

SUMMARY FINANCIAL STATEMENTS

THIS IS A SUMMARY OF YOUTHTOWN INCORPORATED AND GROUP FINANCIAL STATEMENTS FOR THE 18 MONTHS ENDED 30 JUNE 2014

The information was extracted from the full financial statements as audited by BDO Auckland, which were approved by the board on 29 October 2014. The audit report was unmodified in the full financial statements and contained an Emphasis of Matter regarding Going Concern.

The full financial statements comply with Generally Accepted Accounting Practices in New Zealand (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Youthtown Inc. and Group is a Public Benefit Entity.

The financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

The summary financial statements have been prepared in accordance with FRS-43: Summary Financial

Statements. They cannot be expected to provide as complete an understanding as provided by the full financial statements.

The full financial statements are available on application to the Society at:

Youthtown, Level 4, 143 Nelson St, Auckland Central, Auckland or can be found online at http://www.youthtown.org.nz/annual_reports.html
 YOUTHTOWN INC. & GROUP

SUMMARY STATEMENT OF COMPREHENSIVE INCOME for the eighteen months ended 30 June 2014

	GROUP	
	2014 (18 Months) \$	2012 (12 Months) \$
Gaming revenue	18,836,577	13,863,001
Gaming expenditure	(11,859,119)	(9,205,152)
Gaming contribution	6,977,458	4,657,849
Youth Services and other revenue	3,633,797	2,015,117
Youth Services and other expenditure	(11,803,075)	(7,245,578)
Youth Services contribution	15,436,872	9,260,695
Net finance cost	20,204	(40,376)
(Loss) / Surplus from continuing operations	(1,171,616)	(612,987)
Net change in fair value of available for sale financial assets	203,072	213,647
Total comprehensive income	(968,544)	(399,340)

SUMMARY STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	GROUP	
	2014 (18 Months)	2012 (12 Months)
Total Accumulated Funds	5,850,394	6,818,938
Total Current Assets	3,026,495	1,732,959
Total Non Current Assets	5,692,125	8,719,120
Total Current Liabilities	2,868,226	2,613,296
Total Non Current Liabilities	-	1,019,845
Net Assets	5,850,394	6,818,938

SUMMARY STATEMENT OF CHANGES IN ACCUMULATED FUNDS
For the eighteen months ended 30 June 2014

	GROUP	
	2014 (18 Months) \$	2012 (12 Months) \$
Accumulated Funds		
Balance at beginning of period	6,818,938	7,218,278
Total Comprehensive (Loss) / Income for the period	(968,544)	(399,340)
Balance at end of period	5,850,394	6,818,938

SUMMARY STATEMENT OF CASH FLOWS
For the eighteen months ended 30 June 2014

	GROUP	
	2014 (18 Months) \$	2012 (12 Months) \$
Net Cash provided by Operating Activities	4,146,364	804,917
Net cash used in Investing Activities	(1,341,262)	(2,765,206)
Net Cash used in Financing Activities	(1,471,129)	280,088
Net Increase / (Decrease) in cash and cash equivalents held	1,333,973	(1,680,201)
Cash and cash equivalents at beginning of period	851,969	2,532,170
Cash and Cash equivalents at end of period	2,185,942	851,969

GOING CONCERN

The year end results for the Group level reports working capital of \$158,269 (2012: (\$880,337)). The Directors have assessed the validity of the going concern assumption due to the negative working capital position of the Parent of (\$1,362,653) (2012: (\$2,106,952)) as at 30 June 2014. As at year end the Parent has made a loss of \$238,712 and has positive equity of \$2,114,614.

The Directors have based their assessment on a letter of confirmation from the Youthtown Foundation Trust confirming it will provide ongoing financial support in the event the Parent requires funding to ensure it meets its financial commitments and daily operational obligations, and that it will not call upon the \$975,000 loan in the foreseeable future.

**NOTES TO THE SUMMARY FINANCIAL
 STATEMENTS FOR THE EIGHTEEN MONTHS
 ENDED 30 JUNE 2014**

Business Combination

On 1 August 2012 the Group obtained control of Premier Gaming Limited, a gaming venue management company, by acquiring the assets of the Company.

Taking control of Premier Gaming has enabled Youthtown Inc to address any concerns raised by the Department of Internal Affairs (DIA) following an audit in 2011 by meeting all licencing requirements and obligations.

During the 2014 period (eighteen months) and in the 5 months to 31 December 2012 Premier Gaming contributed revenue of \$nil and profit of \$nil but removed the previous management contract fees with the third party agent resulting in a cost saving each year.

The calculation of the intangible asset (management contract) acquired and its value is disclosed below.

The following summarises the consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration Transferred

Cash ----- \$975,000

Identifiable Assets Acquired and Liabilities Assumed

Property, plant and equipment ----- NOTE 8 \$0

Intangible assets ----- NOTE 8 \$975,000

The following fair values have been determined:

Intangible asset: The useful life of the Premier Gaming Management Contract purchased August 2012 is 14 months being the remaining term of the contract.

	GROUP	
	2014 (18 Months)	2012 (12 Months)
	\$	\$
Purchase Cost	975,000	975,000
Amortisation (over 14 months at \$69,643 per month)	(975,000)	(348,214)
Recognised Fair Value	-	626,786

Transactions Separate From The Acquisition

The Group incurred acquisition related costs of \$27,000 during 2012 relating to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in Professional services expenses in the Group's consolidated statement of comprehensive income.

Related Party Transactions

One of the current board members of Youthtown Inc is a Partner of Wilson McKay. Wilson McKay provided legal services to Youthtown Inc during the current and four prior periods. One of the former board members of Youthtown Inc is an employee of Goode PR. Goode PR provided public relations services to Youthtown Inc during the current and four prior periods. There were no board fees paid to any board members during the year (2012: \$Nil). Payments to related parties represent operational services provided during the period on an arms length basis.

Key Management Personnel

The Board members and Senior Management Team are considered to be the key management personnel of the Society.

	(18 Months) \$	(12 Months) \$
Employee Benefits Expense	1,181,565	555,000
Total Compensation	1,181,565	555,000

Subsequent Events

On the 26th of August 2014 the Youthtown Inc Board resolved Youthtown do not wish to reoccupy 68 Nelson Street.

As disclosed in note 7, the building and associated assets have been fully impaired as triggered by the lead contamination, and recorded at cost and as disclosed in note 5 and 16, actual costs and accruals have been accounted for regarding the decontamination.

A future decision on the building is yet to be decided, accordingly there is some uncertainty as to the ultimate outcome of the property.

Should the Foundation elect to retain the existing building to either occupy or hold as an investment property, it is probable significant costs would be incurred to reinstate and refurbish the property to the point of "available for use".

Due to this uncertainty, it is unable to be determined what funds would possibly be required to reinstate and refurbish the property. Accordingly, the timing and draw down of such funding if necessary, so as not to impact the ongoing trading operation of the Group (refer note 20) has not been determined at the time of completing these accounts.

Contingent Liabilities

As at balance date there were no known contingent assets or contingent liabilities.

In 2012 there was a Contingent Asset for, two Youthtown Gaming venues which were forced to close during 2011 in Christchurch due to the Christchurch Earthquake. As at that reporting date it was not yet practically quantifiable to determine the Loss of Profit's insurance payment. Since then the claim was settled and \$874,473 was paid.

During the 2012 comparative period the Society experienced a lead contamination at their Head Office premises as a result of shooting club activities by a tenant to whom the Society sub-let their basement.

As at that balance date it was believed that approximately \$85,000 would need to be spent on further clean up should the Head Office premise ever be sold or structurally changed. As further costs have been accounted for in the current financial period that are believed to be to the value needed to leave the site in a clean state no contingent liability is believed to still exist.