



8 April 2020

Mr Anthony Brierley
General Manager
Australian Capital Territory Branch
Australian Hotels Association

cc. Mr Mark Peatey, Auditor

Dear Mr Brierley

Re: – Australian Hotels Association, Australian Capital Territory Branch - financial report for year ending 31 December 2019 (FR2019/309)

I refer to the financial report of the Australian Capital Territory Branch of the Australian Hotels Association. The documents were lodged with the Registered Organisations Commission (**ROC**) on 2 April 2020.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming whether the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements. Please note the report for year ending 31 December 2020 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. However I make the following comments to assist when preparing the next report.

Disclosure of donations expenditure

Reporting guideline 14(e) requires that where donations have been paid, the total amounts paid are to be disclosed as follows -:

- (iii) donations that were \$1,000 or less; and
- (iv) donations that exceeded \$1,000

Note 6 discloses a single figure of \$3227 for donations but does not distinguish the total amounts paid for each of the above categories.

Disclosure of employee expenses to office holders and other employees

Reporting guideline 14 requires that where employee expenses have been paid to holders of office [item 14(f)] or to employees other than office-holders [item 14(g)] these expenses must be separately disclosed as follows:

- Wages and salaries;
- Superannuation;
- Leave and other entitlements;
- Separation and redundancies; and
- Other employee expenses.

Note 6 discloses a single figure for “Employee Benefits” which does not distinguish between employee benefits expenses for office holders and employee expenses for employees (other than office-holders) and does not separately disclose the expenses based on the above categories.

In addition, item 21 of the reporting guidelines (RGs) states that if any activities described within items 10-20 have not occurred in the reporting period, a statement to this effect¹ must be included either in the financial statements, the notes or in an officer’s declaration statement. Therefore, where employee benefits expenses for any of the above categories were not paid separate nil activity disclosure for each relevant expense category must be made.

Disclosure of employee provisions to office holders and other employees

Reporting guideline 16 also requires any liability for employee benefits in respect of office holders [RG16(c)] and employees (other than office-holders) [RG16(d)] to be separately disclosed as follows:

- Annual leave;
- Long service leave;
- Separation and redundancies; and
- Other employee provisions.

Note 13 discloses provision for annual leave for employees (other than office-holders) and makes a nil activity disclosure in respect of all accrued employee benefits for office-holders. However, it does not separately disclose provisions (or nil activity) in respect of the other liability categories for employees (other than office-holders).

Nil activity – officer declaration statement - other disclosures

The officer’s declaration statement included nil activity disclosure in respect of the following:

- RG18 - *‘provide a cash flow to another reporting unit or controlled entity’* which may be inconsistent with the disclosures in Note 6 and 20 of payments to the AHA National Office;
- RG17(d) – *‘have a balance within the general fund’* which, having regard to the definition of general fund in the glossary on page 11/13 of the Reporting Guidelines, appears to be inconsistent with the equity balance of \$156,185 in the statement of financial position.

Auditor’s report - content

The auditor’s statement did not include, under the heading “Auditor’s Responsibilities for the Audit of the Financial Report”, information that is required by paragraphs 39 and 40² of ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

Auditor’s report - declarations

The auditor’s statement did not include the declaration that, as part of the audit of the financial statements, they have concluded that management’s use of the going concern basis of accounting in the preparation of the financial statement is appropriate, as required by Reporting guideline 30.

The auditor’s statement did not include the declaration set out in Reporting guideline 29(a).

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

¹ Or alternatively, a nil value as illustrated in the template notes to the model financial statements

² See also paragraphs 41, 42

If you have any questions about the above or the reporting requirements, please do not hesitate to contact me by email at stephen.kellett@roc.gov.au.

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right from the end of the name.

Stephen Kellett
Financial Reporting
Registered Organisations Commission

Australian Hotels Association (ACT)

Financial Statements

For the Year Ended 31 December 2019

Australian Hotels Association (ACT)

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For the Year Ended 31 December 2019

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Australian Hotels Association – ACT Branch

ABN: 37 315 422 917

Certificate by Prescribed Designated Officer

I, Michael Capezio, being the President of the Australian Hotels Association – ACT Branch certify:

- That the documents lodged herewith are copies of the full report for the Australian Hotels Association – ACT Branch for the period ended 31 December 2019 referred to in s.268 of the *Fair Work (registered Organisations) Act 2009*; and
- That the full report was provided to members of the reporting unit on 10 March 2020; and
- That the full report was presented to a general meeting of members of the reporting unit on 31 March 2020 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer: _____



Name of prescribed designated officer: Michael Capezio

Title of prescribed designated officer: President

Dated: **02.04.2020**

Australian Hotels Association – ACT Branch

ABN: 37 315 422 917

Report Required Under Subsection 255(2A) for the year ended 31 December 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 December 2019.

Categories of expenditure	2019	2018
Remuneration and other employment-related costs and expenses – employees	146,975	112,912
Advertising	92	2,000
Operating costs	164,264	236,614
Donations to political parties	-	-
Legal costs	4,688	-

Signature of designated officer: 

Name of designated officer: Michael Capezio

Title of designated officer: President

Dated: 6 March 2020

Australian Hotels Association (ACT)

Operating Report

31 December 2019

The Committee of Management presents its operating report on the Reporting Unit for the financial year ended 31 December 2019.

1. General information

Information on Committee of Management members

The names of each person who has been a member during the year and to the date of this report are:

Michael Capezio	President
Joshua Gray	Secretary and Treasurer
Peter Barclay	Vice President
Todd Handy	Accommodation President
David Quinn	Board Member
Brian Smith	Board Member
Rien Donkin	Board Member - appointed 5 June 2019

Members have been in office since the start of the financial year to the date of this report unless otherwise stated.

The address for all persons named is Level 1, 27 Murray Crescent, Griffith ACT 2603.

Principal activities

The principal activity of Australian Hotels Association (ACT) during the financial year was to represent and further the interests of the licensed hospitality industry of the Australian Capital Territory.

No significant changes in the nature of the Registered Organisation's activity occurred during the financial year.

2. Operating results and review of operations for the year

Operating results

The profit of the Registered Organisation after providing for income tax amounted to \$ 8,189 (2018: \$ 30,702).

Non-financial operating results:

- The AHA ACT is one of Australia's leading industry advocacy associations, which represents and advocates for the interests of the licensed hospitality and accommodation sector in Canberra. AHA ACT members include licenced pubs, cafes, bars, restaurants, accommodation hotels and nightclubs in Canberra.
- At both a National and Territory level, the AHA provides leadership and advocates for the industry in a variety of ways, including providing advice to assist members in areas such as regulations, minimising their impact on the environment, the responsible service of alcohol, employment matters, advocacy on key industry issues and how to integrate new products and technologies into hospitality businesses. The AHA ACT works and consults with a wide spectrum of stakeholders and Government representatives in the ACT.
- In the political arena during 2019, the AHA ACT was actively involved in advocating industry policy positions.
- The AHA ACT held the annual AHA ACT Hospitality Awards in July 2019, attended by more than 470 industry leaders, politicians and industry representatives.

Australian Hotels Association (ACT)

Operating Report

31 December 2019

2. Operating results and review of operations for the year

Review of operations

As a federally registered employer association, the AHA provides a wide range of industrial relations services to assist members to comply with employment issues, regulatory and legislative matters.

The AHA serves as a lobby group on behalf of industry.

The AHA has developed strong relationships with key local and federal parliamentary figures, and with senior public servants in relevant government departments and agencies.

3. Other items

Right of members to resign

All members of the Registered Organisation have the right to resign from the Registered Organisation in accordance with Rule 17(e) of the Union Rules, (and section 174 of the Fair Work (Registered Organisations) Act 2009); namely, by providing written notice addressing:

- That they cease to be an employer in the (accommodation and licensed hospitality industry) industry or ceased to be engaged therein.
- That on giving the Registered Organisation's Board or Executive notice of their intention to do so and payment of all dues to the date of their resignation.
- The same rules also provide for the vacation of and/or resignation from elected office by elected members.

Number of members

The number of persons that were at the end of the financial year recorded in the register of members for section 230 of the Fair Work (Registered Organisations) Act 2009 was 77.

A register of members of the ACT Branch has been kept and maintained during the immediate preceding calendar year (2018) as required by section 230 (1)(a) and (2).

Number of employees

1.5 full-time equivalent employees were employed by the ACT Branch during the 2019 financial year.

Significant changes in state of affairs

There have been no significant changes in the state of financial affairs of the Registered Organisation during the year.

Events after the reporting date

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

Environmental issues

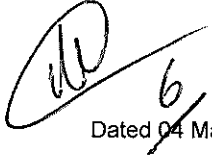
The Registered Organisation's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Australian Hotels Association (ACT)

**Operating Report
31 December 2019**

Signed in accordance with a resolution of the Committee of Management.

President
Michael Capezio


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Dated 04 March 2020

Australian Hotels Association – ACT Branch

ABN: 37 315 422 917

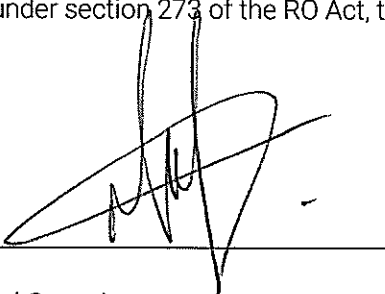
Committee of Management Statement for the year ended 31 December 2019

On 4/3/2020 the Committee of Management of the Australian Hotels Association (ACT) passed the following resolution in relation to the General Purpose Financial Report (GPFR) for the year ended 31 December 2019:

The Committee of Management declares that in its opinion:

- a) The financial statements and notes comply with the Australian Accounting Standards;
- b) The financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- c) The financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- d) There are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- e) During the financial year to which the GPFR relates and since the end of that year:
 - i. Meetings of the Committee of Management were held in accordance with the rules of the organisation including the rule of a branch concerned;
 - ii. The financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned;
 - iii. The financial records of the reporting unit have been kept and maintained in accordance with the RO Act;
 - iv. Where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation;
 - v. The information that has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - vi. Where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

Signature of designated officer: _____



Name of designated officer: Michael Capezio

Title of designated officer: President

Dated:

6 March 2020

Australian Hotels Association (ACT)

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2019

		2019	2018
	Note	\$	\$
Sales revenue	4	330,672	341,511
Gross profit		330,672	341,511
Finance income	5	2,125	2,551
Marketing expenses		(92)	(2,000)
Administrative expenses	6	(310,328)	(308,728)
Other expenses	6	(12,855)	(2,274)
Depreciation		(1,333)	(358)
Profit before income tax		8,189	30,702
Income tax expense		-	-
Profit from continuing operations		8,189	30,702
Profit for the year		8,189	30,702
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss when specific conditions are met		-	-
Total comprehensive income for the year		8,189	30,702

The Registered Organisation has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

Australian Hotels Association (ACT)

Statement of Financial Position

As At 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	225,271	175,439
Trade and other receivables	8	125,074	116,638
Other assets	10	1,833	845
TOTAL CURRENT ASSETS		<u>352,178</u>	<u>292,922</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	672	764
TOTAL NON-CURRENT ASSETS		<u>672</u>	<u>764</u>
TOTAL ASSETS		<u><u>352,850</u></u>	<u><u>293,686</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	30,173	18,035
Employee benefits	13	7,115	1,846
Other financial liabilities	12	159,377	125,809
TOTAL CURRENT LIABILITIES		<u>196,665</u>	<u>145,690</u>
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		<u>196,665</u>	<u>145,690</u>
NET ASSETS		<u><u>156,185</u></u>	<u><u>147,996</u></u>
EQUITY			
Retained earnings	14	156,185	147,996
TOTAL EQUITY		<u><u>156,185</u></u>	<u><u>147,996</u></u>

The Registered Organisation has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

Australian Hotels Association (ACT)

Statement of Changes in Equity For the Year Ended 31 December 2019

2019

	General Funds	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 January 2019	-	147,996	147,996
Net profit	-	8,189	8,189
Balance at 31 December 2019	-	156,185	156,185

2018

	General Funds	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 January 2018	-	117,294	117,294
Net profit	-	30,702	30,702
Balance at 31 December 2018	-	147,996	147,996

The Registered Organisation has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

Australian Hotels Association (ACT)

Statement of Cash Flows

For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	355,801	289,369
Payments to suppliers and employees	(306,853)	(333,974)
Payment to other reporting units/controlled entities	-	(9,859)
Interest received	2,125	2,551
Net cash provided by/(used in) operating activities	21 <u>51,073</u>	<u>(51,913)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(1,241)</u>	-
Net cash provided by/(used in) investing activities	<u>(1,241)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by/(used in) financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held	49,832	(51,913)
Cash and cash equivalents at beginning of year	175,439	227,352
Cash and cash equivalents at end of financial year	7 <u>225,271</u>	<u>175,439</u>

The Registered Organisation has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

Australian Hotels Association (ACT)

Notes to the Financial Statements

For the Year Ended 31 December 2019

The functional and presentation currency of Australian Hotels Association (ACT) is Australian dollars.

The financial report was authorised for issue by the Committee of Management on 04 March 2020.

Comparatives are consistent with prior years, except for adjustments to conform to changes made in presentation for the current year, including the following:

- The comparatives have been adjusted to correctly reflect the payment of capitation fees previously disclosed as affiliation fees.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

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 Registered Organisation 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 obligation 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 Registered Organisation have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Statement of financial position balances relating to revenue recognition

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Registered Organisation presents the contract as a contract asset, unless the Registered Organisation's rights to that amount of consideration are unconditional, in which case the Registered Organisation recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Registered Organisation presents the contract as a contract liability.

Contract cost assets

The Registered Organisation recognises assets relating to the costs of obtaining a contract and the costs incurred to fulfil a contract or set up / mobilisation costs that are directly related to the contract provided they will be recovered through performance of the contract.

Costs to obtain a contract

Costs to obtain a contract are only capitalised when they are directly related to a contract and it is probable that they will be recovered in the future. Costs incurred that would have been incurred regardless of whether the contract was won are expensed, unless those costs are explicitly chargeable to the customer in any case (whether or not the contract is won).

The capitalised costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Set-up / mobilisation costs

Costs required to set up the contract, including mobilisation costs, are capitalised provided that it is probable that they will be recovered in the future and that they do not include expenses that would normally have been incurred by the Registered Organisation if the contract had not been obtained. They are recognised as an expense on the basis of the proportion of actual output to estimated output under each contract. If the above conditions are not met, these costs are taken directly to profit or loss as incurred.

Costs to fulfil a contract

Where costs are incurred to fulfil a contract, they are accounted for under the relevant accounting standard (if appropriate), otherwise if the costs relate directly to a contract, the costs generate or enhance resources of the Registered Organisation that will be used to satisfy performance obligations in the future and the costs are expected to be recovered then they are capitalised as contract costs assets and released to the profit or loss on a systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates.

Other income

Other income is recognised on an accruals basis when the Registered Organisation is entitled to it.

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies

(b) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(c) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a prime cost and reducing balance basis over the assets useful life to the Registered Organisation, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	25% - 100%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(d) Financial instruments

Financial instruments are recognised initially on the date that the Registered Organisation becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

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

Classification

On initial recognition, the Registered Organisation classifies its financial assets into the following categories,

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies

(d) Financial instruments

Financial assets

those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Registered Organisation changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Registered Organisation's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Registered Organisation has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Registered Organisation has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies

(d) Financial instruments

Financial assets

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss (refer to hedging accounting policy for derivatives designated as hedging instruments.)

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Registered Organisation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Registered Organisation's historical experience and informed credit assessment and including forward looking information.

The Registered Organisation uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Registered Organisation uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Registered Organisation in full, without recourse to the Registered Organisation to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Registered Organisation in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Registered Organisation has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Registered Organisation renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies

(d) Financial instruments

Financial assets

the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Registered Organisation measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Registered Organisation comprise trade payables, bank and other loans and lease liabilities.

(e) Impairment of non-financial assets

At the end of each reporting period the Registered Organisation determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies

(h) Employee benefits

Provision is made for the Registered Organisation'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 wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(i) Adoption of new and revised accounting standards

The Registered Organisation has adopted all standards which became effective for the first time at 31 December 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Registered Organisation.

3 Critical Accounting Estimates and Judgements

The Committee of Management make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Registered Organisation assesses impairment at the end of each reporting period by evaluating conditions specific to the Registered Organisation that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - revenue recognition

When determining the nature, timing and amount of revenue to be recognised, the following critical estimates and judgements were applied and are considered to be those that have the most significant effect on revenue recognition.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Australian Hotels Association (ACT)

Notes to the Financial Statements For the Year Ended 31 December 2019

4 Revenue and Other Income

Revenue from continuing operations

	2019	2018
	\$	\$
Revenue from other sources		
- Membership subscriptions	92,676	90,860
- Sponsorship income	158,240	148,624
- AFE income	66,165	102,027
- National office reimbursement	13,591	-
- Capitation fees	-	-
- Donations and grants	-	-
	<u>330,672</u>	<u>341,511</u>

5 Finance Income and Expenses

Finance income

	2019	2018
	\$	\$
Interest income		
- Assets measured at amortised cost	2,125	2,551
	<u>2,125</u>	<u>2,551</u>

6 Result for the Year

The result for the year includes the following specific expenses:

	2019	2018
	\$	\$
Employee benefit expenses	140,360	109,234
Superannuation contributions	11,884	3,678
Legal expenses	4,688	-
Capitation fees and other expenses to reporting units	9,859	9,859
Donations	3,227	780
Conference and meeting expenses	13,704	16,688
Affiliation fees	-	-
Depreciation expenses	1,333	358

7 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at bank and in hand	<u>225,271</u>	<u>175,439</u>
	<u>225,271</u>	<u>175,439</u>

Australian Hotels Association (ACT)

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

8 Trade and Other Receivables

	2019	2018
	\$	\$
CURRENT		
Trade receivables	125,074	116,638
	125,074	116,638

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

9 Property, plant and equipment

Plant and equipment		
At cost	7,934	6,693
Accumulated depreciation	(7,262)	(5,929)
	672	764
	672	764

(a) Movements in carrying amounts of property, plant and equipment

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

	Plant and Equipment	Total
	\$	\$
Year ended 31 December 2019		
Balance at the beginning of year	764	764
Additions	1,241	1,241
Depreciation expense	(1,333)	(1,333)
	672	672

	Plant and Equipment	Total
	\$	\$
Year ended 31 December 2018		
Balance at the beginning of year	1,122	1,122
Depreciation expense	(358)	(358)
	764	764

Australian Hotels Association (ACT)

Notes to the Financial Statements

For the Year Ended 31 December 2019

10 Other non-financial assets

	2019	2018
	\$	\$
CURRENT		
Prepayments	1,833	845
	<u>1,833</u>	<u>845</u>

11 Trade and Other Payables

	2019	2018
	\$	\$
CURRENT		
Trade payables	2,000	-
GST payable	14,603	12,233
PAYG payable	7,537	3,112
Superannuation payable	6,033	2,690
	<u>30,173</u>	<u>18,035</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

12 Other Financial Liabilities

	2019	2018
	\$	\$
CURRENT		
Amounts received in advance	159,377	125,809
	<u>159,377</u>	<u>125,809</u>

13 Employee Benefits

	2019	2018
	\$	\$
CURRENT		
Provision for annual leave	7,115	1,846
	<u>7,115</u>	<u>1,846</u>

The above annual leave balance is for employees other than office holders. For the year ended 31 December 2019 there are no employee benefit accruals for office holders.

Australian Hotels Association (ACT)

Notes to the Financial Statements

For the Year Ended 31 December 2019

14 Retained Earnings

	2019	2018
	\$	\$
Retained earnings (accumulated losses) at the beginning of the financial year	147,996	117,294
Net profit	8,189	30,702
Retained earnings at end of the financial year	156,185	147,996

15 Financial Risk Management

The Registered Organisation is exposed to a variety of financial risks through its use of financial instruments.

The Registered Organisation's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Registered Organisation is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Registered Organisation are:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables

Liquidity risk

Liquidity risk arises from the Registered Organisation's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Registered Organisation will encounter difficulty in meeting its financial obligations as they fall due.

The Registered Organisation's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Registered Organisation maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Registered Organisation manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

Notes to the Financial Statements

For the Year Ended 31 December 2019

15 Financial Risk Management

Liquidity risk

At the reporting date, these reports indicate that the Registered Organisation expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Financial guarantee liabilities are treated as payable on demand since Australian Hotels Association (ACT) has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Registered Organisation.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables and contract assets

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Registered Organisation has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Registered Organisation's standard payment and delivery terms and conditions are offered. The Registered Organisation review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

The Board receives quarterly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Registered Organisation's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The Registered Organisation's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Registered Organisation has no significant concentration of credit risk with respect to any single counterparty or

Australian Hotels Association (ACT)

Notes to the Financial Statements For the Year Ended 31 December 2019

15 Financial Risk Management

Credit risk

group of counterparties.

On a geographical basis, the Registered Organisation has significant credit risk exposures in Australia only.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

The Registered Organisation is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Registered Organisation to fair value interest rate risk.

The Registered Organisation's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Registered Organisation is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

16 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Australian Hotels Association (ACT) during the year are as follows:

	2019	2018
	\$	\$
Short-term employee benefits:		
- Salary (including annual leave taken)	112,106	67,184
- Annual leave accrued	9,754	2,762
- Superannuation	10,650	6,108
	<u>132,510</u>	<u>76,054</u>
Other transactions with KMP and their close family members:		
- Honorarium to the President	10,000	10,000
	<u>142,510</u>	<u>86,054</u>

17 Auditors' Remuneration

	2019	2018
	\$	\$
Remuneration of the auditor for:		
- Auditing the financial statements	7,425	7,225
	<u>7,425</u>	<u>7,225</u>

Notes to the Financial Statements

For the Year Ended 31 December 2019

18 Fair Value Measurement

(a) Financial assets and liabilities

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumption were used to estimate their fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2019 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the reporting unit based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2019 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the registered organisation:

	Level 1	Level 2	Level 3	Total
31 December 2019	\$	\$	\$	\$
Financial assets				
Cash at bank	-	76,346	-	76,346
Short term deposits	-	148,925	-	148,925
Trade debtors	-	125,074	-	125,074
Financial liabilities				
Trade creditors	2,000	-	-	2,000

Australian Hotels Association (ACT)

Notes to the Financial Statements For the Year Ended 31 December 2019

18 Fair Value Measurement

Fair value hierarchy	Level 1	Level 2	Level 3	Total
31 December 2018	\$	\$	\$	\$
Financial assets				
Cash at bank	-	28,630	-	28,630
Short term deposits	-	146,809	-	146,809
Trade debtors	-	116,635	-	116,635

19 Contingencies

In the opinion of the Committee of Management, the Registered Organisation did not have any contingencies at 31 December 2019 (31 December 2018: None).

20 Related Parties

(a) Transactions with related parties

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

The following transactions occurred with related parties:

	Purchases	Sales
	\$	\$
AHA National Office		
National Office reimbursement	-	13,591
Levies	9,559	-
Affiliation fees	300	-
Rent	12,604	-

Notes to the Financial Statements
For the Year Ended 31 December 2019

21 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2019	2018
	\$	\$
Net profit	8,189	30,702
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	1,333	358
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(8,439)	(29,915)
- (increase)/decrease in prepayments	(988)	-
- increase/(decrease) in income in advance	33,568	(44,624)
- increase/(decrease) in trade and other payables	12,141	(7,518)
- increase/(decrease) in employee benefits	5,269	(916)
Cashflows from operations	51,073	(51,913)

22 Events Occurring After the Reporting Date

The financial report was authorised for issue on 04 March 2020 by the Committee of Management.

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

23 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

1. A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
2. The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
3. A reporting unit must comply with an application made under subsection (1).



ADVISORY

Australian Hotels Association (ACT)

Independent Audit Report to the members of Australian Hotels Association (ACT)

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Hotels Association (ACT) (the Registered Organisation), which comprises the statement of financial position as at 31 December 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 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies, the Committee of Management, the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial report of the Registered Organisation presents fairly, in all material aspects, the financial position as at 31 December 2019, and its financial performance and its cash flows for the year ended 31 December 2019 in accordance with:

- (i) complying Australian Accounting Standards; and
- (ii) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

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 Registered Organisation in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to 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.

Information Other than the Financial Report and Auditor's Report Thereon

The Committee of Management are responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



ADVISORY

Australian Hotels Association (ACT)

Independent Audit Report to the members of Australian Hotels Association (ACT)

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Registered Organisation is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

Report on other legal and regulatory requirement

In accordance with the requirements of section 257(7) of the RO Act, we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act. We did not locate any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act. Therefore, our opinion on the financial report is not modified.

A handwritten signature in black ink, appearing to read 'Mark Peatey', with a long, sweeping underline.

Mark Peatey
Managing Director

Level 3 59 Wentworth Avenue, KINGSTON ACT 2604

06 March 2020

Registration number (as registered by the RO Commissioner under the RO Act): AA2019/13

Australian Hotels Association – ACT Branch

ABN: 37 315 422 917

Officer Declaration Statement

I, Michael Capezio, being the officer of the Australian Hotels Association – ACT Branch

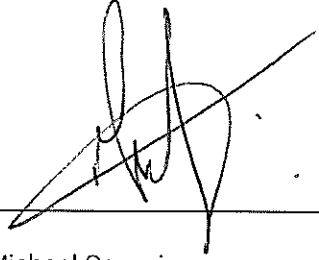
declare that the following activities did not occur during the reporting period ending 31 December 2019.

The reporting unit did not:

(delete items that appear elsewhere in the audited report)

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- ~~• receive periodic or membership subscriptions~~
- receive capitation fees from another reporting unit
- receive any other revenue from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- ~~• pay capitation fees to another reporting unit~~
- pay affiliation fees to another entity
- pay compulsory levies
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- ~~• pay a donation that was \$1,000 or less~~
- ~~• pay a donation that exceeded \$1,000~~
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- ~~• incur expenses due to holding a meeting as required under the rules of the organisation~~
- pay legal costs relating to litigation
- ~~• pay legal costs relating to other legal matters~~
- pay a penalty imposed under the RO Act or the *Fair Work Act 2009*
- have a receivable with another reporting unit
- have a payable with another reporting unit
- have a payable to employer as consideration for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch

- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer:  _____

Name of the officer: Michael Capezio

Title of officer: President

Dated: 6 March 2020