



BASEBALL AUSTRALIA

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020



ABN 18 610 026 404

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The financial report was authorised for issue by the directors on 26 October 2020

Australian Baseball Federation Inc. & its controlled entities

Directors' report

For the year ended 30 June 2020

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 2020 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 2020 was a net operating profit of \$65,448 (2019: loss \$297,083).

Significant changes in state of affairs

Coronavirus disease (Covid-19) is an infection disease caused by a newly discovered coronavirus. On March 11, 2020 the World Health Organisation (WHO) declared the Covid-19 virus as a Pandemic. Governments around the world enacted sweeping measures to counteract and slow the spread of the virus, these same measures however have since had a significant impact on global economies including equity, debt and commodity markets. The Directors have considered the impact of Covid-19 and other market volatility in preparing its financial statements.

Given the dynamic and evolving nature of Covid-19, limited recent experience of the economic and financial impacts of such a pandemic, and the short duration between the declaration of the pandemic and the preparation of these financial statements, changes to estimates and outcomes that have been applied in the measurement of the Group's assets and liabilities may arise in the future. Other than adjusting for events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

The Directors continue to monitor the ongoing impact of Covid-19. Lack of participation in Victoria due to lockdown restrictions have significantly impacted the Group. The directors are currently working through risk mitigation strategies in order to protect against any financial impact on the Australian Baseball League and other operations. The directors appreciate the support of the Victorian Government during this time. Refer to note 2 (f) for future considerations on the impact to the Group.

Events after end of financial year

The Directors continue to assess the impacts of Covid-19 on the Group's operations and have concluded that there is no significant adverse impact expected on the net cash flows or carrying values of the assets as at the date of this report. The Directors continue to monitor the impacts on Covid-19 on the Group's operations.

There is at the date of this report no other matters or circumstances which have arisen since 30 June 2020 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 2020.

Australian Baseball Federation Inc. & its controlled entities

Directors' report (continued)

For the year ended 30 June 2020

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

R Sadler

P Shmigel

G Hooker

Resigned 31 August 2020

C Vale

J Boulton

Resigned 2 April 2020

I Williams

A Brasher

Appointed 27 November 2019

S Cook

Appointed 1 September 2020

G Lloyd

Appointed 1 September 2020

J Goddard

Appointed 1 September 2020

R Hazan

Appointed 1 September 2020

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)	
Meetings held (H) whilst a Director and attended (A)	H	A
D Hynes (President)	8	8
R Sadler	8	8
P Shmigel	8	7
G Hooker	8	6
C Vale	8	7
J Boulton	7	5
I Williams	8	8
A Brasher	5	5

H: Meetings held which the respective director was eligible to attend;

A: Meetings attended.

Australian Baseball Federation Inc. & its controlled entities

Directors' report (continued)

For the year ended 30 June 2020

Directors' remuneration

The total amount paid to Directors for the year ended 30 June 2020 was nil (2019: 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 26th day of October, 2020, in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'David Hynes', with a small horizontal line at the end.

David Hynes

Director & President
Sydney, Australia

Australian Baseball Federation Inc. & its controlled entities**Consolidated statement of comprehensive income**

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Revenue	4	5,204,568	7,435,371
Expenditure from operating activities			
ABL operations expenses		(51,552)	(249,784)
Employee benefit expenses		(1,489,327)	(1,888,724)
Event & team expenses		(2,357,397)	(4,495,791)
Baseball operations expenses		(592,576)	(436,616)
Marketing and advertising expenses		(82,414)	(153,994)
Administrative expenses		(289,279)	(421,752)
Other expenses from ordinary activities		(268,141)	(77,479)
Interest income		274	445
Interest expense		(8,708)	(8,759)
Net profit / (loss) for the year		65,448	(297,083)
Other comprehensive income		-	-
Total comprehensive profit / (loss) for the year attributable to members of the Australian Baseball Federation Inc.		65,448	(297,083)

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 2020

	Notes	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	6	640,804	399,737
Trade and other receivables	7	434,116	558,403
Inventories	8	15,897	61,366
Other	9	291,304	291,008
Total current assets		<u>1,382,121</u>	<u>1,310,514</u>
NON-CURRENT ASSETS			
Trade and other receivables	10	57,747	37,896
Property, plant and equipment	11	513,236	318,515
Other	12	30,400	37,001
Total non-current assets		<u>601,383</u>	<u>393,412</u>
TOTAL ASSETS		<u>1,983,504</u>	<u>1,703,926</u>
CURRENT LIABILITIES			
Trade and other payables	13	1,116,084	1,319,890
Lease liability	14	43,729	-
Employee benefits	15	(22,198)	66,796
Revenue received in advance	16	587,304	135,500
Total current liabilities		<u>1,724,919</u>	<u>1,522,186</u>
NON CURRENT LIABILITIES			
Employee benefits	17	11,397	-
Total non-current liabilities		<u>11,397</u>	<u>-</u>
TOTAL LIABILITIES		<u>1,736,316</u>	<u>1,522,186</u>
NET ASSETS		<u>247,188</u>	<u>181,740</u>
MEMBERS' FUNDS			
Accumulated funds	18	247,188	181,740
TOTAL MEMBERS' FUNDS		<u>247,188</u>	<u>181,740</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 2020

	Notes	Reserves \$	Accumulated Funds \$	Total Equity \$
Balance at 1 July 2018		-	478,823	478,823
Total comprehensive loss for the year				
Loss for the year		-	(297,083)	(297,083)
Total comprehensive loss for the year		-	(297,083)	(297,083)
Balance at 30 June 2019	18	-	181,740	181,740
Balance at 1 July 2019		-	181,740	181,740
Total comprehensive profit for the year				
Profit for the year		-	65,448	65,448
Total comprehensive profit for the year		-	65,448	65,448
Balance at 30 June 2020	18	-	247,188	247,188

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 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from members, sponsors and customers		6,130,783	8,173,228
Payments to suppliers, players and employees		(5,576,376)	(8,509,257)
Interest received		274	445
Interest paid		(5,400)	(8,759)
Net cashflow from operating activities	21	549,281	(344,343)
Cash flows from investing activities			
Payments for property, plant, equipment	11	(233,484)	(245,059)
Repayment of loans provided to Member States		12,500	158,861
Loans provided to Related Parties		(32,351)	-
Net cashflow from investing activities		(253,335)	(86,198)
Cash flows from financing activities			
Payments of lease liabilities	14	(54,879)	-
Net cashflow from financing activities		(54,879)	-
 Net increase / (decrease) in cash held		 241,067	 (430,541)
Cash at the beginning of the financial year		399,737	830,278
Cash at the end of the financial year	6	640,804	399,737

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 2020

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 2020.

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 2020

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.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures. The impact of these reclassifications is not material, and has not resulted in any change to surplus / (deficit) or net assets.

(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 2021 and a cashflow forecast from 1 July 2020 until 31 October 2021.

The spread of novel coronavirus (Covid-19) was declared a public health emergency by the World Health Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid rise of the virus has seen an unprecedented global response by governments, regulators and numerous industry sectors. The Australian Federal Government enacted its emergency plan on 29 February 2020. This has led to an increasing level of restrictions on corporate Australia's ability to operate, significant volatility and instability in financial markets and the release of a number of government stimulus packages to support individuals and businesses as the Australian and global economies face significant slowdown and uncertainties.

As a result of this, the Group's financial performance and the operation of the Australian Baseball League season has been impacted. As at the date of this report, there remain interstate boarder restrictions which enhance complexities. The Directors are closely working through risk mitigation strategies to ensure operations continue.

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 30 June 2021. 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 profit of \$65,448 for the financial year ended 30 June 2020 (2019: \$297,083 loss). Furthermore, the Group has negative net current assets of \$342,798 (2019: negative \$211,672) and positive net assets as of 30 June 2020 of \$247,188 (2019: \$181,740). 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. At the year ended 30 June 2020, the Group held \$132,954 in restricted cash.

The Directors have prepared cash flow projections for the period from 1 July 2020 to 31 October 2021 that support the ability of the Group to continue as a going concern. Most notable aspects of the cash flow projections include:

- 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. The cash flow projections are therefore based on improved trading results on a progressive basis as a result of this diversification; this includes an expectation that the respective Australian Baseball Clubs will continue normal operations, albeit reduced activity levels are contemplated due to continued impacts from Covid-19.

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2. Basis of preparation (continued)

(f) Going concern (continued)

- Continuing receipt of Government stimulus including Jobkeeper.
- Continuing cost cutting measures being agreed and achieved.
- Securing funding to support cash flow requirements, should it become necessary.

These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. In the event that the Group cannot achieve the budgeted assumptions as outlined above, the Group may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

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

The Group has applied AASB 15 Revenue from Contracts with Customers (AASB 15) using the modified retrospective approach and AASB 1058 income of Not-for-Profit from 1 July 2019 and therefore the comparative information has not been restated and continues to be reported under AASB 118 Revenue and AASB 1004 Contributions.

There was no material impact from the adoption of this new standard to the Group.

Policy applicable from 1 July 2019

To determine whether to recognise revenue, the Group follows a 5-step process under AASB 15:

- a) Identifying the contract with a customer;
- b) Identifying the performance obligations;
- c) Determining the transaction price;
- d) Allocating the transaction price to the performance obligations; and
- e) Recognising revenue when/as performance obligations are satisfied.

Revenue is recognised either at a point in time or over time, when or as the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group recognises contract liabilities or income in advance in respect of unsatisfied performance obligations and reports these as liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

A detailed review of the revenue streams of the Group was undertaken. The Group has a number of contract in place for which revenue is only payable and recognised in the financial statements once the performance obligations have been met. For any other revenue which is received as block funding or grant funding, the Group only recognises the revenue at which point in time the services or portion of services have been delivered and any revenue received which represents undelivered services are recognised as a liability until the service is performed. This approach is consistent with the requirements of AASB15 and did not change the timing of revenue recognition methodology for the Group.

Policy applicable before 1 July 2019

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).

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

3. Significant accounting policies (continued)

(a) Revenue recognition (continued)

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.

(c) Trade receivables

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

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.

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

3. Significant accounting policies (continued)

(c) Trade receivables (continued)

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.

(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.

(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

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.

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

3. Significant accounting policies (continued)

(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) Leases

The Group has applied AASB 16 *Leases* using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 17. Refer to note 3 (o) for the impact on adoption.

Policy applicable from 1 July 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss.

Policy applicable from 1 July 2019

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term. Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

3. Significant accounting policies (continued)

(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.

(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 adopted all the new accounting standards, pronouncements and amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the financial year beginning 1 July 2019.

This includes AASB 16 Leases which replaces AASB 17 along with AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities. The adoption of this new Standard has resulted in the Group recognising a right-of-use assets and the related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

On adoption of AASB16 on 1 July 2019, the Group under the modified retrospective approach recognised the following adjustment in its statement of financial position on recognition of a right-of-use assets and lease liability:

• Recognition of right-of-use assets	\$98,608
• Recognition of lease liability	(\$98,608)
• Net impact on equity	\$-

None of the other new standards and/or amendments have had a significant impact on the Group.

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

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 2020 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.

New/revised pronouncement Superseded pronouncement Effective Date Likely impact on initial application

AASB 2018-6 <i>Amendments to Australian Accounting Standards – Definition of Business</i>	None.	Annual reporting periods beginning on or after 1 Jan 2020	The Group is yet to undertake a detailed assessment of the impact of AASB 2018-6. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2021.
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	None.	Annual reporting periods beginning on or after 1 Jan 2020	The Group is yet to undertake a detailed assessment of the impact of AASB 2018-7. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2021.
AASB 2019-1 <i>Amendments to Australian Accounting Standards – References to the Conceptual Framework</i>	None.	Annual reporting periods beginning on or after 1 Jan 2020	The Group is yet to undertake a detailed assessment of the impact of AASB 2019-1. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2021.
AASB 2020-2 <i>Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</i>	None.	Annual reporting periods beginning on or after 1 Jan 2021	The Group is yet to undertake a detailed assessment of the impact of AASB 2020-2. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2022 as the amendment only affects for-profit entities.
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current and Non-current</i>	None.	Annual reporting periods beginning on or after 1 Jan 2022	The Group is yet to undertake a detailed assessment of the impact of AASB 2020-1.

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

	2020	2019
	\$	\$
4. Revenue and other income		
Grants	1,552,102	1,466,058
Revenue from baseball events	336,191	2,038,657
Appearance fees and prize money	454,510	-
ABL licence fee revenue	716,000	582,000
Sponsorship, broadcast & fundraising revenue	813,325	1,779,574
Membership revenue	1,015,889	1,243,505
Other revenue	316,551	325,577
	<u>5,204,568</u>	<u>7,435,371</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	137,371	69,835
Write-off/(recovery) of bad & doubtful debts	80,500	(10,036)
Write-off of obsolete inventory	13,694	1,033

6. Cash and cash equivalents

Cash at bank and on hand	640,804	399,737
	<u>640,804</u>	<u>399,737</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	246	3,246
Sandhurst Cash Common	132,708	-
	<u>132,954</u>	<u>3,246</u>

7. Trade and other receivables

Trade receivables	486,911	599,220
Provision for expected credit loss	(79,567)	(70,541)
	<u>407,344</u>	<u>528,679</u>
Other receivables	2,272	5,224
Loans receivable from Member States	24,500	24,500
	<u>434,116</u>	<u>558,403</u>

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

	2020	2019
	\$	\$
7. Trade and other receivables (continued)		
The movement in the provision for expected credit losses in respect of receivables during the year was as follows:		
Balance as at 1 July	70,541	301,812
Impairment/(recovery) of amounts	80,500	(10,036)
Amounts written-off	(71,474)	(221,235)
Balance as at 30 June	79,567	70,541
8. Inventories		
Inventory (net of provision for obsolescence)	15,897	61,366
	15,897	61,366
9. Other current assets		
Prepayments	136,170	75,654
Accrued income	155,134	207,354
Prepaid deposits	-	8,000
	291,304	291,008
10. Non-current trade and other receivables		
Receivable from related party	32,351	-
Loans receivable from Member States	25,396	37,896
	57,747	37,896
As at 30 June 2020, 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 2020.		
11. Property, plant & equipment		
Plant and Equipment		
Office equipment - cost	80,047	79,937
Less accumulated depreciation	(67,567)	(64,390)
Total Office Equipment	12,480	15,547
Computer equipment - cost	85,118	81,311
Less accumulated depreciation	(75,189)	(61,565)
Total Computer Equipment	9,929	19,746

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

	2020 \$	2019 \$
11. Property, plant & equipment (continued)		
Plant and Equipment (continued)		
Plant and equipment - cost	216,572	214,755
Less accumulated depreciation	(158,210)	(132,148)
Total Plant and Equipment	58,362	82,607
Website development - cost	178,366	125,615
Less accumulated depreciation	(37,494)	-
Total Website Development	140,872	125,615
Right of use asset - cost	98,608	-
Less accumulated depreciation	(57,015)	-
Total Leasehold Improvements	41,593	-
Work in progress - cost	250,000	75,000
Less accumulated depreciation	-	-
Total Work in Progress	250,000	75,000
Total Property, Plant and Equipment	513,236	318,515

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.

	Work in Progress*	Website Development	Computer Equipment	Plant and Equipment	Office Equipment	Right of Use Asset	TOTAL
	\$	\$	\$	\$	\$	\$	\$
At 1 July 2019	75,000	125,615	19,746	82,607	15,547	-	318,515
Adoption of AASB16	-	-	-	-	-	98,608	98,608
Additions*	175,000	52,751	3,806	-	1,927	-	233,484
Fixed asset write offs	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Depreciation expense	-	(37,494)	(13,623)	(24,245)	(4,994)	(57,015)	(137,371)
at 30 June 2020	250,000	140,872	9,929	58,362	12,480	41,593	513,236

*included in additions for work in progress is \$250,000 related to the Albert Park redevelopment. At completion of the redevelopment, the Group will hold a right to use the asset.

	Work in Progress	Website Development	Computer Equipment	Plant and Equipment	Office Equipment	Right of Use Asset	TOTAL
	\$	\$	\$	\$	\$	\$	\$
At 1 July 2018	-	-	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)
at 30 June 2019	75,000	125,615	19,746	82,607	15,547	-	318,515

The Group has lease contracts for various items of property, plant and equipment used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

	2020	2019
	\$	\$
12. Other non-current assets		
Security deposits	30,400	37,001
	<u>30,400</u>	<u>37,001</u>

13. Trade and other payables		
Trade payables	692,627	732,330
Sundry creditors and accruals	423,457	587,560
	<u>1,116,084</u>	<u>1,319,890</u>

14. Lease liability

On adoption of AASB 16 Leases, the Group recognised lease liabilities in relation to leases which have been previously classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 July 2019. The Group's weighted-average incremental borrowing rate applied to the lease liabilities is 4.63%.

Set out below are the carrying amounts of the lease liabilities recognised and the movements during the period of adoption of AASB16 Leases.

Opening value	-	-
Adoption of AASB16	98,608	-
Movements during the year*	(54,879)	-
Carrying value	<u>43,729</u>	<u>-</u>

**net of the interest of \$3,308 on lease liabilities recognised in the Statement of Profit or Loss*

15. Employee benefits

Provision for annual leave	(34,556)	40,359
Provision for long-service leave	12,358	26,437
	<u>(22,198)</u>	<u>66,796</u>

The provision of annual leave amounted to a receivable of \$34,556 which is a result of the Group allowing its employees to take additional leave beyond the accrued entitlements, during the period of operations disrupted by Covid-19, as approved by the Directors.

16. Revenue received in advance

Revenue received in advance - Grants	492,304	40,000
Revenue received in advance - ABL	80,000	77,500
Revenue received in advance - MLB Programming	-	-
Revenue received in advance - Other	15,000	18,000
	<u>587,304</u>	<u>135,500</u>

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

	2020	2019
	\$	\$
17. Non-current employee benefits		
Provision for long-service leave	11,397	-
	<u>11,397</u>	<u>-</u>
18. Capital		
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.		
19. Contingent liabilities		
The group has no contingent liabilities as at 30 June 2020.		
20. Commitments for expenditure		
<i>Capital expenditure commitments</i>		
Capital expenditure committed to but not capitalised in the financial report.		
Not longer than 1 year	91,971	-
Longer than 1 year but not longer than 5 years	-	-
	<u>91,971</u>	<u>-</u>
Commitments to capital expenditure in respect of facility improvements:		
Not longer than 1 year	-	175,000
Longer than 1 year but not longer than 5 years	-	-
	<u>-</u>	<u>175,000</u>
21. Reconciliation of net surplus/(deficit) to net cash inflow/(outflow) from operating activities		
Net surplus/(deficit)	65,448	(297,083)
Depreciation, amortisation, loss on disposal and fixed asset write-offs	137,371	71,807
(Increase)/decrease in current receivables	121,335	212,879
Decrease/(increase) in inventories	45,470	6,723
Decrease/(increase) in other current assets	2,655	177,083
Decrease/(increase) in non-current receivables	-	-
Decrease/(increase) in other non-current assets	6,601	3,146
Increase/(decrease) in accounts payable	(39,703)	(138,033)
Increase/(decrease) in sundry creditors	(164,103)	(171,724)
Increase/(decrease) in current provisions	(88,994)	(14,278)
Increase/(decrease) in revenue received in advance	451,804	(172,202)
Increase/(decrease) in balance of loans owed	-	-
Increase/(decrease) in non-current provisions	11,397	(22,661)
Net cash inflow / (outflow) from operating activities	<u>549,281</u>	<u>(344,343)</u>

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

22. Events occurring after the reporting period

The Directors continue to assess the impacts of Covid-19 on the Group's operations and have concluded that there is no significant adverse impact expected on the net cash flows or carrying values of the assets as at the date of this report. The Directors continue to monitor the impacts on Covid-19 on the Group's operations.

There is at the date of this report no other matters or circumstances which have arisen since 30 June 2020 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 2020.

23. 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	
		2020	2019
<i>Parent entity</i>			
Australian Baseball Federation Incorporated	Australia		
<i>Controlled entities</i>			
Australian Baseball League Pty Ltd	Australia	100%	100%

24. Parent entity disclosures

The Australian Baseball Federation Incorporated is the parent entity of the Group for the financial year ended 30 June 2020.

	Parent	
	2020	2019
Profit / (loss) for the year	(1,419,231)	(297,083)
Total comprehensive income / (loss) attributable to the members	(1,419,231)	(297,083)
Financial position of the parent entity at the year end		
Current assets	1,255,848	908,310
Non-current assets	507,729	2,584,978
Total assets	1,763,577	3,493,288
Current liabilities	1,643,858	1,965,735
Non-current liabilities	11,397	-
Total liabilities	1,655,255	1,965,735
Equity	108,322	1,527,553

As at 30 June 2020 there were no material or significant legal claims or contingencies against the parent entity (2019: nil)

The contractual commitments and contingent liabilities of the parent entity as are per note 20.

Australian Baseball Federation Inc. & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

25. 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 23:
 - (i) present fairly the financial position of the Entity as at 30 June 2020 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 2020, 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 26th day of October 2020, 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 2020 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 2020
- 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.

Material uncertainty related to going concern

We draw attention to Note 2(f), "Going Concern" in the financial report. The conditions disclosed in Note 2(f) indicate the existence of a material uncertainty which may cast significant doubt over the Association's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Association's financial report. Our opinion is not modified in relation to this matter.

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. This description forms part of our Auditor's Report.

KPMG

JJ Frazer
Partner

Gold Coast
26 October 2020