



Annual Report

YMCA North Incorporated
For the year ended 30 June 2021



Annual Report

YMCA North Incorporated

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Board Report for the Year Ended 30 June 2021

Your Board have pleasure in submitting their 2021 report and accounts.

	2021	2020
	\$'000	\$'000
<u>Results</u>		
Net surplus/(deficit) for the year	<u>\$507</u>	<u>(\$743)</u>

The Board acknowledges and thanks the following organisations for their support:

Partnerships & Funders

Auckland Council
 Albert-Eden Local Board
 Franklin Local Board
 Henderson-Massey Local Board
 Hibiscus & Bays Local Board
 Kaipātiki Local Board
 Māngere-Ōtāhuhu Local Board
 Manurewa Local Board
 Maungakiekie-Tāmaki Local Board
 Ōrākei Local Board
 Papakura Local Board
 Puketāpapa Local Board
 Upper Harbour Local Board
 Waitematā Local Board
 Whau Local Board
 Australian Childhood Foundation
 Diabetes New Zealand Auckland
 Ministry of Social Development
 Ministry of Education
 NZ Fashion Tech
 New Zealand Principals' Federation
 Outward Bound
 Pharmaco
 Revlon New Zealand
 Skills Active
 Sport New Zealand
 SRA
 The University of Auckland Dietetic Clinic
 Premier Institute of Education

Contributing Partners

BNZ
 Codeblue
 Deloitte

Grants and Donations

Aktive
Albert Eden Local Board
Ara Taiohi Youth Week
CLM Community Sport
Creative Communities Scheme
Four Winds Foundation
Franklin Local Board
Good Neighbour Charitable Trust
Grassroots Trust
Henderson-Massey Local Board
Joyce Fisher Charitable Trust
Kaipātiki Local Board
Lion Foundation
Lottery Community Facilities Fund
Lottery COVID-19 Community Wellbeing Fund
Lottery National Grants Board
Macpac Fund for Good
Māngere-Ōtāhuhu Local Board
Manurewa Local Board
Maungakiekie-Tāmaki Local Board
MSD Community Capability & resilience Fund
Ōrākei Local Board
Ōtara-Papatoetoe Local Board
Papakura Local Board
Potter Masonic Trust
Puketāpapa Local Board
Recorded Music NZ music grants
Regional Event Fund
Regional Sport & Rec Grant
Shares for Good
Sport Waikato
Upper-Harbour Local Board
Water Safety New Zealand
Wel Energy trust
Whau Local Board

Board of Directors

President:	David Jones MNZM
Vice President:	Matt Roberts
Treasurer:	Paul Yallop
Members:	David Kranz
	Mark Lawlor
	Ken Durbin
	Christine Pears
	Mark McCartney (1 December 2020 Appointed)
	Katheren Leitner (30 March 2021 Resigned)

Patron:

Sir Michael Jones KNZM

Life Members

Ken Durbin
John Fairhurst
Colin Giffney
Pat Gross
Joe Hall
David Jones MNZM
Tony Jones
Mike Lacey
Peter O'Brien
Kevin Orrell
Maurie L Rendle
Dr J. Laurie Reynolds
Lomond Seel OBE
John Sinclair
Paul Stubbing
Lyn Thornton
Peter Waterhouse
Rev. James Withers
Jennifer Hewitt
Christine Walter
Helen Hugglestone
Gerry Hugglestone
Christine Cormack
Don Soloman

All the wonderful donors, supporters and fundraisers who made a contribution to our philanthropic programmes. Their support has helped facilitate the Society's contribution to the community.

State of Affairs

The state of the Society's affairs as at 30 June 2021 was:

	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
Total assets	18,689	19,569
<i>Financed by:</i>		
Total accumulated funds	14,630	14,123
Total liabilities	4,059	5,446
	<u>18,689</u>	<u>19,569</u>

General

The primary objective of the Society is to provide services in the fields of Health and Fitness, Recreation, Camping, Early Childhood, and Accommodation. The Society is a not-for-profit organisation with profits from the services provided being used in programmes designed to strengthen families and develop youth.

The nature of the Society's business has not changed during the year.

Board Members’
Interests and
Remuneration and
Other Benefits

The Society engaged the services of Heimsath Alexander for legal services which were carried out by employees and partners of that firm during the year. David Jones, who is a YMCA North Board Member, is neither an employee nor a partner of Heimsath Alexander. David provides contracting services to the firm as a “Special Counsel”. No fees or benefits were paid to David during the year by YMCA North.

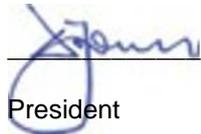
Use of Society
Information

The Board received no notices during the year from Board Members requesting to use Society information received in their capacity as Board Members which would not have been otherwise available to them.

Indemnity and
Insurance

The Society has indemnity insurance to protect the Board Members and staff from any claims arising in the course of their duties.

For and on behalf of the Board by:



President

28 September 2021
Date



Board Member

28 September 2021
Date

Independent Auditor's Report

To the Members of YMCA NORTH INCORPORATED

Opinion	<p>We have audited the financial statements of YMCA North Incorporated (the 'entity'), which comprise the statement of financial position as at 30 June 2021, statement of comprehensive income and expense, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.</p> <p>In our opinion, the accompanying financial statements, on pages 9 to 28, present fairly, in all material respects, the financial position of the entity as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.</p>
Basis for opinion	<p>We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Statements</i> section of our report.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p> <p>We are independent of the Company in accordance with Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i>, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</p> <p>Our firm carries out other assignments for the entity in the area of whistleblower services and other assurance services. These services have not impaired our independence as auditor of the entity. In addition to this, partners and employees of our firm deal with the entity on normal terms within the ordinary course of trading activities of the business of the entity. The firm has no other relationship with, or interest in, the entity.</p>
Board Members' responsibilities for the financial statements	<p>The Board is responsible on behalf of the entity for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial statements, the Board is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.</p>
Auditor's responsibilities for the audit of the financial statements	<p>Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs and ISAs (NZ) 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 these financial statements.</p> <p>A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:</p> <p>https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8</p> <p>This description forms part of our auditor's report.</p>
Restriction on use	<p>This report is made solely to the Members, as a body, in accordance with Section 11.4 of the Constitution of YMCA North Incorporated. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members as a body, for our audit work, for this report, or for the opinions we have formed.</p>

Deloitte Limited

Auckland, New Zealand
28 September 2021

Statement of comprehensive income and expenses
For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Revenue and other income			
Revenue	3	25,878	26,852
Other revenue	3	415	400
Total revenue and other income		26,293	27,252
Expenses			
Employee benefits expense	4	16,036	17,842
Administration expenses	4,2j	4,853	4,707
Building expenses	4	2,243	2,237
Depreciation and amortisation expenses	4,2j	1,821	1,957
Advertising, marketing and promotions expense		288	596
Changes in inventories of finished goods		545	656
Total expenses		25,786	27,995
Net surplus/(deficit) for the year	2j	507	(743)
Other comprehensive income for the year		-	-
Total comprehensive surplus/(deficit) for the year		507	(743)

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

Statement of changes in equity
For the year ended 30 June 2021

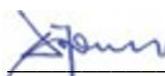
		Accumulated Funds \$'000	Total \$'000
Balance as at 30 June 2019 as previously reported		15,566	15,566
Change in SaaS software accounting policy	2(a)(j)	(700)	(700)
Balance as at 30 June 2019 (restated)	2(j)	14,866	14,866
Net deficit for the year (restated)	2(j)	(743)	(743)
Other comprehensive income for the year		-	-
Total comprehensive deficit for the year	2(j)	(743)	(743)
Balance as at 30 June 2020 (restated)	2(j)	14,123	14,123
Net surplus for the year		507	507
Other comprehensive income for the year		-	-
Total Comprehensive surplus for the year		507	507
Balance as at 30 June 2021		14,630	14,630

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

Statement of financial position
As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	5	999	-
Trade and other receivables	7	736	1,093
Prepayments		39	41
Inventories	8	85	148
Total current assets		1,859	1,282
Non-current assets			
Property, plant and equipment	9	16,668	17,944
Intangible assets	10,2j	162	343
Total non-current assets		16,830	18,287
Total assets		18,689	19,569
Liabilities			
Current liabilities			
Cash and cash equivalents	5,6	-	255
Employee benefits	13	1538	1,774
Trade and other payables	11	851	567
Subscriptions and revenue in advance	12	1520	2,742
GST payable		150	108
Total current liabilities		4,059	5,446
Total non-current liabilities		-	-
Total liabilities		4,059	5,446
Net assets		14,630	14,123
Net Equity			
Accumulated funds	2j	14,630	14,123
Total funds		14,630	14,123

Signed on behalf of the Board by:



 President



 Board Member

28 September 2021

 Date

28 September 2021

 Date

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

Statement of cash flows
For the year ended 30 June 2021

	Notes	2021	2020
		\$'000	\$'000
Cash flow from operating activities			
Receipts from customers, sponsorship, donations, and grants		24,454	23,733
Wage subsidy		975	5,122
Payments to suppliers and employees	2j	(23,795)	(26,334)
Interest paid		(9)	(136)
Net cash inflow from operating activities	14	1,625	2,385
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		-	10
Purchase of property, plant and equipment	9	(371)	(405)
Net cash flows used in investing activities		(371)	(395)
Cash flow from financing activities			
Repayment of borrowings		-	(2,660)
Net cash flows used in financing activities		-	(2,660)
Net increase/(decrease) in cash and cash equivalents held		1,254	(670)
Cash and cash equivalents at beginning of year		(255)	415
Cash and cash equivalents at end of year	5	999	(255)
Represented by:			
Cash on hand		999	-
Bank overdraft		-	(255)
Total		999	(255)

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

Notes to the financial statements For the year ended 30 June 2021

1. Incorporated Society information

Reporting entity

YMCA North Incorporated (“the Society”) is an Incorporated Society incorporated in New Zealand under the Incorporated Societies Act 1908 and registered under the Charities Act 2005 and is domiciled in Auckland, New Zealand. The primary objective of the Society is to provide services in the fields of Health and Fitness, Recreation, Camping, Early Childhood, and Accommodation. The Society is a not-for-profit organisation with profits from the services provided being used in programmes designed to strengthen families and develop youth.

YMCA North Incorporated
Private Bag 92150
Victoria Street West,
Auckland 1142

The Society is a public benefit entity.

The Society is required by its rules to prepare general purpose financial statements.

2. Statement of accounting policies

(a) Statement of compliance and basis of preparation

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZGAAP). The Society has elected to report in accordance with Tier 2 Public Benefit Entity (PBE) Standards for Not-for-profit Entities and applied disclosure concessions (RDR). The Society is able to apply Tier 2 as it does not meet the International Accounting Standards Board’s definition of public accountability and its expenses did not exceed \$30m for the two consecutive preceding years.

Historical cost convention

The financial statements have been prepared on an historical cost basis.

Currency and rounding of amounts

The financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$’000) unless otherwise stated. The functional currency of the Society is New Zealand dollars.

Accounting Policies & Standards

The Society has changed its accounting policy on Intangible software subsequent to an agenda decision for the configuration and customization costs incurred relating to a Software-as-a-Service (“SaaS”) arrangement published by the IFRS Interpretations Committee (“IFRIC”) in April 2021. The nature and effect of the changes as a result of changing this policy is described Note 2(j). No other changes to accounting policies have been made during the year and policies have been consistently applied to all years presented.

(b) Significant accounting judgements, estimate and assumptions

In preparing these financial statements, the Society has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is noted below:

Notes to the financial statements For the year ended 30 June 2021

2. Statement of accounting policies (continued)

(b) Significant accounting judgements, estimate and assumptions (continued)

- Management has judged that the Society is a public benefit entity. The primary objective of the Society is to provide services in the fields of Health and Fitness, Recreation, Camping, Early Childhood, and Accommodation. The Society is a not-for-profit organisation with profits from the services provided being used in programmes designed to strengthen families and develop youth.
- Estimated economic lives of property, plant and equipment and intangible software assets (note 2 (i) – (j))
- Revenue from bequests and legacies: Where there is life interest associated with the bequest or legacy or the bequest or the legacy is being contested, the revenue from the bequest and legacy is not recognised until the revenue is considered reliably measurable and probable, which requires the exercise of judgement.

(c) Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue is comprised of exchange and non-exchange transactions. Exchange transaction revenue arises when YMCA receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange. Non-exchange transaction revenue arises from transactions without an apparent exchange of approximately equal value. Non-exchange revenue includes grants, donations and government subsidies. When non-exchange revenue is received with conditions attached, the asset is recognised with a matching liability. As the conditions are satisfied the liability is decreased and revenue recognised.

Sponsorship, donations and grants

Sponsorship, grant and donation income is recognised as revenue when it becomes receivable unless the Society has a liability to repay the sponsorship, donations and grants if the conditions of the specific revenue received are not fulfilled. A liability is recognised as a deferred income liability to the extent that such conditions are unfulfilled at the end of the reporting period if there is an obligation to repay the funds.

Government grants

The Society's activities are supported by grants received from national and local governments. Some grants are received on the condition that specified services are delivered, or conditions are fulfilled otherwise the funds are repayable. Such grants are initially recognised as a liability and revenue is recognised as services performed or conditions fulfilled. Revenue from grants with no conditions attached are recognised when the Society obtains control of the funds.

COVID-19 wage subsidy is recognised as revenue in the related period of the wage cost being subsidised.

Bequests and legacies

Bequests are recognised in the statement of comprehensive income and expenses when probate of the will has been granted, receipt of the bequest is probable and the amount of the bequest can be measured reliably. Probate is determined when the undisputed right to receive the revenue is established. Revenue from bequests which have conditions attached, where the required expenditure during the year has not occurred or is incomplete and where there is an obligation to repay the funds, will be initially recognized as a deferred income liability and will be brought to revenue account in future years as the funds are expended to fulfill the conditions.

Donated assets

Where a physical asset is donated or vested in the Society for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the Society are recognised as revenue when control through ownership over the asset is obtained.

Donated services

Volunteer hours of service donated are not recognized in the statement of comprehensive income and expenses.

Notes to the financial statements For the year ended 30 June 2021

2. Statement of accounting policies (continued)

(c) Revenue (continued)

Health and fitness operations, hostel, camp and lodge operations and early childhood centre income

Revenue from the health and fitness operations, hostel, camp and lodge operations and early childhood centres is recognised when the service is rendered, using the stage of completion method.

Health and fitness operations, hostel, camp and lodge operations and early childhood centre income

Revenue received but not able to be recognised under the above policy is recognised in the statement of financial position as revenue in advance.

Retail sales

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Finance income

Interest income is recognised in the statement of comprehensive income and expense as it accrues, using the effective interest method.

(d) Expenditure

All expenditure is accounted for on an accrual basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with use of the resources.

Finance costs

Interest payable on borrowings is recognised on an accrual basis and calculated using the effective interest rate method.

(e) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, short term deposits, trade and other payables, accrued wages and interest bearing loans.

Recognition

Financial instruments are initially measured at fair value plus directly attributable transaction costs as the above are not subsequently measured at fair value. Subsequent to initial recognition these instruments are measured as set out below.

A financial instrument is recognised if the Society becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Society's contractual rights to the cash flows from the financial assets expire or if the Society transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Society's obligations specified in the contract expire, are discharged or cancelled.

(f) Cash and cash equivalents and short term deposits

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown under current liabilities in the statement of financial position. Bank overdrafts that are repayable on demand and form an integral part of the Society's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Short term deposits include non-derivative financial assets with fixed or determinable payments and fixed maturities of greater than 90 days but less than 12 months.

Notes to the financial statements For the year ended 30 June 2021

2. Statement of accounting policies (continued)

(g) Trade and other receivables

Trade and other receivables are stated at amortised cost, using the effective interest method, less impairment losses.

(h) Inventories

Inventories are measured at the lower of cost or net realisable value. Inventory held for distribution at no or nominal consideration is measured at the lower of cost and current replacement cost. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. When inventories are written down from cost to current replacement cost or net realisable value, the write down is recognised in the statement of comprehensive income and expenses.

(i) Property, plant and equipment

Bases of measurement of carrying amounts

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Donated assets are initially valued at the fair value of the asset recorded as their deemed cost with the resulting gain being recognised in the statement of comprehensive income and expense.

Cost includes expenditure that is directly attributable to the acquisition of the asset. All asset purchases are initially recorded in work in progress (WIP) before transfer to an asset class, including the cost of materials and direct labour based on normal operating capacity, any other costs directly attributable to bring the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted as separate items (major components) of property, plant and equipment.

Derecognition and disposal

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in the statement of comprehensive income and expenses.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Society and the costs of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income and expenses as an expense as incurred.

Depreciation

The depreciable amount of all property, plant and equipment, including buildings, is depreciated on a straight line basis over their estimated useful lives to the Society commencing from the time the asset is held ready 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. Land is not depreciated.

Notes to the financial statements

For the year ended 30 June 2021

2. Statement of accounting policies (continued)

(i) Property, plant and equipment (continued)

Depreciation

The estimated useful lives used for the calculation of depreciation for each class of assets for the current period and the prior year are:

Buildings	15-40 years
Furniture and fittings	3-15 years
Motor vehicles	5-10 years
Plant and equipment	2-33 years

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

Impairment

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the statement of comprehensive income and expenses.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(j) Intangible assets

Software

Software is measured at cost, less amortisation and impairment losses. Software is considered to have a finite life and is amortised on a systematic basis over its useful life from the date that they are available for use. The estimated useful life of software on hand is:

Software – General	3 years
Software – CRM	5 years

Amortisation methods, useful lives and current residual values are reassessed annually.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the Statement of comprehensive income and expenses as incurred.

Software as a Service Arrangement (SaaS)

SaaS arrangements are arrangements in which the Society does not currently control the underlying software used in the arrangement. Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the Society has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. If costs do not meet the recognition criteria, they are expensed when incurred. The Society has applied the new SaaS accounting policy for the first time this year with retrospective effect. The effects of this change in accounting policy are shown in the following table.

Notes to the financial statements

For the year ended 30 June 2021

2. Statement of accounting policies (continued)

(j) Intangible assets (continued)

Statement of financial position	2020 As Previously Reported \$'000	2020 Adjustments \$'000	2020 As Restated \$'000
Intangible Assets	941	(598)	343
Closing Accumulated funds	14,721	(598)	14,123
Opening Accumulated Funds	15,566	(700)	14,866

Statement of comprehensive income and expenses	2020 As Previously Reported \$'000	2020 Adjustments \$'000	2020 As Restated \$'000
Administration expenses	4,622	85	4,707
Depreciation and amortisation expenses	2,144	(187)	1,957
Net deficit for the year	(845)	102	(743)

Statement of cash flows	2020 As Previously Reported \$'000	2020 Adjustments \$'000	2020 As Restated \$'000
Payments to suppliers and employees	(26,249)	(85)	(26,334)
Net cash inflow from/(used in) operating activities	2,470	(85)	2,385
Purchase of intangible assets	(85)	85	(0)
Net cash flows used in investing activities	(480)	85	(395)

(k) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Society which have not been paid at the end of the financial year. These amounts are usually settled in 30 days. Given their short term nature, the carrying values of trade and other payables are considered a reasonable approximation of their fair values. Trade and other payables are measured at amortised cost using the effective interest method.

(l) Interest bearing loans

Interest bearing loans are recognised at amortised cost with any difference between the cost and redemption value being recognised in the statement of comprehensive income and expenses over the period of the borrowings on an effective interest basis.

Notes to the financial statements For the year ended 30 June 2021

Statement of accounting policies (continued)

(m) Employee benefits

An accrual is made for the Society's liability for employee benefits arising from services rendered by employees to reporting date.

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 on an undiscounted basis.

Defined contribution pension plans

Contributions are made by the Society to an employee superannuation fund and are charged as expenses in the statement of comprehensive income and expenses when incurred.

(n) Provisions

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

(o) Taxation

Income tax

The Society was granted charitable tax status by the Charities Commission. As such no taxation expense has been recognised in the statement of comprehensive income and expenses.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(p) Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised in revenue and expense on a straight line basis over the life of the lease.

Lease incentives under operating leases are recognised as an integral part of the total lease expense over the term of the lease.

(q) Impact of COVID-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a Global Pandemic on the 11 March 2020, resulted in an increase in uncertainty in both the local and global market conditions. The outbreak and the subsequent quarantine measures and travel restrictions imposed by the New Zealand government have caused disruptions to business and economic activity. YMCA North Inc has multiple streams of revenue from exchange and non-exchange activities including recreation and fitness operations, hostels, camp and lodge operations and early childhood income. These revenue streams were affected by varying severity from the effects of COVID-19. Restrictions on gathering size limitations and physical distancing requirements has also had an impact on other revenue streams, as the centres cannot operate at full capacity when government COVID alert level 3 and 2 restrictions are in place.

Refer to Note 17 for consideration of events after year ended 30 June 2021.

Notes to the financial statements
For the year ended 30 June 2021

3. Revenue	Notes	2021	2020
		\$'000	\$'000
(a) Revenue from Non-Exchange Transactions			
Early childhood income – subsidies and grants	3(b)	1,568	1,598
Sponsorship, donations, and grants		1,182	1,032
Recreation and fitness operations - grants		550	459
Wage Subsidy		2,521	3,587
Sundry revenue		229	108
Total Revenue from Non-Exchange Transactions		6,050	6,784
<i>Revenue from Exchange Transactions</i>			
Recreation and fitness operations		15,019	14,110
Hostel, camp and lodge operations		4,462	5,357
Retail sales		424	541
Early childhood income – parent fees		151	168
Sundry revenue		187	292
Total Revenue from Exchange Transactions		20,243	20,468
Total Revenue		26,293	27,252

\$2.1m of government grants were included in the non-exchange revenue categories (2020: \$2.1m) in addition to the wage subsidies received in relation to COVID-19 disclosed above.

(b) Ministry of Education Extract from Revenue

The following funding was received from the Ministry of Education (MOE) and Ministry of Social Development (MSD):

<i>Early Childhood Education Bulk Funding</i>		2021	2020
		\$'000	\$'000
MOE Funding recognised in early childhood income		1,451	1,477
MSD WINZ subsidies		73	85
MOE equity funding recognised in the statement of comprehensive income		44	36
	3(a)	1,568	1,598

Notes to the financial statements
For the year ended 30 June 2021

(c) Grants

The Society acknowledges the following funding which has been received in the year:

	2021	2020
	\$'000	\$'000
Aktive Tū Manawa Active Aotearoa Fund	12	-
CLM Tū Manawa Active Aotearoa Fund	25	-
Lottery National Community	30	30
Lottery Covid-19 Community Wellbeing Fund	150	-
Lottery Community Facilities Fund	34	-
Sport Waikato Tū Manawa Active Aotearoa Fund	29	-
Foundation North	-	80
St Joans Charitable Trust	-	3

4. Expenses

Employee Benefits Expense

	2021	2020
	\$'000	\$'000
Wages and salaries	15,724	17,512
Defined contribution pension plan expenses	312	330
	16,036	17,842

Administration expenses

Occupancy costs	2,028	2,029
Contractors	483	481
Other staff expenses	269	347
Other general administration	1,653	1,780
Legal	357	13
Audit of the financial statements	60	54
Other Services provided by Auditors	3	3
	4,853	4,707

Building Expenses

Repairs and maintenance-general	584	602
Utilities	1,572	1,543
Rental expenses	87	92
	2,243	2,237

Depreciation and Amortisation Expense

Depreciation

Buildings	684	678
Plant and equipment	546	644
Furniture and fittings	324	353
Motor vehicles	86	95
	1,640	1,770

Amortisation

Intangible assets	181	187
	181	187

Total Depreciation and amortisation	1,821	1,957
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Notes to the financial statements

For the year ended 30 June 2021

5. Cash and Cash Equivalents

	2021 \$'000	2020 \$'000
Cash at bank and on hand	922	1,949
Call account	77	66
Bank Overdraft (secured) - refer to Note 6	-	(2,270)
	999	(255)

6. BNZ Bank overdraft

The YMCA holds an overdraft facility of \$4.0M with the BNZ. The balance at 30 June 2021 was \$0M (2020: \$2.3M) leaving an undrawn facility of \$4.0M (2020: \$1.7M). The overdraft facility has an interest rate of 4% at 30 June 2021 and is an on-going facility used to manage working capital. The overdraft facility is secured against the land and buildings located at 150 Vincent Street, Auckland and 36-50 Pembroke Street, Hamilton.

Financial covenants for the overdraft facility are in place requiring EBITDA (earnings before interest, tax expense, depreciation and amortisation of intangibles) to be maintained at a minimum of 3 times gross interest expense at all times and are tested as at the last day of each financial year on a rolling 12 month basis.

The YMCA does not hold a Loan Facility with the BNZ.

7. Trade and Other Receivables

	2021 \$'000	2020 \$'000
Trade receivables	803	797
Less allowances for impairment losses	(97)	(128)
Other receivables	29	424
	736	1,093

Trade receivables are subject to normal trade terms and are interest free.

The carrying value of accounts receivables approximates their fair value.

Included within trade receivables is \$183k recognised in respect of non-exchange transactions (2020: \$129k).

8. Inventories

	2021 \$'000	2020 \$'000
Finished goods	85	148

No inventories are specifically and separately pledged as securities for liabilities in the Society.

There are no impairment losses on the inventory in the Society.

Notes to the financial statements For the year ended 30 June 2021

9. Property, Plant and Equipment

	Land \$'000 (i)	Buildings and Carparks \$'000 (i)	Furniture and Fittings \$'000	Motor Vehicles \$'000	Plant and Equipment \$'000	Work In Progress \$'000	Total \$'000
Cost							
Balance as at 1 July 2019	4,984	20,070	3,299	699	9,744	26	38,822
Acquisitions	-	12	12	-	62	343	429
Transfer from WIP	-	238	37	-	39	(340)	(26)
Disposals	-	(566)	(708)	(110)	(2,473)	-	(3,857)
Balance as at 30 June 2020	4,984	19,753	2,640	589	7,372	29	35,366
Acquisitions	-	5	57	-	32	277	371
Transfer from WIP	-	3	89	-	32	(124)	-
Disposals	-	(293)	(123)	-	(255)	-	(671)
Balance as at 30 June 2021	4,984	19,468	2,663	589	7,181	182	35,067
Accumulated Depreciation							
Balance as at 1 July 2019	-	9,558	2,227	322	7,351	-	19,457
Depreciation for the year	-	678	353	95	644	-	1,770
Release on disposal	-	(563)	(701)	(90)	(2,449)	-	(3,804)
Balance as at 30 June 2020	-	9,673	1,879	327	5,544	-	17,424
Depreciation for the year	-	684	324	86	546	-	1,640
Release on disposal	-	(293)	(121)	-	(250)	-	(664)
Balance as at 30 June 2021	-	10,063	2,082	413	5,842	-	18,399
At 30 June 2020	4,984	10,081	761	262	1,826	30	17,944
At 30 June 2021	4,984	9,404	582	176	1,339	182	16,668

(i) Land and buildings located at 150 Vincent Street, Auckland and 36-50 Pembroke Street, Hamilton, with a total net carrying amount of \$4M (2020: \$4M) are the security for the overdraft facility detailed in Note 6. Land and buildings located in Tauranga with a carrying amount of \$1.1M (2020: \$1.1M) are the security for a contingent payment obligation outlined in Note 15.

(ii) City Rail Link - Subsurface land acquisition 149-157 Greys Avenue

On 5 October 2018, Auckland Council issued a Notice of Desire under s.18 (1) (a) of the Public Works Act (PWA) expressing a desire to acquire and impose restrictive covenants over certain parts of the substrata of YMCA's titles at its property at 149-157 Grey's Ave, Auckland Central (Property).

On 1 April 2019, Council issued a Notice of Intent (NOI) under s 23 of the PWA confirming its intention to acquire such property rights.

Notes to the financial statements

For the year ended 30 June 2021

9. Property, Plant and Equipment (continued)

Title to the notified property rights vested in the Council as the acquiring authority in accordance with Section 26(3) of the PWA by way of Proclamation from 9 September 2020 being 14 days following publication of the notice of Proclamation in the Gazette. The value of YMCA's entitlement to compensation for the acquisition of the property rights remains to be determined.

The Proclamation taking the land does not affect the YMCA's entitlement to full compensation under the PWA. Now that the land has vested, the YMCA has the right to make a claim for compensation to the Land Valuation Tribunal (LVT). A Tribunal hearing date has been set in early December 2021.

No asset has been recognised for the compensation pending the outcome of the hearing.

10. Intangible Assets

	Software - CRM \$'000	Software - General \$'000	Work In Progress \$'000	Total \$'000
Cost				
Balance as at 30 June 2019	1,035	1,158	-	2,193
Disposals	(1,035)	-	-	(1,035)
Balance as at 30 June 2020	-	1,158	-	1,158
Disposals		(1)	-	(1)
Balance as at 30 June 2021	-	1,157	-	1,157
Amortisation and impairment losses				
Balance as at 30 June 2019	1,035	627	-	1,662
Amortisation for the year		187	-	187
Disposal amortisation for the year	(1,035)	-	-	(1,035)
Balance as at 30 June 2020	-	814	-	814
Amortisation for the year	-	181	-	181
Balance as at 30 June 2021	-	995	-	995
Carrying Amounts				
At 30 June 2020	-	343	-	343
At 30 June 2021	-	162	-	162

Amortisation charge

No amortisation was recognised on the work in progress intangible assets as they were not available for use during the year. Amortisation will commence when the asset is available for use.

Notes to the financial statements
For the year ended 30 June 2021

11. Trade and Other Payables

	2021	2020
	\$'000	\$'000
Trade payables	510	200
Other payables and accruals	341	367
	<u>851</u>	<u>567</u>

Trade payables are on normal trade terms and interest free.
The carrying value of accounts payable approximates their fair value.

12. Subscriptions and Revenue in Advance

	2021	2020
	\$'000	\$'000
Sponsorship, donations and grants	652	392
Health and fitness operations	607	621
Wage Subsidy	-	1,535
Hostel, camp and lodge operations	261	194
	<u>1,520</u>	<u>2,742</u>

13. Employee Benefits

Short-Term Employee Benefits

	2021	2020
	\$'000	\$'000
Accrued wages	480	776
Annual leave	1,058	998
	<u>1,538</u>	<u>1,774</u>

Notes to the financial statements
For the year ended 30 June 2021

14. Reconciliation of net surplus for the year to net cash flows from operations

	2021	2020
	\$'000	\$'000
Net surplus/(deficit) for the year	507	(743)
Non-cash items		
Depreciation and amortisation	1,821	1,957
Loss on sales of property, plant and equipment	7	47
(Increase)/decrease in assets		
Trade and other receivables	358	(59)
Inventories	63	4
Prepayments	2	87
Increase/(decrease) in liabilities		
Trade and other payables	285	(433)
Provisions & Other Changes	(196)	(90)
Subscriptions and revenue in advance	(1,222)	1,615
Net cash inflow from/(used in) operating activities	1,625	2,385

15. Commitments and Contingencies

(a) Operating Leases

The Society has the following lease commitments:

	2021	2020
	\$'000	\$'000
Not later than one year	45	53
Later than one year and not later than five years	3	31
Later than five years	-	156
	48	240

The above lease commitments are calculated to the contracted final maturity dates.

Notes to the financial statements
For the year ended 30 June 2021

(b) Contingent Liabilities

On 1 January 2018 the Society acquired the business and assets of the Tauranga YMCA.

Included in those assets is a property over which TECT Holdings Limited has a first registered mortgage. The mortgage secures a Payment Obligation of \$250,000 in the event the property is sold. The intention of TECT Holdings Limited is to ensure the property is used to benefit the Tauranga region.

No liability has been recognised in the Financial Statements for this Payment Obligation as the Society has no intention to sell the property.

(c) Capital Commitments

As at 30 June 2021, the Society has no significant capital commitments (2020: Nil).

16. Related Party Transactions
Key Management Personnel

The Board members and executive team are considered the key management personnel of the Society.

Board members of the Society receive no remuneration.

The executive team consists of 6 full time equivalents (2020: 6) and received the following total remuneration:

	2021	2020
	\$'000	\$'000
Employee benefit expense	1,356	1,205
Defined contribution pension plan expenses	34	31
Total compensation	<u>1,390</u>	<u>1,236</u>

Notes to the financial statements For the year ended 30 June 2021

17. Subsequent Events After Balance Date

COVID-19 and Going Concern Assessment

On 17 August 2021, the New Zealand Government reinstated COVID-19 Alert Level 4 for all of New Zealand, which included restrictions on opening YMCA North Inc services. On 7 September the rest of New Zealand moved into Alert Level 2 while Auckland remained on Alert Level 4. On 26 August 2021, YMCA North Inc applied for the August 2021 wage subsidy and received \$465k. On 13 September 2021, YMCA North Inc applied for the September 2021 wage subsidy and received \$461k.

The organisation's current liabilities exceeded its current assets at balance date by \$2,200k (2020: \$4,164k) including Subscriptions and revenue in advance of \$1,520k (2020: \$2,742k) and incurred a surplus for the year of \$507k (2020: deficit of \$ 743). However, as noted in the Statement of Financial Position, the organisation had positive equity of \$14,630k (2020: \$14,123k), and \$4m of undrawn borrowing facilities. Whilst the overdraft facilities are repayable on demand the directors are confident that they will continue to be available based on the value of property security provided.

Management has updated the organisations revenue and cash forecasts taking into account the potential impact the pandemic is expected to have. On the basis of these cash flow forecasts, which include all available government announced wage subsidies and it's existing working capital structure, including significant undrawn overdraft facilities as well as potential to borrow additional funding through existing property assets as security, it is our view that the organisation is able to meet its obligations as they fall due for the foreseeable future.

Accordingly, and notwithstanding the inherent uncertainty in forecasting cashflows in the current climate, the directors of YMCA North Inc continue to adopt the going concern assumption in the preparation of these financial statements and do not consider there are material uncertainties as to the appropriateness of the going concern assumption.

There have been no other subsequent events to report.