952,351	75,022,710
Other income	5b	17,666,346	6,224,813
Activity and Program costs		(4,543,615)	(4,554,338)
Employee Benefits Expenses		(50,444,205)	(52,112,126)
Depreciation and Amortisation Expenses		(4,219,438)	(1,177,965)
Impairment Charges		(2,907,823)	(2,908,426)
Community Program Expenses		(572,264)	(607,626)
Other Expenses	6	(17,737,696)	(21,510,971)
Finance Income - Net	6	202,847	545,068
(Deficit) Before Income Tax		**(4,603,497)**	**(1,078,861)**
Income Tax Expense		-	-
(Deficit) for the year		**(4,603,497)**	**(1,078,861)**
Other Comprehensive Income			
Other Comprehensive Income For The Year, Net of Tax		**-**	**-**
Total Comprehensive (Deficit) For The Year		**(4,603,497)**	**(1,078,861)**

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

Young Men's Christian Association of Sydney
(Trading as YMCA NSW)
Statement of Financial Position
As at 30 June 2020

	Notes	2020	2019
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	7	4,903,980	7,497,408
Trade and other receivables	8	6,461,522	1,112,556
Inventories	9	403,379	390,435
Term deposits		18,233,064	20,633,687
Other current assets	10	433,226	617,231
Total current assets		**30,435,171**	**30,251,317**
Non-current assets			
Financial assets at fair value through profit or loss	11	45,883	45,883
Property, plant and equipment	12	15,502,399	16,418,600
Right-of-use assets	13	1,770,062	-
Intangible assets	14	538,109	129,032
Total non-current assets		**17,856,453**	**16,593,515**
TOTAL ASSETS		**48,291,624**	**46,844,832**
LIABILITIES			
Current liabilities			
Trade and other payables	15	6,902,293	6,262,038
Borrowings	16	24,620	24,620
Contract liabilities		1,045,773	1,407,066
Employee benefit obligations	18	5,022,896	4,412,747
Lease liabilities		2,901,961	-
Provisions	17	1,156,444	826,004
Total current liabilities		**17,053,987**	**12,932,475**
Non-current liabilities			
Trade and other payables	15	293,208	258,715
Borrowings	16	6,125	30,745
Employee benefit obligations	18	758,016	843,140
Lease liabilities		1,966,721	-
Provisions	17	2,022,807	1,985,500
Total non-current liabilities		**5,046,877**	**3,118,100**
TOTAL LIABILITIES		**22,100,864**	**16,050,575**
NET ASSETS		**26,190,760**	**30,794,257**
EQUITY			
Other reserves	20(a)	3,508,415	3,508,415
Accumulated surplus	20(b)	22,682,345	27,285,842
Total equity		**26,190,760**	**30,794,257**

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

Statement of changes in equity
For the year ended 30 June 2020

	Notes	Other reserves $	Accumulated surplus $	Total equity $
Balance at 1 July 2018		3,508,415	28,364,703	31,873,118
Deficit for the year		-	(1,078,861)	(1,078,861)
Other comprehensive income		-	-	-
Total comprehensive deficit for the year		**-**	**(1,078,861)**	**(1,078,861)**
Transactions with owners in their capacity as owners:				
Changes in asset revaluation reserve		-	-	-
Balance at 30 June 2019	20b	**3,508,415**	**27,285,842**	**30,794,257**
Balance at 1 July 2019		3,508,415	27,285,842	30,794,257
Deficit for the year		-	(4,603,497)	(4,603,497)
Other comprehensive income		-	-	-
Total comprehensive deficit for the year		**-**	**(4,603,497)**	**(4,603,497)**
Transactions with owners in their capacity as owners:				
Changes in asset revaluation reserve		-	-	-
Balance at 30 June 2020	20b	**3,508,415**	**22,682,345**	**26,190,760**

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

Statement of cash flows
For the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		66,804,511	86,887,558
Receipts from government		9,083,167	3,515,293
Payments to suppliers and employees (inclusive of goods and services tax)		(78,153,055)	(86,510,219)
		(2,265,377)	**3,892,632**
Interest received		407,390	545,068
Interest paid		(204,543)	-
Net cash inflow (outflow) from operating activities	27	**(2,062,530)**	**4,437,700**
Cash flows from investing activities			
Payments for property, plant and equipment		(388,184)	(3,922,545)
Acquisition of intangible assets		(460,690)	(150,000)
Proceeds from redemption of term deposits		2,400,623	735,290
Proceeds from sale of property, plant and equipment		-	96,195
Net cash (outflow) from investing activities		**1,551,749**	**(3,241,060)**
Cash flows from financing activities			
Repayment of lease liabilities		(2,058,027)	-
Repayment of borrowings		(24,620)	(25,739)
Net cash (outflow) from financing activities		**(2,082,647)**	**(25,739)**
Net increase (decrease) in cash and cash equivalents		(2,593,428)	1,170,901
Cash and cash equivalents at the beginning of the financial year		7,497,408	6,326,507
Cash and cash equivalents at end of year	7	**4,903,980**	**7,497,408**

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

Contents of the notes to the financial statements

1 Summary of significant accounting policies

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

(a) Basis of preparation

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

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

The Association has determined that where it is engaged to operate contract sites on behalf of the sites owner (typically a local Council), it is in the capacity of a principal rather than an agent. On this basis the financial statements of YMCA NSW do include assets, liabilities, revenue and expenses incurred in managing the contract sites.

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

(iii) New and amended standards adopted by the Association
The Association has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2019:

AASB 15 Revenue from Contracts with Customers / AASB 1058 Income of Not-For-Profit Entities /AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation guidance for Not-for-Profit Entities

In the current year, the Association has applied AASB 15, AASB 2016-8 and AASB 1058 which became effective 1 July 2019.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and Interpretation 13 Customer Loyalty Programmes. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of AASB 1004 Contributions and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

AASB 15 (continued)

Under the new income recognition model YMCA NSW shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are ‘sufficiently specific’. If an enforceable agreement exists and the promises are ‘sufficiently specific’ (to a transaction or part of a transaction), YMCA NSW applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, YMCA NSW shall consider whether AASB 1058 applies.

The Association’s accounting policies for its revenue streams are disclosed in detail in note c below. The application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the Association. The application of AASB 15 however resulted in considering the management contracts ('contract sites') a principal activity as the Association is primarily responsible for fulfilling the promise to provide the specified services. In previous financial statements, this was considered being in agent capacity. As a result the financial statements of YMCA NSW include assets, liabilities, revenue and expenses incurred in managing the contract sites.

AASB 1058 provides the option to recognise volunteer services at fair value if those services would have been purchased if not provided voluntarily, and the fair value of those services can be measured reliably. The Association elected not to recognise volunteer services in these financial statements.

AASB 16 Leases

YMCA NSW adopted AASB 16 using the simplified modified retrospective approach, under which the right-of-use asset is valued at an amount equal to the lease liability, adjusted for prepayments and lease accruals immediately before the date of initial application of the standard. Accordingly, the comparative information presented for the year ending 30 June 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

YMCA NSW elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. YMCA NSW applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

· Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
· Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 Impairment of assets as at the date of initial application; and
· Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

AASB 16 Leases (continued)
As a lessee, YMCA NSW previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, YMCA NSW recognises right-of-use assets and lease liabilities for most leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using YMCA NSW's incremental borrowing rate as at 1 July 2019 (ranging from 2.88% to 7.3%). YMCA NSW's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions.

Impact on transition

On transition to AASB 16, YMCA NSW recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	1 July 2019
	$
Right-of-use assets	7,170,859
Lease liabilities	7,162,783
Prepayment	8,076

The following table reconciles the minimum lease commitments disclosed in YMCA NSW's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019
	$
Minimum operating lease commitment at 30 June 2019	**2,269,055**
Less: low value assets not recognised under AASB 16	(288,194)
Undiscounted lease payments	**1,980,861**
Less:effect of discounting using the incremental borrowing rate as at the date of initial application	(127,595)
Plus: contractual sites which were not considered in lease commitments	5,309,517
Lease liabilities recognised at 1 July 2019	**7,162,783**

AASB 2018-8 Amendments to Australian Accounting Standards- Right-of-Use Assets of Not-for-Profit Entities

In December 2018, the Australian Accounting Standards Board (AASB) issued an amending standard that provides a temporary exemption for not-for-profit (NFP) entities from the requirement to fair-value the right-of-use assets arising from peppercorn lease contracts. The exemption is optional, allowing entities to measure and recognise right-of-use assets arising from peppercorn leases at fair value if they choose to do so, or at cost (based on actual payments). As per AASB 16.25.1, YMCA NSW will elect to not measure right-of-use assets at initial recognition at fair value for peppercorn leases but at cost. The temporary examption hast been applied for the first time for the year ending 30 June 2020.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

AASB 16 Leases (continued)

AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions

In the current year, the directors have elected to apply AASB 2020-4' *Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions*' before its mandatory application date. AASB 2020-4 amends AASB 16 'Leases' and is effective for annual periods that begin on or after 1 June 2020. COVID-19 has led many lessors to provide relief to lessees by deferring or relieving them of amounts that would otherwise be payable. In some cases, this is through negotiation between the parties, but can also be as a consequence of a government encouraging or requiring that the relief be provided. AASB 16 requires lessees to assess whether changes to lease contracts are lease modifications as this term is defined in the Standard and, if so, the lessee must remeasure the lease liability using a revised discount rate. The amendment is intended to provide practical relief to lessees in accounting for rent concessions arising as a result of COVID-19, by including an additional practical expedient in AASB 16 that permits entities to elect not to account for some or all of these rent concessions as modifications.

The Association has elected to apply the practical expedient to all of the COVID-19-related rental concessions it has obtained as lessee. This resulted in an improvement of result of $619,184.

(iv) New standards and interpretations in issue but not yet effective

Standard/Amendment	**Effective for annual reporting periods beginning on or after**
AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 entities*	1 July 2021

(b) Foreign currency translation

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

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

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

1 Summary of significant accounting policies (continued)

(c) Revenue recognition

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Association has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

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

Activity and Programs
Revenues from activity, program and hire are recognised upon delivery of the service to the customer. Membership fees comprise annual/three monthly subscriptions and are recognised over time as revenue on a monthly basis over the period of membership.

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

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

Interest income
Interest income is recognised using the effective interest method.

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

(d) Income tax

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

(e) Leases

The Association assesses whether a contract is or contains a lease, at inception of the contract. The Association recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Association recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The term of the leases for out of school hours care sites is based on the proportion of hours accessible compared to the total of hours in a year.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

1 Summary of significant accounting policies (continued)

(e) Leases (continued)

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Association incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'. The Right-of-Use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

(f) Impairment of assets

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

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

(g) Cash and cash equivalents

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

(h) Trade and other receivables

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

1 Summary of significant accounting policies (continued)

(h) Trade and other receivables (continued)

The Association applies the AASB 9 'Financial Instruments' simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables and contract asset are written off when there is no reasonable expection of recovery.

(i) Inventories

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

(j) Investments and other financial assets

(i) Classification

From 1 July 2019, the Association classifies its financial assets in the following measurement categories:
• those to be measured subsequently at fair value (either through Other Comprehensive Income ('OCI') or through profit or loss), and
• those to be measured at amortised cost.

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

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

(ii) Recognition and derecognition

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

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

(iii) Measurement

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

Debt instruments

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

1 Summary of significant accounting policies (continued)

(j) Investments and other financial assets (continued)

• Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit and loss and other comprehensive income.

• FVPL: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ('FVOCI') are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments
The Association subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit and loss and other comprehensive income as applicable.

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

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

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

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

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

1 Summary of significant accounting policies (continued)

(l) Property, plant and equipment (continued)

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation begins in the month the asset is placed in service.
• Building and leasehold improvements: 2.5% to 10%
• Plant and equipment: 10% to 33%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

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

(m) Acquired intangible assets excluding goodwill

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated lives (customer lists are amortised over 2 years).

(n) Trade and other payables

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

(o) Borrowings

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

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

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

(p) Provisions

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

1 Summary of significant accounting policies (continued)

(p) Provisions (continued)

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

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

(q) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

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

(iii) Superannuation

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

(r) Goods and Services Tax (GST)

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

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

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

2 Changes in accounting policies

The changes in accounting policies applied by the Association and respective impact are described in Note 1 (a) (iii).

3 Financial risk management

(a) Market risk

(i) Cash flow and fair value interest rate risk

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

(b) Recognised fair value measurements - Financial instruments

(i) Fair value hierarchy

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

Recurring fair value measurements	**Level 1**	**Level 2**	**Level 3**	**Total**
At 30 June 2020	$	$	$	$
Financial assets				
Financial assets at FVPL				
Investment in shares	-	-	45,883	45,883
Total financial assets	**-**	**-**	**45,883**	**45,883**
Recurring fair value measurements	**Level 1**	**Level 2**	**Level 3**	**Total**
At 30 June 2019	$	$	$	$
Financial assets				
Financial assets at FVPL				
Investment in shares	-	-	45,883	45,883
Total financial assets	**-**	**-**	**45,883**	**45,883**

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

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

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

4 Critical estimates, judgements and errors

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

4 Critical estimates, judgements and errors (continued)

(a) Significant estimates and judgements

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

(b) Critical accounting estimates and assumptions

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

(i) Provision for onerous contract

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

(ii) Management contract arrangements

The Directors have determined that the organisation is acting as Principal under the management contracts and therefore are required to account for the gross revenues and expenses, assets and liabilities of the contract sites.

(iii) Provision for legal claims

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

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

In FY20, the Association received one claim relating to period during which insurance coverage was not available. This claim is currently being considered by our legal advisors as the claimant chose not to access Redress Scheme at this time. Further to consultation, management have accrued an amount that reflects the best estimate and the final amounts paid may vary due to the facts and circumstances of the individual case, ongoing investigations and any decision of the courts (should this case proceed to that stage).

(iv) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. The allowance for expected credit losses, as disclosed in note 8, is calculated based on the information available at the time of preparation.

4 Critical estimates, judgements and errors (continued)

(b) Critical accounting estimates and assumptions (continued)

(v) Property, Plant and Equipment, Right-of-use assets and intangibles

The Association checks annually, or more frequently if events or changes in circumstances indicate impairment of above asset classes. Decisions will be based on calculations that require the use of assumptions including estimated future cash flows.

On a yearly basis, the Association will check if any revaluation is needed for freehold land and building. Independent valuers are engaged to provide input for this judgement area.

(vi) Leases

The identification of leases and respective internal borrowing rate might require a degree of estimation and judgement. It is based on the respective interpretation of contract specifications and risk profile.

5a Revenue from contract with customers

	Timing of revenue recognition	2020	2019
		$	$
Activity and Programs	over time	51,643,105	68,653,078
Contract income	over time	152,870	177,532
Rent Received	over time	31,886	31,620
Hire of Hall	over time	1,369,844	1,822,695
Sale of Merchandise	at a point in time	2,467,620	3,231,059
Other Revenue	over time	2,287,026	1,106,726
Total revenue from continuing operations		**57,952,351**	**75,022,710**

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

5b Other income

	2020	2019
	$	$
Government Grants	3,789,024	3,515,293
Jobkeeper	9,384,343	-
Covid rent concession	619,184	-
Third party contribution	3,873,795	2,709,520
Other income	**17,666,346**	**6,224,813**

As at 30 June 2020, the government grant income included $3.1 million related to the Early Childhood Education and Care Relief Package (period 6 April 2020 till 30 June 2020).

YMCA NSW has received $9.4 million JobKeeper for the period of 30 March 2020 up till 30 June 2020.

6 Expenses

	2020	2019
	$	$
Operational Overheads	14,527,944	16,745,033
Management Contract Expenses	165,817	1,970,467
Cost of Goods Sold Merchandise	1,402,904	1,847,402
Other Expenses	1,641,031	948,069
	17,737,696	**21,510,971**

Operational overheads are mainly related to operational costs (eg utilities, advertising, repair and maintenance etc) to operate the contract sites. Other expenses consist of expenses which are individually immaterial to disclose.

	2020	2019
Finance Income	$	$
Interest Income	407,390	545,068
Finance Costs		
Interest Expense	204,543	-
Net Finance Income	**202,847**	**545,068**

7 Cash and Cash Equivalents

	2020	2019
Current Assets	$	$
Cash at Bank and in Hand	22,442	414,757
Bank Balances	4,881,538	7,082,651
	4,903,980	**7,497,408**

8 Trade and other receivables

Current Assets	**2020** $	**2019** $
Trade Receivables	2,450,516	1,203,682
Loss Allowance	(290,620)	(129,180)
Other receivables	4,301,626	38,054
	6,461,522	**1,112,556**

The other receivables are mainly related to JobKeeper receivable $4.09 million.

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

(a) Loss allowance

Movements in loss allowance are as follows:	**2020** $	**2019** $
At 1 July	129,180	76,581
Increase in loss allowance during the year	236,179	54,415
Unused amount reversed	(74,739)	(1,816)
At 30 June	**290,620**	**129,180**

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

	2020 $	**2019** $
Impairment losses - movement in loss allowance	161,440	52,599

9 Inventories

	2020 $	**2019** $
Merchandise Goods	**403,379**	**390,435**

(a) Amounts recognised in profit or loss

Inventories recognised as expense during the year ended 30 June 2020 amounted to $1,402,904 (2019: $1,847,402). These were included in cost of sales and cost of providing services.

10 Other Current Assets

	2020 $	**2019** $
Current Assets		
Prepayments	**433,226**	**617,231**

11 Financial Assets at Fair Value Through Profit or Loss

	2020 $	**2019** $
Non-current assets		
Investment in Shares (280 shares at YMCA E-Store Pty Ltd)	**45,883**	**45,883**

12 Property, Plant and Equipment

	Land and buildings	Plant and equipment - at cost	Leasehold improvements - at cost	Total
	$	$	$	$
At 30 June 2019				
Cost/revalued amount	21,645,610	3,627,968	32,835	25,306,413
Accumulated depreciation	(6,079,170)	(2,775,808)	(32,835)	(8,887,813)
Net book amount	**15,566,440**	**852,160**	**-**	**16,418,600**
Year ended 30 June 2020				
Opening net book amount	15,566,440	852,160	-	16,418,600
Additions		388,184	-	388,184
Disposals		(4,568)	-	(4,568)
Depreciation charge	(908,644)	(391,173)	-	(1,299,817)
Closing net book amount	**14,657,796**	**844,603**	**-**	**15,502,399**
At 30 June 2020				
Cost/revalued amount	21,645,610	3,907,003	32,835	25,585,448
Accumulated depreciation	(6,987,814)	(3,062,400)	(32,835)	(10,083,049)
Net book amount	**14,657,796**	**844,603**	**-**	**15,502,399**

13 Right-of-use assets

	Building	Management contracts	Equipment and vehicles	Total
		$	$	$
Year ended 30 June 2020				
Opening net book amount	798,783	5,424,804	947,272	7,170,859
Additions	-	1,049	440,528	441,577
Variable component	-	(66,543)	-	(66,543)
Depreciation charge	(330,718)	(2,227,340)	(309,950)	(2,868,008)
Impairment charge	-	(2,907,823)	-	(2,907,823)
Closing net book amount	**468,065**	**224,147**	**1,077,850**	**1,770,062**
At 30 June 2020				
Cost amount	798,783	5,359,310	1,387,800	7,545,893
Accumulated depreciation	(330,718)	(5,135,163)	(309,950)	(5,775,831)
Net book amount	**468,065**	**224,147**	**1,077,850**	**1,770,062**

As a result of the impact of COVID-19, an impairment of $2.9 million of the right-of-use asset has been recognised at 30 June 2020 in relation to the Fitness Swim and Sports Centres managed by YMCA NSW under Management Contracts.

14 Intangible Assets

	Customer list	Intangible assets - in progress	Total
	$	$	$
At 30 June 2019			
Cost amount	150,000	-	150,000
Accumulated depreciation	(20,968)	-	(20,968)
Net book amount	**129,032**	**-**	**129,032**
Addition	-	460,690	460,690
Amortisation Charge	(51,613)	-	(51,613)
Closing Net book Value	**77,419**	**460,690**	**538,109**
At 30 June 2020			
Cost amount	150,000	**460,690**	**610,690**
Accumulated depreciation	(72,581)	-	(72,581)
Net book amount	**77,419**	**460,690**	**538,109**

The 'Intangible assets - in process' are mainly related to a new HR software platform which will go live in the year ending June 2021.

15 Trade and Other Payables

	2020	2019
Current Liabilities	$	$
Trade Payables	1,132,779	652,813
Accrued Expenses	2,989,947	3,215,197
Other Payables	2,779,567	2,394,028
	6,902,293	**6,262,038**
Non-current Liabilities		
Other Payables	**293,208**	**258,715**
	7,195,501	**6,520,753**

The other current payables are mainly related to deferred income.

16 Borrowings

	2020	2019
	$	$
Current Liabilities		
Secured loans	**24,620**	**24,620**
Non-current Liabilities		
Secured loans	**6,125**	**30,745**
	30,745	**55,365**

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

17 Provisions

	2020	2019
Current Liabilities	$	$
Other Provision	1,156,444	826,004
	1,156,444	**826,004**

17 Provisions (continued)

	2020	2019
Non-current Liabilities	$	$
Make Good Provision	219,000	209,000
Other Provision	1,803,807	1,776,500
	2,022,807	**1,985,500**
	3,179,251	**2,811,504**

(a) Information about individual provisions and significant estimates

(i) Make good provision

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

(ii) Other provision

Provision for legal claims

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

Onerous contracts

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

(b) Movements in provisions

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

2020	Make good provision	Other provision	Total
Carrying amount at start of year	209,000	2,602,504	2,811,504
Charged/(credited) to profit or loss			
- additional provisions recognised/(released)	10,000	408,658	418,658
- unused amounts reversed	-	(50,911)	(50,911)
Carrying amount at end of year	**219,000**	**2,960,251**	**3,179,251**

18 Employee Benefit Obligations

	2020	2019
Current Liabilities	$	$
Wages	2,009,197	1,723,032
Annual Leave	2,217,901	2,071,090
Long Service Leave	795,798	618,625
	5,022,896	**4,412,747**
Non-current Liabilities		
Long Service Leave	**758,016**	**843,140**
	5,780,912	**5,255,887**

18 Employee Benefit Obligations (continued)

(a) Leave obligations

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

19 Leases

The statement of profit or loss shows the following amounts relating to leases:

	2020
	$
Depreciation charge of right-of-use assets	
Building	(330,718)
Management contracts	(2,227,340)
Equipment and vehicles	(309,950)
	(2,868,008)
Interest expense (included in Finance Income -Net)	(204,543)
Expenses relating to short-term leases (included in Operational Overheads)	(989,090)
Expenses relating to low-value assets that are not shown above as short-term leases (included in Operational Overheads)	(255,338)
	(4,316,979)

20 Other Reserve and Accumulated Surplus

(a) Other Reserve

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

	2020	2019
	$	$
Revaluation Surplus - Property, Plant and Equipment	**3,508,415**	**3,508,415**
Movements:		
Revaluation surplus - Property, plant and equipment		
Balance 1 July	**3,508,415**	**3,508,415**
Revaluation	-	-
Balance 30 June	**3,508,415**	**3,508,415**

(i) Nature and purpose of other reserves

Revaluation surplus - property, plant and equipment

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

(b) Accumulated Surplus

	2020	2019
Movements in accumulated surplus were as follows:	$	$
Balance 1 July	27,285,842	28,364,703
Net deficit for the year	(4,603,497)	(1,078,861)
Balance 30 June	**22,682,345**	**27,285,842**

21 Financial guarantees

The Association has provided financial guarantees in respect of $ 750,596 (2019: $702,256).

22 Contingent Liabilities and Contingent Assets

The Association had no contingent liabilities and assets at 30 June 2020 (2019: nil).

23 Commitments

Lease commitments: Association as lessee	**2020** $	**2019** $
Non-cancellable operating leases		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within One Year	253,718	890,102
Later Than One Year But Not Later Than Five Years	184,652	1,373,071
Later Than Five Years	-	5,882
	438,370	**2,269,055**

24 Related party transactions

(a) Key management personnel compensation

	2020 $	**2019** $
Total key personnel management compensation	1,770,294	2,369,665
Directors' reimbursements	4,356	4,841
	1,774,650	**2,374,506**

Board Members are not remunerated for their services but are reimbursed for their out of pocket expenses relating to YMCA NSW matters. Total key management personnel includes 9 employees and are members of the executive leadership team (2019: 12 employees).

(b) Transactions with other related parties

The following transactions occurred with related parties:

	2020 $	**2019** $
Service income	-	100,000

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

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

	2020 $	**2019** $
Current receivables - YYCS	106,544	109,280

25 Auditors' remuneration

	2020 $	**2019** $
Audit services	209,590	179,253
Non-audit services	-	160,845
	209,590	**340,098**

26 Events occurring after the reporting period

As a result of the economic impacts of COVID-19, the University of NSW Fitness and Aquatic Centre remains closed. YMCA NSW has been in negotiations with the University of NSW since March 2020 to agree new contractual terms to make it financially viable to re-open the Centre. On October 16, 2020 YMCA NSW and the University of New South Wales entered into a Deed of Release to terminate the Management Services Agreement (Release Agreement) dated 19 December, 2018 effective 17 October, 2020.

At June 30, 2020 a lease liability of $2.9m and an equivalent right of use asset has been recognised in the Balance Sheet. The Directors recognised an impairment against the right of use asset, due to the centre remaining closed at June 30, 2020. This resulted in an impairment loss of $2.9m being recognised in the Profit & Loss Account at June 30, 2020, which will be derecognised in the 2021 financial year together with the Lease Liability at 30/06/20 further to the terms of the Release agreement.

At this stage the Association anticipates that it will continue to qualify for Jobkeeper beyond September 2020. No other matter or circumstance has arisen since 30 June 2020 that has significantly affected the Association’s operations, results or state of affairs or may do so in future years.

27 Cash Flow information

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

	2020	**2019**
	$	$
(Deficit) for the year	(4,603,497)	(1,078,861)
Adjustments for		
Depreciation and Amortisation	4,219,438	1,177,965
Covid rent concession	(619,184)	-
Impairment on Property, Plant and Equipment and Right-of-use assets	2,907,823	2,908,426
Net (gain) Loss on Sale of Non-current Assets	4,568	(62,149)
Change in operating assets and liabilities		
Decrease/(Increase) in Trade and Other Receivables	(5,348,966)	1,503,098
Decrease/(Increase) in Inventories	(12,944)	(32,435)
Decrease/(Increase) in Other Operating Assets	184,005	(58,906)
Increase/(Decrease) in Trade and Other Payables	674,748	(1,517,570)
Increase/(Decrease) in Deferred Revenue	(361,293)	208,865
Increase/(Decrease) in Other Provisions	892,772	1,389,267
Net Cash Inflow (Outflow) from Operating Activities	**(2,062,530)**	**4,437,700**

In the Directors' opinion:

(a) the financial statements and notes set out on pages 5 to 31 are in accordance with the Corporations Act 2001, including:

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

(ii) give a true and fair view of the entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and

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

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

……………………………………….
Director

……………………………………….
Director

Dated: 21 October 2020

Independent auditor's report

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

Our opinion

In our opinion:

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

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

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

What we have audited

The financial report comprises:

- the Statement of financial position as at 30 June 2020
- the Statement of changes in equity for the year then ended
- the Statement of cash flows for the year then ended
- the Statement of profit or loss and other comprehensive income for the year then ended
- the Notes to the financial statements, which include a summary of significant accounting policies
- the Directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Association in accordance with the ethical requirements of the Accounting Professional & 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.

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Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual financial report for the year ended 30 June 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

PricewaterhouseCoopers

Manoj Santiago
Partner

Sydney
21 October 2020