18-19
Financial Report

25 YEARS
SUPPORTING YOUTH MENTAL HEALTH

youthfocus

Contents

YOUTH FOCUS INC

Statement of Profit and Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
REVENUE			
Revenue	3	12,483,279	11,291,944
Interest income	3	76,630	64,279
Other income	3	3,000	-
Revenue & Other Income		**12,562,909**	**11,356,223**
Employee benefits expense	3	(8,457,294)	(7,110,311)
Depreciation expense		(338,527)	(299,344)
Event expenses		(839,203)	(865,859)
Information technology expenses		(353,180)	(295,193)
Motor vehicle running expenses		(163,703)	(121,048)
Rent and outgoings		(764,587)	(694,523)
Insurance expense		(54,832)	(51,631)
General office expenses		(410,041)	(425,072)
Travel expenses		(190,777)	(85,369)
Marketing expenses		(144,585)	(203,331)
Finance costs		(15,251)	(10,317)
Other expenses		(630,814)	(537,417)
Expenditure		**(12,362,794)**	**(10,699,415)**
Profit before income tax expense		**200,115**	**656,808**
Income tax expense		-	-
Profit after tax from continuing operations		**200,115**	**656,808**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**200,115**	**656,808**

The accompanying notes form part of these financial statements.

YOUTH FOCUS INC

Statement of Financial Position

AS AT 30 JUNE 2019

	NOTE	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	4	4,223,207	4,496,612
Trade and other receivables	5	526,406	633,035
Other current assets	6	114,303	158,257
Total Current Assets		4,863,916	5,287,904
Non-Current Assets			
Property, plant and equipment	7	2,345,782	2,507,234
Total Non-Current Assets		2,345,782	2,507,234
Total Assets		**7,209,698**	**7,795,138**
LIABILITIES			
Current Liabilities			
Trade and other payables	8	651,786	670,728
Interest bearing liabilities	9	80,329	94,253
Other liabilities	10	968,000	1,779,046
Provisions	11	699,298	531,703
Total Current Liabilities		2,399,413	3,075,730
Non-Current Liabilities			
Interest bearing liabilities	9	144,212	252,688
Provisions	11	154,114	154,876
Total Non-Current Liabilities		298,326	407,564
Total Liabilities		**2,697,739**	**3,483,294**
NET ASSETS		**4,511,959**	**4,311,844**
EQUITY			
Accumulated funds	12	4,511,959	4,311,844
TOTAL EQUITY		**4,511,959**	**4,311,844**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2019

	CONSOLIDATED	CONSOLIDATED
	ACCUMULATED FUNDS $	**TOTAL $**
CHANGES IN EQUITY		
Balance at 1 July 2017	**3,655,036**	**3,655,036**
Net surplus for the year	656,808	656,808
Total comprehensive income	656,808	656,808
Balance at 30 June 2018	**4,311,844**	**4,311,844**
Net surplus for the year	200,115	200,115
Total comprehensive income	200,115	200,115
BALANCE AT 30 JUNE 2019	**4,511,959**	**4,511,959**

The accompanying notes form part of these financial statements.

YOUTH FOCUS INC

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		11,751,399	11,332,589
Payments to suppliers and employees		(11,799,341)	(10,151,600)
Interest received		76,630	64,279
Interest paid		(15,251)	(10,317)
Net cash provided by operating activities	16a	**13,437**	**1,234,951**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(177,075)	(122,222)
Proceeds from sale of property, plant and equipment		3,000	-
Net cash used in investing activities		**(174,075)**	**(122,222)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease liabilities	16b	(112,767)	(36,102)
Net cash used in financing activities		**(112,767)**	**(36,102)**
Net increase/(decrease) in cash held		**(273,405)**	**1,076,627**
Cash and cash equivalents at beginning of financial year		**4,496,612**	**3,419,985**
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	4	**4,223,207**	**4,496,612**

Non-cash financing and investing activities 16c

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

Note 1: Summary of Significant Accounting Policies

BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with Association Incorporations Act 1987 and Australian Accounting Standards (including Australian Accounting Interpretations). The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cashflow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 29 October 2019 by the Board of Directors of Youth Focus Inc.

ACCOUNTING POLICIES

a. Consolidation

The financial statements of the consolidated entity comprises the financial statements of Youth Focus Inc. and its controlled entities (collectively referred to as "the Group" or "the Association"), which is incorporated in Western Australia. Control exists where an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Transactions between these entities have been eliminated.

b. Income Tax

Under the provisions of current income tax legislation, only the controlled entity is subject to income tax. Youth Focus Inc. holds deductible gift recipient status.

c. Property, Plant and Equipment

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

The carrying amount of all property, plant and equipment is reviewed annually by the Association to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount of property, plant and equipment is the higher of fair value less costs of disposal and value-in-use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash flows, recoverable amount is determined for the cash-generating-unit to which the asset belongs, unless the asset's value-in-use can be estimated to its approximate fair value.

Impairment

An impairment exists when the carrying value of an asset or cash-generating-unit exceeds its estimated recoverable amount. The asset or cash-generating-unit is then written down to its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Depreciation

All assets, excluding freehold land are depreciated. The depreciable amount of all fixed assets, including buildings, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

c. Property, Plant and Equipment (continued)
The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.50% to 3.70%
Leasehold improvements	10.00% to 33.33%
Plant and equipment	20.00% to 33.33%
Furniture and fittings	20.00%
Software	33.33%
Motor vehicles	20.00%

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

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

d. Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs.

Finance lease assets are depreciated on a straight line basis over the estimated useful life of the asset.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

e. Employee Benefits
Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. These include wages, salaries and annual leave.

Long service leave is measured at the present value of expected future payments to be made in respect of services by employees up to balance date. The Association's current policy is to provide for long service leave for all employees with greater than 3 years of service.

f. Cash and Cash Equivalents
Cash and cash equivalents in the statement of financial position include cash at bank and in hand, deposits held at- call with banks, other short-term highly liquid investments with original maturities of twelve months or less, and bank overdrafts.

g. Trade and other receivables
Trade and other receivables, which comprise of amounts due from event sales and amounts receivable from donors, are recognised and carried at fair value, less an allowance for any uncollectible amounts. Receivables are normally settled within 30 days and are classified as current assets.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short- term discounting is not applied in determining the allowance. There have been no trade receivables written off during the financial year (2018: $nil).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

h. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Donations and Fundraising

Revenue from donations and fundraising is typically brought to account when received. It is impractical for the Association to establish control over income from donations and fundraising prior to the initial entry in the accounting records resulting from the banking of such income.

Revenue from corporate partnerships tied to specific service obligations is recognised when the Association has established that it has a right to receive the revenue.

Grants

Grants received for specific purposes are brought to account as income in the year in which they are expended, in order to properly match income with expenditure. Unexpended grants at year end are recorded in the statement of financial position as grants received in advance under other current liabilities.

Grants received for general purposes are brought to account as income in the year in which those grants are

received.

(ii) Interest received

Interest revenue is recognised on a time proportional basis that takes into account the effective yield on the financial asset.

(iii) Other revenue

Other revenue is recognised when the Association has established that it has a right to receive the revenue. All revenue is stated net of the amount of goods and services tax (GST).

i. Goods and Services Tax (GST)

Revenue, 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 (ATO).

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 ATO 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 ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

j. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

k. Income and Grants Received in Advance

The liability for deferred income is the unutilised amounts of grants or donations received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions are usually fulfilled within 12 months of receipt of the funding. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date, or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted and presented as non-current.

l. Key Estimates and Judgments

The Directors evaluate estimates and judgements incorporated into 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. Actual results may differ from these estimates

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

m. New Accounting Standards for Application in Future Periods

In the year ended 30 June 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Association's operations and effective for the current annual reporting period.

It has been determined by the Directors' that there is no impact, material or otherwise, of the new Standards and Interpretations on the Association's business and, therefore, no change is necessary to the Association's accounting policies.

The Directors are also in the process of reviewing all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2019. The Directors are, as yet, unable to quantify any impact, material or otherwise, of the new and revised Standards and Interpretations on the Association's business.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue and AASB 111 Construction Contracts and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple elements arrangements. The core principle of AASB 15 is that it requires identification of distinct performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

AASB 15 requires that an entity should recognise 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. Specifically, the Standard introduces a 5-step approach to revenue recognition:
Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has commenced the process of evaluating the impact of the new standard on existing revenue streams.
AASB 15 is effective for annual reporting periods beginning on or after 1 July 2019 for not-for-profit entities. An entity can choose to apply the modified retrospective method of adoption or full retrospective method.

AASB 1058 Revenue Income for Not-For-Profit Entities

AASB 1058 is an additional revenue standard to be considered by not-for-profit entities. If a contract with a customer does not meet the criteria for AASB 15 accounting described above, AASB 1058 will apply. If there is no related amount in the statement of financial position (i.e. Liability, contribution from owner, lease liability or provision) then the fair value of the asset received is recognised as income on receipt.

AASB 1058 also requires not-for-profit entities to measure right-of-use ("ROU") assets arising under leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives ("concessionary leases") at initial recognition at fair value when AASB 1058 and AASB 16 Leases become effective. The fair value of the ROU asset is recorded on the statement of financial position and an income amount recorded to recognise the benefit received on entering the lease (or upon transition).

An amending standard was issued in December 2018 by the AASB to allow a temporary option for not-for-profit lessees to elect to measure a class (or classes) of ROU assets arising under concessionary leases at initial recognition, either: at cost, which incorporates the amount of the initial measurement of the lease liability; or at fair value.

While this relief is currently only temporary, the AASB has undertaken to consider a permanent option at a later time.

The Group has commenced the process of evaluating the new standard on existing revenue streams. AASB 1058 is effective for annual reporting periods beginning on or after 1 July 2019.

AASB 16 Leases
AASB 16 replaces AASB 117 Leases and related interpretations.

AASB 16 removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Most leases will be capitalised on the statement of financial position by recognising a lease liability for the present value obligation and a 'right of use' asset. The right of use asset is calculated based on the lease liability plus initial direct costs, prepaid lease payments and estimated restoration costs less lease incentives received. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in the expense recognition with interest and depreciation replacing operating lease expense. There are exemptions for short-term leases and leases of low-value items.

Lessor accounting remains similar in current practice, i.e. lessors continue to classify leases as finance and operating leases.

This Standard will primarily affect the accounting for the Group's operating lease commitments predominately relating to lease on property. The Group is considering available options to account for this transition. The impact of this will be dependent on the lease arrangements in place when the new Standard is effective.

The Group has commenced the process of evaluating the impact of the new Standard.
AASB 16 is effective for annual reporting periods beginning on or after 1 July 2019. A lessee can choose to apply the Standard using a full retrospective or modified retrospective approach.

Other than the above, the Directors have determined that there is no material impact of the new Standards and Interpretations in issue not yet adopted by the Group.

Note 2: New Standards Adopted

AASB 9 Financial Instruments replaces AASB 139: Financial Instruments: Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The investment classifications available-for-sale financial assets and Held-to-maturity investment' are no longer used and Financial assets at fair value through other comprehensive income (FVOCI) was introduced. There were no investments held in these categories as at 30 June 2019 (2018:$nil).

Interest revenue is no longer included in the Revenue note and is now shown separately on the face of the statement of profit or loss and other comprehensive income, resulting in a reclassification of $64,279 for the year ended 30 June 2018.

When adopting AASB 9, the Group has applied transitional relief and opted not to restate prior periods. There were no differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment.

YOUTH FOCUS INC

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

Note 3: Revenue, other income and expenses

	CONSOLIDATED	CONSOLIDATED
	2019 $	**2018 $**
[A] REVENUE		
Government funding	8,304,023	6,648,138
Donations and Fundraising	4,044,775	4,562,729
Other revenue	134,481	81,077
Total Revenue	**12,483,279**	**11,291,944**
[B] OTHER INCOME		
Interest income	76,630	64,279
Net gain on disposal of property, plant and equipment	3,000	-
Total Other Income	**79,630**	**64,279**
TOTAL REVENUE AND OTHER INCOME	**12,562,909**	**11,356,223**
[C] EXPENSES		
Auditors Remuneration Remuneration paid or payable to the auditor of the Association, HLB Mann Judd, for:		
The Audit of the Financial Statements	**20,000**	**19,000**
[D] EMPLOYEE BENEFITES EXPENSE		
Wages and Salaries	7,465,283	7,465,283
Workers Compensation Insurance	79,457	79,457
Defined contribution superannuation expense	745,721	745,721
Movements in employee benefits provisions	166,833	166,833
Total Employee Benefits Expense	**8,457,294**	**8,457,294**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

Note 4: Cash and cash equivalents

	CONSOLIDATED	CONSOLIDATED
	2019 $	**2018 $**
CASH & CASH EQUIVALENTS		
Cash at bank and on hand	2,951,640	3,256,351
Short-term bank deposits	1,271,567	1,240,261
TOTAL CASH & CASH EQUIVALENTS	**4,223,207**	**4,496,612**

Short-term deposits are made for varying periods of between one day and twelve months, depending on the immediate cash requirements of the Association, and earn interest at the respective short-term deposit rates.

Note 5: Trade and other receivables

	CONSOLIDATED	CONSOLIDATED
	2019 $	**2018 $**
CURRENT		
Trade debtors	519,341	632,985
Less: Allowance for doubtful debts	(550)	(550)
	518,791	**632,435**
Other receivables	7,615	600
TOTAL TRADE & OTHER RECEIVABLES	**526,406**	**633,035**

Current trade receivables are non-interest bearing and are generally receivable within 30 days.

Expected credit losses
The Group applies the AASB9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The current expected loss rates are based on the payment profile of receivables over the past 24 months before 30 June 2019 and 30 June 2018 respectively as well as the compounding historical credit losses during that period. The historical rates are adjusted to reflect current and forward looking factors affecting the ability to settle the outstanding amount. The expected credit loss at 30 June 2019 and 2018 was $nil.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

Note 6: Other current assets

	CONSOLIDATED	CONSOLIDATED
	2019 $	2018 $
CURRENT		
Bonds and deposits	41,113	41,113
Prepayments	73,190	115,271
Lease Asset	-	1,873
TOTAL OTHER CURRENT ASSETS	**114,303**	**158,257**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

Note 7: Property, plant and equipment

	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
LAND & BUILDINGS		
Land - at cost	420,052	420,052
Buidings - at cost	1,966,338	1,966,338
Less: Accumulated depreciation	(668,726)	(615,486)
	1,297,612	**1,350,852**
Leasehold improvements - at cost	1,110,528	1,110,528
Less: Accumulated depreciation	(998,619)	(913,386)
	111,909	**197,142**
Total Land & Buildings	**1,829,573**	**1,968,046**
FURNITURE & EQUIPMENT		
At cost	1,665,041	1,605,280
Less: Accumulated depreciation	(1,303,405)	(1,176,808)
Total Furniture & Equipment	**361,636**	**428,472**
SOFTWARE		
At cost	490,980	379,913
Less: Accumulated depreciation	(336,407)	(269,197)
Total Software	**154,573**	**110,716**
MOTOR VEHICLES		
At cost	30,104	44,172
Less: Accumulated depreciation	(30,104)	(44,172)
Total Motor Vehicles	**-**	**-**
TOTAL PROPERTY, PLANT & EQUIPMENT	**2,345,782**	**2,507,234**

The carrying value of furniture and equipment held under finance lease at 30 June 2019 is $246,778 (2018: $324,992). Additions during the year include $nil (2018: $365,384) of furniture and equipment held under finance leases. Leased assets are pledged as security for the related lease liability. Amounts pledged as security is disclosed in Note 9.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

Note 7: Property, plant and equipment (continued)

MOVEMENTS IN CARRYING AMOUNTS

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	LAND	BUILDING & IMPROVEMENT	FURNITURE & EQUIPMENT	SOFTWARE	MOTOR VEHICLES	TOTAL
CONSOLIDATED	**$**	**$**	**$**	**$**	**$**	**$**
PROPERTY, PLANT & EQUIPMENT						
Balance at 1 July 2017	**420,052**	**1,710,163**	**20,899**	**104,222**	**-**	**2,255,336**
Additions	-	-	470,097	81,145	-	**551,242**
Disposals	-	-	-	-	-	**-**
Depreciation expense	-	(162,169)	(62,524)	(74,651)	-	**(299,344)**
BALANCE AT 30 JUNE 2019	**420,052**	**1,547,994**	**428,472**	**110,716**	**-**	**2,507,234**
Additions	-	-	66,008	111,067	-	**177,075**
Disposals	-	-	-	-	-	**-**
Depreciation expense	-	(138,473)	(132,844)	(67,210)	-	**(338,527)**
BALANCE AT 30 JUNE 2019	**420,052**	**1,409,521**	**361,636**	**154,573**	**-**	**2,345,782**

The net book value of property, plant and equipment disposed of during the year ended 30 June 2019 was $nil.

Note 8: Trade and other payables

	CONSOLIDATED	CONSOLIDATED
	2019 $	**2018 $**
CURRENT		
Trade payables	310,336	310,496
Accrued liabilities	341,450	360,232
TOTAL TRADE & OTHER PAYABLES	**651,786**	**670,728**

Trade and other payables are non-interest bearing and are normally settled on 30 day terms.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

Note 9: Interest bearing liabilities

	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
INTEREST BEARING LIABILITIES		
Current		
Credit card	3,194	10,169
Lease incentive liability	4,833	7,491
Lease liability	72,302	76,593
	80,329	**94,253**
Non-Current		
Lease liability	144,212	252,688
TOTAL INTERST BEARING LIABILITIES	**224,541**	**346,941**

Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

Finance leases and hire purchase contracts		
Furniture and equipment	**246,778**	**324,992**

Note 10: Other liabilities

	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
INTEREST BEARING LIABILITIES		
Current		
Income and grants received in advance	968,000	1,779,046
TOTAL OTHER LIABILITIES	**968,000**	**1,779,046**

YOUTH FOCUS INC

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

Note 11: Provisions

	CONSOLIDATED	CONSOLIDATED
	2019 $	2018 $
PROVISIONS		
Current		
Annual leave	432,247	305,442
Long service leave	267,051	226,261
	699,298	**531,703**
Non-Current		
Long service leave	154,114	154,876
TOTAL PROVISIONS	**853,412**	**686,579**

Note 12: Accumulated Funds

	CONSOLIDATED	CONSOLIDATED
	2019 $	2018 $
ACCUMULATED FUNDS		
Youth Focus Inc.	4,520,709	4,320,331
Focus Plus Pty Ltd	(8,750)	(8,487)
TOTAL PROVISIONS	**4,511,959**	**4,311,844**

Note 13: Capital and leasing commitments

Operating Leases

The Group has entered into commercial leases of land and buildings and one motor vehicle. These leases have an average life of three years. There are no restrictions placed upon the lessee upon entering into these leases. These amounts are not included in the statement of financial position. Future minimum rentals payable under non-cancellable operating leases at the reporting date are:

	CONSOLIDATED	CONSOLIDATED
	2019 $	2018 $
CAPITAL & LEASING COMMITMENTS		
Within one year	425,282	208,723
After one year but not more than five years	457,551	116,986
More than five years	-	-
TOTAL COMMITMENTS UNDER OPERATING	**882,833**	**325,709**

Notes to the Financial Statements

Note 14: Contingent Liabilities

The Association had no contingent liabilities as at 30 June 2019 or 30 June 2018.

Note 15: Events after the reporting period

There have not been any matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Association, the results of those operations, or the state of affairs of the Association in future financial years.

Note 16: Cash flow information

	CONSOLIDATED	CONSOLIDATED
	2019 $	**2018 $**
A. RECONCILLIATION OF CASH FLOW FROM OPERATIONS WITH NET SURPLUS		
Net surplus for the year after income tax	200,115	656,808
Cash flows excluded from net surplus attributable to operating activities		
Non-cash flows in surplus:		
Depreciation	338,527	299,344
(Profit)/Loss on disposal of property, plant & equipment	(3,000)	-
Donation of property, plant & equipment	-	(63,637)
Changes in operating assets and liabilities:		
Decrease in trade & other receivables & other current assets	150,583	(149,105)
Increase in trade & other payables & interest bearing liabilities	(28,575)	65,313
Increase/(decrease) in other liabilities	(811,046)	415,269
Increase in provision for employee leave benefits	166,833	10,959
	13,437	**1,234,951**

	CONSOLIDATED
	LEASE LIABILITY $
B. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES	
Balance at 1 July 2018	329,281
Net cash from (used in) financing activities	(112,767)
BALANCE AT 30 JUNE 2019	**216,514**

c. Non-cash financing and investing activities

During the year, the Association acquired plant and equipment by means of both finance leases $nil (2018: $365,383) and by means of donations of $nil (2018: $63,637)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

Note 17: Financial risk management

The Association's financial instruments consist mainly of deposits with banks, accounts receivable and trade payables. The totals for each category of financial instruments are as follows:

	CONSOLIDATED	CONSOLIDATED
	2019 $	2018 $
FINANCIAL ASSETS		
Financial Assets		
Cash and cash equivalents	4,223,207	4,496,612
Trade and other receivables	526,406	633,035
Total financial assets	**4,749,613**	**5,129,647**
Financial Liabilities at Amortised Cost:		
Trade and other payables	651,786	670,728
Interest bearing liabilities	224,541	346,941
TOTAL FINANCIAL LIABILITIES	**876,327**	**1,017,669**

FINANCIAL RISK MANAGEMENT POLICIES

The Association's Directors are responsible for, among other issues, monitoring and managing financial risk exposures of the Association. The Directors monitor the Association's transactions and review the effectiveness of controls relating to credit risk, financial risk, and interest rate risk. The Directors' overall risk management strategy seeks to ensure that the Association meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT

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

a. 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 to the Association.

Credit risk is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise cleared as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

There is no collateral held by the Association securing trade and other receivables.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

The Association has no significant concentrations of credit risk with any single counterparty or group of counterparties.

b. Liquidity risk

Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Association manages this risk through the following mechanisms:

- Preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities; and
- Only investing surplus cash with major financial institutions.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.
Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

TABLE: Financial liability and financial asset maturity analysis. Weighted average interest rate 6% (2018:6%)

	WITHIN 1 YR		1 TO 5 YRS		OVER 5 YRS		TOTAL	
CONSOLIDATED	**2019 $**	**2018 $**	**2019 $**	**2018 $**	**2019 $**	**2018 $**	**2019 $**	**2018 $**
FINANCIAL LIABILITIES								
Financial liabilities due for payment								
Trade and other payables	651,786	670,728	-	-	-	-	651,786	670,728
Interest bearing liabilities	91,353	111,926	154,769	278,502	-	-	246,122	390,428
Total contractual outflows	**743,139**	**782,654**	**154,769**	**278,502**	**-**	**-**	**897,908**	**1,061,156**
TOTAL EXPECTED OUTFLOWS	**743,139**	**782,654**	**154,769**	**278,502**	**-**	**-**	**897,908**	**1,061,156**
Financial assets – cash flows realisable								
Cash and cash equivalents	4,223,207	4,496,612	-	-	-	-	4,223,207	4,496,612
Trade and other receivables	526,406	633,035	-	-	-	-	526,406	633,035
TOTAL ANTICIPATED INFLOWS	**4,749,613**	**5,129,647**	**-**	**-**	**-**	**-**	**4,749,613**	**5,129,647**
Net inflow on financial instruments	**4,006,474**	**4,346,993**	**(154,769)**	**(278,502)**	**-**	**-**	**-3,851,705**	**4,068,491**

Note 17: Financial risk management (continued)

Financial assets pledged as collateral

No financial assets have been pledged as security for any financial liability.

c. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

At 30 June 2019, 96% of the Association's interest bearing liabilities are fixed at 6%.

Sensitivity analysis

The following table illustrates sensitivities to the Association's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	PROFIT	EQUITY
	2019 $	2018 $
SENSITIVITY ANALYSIS		
Year ended 30 June 2019		
+/- 2% in interest rates	84,464	84,464
Year ended 30 June 2018		
+/- 2% in interest rates	89,932	89,932

No sensitivity analysis has been performed on equity price risk and foreign exchange risk as the Association has no significant exposure to equity price risk and currency risk.

NET FAIR VALUES

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. 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.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment 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 available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED	NOTE	NET CARRYING VALUE 2019 $	NET FAIR VALUE 2019 $	NET CARRYING VALUE 2018 $	NET FAIR VALUE 2018 $
FAIR VALUES					
Financial assets					
Cash and cash equivalents	(i)	4,223,207	4,223,207	4,496,612	4,496,612
Trade and other receivables	(i)	526,406	526,406	633,035	633,035
TOTAL FINANCIAL ASSETS		**4,749,613**	**4,749,613**	**5,129,647**	**5,129,647**
Trade & other payables	(i)	651,786	651,786	670,728	670,728
Interest bearing liabilities	(ii)	224,541	224,541	346,941	346,941
TOTAL FINANCIAL LIABILITIES		**876,327**	**876,327**	**1,017,669**	**1,017,669**

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts relating to the provision of annual leave, which is outside the scope of AASB 139.

(ii) Interest bearing liabilities represent amounts payable on credit cards held with banking institutions and lease liabilities.

Note 18: Related parties and related party transactions

The consolidated financial statements include the financial statements of Youth Focus Inc. and the following controlled entities:

	PERCENTAGE OWNED		INVESTMENT COST	
	2019 $	2018 $	2019 $	2018 $
RELATED PARTY TRANSACTIONS				
Focus Plus Pty Ltd	100%	100%	1	1

Youth Focus Inc. is the parent entity of the Group.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

Note 18: Related parties and related party transactions (continued)

a. Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the association, directly or indirectly, including the Board of Directors, as listed below, is considered key management personnel.

Details of key management personnel (excluding directors) include:
2019:
Arthur Papakotsias (Chief Executive Officer from 29 January 2019) Fiona Kalaf (Chief Executive Officer until 21 September 2018), Emma Brierty (Chief Operations Officer), Raj Thethy (Chief Financial Officer), Lydia Light (General Manager, Brand, Events & Partnerships), Chris Harris (Senior Manager, Services, Development & Innovation).

2018:
Fiona Kalaf (Chief Executive Officer), Tony Fotios (General Manager, Operations until 21 July 2017), Emma Brierty (General Manager, Operations from 16 October 2017), Raj Thethy (General Manager, Finance and Corporate Services), Lydia Light (General Manager, Events & Partnerships from 21 August 2017), Chris Harris (General Manager, Engagement from 28 August 2017).

b. Directors' Compensation

The Directors act in an honorary capacity and, with the exception of the Chief Executive Officer, receive no compensation for their service as Director.
Details of Directors at 30 June 2019 include:
David Gray (Chairman), Nicholas Henry (Deputy Chairman), Dean Hely, Fiona Lander, Paul Larsen, Belinda Lonsdale, Arthur Papakotsias and Phillip Renshaw.

c. Key Management Personnel Compensation

	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
SENSITIVITY ANALYSIS		
Short-term benefits	752,684	773,266
Post-employment benefits	72,733	75,502
	825,417	**848,768**

d. Transactions with Related Parties

Related parties include immediate family members of key management personnel, and entities that are controlled or significantly influenced by those key management personnel individually or collectively with their immediate family members.

During the year there have been no related party transactions (2018: nil).

Note 19: Economic dependency

While the Association's activities are largely funded by events and fundraising activities, the Association is assisted in its activities by operating grants provided by government(s). At the date of this report, the Board of Directors had no reason to believe that the government(s) would not continue to provide financial support to Youth Focus Inc.

Notes to the Financial Statements

Note 20: Association details

The registered office and principal place of business of the Association is:
Youth Focus Inc. 54 Goodwood Parade, BURSWOOD WA 6100

YOUTH FOCUS INC

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

STATEMENT BY THE BOARD OF DIRECTORS

In the opinion of the Board of Directors of the Association:

1. The accompanying financial statements and notes thereto:

(a) presents a true and fair view of the consolidated financial position of Youth Focus Inc. as at 30 June 2019 and its performance for the year then ended; and

(b) Comply with Australian Accounting Standards (including Australian Accounting Interpretations), the Associations Incorporation Act 1987, the Associations Incorporations Regulations 1988 and the Australian Charities and Not-for-Profits Commission Regulation 2013.

2. There are reasonable grounds to believe that Youth Focus Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board of Directors by:

Chair

DAVID GRAY

Deputy Chair

NICHOLAS HENRY

Dated this 29th day of October 2019.

AUDITOR'S INDEPENDENCE DECLARATION

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Youth Focus Inc. for the year ended 30 June 2019.

Perth, Western Australia	**N G Neill**
29 October 2019	**Partner**

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REPORT
To the members of Youth Focus Inc.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Youth Focus Inc. ("the Association") and its controlled entities ("the Group"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 executive committee.

In our opinion, the accompanying financial report of the Group is in accordance with the *Associations Incorporation Act 1987 and with* Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* ,including:

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

b) complying with Australian Accounting Standards, the Associations Incorporations Regulations 1988 and the Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013;

c) We have been given all information, explanation and assistance necessary for the conduct of the audit;

d) The entity has kept financial records sufficient to enable a financial report to be prepared and audited; and

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of management and the executive committee for the financial report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management 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, management is responsible for assessing the Group'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 management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The executive committee are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the executive committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the executive committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

Norman Glade

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
29 October 2019

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