



**BASEBALL**  
AUSTRALIA



# BASEBALL AUSTRALIA

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ABN 18 610 026 404

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The financial report was authorised for issue by the directors on 25 October 2019

## **Australian Baseball Federation Inc. & its controlled entities**

### **Directors' report**

For the year ended 30 June 2019

The Directors present their report together with the consolidated financial statements of the Australian Baseball Federation Incorporated ('Parent', 'Baseball Australia', 'BA') and its controlled entities ('the Group') for the financial year ended 30 June 2019 and the auditor's report thereon.

### **Form of entity and place of business**

The parent entity of the Group, the Australian Baseball Federation is an Incorporated Association registered in South Australia.

Under its Statement of Rules and Purposes, the liability of members is limited to \$1 per member. At the date of this report, the Australian Baseball Federation's registered office - and principal place of business - is located at Suite 3.03, Level 3, 88 Albert Road, South Melbourne, Victoria.

### **Principal activities**

The principal activities of the Group during the course of the financial year was to conduct, encourage, promote, advance, standardise, control and administer all forms of the sport of baseball in and throughout Australia.

There were no significant changes in the nature of the Group's activities during the year.

### **Review of operations and results**

Baseball Australia continued to promote and administer the sport of Baseball in Australia, including the men's, women's and junior Australian teams, the Australian Baseball League, the Australian National Championships, the Australian Little League Championships, and was also responsible for the development and marketing of the sport in Australia.

The net result of the operations of the Group for the year ended 30 June 2019 was a net operating loss of \$297,083 (2018: loss \$448,584).

### **Significant changes in state of affairs**

The 2019 financial year represented the first period following the licencing of the operations of five (5) of the six (6) foundation ABL teams to third parties. It also represented the first period during which the Australian Baseball League included two (2) additional teams from New Zealand (Auckland Tuatara) and the Republic of South Korea (Geelong-Korea).

### **Events after end of financial year**

The operating licence of the remaining foundation ABL team was transferred to a third-party on 1 July 2019.

Outside of this event, there is at the date of the report no other matters or circumstances which have arisen since 30 June 2019 that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in financial years subsequent to 30 June 2019.

## Australian Baseball Federation Inc. & its controlled entities

### Directors' report (continued)

For the year ended 30 June 2019

#### Future developments and results

The directors are not aware of any other likely developments at this time that would affect the operations of the Group.

#### Environmental regulation

The operations of the Group are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

#### Information on directors

The following persons held office as directors of the Australian Baseball Federation Incorporated at any time during the year and up to the date of this report.

##### Director

D Hynes	President
R Sadler	
P Shmigel	
G Hooker	
C Vale	
J Boulton	
I Williams	
J Hurley	Chairperson, Finance, Audit and Risk Committee (Resigned 4 January 2019)

#### Meetings of Directors

The number of Directors' meetings held (including meetings of Committees and Directors) and the number of meetings attended (while a Director) by each of the Directors of the Australian Baseball Federation Incorporated during the financial year are:

	Full meeting of Directors (incl. teleconferences)		Finance, Audit and Risk Committee	
	H	A	H	A
<b>Meetings held (H) whilst a Director and attended (A)</b>				
D Hynes (President)	9	9		
R Sadler	9	8		
P Shmigel	9	8		
G Hooker	9	9		
C Vale	9	9	2	2
J Boulton	9	8		
I Williams	9	9		
J Hurley	4	3	2	2

The role of the Finance, Audit and Risk Committee is providing advice and assurance on the financial statements and the audit process, and oversight of the effectiveness of the system of corporate governance and risk management.

## **Australian Baseball Federation Inc. & its controlled entities**

### **Directors' report (continued)**

For the year ended 30 June 2019

#### **Directors' remuneration**

The total amount paid to Directors for the year ended 30 June 2019 was nil (2018: nil).

#### **Company Secretary**

The Company Secretary is Mr Cameron Vale, Chief Executive Officer & Company Secretary.

#### **Insurance of Officers**

During the financial year, the Australian Baseball Federation Incorporated paid a premium to insure certain officers of the Federation. The insurance policy covers any director or officer of the Group including past, present and future directors, Company Secretary, Chief Executive Officer, and employees of the Australian Baseball Federation Incorporated. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as officers of the Australian Baseball Federation Incorporated.

Signed this 25th day of October, 2019, in accordance with a resolution of the Directors.



**David Hynes**

Director & President

**Australian Baseball Federation Inc. & its controlled entities**

**Consolidated statement of comprehensive income**

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue	4	7,435,371	9,255,113
Expenditure from operating activities			
ABL operations expenses		(249,784)	(1,087,523)
Employee benefit expenses		(1,888,724)	(2,235,120)
Event & team expenses		(4,495,791)	(4,950,758)
Baseball operations expenses		(380,783)	(649,848)
Marketing and advertising expenses		(153,994)	(81,876)
Administrative expenses		(477,585)	(505,269)
Other expenses from ordinary activities		(77,479)	(190,151)
Interest income		445	1,136
Interest expense		(8,759)	(4,288)
<b>Net profit / (loss) for the year</b>	<b>5</b>	<b>(297,083)</b>	<b>(448,584)</b>
Other comprehensive income		-	-
<b>Total comprehensive profit / (loss) for the year attributable to members of the Australian Baseball Federation Inc.</b>		<b>(297,083)</b>	<b>(448,584)</b>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Australian Baseball Federation Inc. & its controlled entities**

**Consolidated statement of financial position**

As at 30 June 2019

	Notes	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	399,737	830,278
Trade and other receivables	7	558,403	870,226
Inventories	8	61,366	68,089
Other	9	291,008	468,091
<b>Total current assets</b>		<u>1,310,514</u>	<u>2,236,684</u>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	10	37,896	97,813
Property, plant and equipment	11	318,515	145,263
Other	12	37,001	40,147
<b>Total non-current assets</b>		<u>393,412</u>	<u>283,223</u>
<b>TOTAL ASSETS</b>		<u>1,703,926</u>	<u>2,519,907</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	1,319,890	1,629,647
Employee benefits	14	66,796	81,074
Revenue received in advance	15	135,500	307,702
<b>Total current liabilities</b>		<u>1,522,186</u>	<u>2,018,423</u>
<b>NON CURRENT LIABILITIES</b>			
Employee benefits	16	-	22,661
<b>Total non-current liabilities</b>		<u>-</u>	<u>22,661</u>
<b>TOTAL LIABILITIES</b>		<u>1,522,186</u>	<u>2,041,084</u>
<b>NET ASSETS</b>		<u>181,740</u>	<u>478,823</u>
<b>MEMBERS' FUNDS</b>			
Accumulated funds	17	181,740	478,823
<b>TOTAL MEMBERS' FUNDS</b>		<u>181,740</u>	<u>478,823</u>

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

**Australian Baseball Federation Inc. & its controlled entities**

**Consolidated statement of changes in equity**

For the year ended 30 June 2019

	Notes	Reserves \$	Accumulated Funds \$	Total Equity \$
Balance at 1 July 2017		-	927,407	927,407
<b>Total comprehensive loss for the year</b>				
Loss for the year		-	(448,584)	(448,584)
<b>Total comprehensive loss for the year</b>		-	(448,584)	(448,584)
<b>Balance at 30 June 2018</b>	<b>17</b>	-	<b>478,823</b>	<b>478,823</b>
Balance at 1 July 2018		-	478,823	478,823
<b>Total comprehensive loss for the year</b>				
Loss for the year		-	(297,083)	(297,083)
<b>Total comprehensive loss for the year</b>		-	(297,083)	(297,083)
<b>Balance at 30 June 2019</b>	<b>17</b>	-	<b>181,740</b>	<b>181,740</b>

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



**Australian Baseball Federation Inc. & its controlled entities**

**Consolidated statement of cash flows**

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from members, sponsors and customers		8,173,228	8,991,030
Payments to suppliers, players and employees		(8,487,975)	(9,450,262)
GST paid on acquisition of property, plant & equipment		(21,282)	(1,869)
Interest received		445	1,136
Interest paid		(8,759)	(4,288)
<b>Net cash (outflow) from operating activities</b>	<b>20</b>	<b>(344,343)</b>	<b>(464,253)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant, equipment and other intangibles	11	(245,059)	(21,316)
Repayment of loans provided to Member States		158,861	-
Loans provided to Member States		-	(146,257)
<b>Net cash (outflow) from investing activities</b>		<b>(86,198)</b>	<b>(167,573)</b>
Net (decrease) / increase in cash held		(430,541)	(631,826)
Cash at the beginning of the financial year		830,278	1,462,104
<b>Cash at the end of the financial year</b>	<b>6</b>	<b>399,737</b>	<b>830,278</b>

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

## Australian Baseball Federation Inc. & its controlled entities

### Notes to the consolidated financial statements

For the year ended 30 June 2019

#### 1. Parent Entity

The Australian Baseball Federation Inc. (the Association) is a not-for-profit association incorporated in South Australia. The address of the Association's registered office is Suite 3.03, Level 3, 88 Albert Road, South Melbourne, Victoria, 3205. The consolidated financial statements, comprising the Association and its controlled entities (together 'the Group') are as at and for the year ended 30 June 2019.

#### 2. Basis of preparation

##### (a) Statement of compliance

In the opinion of the directors, the group is not a reporting entity because there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. The financial report is therefore a special purpose financial report that has been prepared in order to satisfy the requirements of the *Associations Incorporation Act 1985 (SA)*.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations 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 and Application of Standards* and AASB 1054 *Australian Additional Disclosures*.

##### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

##### (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Australian Baseball Federation Inc and its controlled entities as at the period end and at any time during the period. The entity controlled during the period was the Australian Baseball League Pty Ltd.

Controlled entities are those entities over which the Association has the power to govern the financial and operating policies so as to obtain the benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Association controls another entity.

All inter-entity balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where consolidated entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

##### (d) Functional and presentation currency

Items included in the consolidated financial statements of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the group's functional and presentation currency.

##### *Translations and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

## Australian Baseball Federation Inc. & its controlled entities

### Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

#### 2. Basis of preparation (continued)

##### (e) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report or estimates with a significant risk of material adjustment in the next year.

Comparative amounts have been adjusted to conform to changes in presentation for the current financial year. There are no changes to the comparative total comprehensive income arising from the classifications and disclosures for the year ended 30 June 2018.

##### (f) Going concern

The financial report is prepared on a going concern basis, which contemplates continuation of normal operations and the realisation of assets and settlement of liabilities in the ordinary course of operations. In making this assessment, the Directors have considered future events and conditions for a period of at least 12 months following the approval of these financial statements, by way of a budget for the 12 months ending 30 June 2020 and a cashflow forecast from 1 November 2019 until 31 October 2020.

The entity is economically dependent on Sport Australia for grant funding, along with income from a range of other sources such as sponsorship revenue and broadcast rights revenue, most of which has been secured for the period up until June 2020. If funds are not spent in accordance with grant conditions, Sport Australia can suspend future grants or reclaim all or part of the grants. The entity is also dependent on the continued receipt of player membership income, team participation levies and grants which expire within the 12 month period after the signing date of these financial statements.

The Group has incurred a loss of \$297,083 for the financial year ended 30 June 2019 (2018 loss: \$448,584). Furthermore, the Group has negative net current assets of \$211,672 (2018: positive \$218,261) and positive net assets as of 30 June 2019 of \$181,740 (2018: \$478,823). While a number of grants and sponsorship contracts have been secured beyond the 12 month period after signing date of these financial statements, the Group is still in the process of negotiating broadcast rights and awaiting confirmation of the extent of funding to be received from the Australian Sports Commission in respect of the 2021 financial year.

Notwithstanding the current year's loss and uncertainty of government funding post 30 June 2020, the Directors consider that it is appropriate to prepare these financial statements on a going concern basis given the following mitigating factors:

- A significant restructure was undertaken in the second half of the 2019 financial year with a view to restoring the traditional National Sporting Organisation ('NSO') business model that existed prior to the sole ownership of the ABL. This restructure resulted in a reduction in employee headcount, the closure of the Gold Coast office, and the simplification of existing operations.
- The Group has prepared a cash flow forecast through to at least 31 October 2020 which reflects that the Group will remain a going concern throughout the forecast period and will achieve positive cash balances and net inflows for that period. Key assumptions regarding revenue targets and expense control underpin the forecast.
- To reduce the risk exposure, the Group is currently working to diversify its funding base to reduce its reliance on Government funding by increasing sponsorship levels, broadcast rights and financial support associated with the Australian Baseball League. This will be underpinned by a continued focus on conservative business practices and cost management.

## Australian Baseball Federation Inc. & its controlled entities

### Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

#### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Association.

##### (a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. All revenue is stated at net of the amount of Goods and Services Tax (GST).

##### *Revenue from baseball events*

Revenue from baseball events is generated via proceeds from ticket sales, memberships, merchandise and hospitality to ABL fixtures, and participation levies relating to other Baseball Australia teams and events. All revenue from baseball events received throughout the year is recognised in the period to which it specifically relates.

##### *Grant revenue*

Grants and other contributions are recognised when the Group obtains control of the contribution or right to receive the contribution and it is probable that the economic benefits comprising the contributions will flow to the Group.

##### *Membership revenue*

Membership income is recognised throughout the duration of the financial period.

##### *Sponsorship, broadcast and fundraising revenue*

Sponsorship, broadcast and fundraising revenue is recognised when the right to receive the revenue has been established.

##### *Other revenue*

Revenue is recognised when the right to receive the revenue has been established.

##### (b) Income tax

No income tax is payable by the parent entity, as it is an exempt sporting organisation in accordance with Section 50-45 of the Income Tax Assessment Act 1997.

The subsidiary entity, Australian Baseball League Pty Ltd, is a taxable entity.

##### *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted at the reporting date.

##### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised.

## Australian Baseball Federation Inc. & its controlled entities

### Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

#### 3. Significant accounting policies (continued)

##### (c) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for impairment.

*Impairment of financial assets (from 1 July 2018)*

The Group recognises expected credit losses ('ECLs') on:

- Financial assets measured at amortised cost;

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables are measured at an amount equal to lifetime ECLs. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows the Group expects to receive).

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

*Impairment of financial assets (prior to 1 July 2018)*

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is raised where there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is recognised in the consolidated statement of comprehensive income in other expenses.

##### (d) Other loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (Notes 7 and 10) in the consolidated statement of financial position.

##### (e) Inventories

All inventories are finished goods. Inventories relate to rulebooks, scorebooks, coaching materials and other baseball related merchandise and are measured at the lower of cost and net realisable value.

##### (f) Impairment of assets

At each reporting date, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell, and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in consolidated statement of comprehensive income immediately.

## Australian Baseball Federation Inc. & its controlled entities

### Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

#### 3. Significant accounting policies (continued)

##### (g) Depreciation of property, plant and equipment

Property, plant and equipment is carried at cost and depreciated over the asset's useful life to the Group commencing from the time the asset was held ready for use.

Depreciation is recognised in the consolidated statement of comprehensive income. The effective lives used for each class of asset are as follows:

Computer equipment	1 - 3 years
Office equipment	1 - 5 years
Plant & equipment	1 - 10 years
Website development	4 years
Leasehold improvements	20 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

##### (h) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually payable within 30 days of recognition.

##### (i) Provisions

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

##### (j) Revenue received in advance

Income received in advance is recognised in line with the terms of specific contracts and agreements.

##### (k) Employee benefits

###### (i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and long-service leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

###### (ii) Long service leave

The liability for long service leave, which is not expected to be settled within 12 months after the end of the period in which the employee renders the related service, is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service.

##### (l) Cash and cash equivalents

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

## Australian Baseball Federation Inc. & its controlled entities

### Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

#### 3. Significant accounting policies (continued)

##### (m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or other payables in the balance sheet.

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

##### (n) Economic dependence

The Group is dependent on Sport Australia for a significant proportion of revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe that Sport Australia will not continue to support the Group into the future.

##### (o) New and amended standards adopted by the Group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2018:

- AASB 9 *Financial Instruments*

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*.

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 eliminates the previous AASB 139 categories of held to maturity, loans and receivables and available for sale.

AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of its financial liabilities.

The adoption of AASB 9 has not had a significant impact on the Group's accounting policies related to financial liabilities. Trade and other receivables and cash and cash equivalents which were formerly classified as loans and receivables under AASB 139 are now classified as amortised cost under AASB 9.

## Australian Baseball Federation Inc. & its controlled entities

### Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

#### 3. Significant accounting policies (continued)

##### (p) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

<b>AASB 15 Revenue from Contracts with Customers</b>	
Nature of change	<p>The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.</p> <p>The standard permits either a full retrospective or a modified retrospective approach for the adoption.</p>
Impact	<p>The Group has performed a review of the new standard and has elected to apply the new standard using the modified retrospective approach. Under this approach, entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 July 2019), without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as at the date of the initial application.</p> <p>It has been identified that there will not be a material change to the recognition of the Group's revenue.</p>
Date of adoption by Group	<p>Mandatory for financial years commencing on or after 1 January 2019.</p> <p>The Group will adopt AASB 15 from 1 July 2019.</p>

<b>AASB 1058 Income of Not-For-Profit Entities</b>	
Nature of change	This standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers.
Impact	The Group has performed a review of the new guidance and based on current period transactions, no material change is expected on application.
Date of adoption by Group	<p>Mandatory for financial years commencing on or after 1 January 2019.</p> <p>The Group will adopt AASB 1058 from 1 July 2019.</p>

<b>AASB 16 Leases</b>	
Nature of change	AASB 16 will result in almost all leases being recognised on the consolidated statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.
Impact	<p>The Group has performed an assessment of the new standard and considers there will be a material impact on the Group's financials.</p> <p>As at the reporting date, the Group had a non-cancellable lease of \$75,264 relating to the South Melbourne office. The expected impact on adoption is recognition of a lease liability of \$30,576 and a corresponding right-of-use asset of \$30,576.</p> <p>The Group does not intend to bring short term leases (12 months or less) or low value leases on to the balance sheet. The costs related to these items will continue to be expensed directly to the statement of profit or loss.</p> <p>The standard must be implemented using either a full retrospective approach or a modified retrospective approach. Under the modified retrospective approach, entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 July 2019), without restating the comparative period. The Group currently expects to use the modified retrospective approach for adoption.</p>
Date of adoption by Group	<p>Mandatory for financial years commencing on or after 1 January 2019.</p> <p>The Group will adopt AASB 16 from 1 July 2019.</p>



**Australian Baseball Federation Inc. & its controlled entities**

**Notes to the consolidated financial statements (continued)**

For the year ended 30 June 2019

	2019	2018
	\$	\$
<b>4. Revenue and other income</b>		
Grants	1,466,058	1,755,308
Revenue from baseball events	2,038,657	3,974,048
ABL licence fee revenue	582,000	-
Sponsorship, broadcast & fundraising revenue	1,779,574	2,005,813
Membership revenue	1,243,505	1,242,498
Other revenue	325,577	277,446
	<u>7,435,371</u>	<u>9,255,113</u>

**Grants**

Grant revenue includes monies received from Sport Australia which are required to be expended on game development and high performance programs. There are no unfulfilled conditions or other contingencies attached to these grants.

**5. Net result**

The net result includes the following specific items:

**Expenses**

Depreciation	69,835	88,121
Write-off/(recovery) of bad & doubtful debts	(10,036)	92,831
Write-off of obsolete inventory	1,033	-

**6. Cash and cash equivalents**

Cash at bank and on hand	<u>399,737</u>	<u>830,278</u>
	<u>399,737</u>	<u>830,278</u>

**(a) Restricted Cash**

The cash and cash equivalents balances include amounts which are held as restricted reserves. These deposits are subject to restrictions and are, therefore, not available for general use by the Group, as follows:

Australian Baseball Alumni	3,246	9,089
MLBAAP	-	275,325
	<u>3,246</u>	<u>284,414</u>

**7. Trade and other receivables**

Trade receivables	599,220	1,042,152
Impairment of trade receivables	(70,541)	(301,812)
	<u>528,679</u>	<u>740,340</u>
Other receivables	5,224	6,442
Loans receivable from Member States	24,500	123,444
	<u>558,403</u>	<u>870,226</u>

## Australian Baseball Federation Inc. & its controlled entities

### Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

	2019	2018
	\$	\$
<b>7. Trade and other receivables (continued)</b>		
The movement in the allowance for impairment in respect of receivables during the year was as follows:		
Balance as at 1 July	301,812	273,289
Impairment/(recovery) of amounts	(10,036)	92,831
Amounts written-off	(221,235)	(64,308)
Balance as at 30 June	<u>70,541</u>	<u>301,812</u>
<b>Past due but not impaired</b>		
As of 30 June 2019, trade receivables of \$384,444 (2018: \$621,127) were past due but not impaired. These relate to a number of independent customers for which there has been no basis for impairment identified. The ageing analysis of these trade receivables is as follows:		
Not past due	144,235	119,213
Past due 0-30 days	118,649	11,223
Past due 31-60 days	1,597	151,667
Past due 61-90 days	31,061	93,683
Past due 91 days or more	<u>233,137</u>	<u>364,554</u>
	<u>528,679</u>	<u>740,340</u>
<b>Receivables due from Member States</b>		
As at 30 June 2019, trade receivables includes amounts receivable from Member States of \$130,712 (2018: \$321,994).		
<b>8. Inventories</b>		
Inventory (net of provision for obsolescence)	<u>61,366</u>	<u>68,089</u>
	<u>61,366</u>	<u>68,089</u>
<b>9. Other current assets</b>		
Prepayments	75,654	214,998
Accrued income	207,354	238,558
Prepaid deposits	8,000	14,535
	<u>291,008</u>	<u>468,091</u>
<b>10. Non-current trade and other receivables</b>		
Loans receivable from Member States	<u>37,896</u>	<u>97,813</u>
	<u>37,896</u>	<u>97,813</u>

As at 30 June 2019, the loan amounts receivable from Member States represent loans of varying terms provided to the following Members:

Baseball Western Australia - repayments commenced in November 2018; and  
ACT Baseball Association - repayments commenced in July 2018.

There were no new loans made to Member States in 2019.

**Australian Baseball Federation Inc. & its controlled entities**

**Notes to the consolidated financial statements (continued)**

For the year ended 30 June 2019

	2019	2018
	\$	\$
<b>11. Property, plant &amp; equipment</b>		
<b>Plant and Equipment</b>		
Office equipment - cost	79,937	217,884
Less accumulated depreciation	<u>(64,390)</u>	<u>(183,825)</u>
<b>Total Office Equipment</b>	<u>15,547</u>	<u>34,059</u>
Computer equipment - cost	81,311	72,590
Less accumulated depreciation	<u>(61,565)</u>	<u>(35,521)</u>
<b>Total Computer Equipment</b>	<u>19,746</u>	<u>37,069</u>
Plant and equipment - cost	214,755	296,699
Less accumulated depreciation	<u>(132,148)</u>	<u>(222,564)</u>
<b>Total Plant and Equipment</b>	<u>82,607</u>	<u>74,135</u>
Website development - cost	125,615	-
Less accumulated depreciation	<u>-</u>	<u>-</u>
<b>Total Website Development</b>	<u>125,615</u>	<u>-</u>
Leasehold improvements - cost	75,000	-
Less accumulated depreciation	<u>-</u>	<u>-</u>
<b>Total Leasehold Improvements</b>	<u>75,000</u>	<u>-</u>
<b>Total Property, Plant and Equipment</b>	<u>318,515</u>	<u>145,263</u>

Reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the year are set out below.

	Leasehold Improvements	Website Development	Computer Equipment	Plant and Equipment	Office Equipment	TOTAL
	\$	\$	\$	\$	\$	\$
<b>At 1 July 2018</b>	-	-	37,069	74,135	34,059	145,263
Additions	75,000	125,615	11,405	33,039	-	245,059
Fixed asset write offs	-	-	(78)	(206)	(1,688)	(1,972)
Transfers	-	-	-	-	-	-
Depreciation Expense	-	-	(28,650)	(24,361)	(16,824)	(69,835)
<b>at 30 June 2019</b>	<u>75,000</u>	<u>125,615</u>	<u>19,746</u>	<u>82,607</u>	<u>15,547</u>	<u>318,515</u>
	Leasehold Improvements	Website Development	Computer Equipment	Plant and Equipment	Office Equipment	TOTAL
	\$	\$	\$	\$	\$	\$
<b>At 1 July 2017</b>	-	-	42,500	120,973	58,873	222,346
Additions	-	-	15,111	2,017	4,188	21,316
Fixed asset write offs	-	-	(2,350)	-	(7,928)	(10,278)
Transfers	-	-	-	-	-	-
Depreciation Expense	-	-	(18,192)	(48,855)	(21,074)	(88,121)
<b>at 30 June 2018</b>	<u>-</u>	<u>-</u>	<u>37,069</u>	<u>74,135</u>	<u>34,059</u>	<u>145,263</u>

## Australian Baseball Federation Inc. & its controlled entities

### Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

	2019	2018
	\$	\$
<b>12. Other non-current assets</b>		
Security deposits	37,001	40,147
	<u>37,001</u>	<u>40,147</u>
<b>13. Trade and other payables</b>		
Trade payables	732,330	870,363
Sundry creditors and accruals	587,560	759,284
	<u>1,319,890</u>	<u>1,629,647</u>
As at 30 June 2019, trade payables include amounts due to Member States of \$39,583 (2018: \$271,829)		
<b>14. Employee benefits</b>		
Provision for annual leave	40,359	81,074
Provision for long-service leave	26,437	-
	<u>66,796</u>	<u>81,074</u>
<b>15. Revenue received in advance</b>		
Revenue received in advance - Grants	40,000	-
Revenue received in advance - ABL	77,500	127,645
Revenue received in advance - MLB Programming	-	114,962
Revenue received in advance - Other	18,000	65,095
	<u>135,500</u>	<u>307,702</u>
<b>16. Non-current employee benefits</b>		
Provision for long-service leave	-	22,661
	<u>-</u>	<u>22,661</u>
<b>17. Capital</b>		

The parent entity, the Australian Baseball Federation Inc., is incorporated in South Australia as an Incorporated Association.

Under the Statement of Rules & Purposes, the liability of members is limited to \$1 per member and the Board cannot declare a dividend, bonus or otherwise to members.

### 18. Contingent liabilities

The group has no contingent liabilities as at 30 June 2019.

## Australian Baseball Federation Inc. & its controlled entities

### Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

	2019	2018
	\$	\$
<b>19. Commitments for expenditure</b>		
<i>Operating lease commitments</i>		
Non-cancellable operating leases contracted for but not capitalised in the financial report.		
Property leases payable:		
Not longer than 1 year	14,847	95,371
Longer than 1 year but not longer than 5 years	30,576	12,439
	<u>45,423</u>	<u>107,810</u>
<i>Capital expenditure commitments</i>		
Capital expenditure committed to but not capitalised in the financial report.		
Commitments to capital expenditure in respect of facility improvements:		
Not longer than 1 year	175,000	75,000
Longer than 1 year but not longer than 5 years	-	175,000
	<u>175,000</u>	<u>250,000</u>
<b>20. Reconciliation of net surplus/(deficit) to net cash inflow/(outflow) from operating activities</b>		
Net surplus/(deficit)	(297,083)	(448,584)
Depreciation, amortisation, loss on disposal and fixed asset write-offs	71,807	98,399
(Increase)/decrease in current receivables	212,879	(103,402)
Decrease/(increase) in inventories	6,723	13,242
Decrease/(increase) in other current assets	177,083	(34,997)
Decrease/(increase) in non-current receivables	-	-
Decrease/(increase) in other non-current assets	3,146	(7,280)
Increase/(decrease) in accounts payable	(138,033)	23,926
Increase/(decrease) in sundry creditors	(171,724)	244,956
Increase/(decrease) in current provisions	(14,278)	(12,974)
Increase/(decrease) in revenue received in advance	(172,202)	(239,423)
Increase/(decrease) in balance of loans owed	-	-
Increase/(decrease) in non-current provisions	(22,661)	1,884
<b>Net cash inflow / (outflow) from operating activities</b>	<u><b>(344,343)</b></u>	<u><b>(464,253)</b></u>

### 21. Events occurring after the reporting period

The operating licence of the remaining foundation ABL team was transferred to a third-party on 1 July 2019.

Outside of this event, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Australian Baseball Federation Inc. & its controlled entities

### Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

#### 22. Group entities

In July 2016, the Association acquired the remaining 75% stake in the Australian Baseball League Pty Ltd from Major League Baseball. This entity owns all assets of the League and its six (6) foundation teams.

	Country of Incorporation	Ownership Interest	
		2019	2018
<i>Parent entity</i>			
Australian Baseball Federation Incorporated	Australia		
<i>Controlled entities</i>			
Australian Baseball League Pty Ltd	Australia	100%	100%

#### 23. Parent entity disclosures

The Australian Baseball Federation Incorporated is the parent entity of the Group for the financial year ended 30 June 2019.

	Parent	
	2019	2018
<b>Profit / (loss) for the year</b>	(297,083)	506,441
<b>Total comprehensive income / (loss) attributable to the members</b>	(297,083)	506,441
<b>Financial position of the parent entity at the year end</b>		
Current assets	908,310	1,508,274
Non-current assets	2,584,978	1,738,984
<b>Total assets</b>	<b>3,493,288</b>	<b>3,247,258</b>
Current liabilities	1,965,735	1,399,961
Non-current liabilities	-	22,661
<b>Total liabilities</b>	<b>1,965,735</b>	<b>1,422,622</b>
<b>Equity</b>	<b>1,527,553</b>	<b>1,824,636</b>

As at 30 June 2019 there were no material or significant legal claims or contingencies against the parent entity (2018: \$nil)

The contractual commitments and contingent liabilities of the parent entity as are per note 19.

#### 24. Parent entity details

The registered office of the Association is:

Australian Baseball Federation Incorporated  
Suite 3.03, Level 3  
88 Albert Road  
SOUTH MELBOURNE VIC 3205

The principal place of business is:

Australian Baseball Federation Incorporated  
Suite 3.03, Level 3  
88 Albert Road  
SOUTH MELBOURNE VIC 3205

## Australian Baseball Federation Inc. & its controlled entities

### Directors' declaration

- 1 In the opinion of the directors of the Australian Baseball Federation and its controlled entities ("the Group"):
  - (a) the Group is not a reporting entity;
  - (b) the financial statements and notes, set out on pages 5 to 21:
    - (i) present fairly the financial position of the Entity as at 30 June 2019 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Note 2; and
    - (ii) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2; and
  - (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
  
- 2 In respect of the year ended 30 June 2019, the Group has:
  - (a) kept such accounting records as to correctly record and explain its transactions and financial position;
  - (b) kept its accounting records such that financial statements of the Group that are presented fairly can be prepared from time to time; and
  - (c) kept its accounting records in accordance with the *Associations Incorporated Act 1985 (SA)* so that the financial statements of the Group can be conveniently and properly audited.

Signed this 25th day of October 2019, in accordance with a resolution of the Directors.



**David Hynes**

Director & President



# Independent Auditor's Report

To the Directors of Australian Baseball Federation Inc

## Opinion

We have audited the **Financial Statements** of Australian Baseball Federation Inc (the Association).

In our opinion, the accompanying Financial Statements present fairly, in all material respects the financial position of the **Group** as at 30 June 2019 and of its financial performance for the year ended on that date in accordance with *Australian Accounting Standards* to the extent described in Note 2 to the Financial Statements and the *Associations Incorporation Act 1985 (SA)*.

The **Financial Statements** comprise:

- Consolidated statement of financial position as at 30 June 2019
- Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' declaration.

The **Group** consists of the Association and the entities it controlled at the year end or from time to time during the financial year.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We are independent of the Association in accordance with 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 Statements in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.



### Emphasis of matter – basis of preparation and restriction on use

We draw attention to Note 2 to the Financial Statements, which describes the basis of preparation.

The Financial Statements have been prepared to assist the Association's Directors in complying with the financial reporting requirements of the *Associations Incorporation Act 1985 (SA)*.

As a result, the Financial Statements and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the members of the Association and should not be used by parties other than the members of the Association. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Statements to which it relates, to any person other than the members of the Association or for any other purpose than that for which it was prepared.

### Other Information

Other Information is financial and non-financial information in Australian Baseball Federation Inc's annual reporting which is provided in addition to the Financial Statements and the Auditor's Report. The Association's Directors' are responsible for the Other Information.

Our opinion on the Financial Statements does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Association's Directors for the Financial Statements

The Association's Directors are responsible for:

- the preparation and fair presentation of the Financial Statements in accordance with the *Associations Incorporation Act 1985 (SA)* and have determined that the basis of preparation described in Note 2 is appropriate to meet the needs of the Directors.
- implementing necessary internal control to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error
- assessing the Association's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the Financial Statements

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 Statements.

A further description of our responsibilities for the audit of the Financial Statements is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our Auditor's Report.

KPMG

JJ Frazer  
*Partner*

Gold Coast  
25 October 2019