

# Local Government Finance Professionals Association Inc.

## Financial Report for the Year Ended 30 September 2020

### COMMITTEE'S REPORT

Your committee members submit the financial report of Local Government Finance Professionals Association Inc., "The Association" for the financial year ended 30 September 2020.

#### Committee Members

The names of committee members throughout the year and at the date of this report are:

Bradley Thomas	Tony Rocca
Binda Gokhale	Belinda Johnson
Kim Jaensch	John Brockway
Liz Rowland	Charles Nganga
Nathan Morsillo	Kristy Stephens
Mark Montague	Danny Wain
Vishantri Perera	Gabrielle Gordon

The principal activities of the association during the financial year were to provide professional development opportunities to members of the association.

#### Significant Changes

The Association has been greatly impacted by COVID-19 restrictions since March, 2020, resulting in an inability to run any face-to-face seminars, conferences or meetings for either the Members or the Executive. Whilst the Association has adapted to an online webinar and meeting presence, this has not been commensurate with the activities which had been planned for the latter part of the financial year. The Association will continue to provide member services in alternative methods until such time as restrictions as set out by the State government are lifted.

#### Operating Result

The deficit for the 2020 financial year amounted to \$4,936 (2019: surplus of \$5,693).

Signed in accordance with a resolution of the members of the committee.

Signed:



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Bradley Thomas

Dated: 25/11/2020

Signed:



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Tony Rocca

Dated: 25 November 2020

## Local Government Finance Professionals Association Inc

### INCOME AND EXPENDITURE STATEMENT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 \$	2019 \$
<b>INCOME</b>			
Contributions (members)		44,971	47,334
Professional Development Fees	2	252,899	300,955
Sponsorship		115,500	98,295
Interest		972	2,704
		414,342	449,288
<b>EXPENDITURE</b>			
Bank charges		173	176
Consultants		1,000	
Marketing and Development		-	2,893
Communications		4,318	3,358
Administration expenses		79,418	75,846
Professional Development	3	329,219	329,434
Representations		5,150	6,818
Scholarship Program		-	24,800
		419,278	443,325
Current year surplus (deficit) and other Comprehensive income		(4,936)	5,963

The accompanying notes form part of these financial statements.

## Local Government Finance Professionals Association Inc

### ASSETS AND LIABILITIES STATEMENT AS AT 30 SEPTEMBER 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash on hand	4	231,656	307,172
Prepayments		7,286	193,282
Other Receivable		795	-
<b>TOTAL CURRENT ASSETS</b>		<b>239,737</b>	500,454
NON-CURRENT ASSETS			
Prepayments		62,576	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>62,576</b>	-
<b>TOTAL ASSETS</b>		<b>302,313</b>	500,454
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Accounts and other receivables	5	-	4,112
Creditors	5	39,511	39,511
Contract liability	5	-	189,868
Accrued Expenditure	5	775	
<b>TOTAL CURRENT LIABILITIES</b>		<b>40,286</b>	233,491
NON-CURRENT LIABILITIES			
<b>TOTAL NON-CURRENT LIABILITIES</b>		-	-
<b>TOTAL LIABILITIES</b>		<b>40,286</b>	233,491
<b>NET ASSETS</b>		<b>262,027</b>	266,963
<b>MEMBERS' FUNDS</b>			
Opening Balance Equity		63,335	63,335
Retained Surplus		203,628	197,665
Net Income		(4,936)	5,963
<b>TOTAL MEMBERS' FUNDS</b>		<b>262,027</b>	266,963

The accompanying notes form part of these financial statements.

## Local Government Finance Professionals Association Inc

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	Members' Funds \$	Retained Surplus \$	Total \$
<b>Balance at 1 October 2018</b>		<b>63,335</b>	<b>197,665</b>	<b>261,000</b>
Net surplus for the year		-	5,963	5,963
Other Comprehensive income		-	-	-
<b>Total comprehensive income attributable to members of the Association for the year</b>		-	<b>5,963</b>	<b>5,963</b>
<b>Balance at 30 September 2019</b>		<b>63,335</b>	<b>203,628</b>	<b>266,963</b>
<b>Balance at 1 October 2019</b>		<b>63,335</b>	<b>203,628</b>	<b>266,963</b>
Net surplus for the year			(4,936)	(4,936)
Other Comprehensive income			-	-
<b>Total comprehensive income attributable to members for the Association for the year</b>			<b>(4,936)</b>	<b>(4,936)</b>
<b>Balance at 30 September 2020</b>		<b>63,335</b>	<b>198,692</b>	<b>262,027</b>

The accompanying notes form part of these financial statements.

## Local Government Finance Professionals Association Inc

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020	2019
		\$	\$
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (GST inclusive)		223,502	446,583
Payments to suppliers (GST Inclusive)		(299,990)	(510,414)
Interest Received		972	2,704
Tax Paid			-
<b>NET CASH PROVIDED FROM / (USED IN) OPERATING ACTIVITIES</b>		<b>(75,516)</b>	<b>(61,127)</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<b>(75,516)</b>	<b>(61,127)</b>
CASH AT BEGINNING OF FINANCIAL YEAR		307,172	368,299
<b>CASH AT END OF FINANCIAL YEAR</b>		<b>231,656</b>	<b>307,172</b>
<b>RECONCILIATION OF CASH</b>			
CASH AT BANK		65,169	141,633
TERM DEPOSIT		166,487	165,539
		<b>231,656</b>	<b>307,172</b>
<b>RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH NET INCOME</b>			
NET INCOME		(4,936)	5,962
(INCREASE) / DECREASE IN RECEIVABLES			-
(INCREASE) / DECREASE IN PREPAYMENTS AND OTHER ASSETS		123,420	(130,730)
INCREASE / (DECREASE) IN CONTRACT LIABILITY		(189,868)	
INCREASE / (DECREASE) IN CREDITORS AND OTHER LIABILITIES		(4,132)	63,641
<b>CASHFLOW FROM OPERATIONS</b>		<b>(75,516)</b>	<b>(61,127)</b>

The accompanying notes form part of these financial statements.

# Local Government Finance Professionals Association Inc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Reform Act 2012 Vic. The committee has determined that the Association is not a reporting entity.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for-profit oriented entities.

The financial statements have been prepared on an accruals basis and are based on historic costs and do not take into account changing money values or, except where stated specifically, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of these financial statements.

a. **Income Tax**

The Association is not registered for income tax as income is received from members and in the event of winding up the organisation it states that all surplus funds are transferred to another like not for profit organisation.

b. **Property, Plant and Equipment (PPE)**

The Association owns no Property, Plant or Equipment.

c. **Impairment of Assets**

At the end of each reporting period, the committee reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in the income and expenditure statement.

d. **Employee Provisions**

The Association has no employees.

e. **Provisions**

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

f. **Cash and cash equivalents**

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

g. **Accounts Receivable and Other Debtors**

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from donors. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

# Local Government Finance Professionals Association Inc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### h. Revenue and Other Income

##### *For comparative year*

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Professional Development Fees are recognised when the entity obtains control over the funds, which is generally at the time of receipt. Sponsorship Income is recognised when earned.

All revenue is stated net of the amount of goods and services tax.

##### *For current year*

##### *Revenue from contracts with customers*

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

##### *Contributions (members)*

Contributions received throughout the year are recognised as income on a pro-rata basis. Contributions received relating to the subsequent year are recognised at year-end as contract liabilities, if any.

##### *Professional Development Fees*

Revenue is recognised when the event is held.

##### *Sponsorship*

Sponsorship revenue is recognised on an accruals basis when the Association is entitled to it.

#### i. Leases

The Association has no leases at 30 September 2020.

#### j. Goods and Services Tax (GST)

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

# Local Government Finance Professionals Association Inc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### k. **Financial Assets**

Investments in financial assets are initially recognised at cost, which includes transaction costs, and are subsequently measured at fair value, which is equivalent to their market bid price at the end of the reporting period. Movements in fair value are recognised through an equity reserve.

#### l. **Accounts Payable and Other Payables**

Accounts payable 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.

#### m. **Contract liabilities**

Contract liabilities represent the incorporated association's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the incorporated association recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the incorporated association has transferred the goods or services to the customer.

#### n. **Change in accounting policies**

##### **Revenue from Contracts with Customers - Adoption of AASB 15**

The Association has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities for the first time in the current year with a date of initial application of 1 July 2019.

The Association performed an impact assessment regarding the application of AASB 15 and AASB 1058. The assessment identified that the application of this standard had no significant impact on the timing of revenue recognition for the Association.

The Association has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. There were no adjustments on adoption of AASB 15 and AASB 1058 taken to accumulated surplus at 1 July 2019.

The key changes to the Association's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

##### *AASB 15 Revenue from Contracts with Customers*

The Association has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.



## Local Government Finance Professionals Association Inc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *AASB 1058 Income of Not-for-Profit Entities*

The Association has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 *Contributions* in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable nonfinancial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

AASB 15 and AASB 1058 supersede AASB 111 Construction Contracts, AASB 118 Revenue, AASB 1004 Contributions and related interpretations, and apply to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

##### **Leases - Adoption of AASB 16**

The Association has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations. The Association is a lessee in a lease arrangement that ended on 30 June 2020 and, therefore, there has been no material impact on adoption of AASB 16.

##### **o. Covid-19**

The Association has been greatly impacted by COVID-19 restrictions since March, 2020, resulting in an inability to run any face-to-face seminars, conferences or meetings for either the Members or the Executive. Whilst the Association has adapted to an online webinar and meeting presence, this has not been commensurate with the activities which had been planned for the latter part of the financial year. The Association will continue to provide member services in alternative methods until such time as restrictions as set out by the State government are lifted.

## Local Government Finance Professionals Association Inc

<b>NOTE 2: INCOME - PROFESSIONAL DEVELOPMENT FEES</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Professional Development: AGM	11,496	14,882
Professional Development: Conferences	201,600	206,438
Professional Development: Seminars	39,803	79,635
<b>Total Income – Professional Development Fees</b>	<b>252,899</b>	<b>300,955</b>

<b>NOTE 3: EXPENDITURE - PROFESSIONAL DEVELOPMENT</b>		
Professional Development: AGM	23,605	19,318
Professional Development: Conferences	270,682	268,567
Professional Development: Seminars	34,932	41,549
<b>Total Expenses – Professional Development Fees</b>	<b>329,219</b>	<b>329,434</b>

<b>NOTE 4: CASH ON HAND</b>		
Cash at bank – Commonwealth	65,169	141,633
Term Deposit	166,487	165,539
<b>Total cash and cash equivalents</b>	<b>231,656</b>	<b>307,172</b>

<b>NOTE 5: CURRENT LIABILITIES</b>		
GST Payable	-	4,112
Creditors	39,511	39,511
Contract liabilities (2019: Prepaid Income)	-	189,868
Accrued Expenses	775	
<b>Total Current Liabilities</b>	<b>40,286</b>	<b>233,491</b>

### **NOTE 6: SUBSEQUENT EVENTS**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Association, the results of the operations or the state of affairs of the Association in the future financial years.

### **NOTE 7: CONTINGENT LIABILITIES**

The Association had no contingent liabilities or assets as at 30 September 2020 and 30 September 2019.

**Local Government Finance Professionals Association Inc**

**Associations Incorporation Reform Act 2012**

**ss 94(2)(b), 97(2)(b) and 100(2)(b)**

**ANNUAL STATEMENTS GIVE TRUE AND FAIR VIEW OF FINANCIAL POSITION AND  
PERFORMANCE OF INCORPORATED ASSOCIATION**

We, Bradley Thomas and Tony Rocca, being members of the committee of Local Government Finance Professionals Association Inc., certify that:

The statements attached to this certificate give a true and fair view of the financial position and performance of Local Government Finance Professionals Association Inc. during and at the end of the financial year of the Association ended on 30 September 2020.

## Local Government Finance Professionals Association Inc

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCAL GOVERNMENT FINANCE PROFESSIONALS ASSOCIATION INC

We have audited the accompanying financial report, being a special purpose financial report, of Local Government Finance Professionals Association Inc. (the association), which comprises the committee's report, the assets and liabilities statement as at 30 September 2020, the income and expenditure statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification by members of the committee on the annual statements giving a true and fair view of the financial position and performance of the association.

#### *Committee's Responsibility for the Financial Report*

The committee of Local Government Finance Professionals Association Inc. is responsible for the preparation and fair presentation of the financial report, and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the Victorian Association Reform Act 2012 and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the financial report, 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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

#### *Opinion*

In our opinion, the financial report, in all material respects), the financial position of Local Government Finance Professionals Association Inc. as at 30 September 2018 and (of) its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, and the requirements of the Victorian Association Incorporation Reform Act 2012.

#### *Basis of Accounting and Restriction on Distribution*

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared to assist Local Government Finance Professionals Association Inc. to meet the requirements of the Vic. As a result, the financial report may not be suitable for another purpose.

Auditor's signature:

Auditor's address:

Dated this      day                      of 2020

## Local Government Finance Professionals Association Inc

### CERTIFICATE BY MEMBERS OF THE COMMITTEE

I, Bradley Thomas of 4 Colrae Crt, Golden Square certify that:

- a. I attended the annual general meeting of the association held on.
- b. The financial statements for the year ended 30 September 2020 were submitted to the members of the association at its annual general meeting.

Dated this

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Bradley Thomas (Committee Member)