

THE DEAF SOCIETY
ABN 21 952 195 236

**ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

THE DEAF SOCIETY
ABN 21 952 195 236

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THE DEAF SOCIETY
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DIRECTORS' REPORT

The directors of The Deaf Society ("the society") submit herewith the annual report of the society for the financial year ended 30 June 2018.

Information about the directors

The names and particulars of the directors of the company during or since the end of the financial year are:

Name	Qualifications	Experience	Special Responsibilities
Brian Peter Halse	A. Dip Sc. (Horticultural) Grad Cert. Farm Financial Management Cert IV Training & Assessment MAICD & AFIML	Member of the Board since July 2015	Chairman of the Board; Chairman of the CEO Succession Committee; Member, Finance and Audit Committee
Kashveera Chanderjith	BCom; BCom(Honors); CA(SA)	Member of the Board since Feb 2017	Member, Finance and Audit Committee
Evan Kidd	MOHSEMGt. Grad Deip. Strat. Lead	Member of the Board since June 2015	Member, Nominations Committee
David Atkinson	DipLaw (Solicitors' Administration Board) Member, Law Society of NSW	Member of the Board since March 2014; Solicitor; Past Managing Partner, Atkinson, Vinden Lawyers for 34 years; Past Member, Best Practice Lawyers	Chair, Nominations Committee; Member of the CEO Succession Committee
Michael Boneham	Bachelor of Education; Member AICD	Member of the Board since Feb 2017	Chair, Finance and Audit Committee
Vince Lam	B.Com; CPA; Masters, Applied Finance	Member of the Board since Feb 2017	Member, Finance and Audit Committee
Sarahjane Thompson	Bachelor of Science (Psychology), Bachelor of Arts (Sociology), Cert IV Training and Assessment	Member of the board from 17 October 2017	Member of the CEO Succession committee
Nicole Collins	Masters of Strategic Human Resource Management	Member of the board from 17 April 2018	Member of the CEO Succession committee
Sarah Lowe	Bachelor of Arts (Monash University), Bachelor of Commerce (Monash University), Master of Business Administration (MBA) from RMIT	Member of the board from 17 April 2018	

The above named directors held office during the whole of the financial year and since the end of the financial year unless otherwise stated.

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DIRECTORS' REPORT**

Company secretary

Louise Hicks held the position of company secretary at the end of the financial year.

Principal activities

The society continued to provide core services in the traditional areas of need, such as welfare and counselling, community development, information, interpreting provision, advocacy, education and training and employment support. The services were provided through the main office in Parramatta, six regional offices and a number of outreach services.

As a Registered Training Organisation, the society continued to offer training services to both deaf and hearing students.

Funding for all of the above activities came from appeals, donations, bequests, investment income, fees for services rendered, grants and subsidies from Local, State and Commonwealth Governments.

Review of operations

The deficit for the financial year was \$287,013 (2017: surplus of \$475,080). The society is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax.

A Service Agreement with the Department of Ageing, Disability and Home Care was signed for 1 July 2015 to 30 June 2018. The society has reviewed its preparedness to continue operations while the Commonwealth and State Governments review funding their future obligations to people with a disability as part of the roll-out of the National Disability Insurance Scheme. The directors believe that the existing reserves and diversity of income will enable the society to meet its future risks to operations.

The Society has received additional funding which is a one off grant from 1 July 2018 to 30 June 2019 for \$93,417.

Changes in state of affairs

There was no significant change in the state of affairs of the society during the financial year.

Performance measures

There are 5 key directions in the strategic plan which focus on community development, including human rights and deaf leadership, systemic advocacy, evaluation and improvement in service quality and building partnerships in order to be a leading and trusted provider that supports individual and communities impacted by Deafness or hearing loss to achieve their aspirations and goals. These are:

- Improve and expand services for individuals and communities impacted by deafness
- Increasing workforce participation
- Strengthening communities impacted by deafness
- Continue to develop a customer focused Deaf Society
- Growth for sustainability

The directors monitor the effectiveness of activities in achieving targets through regular reports against identified strategies. The strategic plan is reviewed every four years, with additional strategies and detailed indicators developed for each fiscal year through an annual plan.

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DIRECTORS' REPORT

Objectives and strategy

The society's short and long term objective is to ensure equity for deaf people by working in partnership with the deaf community to enhance the quality of life of deaf people, strengthen the community and advocate for changes that will ensure fundamental rights and freedoms.

The society's strategies for achieving this objective focus on the five key directions outlined above.

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, seven board meetings were held.

Director	Full Board		Finance and Audit Meeting	
	Attended	Held	Attended	Held
David Atkinson	6	7	-	-
Brian Halse	7	7	4	7
Evan Kidd	6	7	-	-
Michael Boneham	6	7	6	7
Kashveera Chanderjith	6	7	6	7
Vince Lam	7	7	7	7
Sarahjane Thompson	6	6	-	-
Nicki Collins	1	1	-	-
Sarah Lowe	1	1	-	-

Members' guarantee

In accordance with the society's constitution, each member is liable to contribute \$2 in the event that the company is wound up.

The total amount that members of the company are liable to contribute if the company is wound up is \$162 (2017: \$218) based on 81 (2017: 109) current ordinary members.


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DIRECTORS' REPORT**


Auditor's independence declaration

The auditor's independence declaration is included after this report.

Signed in accordance with a resolution of the Board of Directors:

On behalf of the directors:

Chair: 
.....
Brian Peter Halse
Sydney, 25 October 2018

Director: 
.....
Kashveera Chanderjith CA(SA)
Sydney, 25 October 2018



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The Board of Directors
The Deaf Society
Level 4
69 Philip Street
Parramatta NSW 2150

25 October 2018

Dear Board Members

The Deaf Society

In accordance with *Subdivision 60-C Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of The Deaf Society.

As lead audit partner for the audit of the financial statements of The Deaf Society for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

David Sartorio
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

THE DEAF SOCIETY**ABN 21 952 195 236****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
Revenue	3	7,475,601	7,492,679
Realised gain on sale of investments	5	706,480	722,106
Employee benefits expense	4	(6,499,585)	(5,625,445)
Depreciation expense		(54,462)	(42,241)
Administrative expenses		(312,610)	(595,141)
Occupancy expenses		(398,533)	(366,490)
Consulting and marketing expenses		(395,183)	(419,291)
Other expenses		(808,721)	(691,097)
(Deficit)/surplus for the year		(287,013)	475,080
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale assets		57,300	432,149
Total comprehensive (deficit)/surplus for the year		(229,713)	907,229

The accompanying notes form part of these financial statements.

THE DEAF SOCIETY
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and bank balances	15(a)	284,000	512,572
Trade and other receivables	6	674,549	822,433
Other financial assets	8	688,485	316,033
Other assets	7	268,639	202,225
Total current assets		<u>1,915,673</u>	<u>1,853,263</u>
Non-current assets			
Other financial assets	8	16,439,859	16,674,308
Intangible assets	9(b)	111,468	43,006
Plant and equipment	9(a)	36,336	87,164
Total non-current assets		<u>16,587,663</u>	<u>16,804,478</u>
Total assets		<u>18,503,336</u>	<u>18,657,741</u>
Liabilities			
Current liabilities			
Trade and other payables	10	1,349,892	1,407,299
Provisions	11	473,396	456,947
Total current liabilities		<u>1,823,288</u>	<u>1,864,246</u>
Non-current liabilities			
Provisions	11	162,816	46,550
Total non-current liabilities		<u>162,816</u>	<u>46,550</u>
Total liabilities		<u>1,986,104</u>	<u>1,910,796</u>
Net assets		<u>16,517,232</u>	<u>16,746,945</u>
Equity			
Reserves		7,082,799	7,025,499
Retained earnings		9,434,433	9,721,446
Total equity		<u>16,517,232</u>	<u>16,746,945</u>

The accompanying notes form part of these financial statements

THE DEAF SOCIETY
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

2018

	Accumulated surplus	Available-for- sale reserve	Capital profits reserve	Total
	\$	\$	\$	\$
Balance at 1 July	9,721,446	1,501,039	5,524,460	16,746,945
Deficit for the year	(287,013)	-	-	(287,013)
Other comprehensive surplus	-	57,300	-	57,300
Balance at 30 June	9,434,433	1,558,339	5,524,460	16,517,232

2017

	Accumulated surplus	Available-for- sale reserve	Capital profits reserve	Total
	\$	\$	\$	\$
Balance at 1 July	9,246,366	1,068,890	5,524,460	15,839,716
Surplus for the year	475,080	-	-	475,080
Other comprehensive surplus	-	432,149	-	432,149
Balance at 30 June	9,721,446	1,501,039	5,524,460	16,746,945

The accompanying notes form part of these financial statements

THE DEAF SOCIETY
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Grants received		4,889,515	4,637,118
Receipts from activities		2,673,494	2,357,818
Payments to suppliers and employees		<u>(9,077,942)</u>	<u>(7,863,699)</u>
Net cash used in operating activities	15(b)	<u>(1,514,933)</u>	<u>(868,763)</u>
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		-	22,750
Payments for plant, equipment and intangibles		(86,229)	(65,830)
Distributions and interest received		121,096	525,435
Proceeds on sale of financial assets		1,351,494	2,261,880
Payments to acquire financial assets		<u>(100,000)</u>	<u>(1,690,372)</u>
Net cash generated by investing activities		<u>1,286,361</u>	<u>1,053,863</u>
Net cash used in financing activities		<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(228,572)	185,100
Cash and cash equivalents at the beginning of the year		<u>512,572</u>	<u>327,472</u>
Cash and cash equivalents at the end of the year	15(a)	<u><u>284,000</u></u>	<u><u>512,572</u></u>

The accompanying notes form part of these financial statements.

THE DEAF SOCIETY
ABN 21 952 195 236
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. General information

The Deaf Society ("the society") is a public benevolent institution incorporated in Australia. The address of its registered office and principal place of business is as follows:

Suite 401, Level 4
69 Phillip Street
Parramatta NSW 2124

The society's principal activities were to provide services, such as welfare and counselling, community development, information, interpreting provision, advocacy, education and training and employment support to the deaf, hard of hearing, deafblind people and their families.

2. Significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, the *Charitable Fundraising Act 1991*, Accounting Standards and Interpretations, and comply with other requirements of the law. Accounting Standards include Australian Accounting Standards.

For the purposes of preparing the financial statements, the society is a not-for-profit entity.

The financial statements were authorised for issue by the directors on 17 October 2018.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the society takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as value in use in AASB 136 'Impairment of Assets'.

Going concern

This financial report has been prepared on the going concern basis, which contemplates the continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Society recorded a net deficit of \$287,013 for the year ended 30 June 2018 (2017: surplus of \$475,080) and the current liabilities exceed the current assets by \$92,385 (2017: current liabilities exceed the current assets by \$10,983). It is the opinion of the directors that there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable as the society has access to available-for-sale financial assets of \$16,439,859 (2017: \$16,674,308) which can be liquidated if needed.

THE DEAF SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2. Significant accounting policies (cont'd)

The principal accounting policies are set out below.

(a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Contributions - Government grants / Donations

A contribution occurs when the society receives an asset, including the right to receive cash or other forms of asset without directly giving approximately equal value to the other party to the transfer; that is, when there is a non-reciprocal transfer. Contributions include donations and certain government grants.

Income from contributions is recognised when all the following conditions are satisfied:

- the society obtains control of the contribution or right to receive the contribution;
- it is probable the economic benefits comprising the contribution will flow to the society; and
- the amount of contribution can be measured reliably.

Income arising from contributions is measured at the fair value of the contributions received or receivable.

Rendering of services

Revenue from the rendering of services is recognised by reference to the delivery of the service to the customer.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the society and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income

Dividend income from investments is recognised when the society's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the society and the amount of income can be measured reliably).

(b) Deferred revenue

Government grants, whose primary condition is that the society provide specific services and fulfil certain conditions, are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis. The services are usually provided or the conditions are usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date; or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted and presented as a non-current liability.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2. Significant accounting policies (cont'd)

(c) Leasing

Leases are as classified as operating leases.

The society as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(d) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the society in respect of services provided by employees up to reporting date.

(e) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The depreciation rates used for each class of depreciable assets are:

Class of plant and equipment	Depreciation rate
Furniture and fittings	10%
Office equipment	20%
Computer equipment	50%
Motor Vehicles	20%

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2. Significant accounting policies (cont'd)

(f) Impairment of tangible and intangible assets

At the end of each reporting period, the society reviews the carrying amounts of its tangible 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). When it is not possible to estimate the recoverable amount of an individual asset, the society estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(g) Taxation

The society is exempted from income tax under Division 50 of the Income Tax Assessment Act 1997.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Provisions

Provisions are recognised when the society has a present obligation (legal or constructive) as a result of a past event, it is probable that the society will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

THE DEAF SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2. Significant accounting policies (cont'd)

(j) Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

AFS financial assets

Listed shares and listed redeemable notes held by the society that are traded in an active market are classified as AFS and are stated at fair value.

Fair value is determined in the manner described in note 17. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the society's right to receive the dividends is established.

THE DEAF SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2. Significant accounting policies (cont'd)

(j) Financial instruments (cont'd)

Financial assets (cont'd).

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for unlisted shares classified as available-for-sale.

For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the society's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

THE DEAF SOCIETY
ABN 21 952 195 236
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2. Significant accounting policies (cont'd)

(j) Financial instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The society derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the society neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the society recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the society retains substantially all the risks and rewards of ownership of a transferred financial asset, the society continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the society retains an option to repurchase part of a transferred asset), the society allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

THE DEAF SOCIETY
ABN 21 952 195 236
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2. Significant accounting policies (cont'd)

(j) Financial instruments (cont'd)

Financial liabilities

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The society derecognises financial liabilities when, and only when, the society's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(k) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(l) Comparative amounts

When required by Accounting Standards, comparative amounts have been adjusted to conform to changes in presentation for the current financial year.

THE DEAF SOCIETY
ABN 21 952 195 236
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2. Significant accounting policies (cont'd)

(m) Application of new and revised Accounting Standards

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, the company has adopted all of the new and revised Standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. There has been no material impact of these changes on the company's accounting policies.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards - Effective date of AASB 15' and AASB 2016-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15'	1 January 2019	30 June 2020
AASB 1058 Income of Not-for-Profit Entities, AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1 January 2019	30 June 2020
AASB 16 'Leases'	1 January 2019	30 June 2020

Impact of adoption of AASB 9 Financial Instruments

AASB 9 applies to annual periods beginning on or after 1 April 2018. The directors do not anticipate that the application of AASB 9 in the future will have a material impact on amounts reported in respect of the society's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of AASB 9 until the society undertakes a detailed review.

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2. Significant accounting policies (cont'd)

(m) Application of new and revised Accounting Standards (cont'd)

Impact of adoption of 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations when they become effective. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by the society.

This Standard applies when a NFP entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the society to further its objectives. In the latter case, the entity recognises and measures the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 Property, Plant and Equipment). Upon initial recognition of the asset, this Standard requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised, such as:

- (a) contributions by owners;
- (b) revenue, or a contract liability arising from a contract with a customer;
- (c) a lease liability;
- (d) a financial instrument; or
- (e) a provision.

These related amounts are accounted for in accordance with the applicable Australian Accounting Standard. The Standard also prescribes specific accounting requirements for a transaction which is a transfer of a financial asset to enable the society to acquire or construct a recognisable non-financial asset to be controlled by the entity (i.e. an in-substance acquisition of a non-financial asset) and volunteer services. The society can choose to apply this Standard retrospectively (which requires restatement of comparatives with certain practical expedients allowed) or to use a modified approach (where comparatives are not restated but the cumulative effect of initial application will be adjusted through opening retained earnings on the date of initial application). The impact of implementation is currently in the process of being assessed by management.

Impact of adoption of AASB 16 Leases

AASB 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. AASB 16 will supersede the current lease guidance including AASB 117 Leases and the related interpretations when it becomes effective. AASB 16 will be effective for annual years beginning on or after 1 July 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.

AASB 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

THE DEAF SOCIETY
ABN 21 952 195 236
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2. Significant accounting policies (cont'd)

(m) Application of new and revised Accounting Standards (cont'd)

Impact of adoption of AASB 16 Leases (cont'd)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date.

Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

Furthermore, the classification of cash flows will also be affected as operating lease payments under AASB 117 are presented as operating cash flows; whereas under the AASB 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively. Furthermore, extensive disclosures are required by AASB 16.

A preliminary assessment indicates that the society's leasing arrangements will meet the definition of a lease under AASB 16, and hence the society will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of AASB 16.

The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the society's consolidated financial statements and the directors are currently assessing its potential impact.

The impact on profit or loss has not been fully assessed. However, on application of AASB 16 a lease expense will no longer be reflected in profit or loss and will instead reflect a depreciation charge based on a useful life and an interest expense expected to be based on an incremental borrowing rate.

(n) Critical accounting judgments and key sources of estimation uncertainty

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the society's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Available-for-sale financial assets

The society maintains a portfolio of securities (Note 8) with a carrying value of \$16,439,859 (2017: \$16,674,308) at the end of the reporting period. The values at year end represent an appreciation to the extent of 10% (2017: 5%) above cost. The directors have no reason to believe that these values will materially change in the next 12 months.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
3. Revenue		
Grants and subsidies	2,975,075	4,637,118
Donations and appeals	18,141	32,121
Fees for service	3,433,397	2,163,407
Distributions/dividends received	512,762	366,148
Imputation credits received	129,463	119,098
Interest received	107,327	159,287
Other	299,436	15,500
	<u>7,475,601</u>	<u>7,492,679</u>
4. Employee benefits expense		
Wages and salaries	5,854,017	4,846,225
Superannuation contributions	520,166	459,193
Other employee benefit expense	125,402	320,027
	<u>6,499,585</u>	<u>5,625,445</u>
5. Investment gain		
Gain on disposal of investments	<u>706,480</u>	<u>722,106</u>
6. Trade and other receivables		
Trade receivables	228,457	253,125
Allowance for doubtful debts	<u>(2,000)</u>	<u>(2,000)</u>
	226,457	251,125
Amounts due from government	248,321	392,427
Sundry debtors	75,030	55,157
Tax imputation credits	122,558	119,818
Other receivables	2,183	3,906
Total current trade and other receivables	<u>674,549</u>	<u>822,433</u>

Trade receivables

Trade receivables, which comprise amounts due from the sales of merchandise and from services provided, are recognised and carried at original invoice amount less any allowance for any uncollectable amounts. The average credit period on sales of goods is 30 days. Terms of settlement vary from 7 to 90 days. The carrying amount of the receivable is deemed to reflect fair value.

Allowance for doubtful debts are recognised against trade receivables which are aged greater than 60 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

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	2018 \$	2017 \$
6. Trade and other receivables (cont'd)		
<u>Age of receivables that are past due but not impaired</u>		
<i>Trade receivables</i>		
31 - 60 days	58,396	59,653
>60 days	16,022	16,999
	<u>74,418</u>	<u>76,652</u>
<u>Movement in the allowance for doubtful debts</u>		
Balance at the beginning of the year	2,000	2,000
Amounts written off during the year as uncollectible	-	-
Balance at end of the year	<u>2,000</u>	<u>2,000</u>
In determining the recoverability of a trade receivable, the society considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and diverse.		
	2018 \$	2017 \$
7. Other assets		
Prepayments	263,209	196,795
Deposits - rental bond	5,430	5,430
	<u>268,639</u>	<u>202,225</u>
8. Other financial assets		
<u>Current</u>		
Deposits	688,485	316,033
<u>Non-current</u>		
Available-for-sale financial assets carried at fair value and deposits:		
Shares and units in listed corporations under management	16,439,859	16,674,308
(Cost: 2018: \$15,194,382, 2017: \$15,132,480)	<u>17,128,344</u>	<u>16,990,341</u>

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	2018 \$	2017 \$
9. (a) Plant and equipment		
Furniture and fittings - at cost	201,785	220,078
Accumulated depreciation	(173,057)	(156,029)
	<u>28,728</u>	<u>64,049</u>
Office equipment - at cost	65,965	65,965
Accumulated depreciation	(59,546)	(54,628)
	<u>6,419</u>	<u>11,337</u>
Computer equipment - at cost	21,177	21,177
Accumulated depreciation	(19,988)	(9,399)
	<u>1,189</u>	<u>11,778</u>
Motor vehicles - at cost	-	-
Accumulated depreciation	-	-
	<u>-</u>	<u>-</u>
Total plant and equipment	<u>36,336</u>	<u>87,164</u>
(b) Intangibles		
Computer software - at cost	130,882	44,653
Accumulated amortisation	(19,414)	(1,647)
Total intangibles	<u>111,468</u>	<u>43,006</u>
Total plant, equipment and intangibles	<u>147,804</u>	<u>130,170</u>

Movements in carrying amounts

	Furniture and fittings	Office equipment	Computer equipment	Motor vehicles	Intangibles	Total
	\$	\$	\$	\$	\$	\$
2018						
Balance at the beginning of the year	64,049	11,337	11,778	-	43,006	130,170
Additions at cost	-	-	-	-	86,229	86,229
Disposals	(14,133)	-	-	-	-	(14,133)
Depreciation and amortisation expense	(21,188)	(4,918)	(10,589)	-	(17,767)	(54,462)
Carrying amount at the end of the year	<u>28,728</u>	<u>6,419</u>	<u>1,189</u>	<u>-</u>	<u>111,468</u>	<u>147,804</u>

	Furniture and fittings	Office equipment	Computer equipment	Motor vehicles	Intangibles	Total
	\$	\$	\$	\$	\$	\$
2017						
Balance at the beginning of the year	85,689	16,255	-	30,737	-	132,681
Additions at cost	-	-	21,177	-	44,653	65,830
Disposals	-	-	-	(26,100)	-	(26,100)
Depreciation and amortisation expense	(21,640)	(4,918)	(9,399)	(4,637)	(1,647)	(42,241)
Carrying amount at the end of the year	<u>64,049</u>	<u>11,337</u>	<u>11,778</u>	<u>-</u>	<u>43,006</u>	<u>130,170</u>

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	2018	2017
	\$	\$
10. Trade and other payables		
Trade payables	845,589	796,773
Liability for Deaf Community Centre	116,964	108,445
Grants received in advance	387,339	502,081
	<u>1,349,892</u>	<u>1,407,299</u>

The average credit period on purchases of goods is 30 days. No interest is charged on the trade payables. The society has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

	2018	2017
	\$	\$
11. Provisions		
Employee benefits	<u>636,212</u>	<u>503,497</u>
Current	473,396	456,947
Non-current	<u>162,816</u>	<u>46,550</u>
	<u>636,212</u>	<u>503,497</u>

The provision for employee benefits represents annual leave and long service leave entitlements accrued.

	2018	2017
	\$	\$
12. Operating lease arrangements		
<u>Non-cancellable operating leases commitments</u>		
Not later than 1 year	288,718	278,954
Later than 1 year and not later than 5 years	270,795	559,513
Later than 5 years	-	-
	<u>559,513</u>	<u>838,467</u>

Operating lease relate to lease of office premises with a lease term up to 5 years.

13. Related party transactions

The organisation may employ individuals who are close family members of some Directors. The total salary and wages paid during the year amounted to nil (2017: \$117,956).

	2018	2017
	\$	\$
14. Remuneration of auditors		
Audit of the financial statements	35,500	34,850
	<u>35,500</u>	<u>34,850</u>

The auditor of The Deaf Society is Deloitte Touche Tohmatsu.

THE DEAF SOCIETY
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15. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

(a) Reconciliation of cash and cash equivalents

	2018	2017
	\$	\$
Cash and bank balances	<u>284,000</u>	<u>512,572</u>

(b) Reconciliation of surplus/(deficit) for the year to net cash flows from operating activities

	2018	2017
	\$	\$
Cash flows from operating activities		
Surplus/(deficit) for the year	(287,013)	475,080
Depreciation and amortisation of non-current assets	54,462	42,241
Loss on sale of plant and equipment	14,132	3,351
(Gain) on investments	(706,480)	(525,433)
Dividend and interest income	(749,552)	(722,106)
<i>Changes in working capital</i>		
Decrease in trade and other receivables	150,624	24,341
(Increase) in other assets	(66,414)	(27,784)
(Decrease) in trade and other payables	(57,407)	(139,076)
Increase in provisions	<u>132,715</u>	<u>623</u>
Net cash (used in) operating activities	<u>(1,514,933)</u>	<u>(868,763)</u>
	2018	2017
	\$	\$

16. Contingent liabilities

Parramatta leased premises liability	<u>192,546</u>	<u>187,624</u>
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The society has provided a security deposit guarantee in favour of Henrik Nominees Pty Limited in respect of the Parramatta leased premises to cover any default. The maximum liability has increased due to higher lease operating costs but is not expected to exceed \$192,546 (2017: \$187,624).

The Kenneth W Tribe Fellowship Fund	<u>211,578</u>	<u>216,165</u>
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The society acts as trustee of the Kenneth W Tribe Fellowship Fund which provides grants to deaf or hard of hearing students to encourage their educational pursuits. As trustee, the society is responsible for the continuing management of the invested funds and to make good any loss. The selection committee is made up of the Chairperson of the Board of Directors of the Deaf Society, the Chief Executive Officer of the Deaf Society, and a member of Directors of the Deaf Society who is deaf. At the end of the year, the total funds invested and accordingly the maximum contingent loss, amounted to \$211,578 (2017: \$216,165).

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17. Financial instruments

Capital management

The society manages its capital to ensure that it will be able to continue as going concern. The society's overall strategy remains unchanged from 2017. The society is not subject to any externally imposed capital requirements.

Categories of financial instruments

	Note	2018 \$	2017 \$
Financial assets			
Cash and bank balances	15(a)	284,000	512,572
Loans and receivables	6	674,549	822,433
Available-for-sale financial assets	8	16,439,859	16,674,308
Deposits	8	688,485	316,033
Total financial assets		<u>18,086,893</u>	<u>18,325,346</u>
Financial liabilities			
Trade and other payables	10	<u>1,349,892</u>	<u>1,407,299</u>
Total financial liabilities		<u>1,349,892</u>	<u>1,407,299</u>

Financial risk management objectives

The overall risk management strategy includes assisting the society in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The risk management policies are approved and reviewed by the Finance and Audit Sub-committee on a regular basis.

The Board, Finance and Audit Sub-committee monitor and manage the financial risks relating to the operations of the society through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (interest rate risk), credit risk and liquidity risk.

(a) Market risk

The society's activities expose it primarily to the financial risks of significant fluctuations in the value of its available for sale investments. The society has engaged JB Were and Escala Partners to advise on the management of its investment portfolio. The Board has approved risk and return parameters for investment in available-for-sale investments and receives reports from management and investment managers on a quarterly basis regarding the performance of the investment portfolio.

There has been no change to the society's exposure to market risks or the manner in which these risks are managed and measured.

(b) Interest rate risk management

The society is exposed to interest rate fluctuations on its cash at bank and cash on deposit investments. The society actively monitors interest rates for cash at bank and on deposit to optimise interest income. The society accepts the risk in relation to fixed interest securities as they are held to generate income on surplus funds.

There has been no change to the society's exposure to interest risks or the manner in which these risks are managed and measured.

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17. Financial instruments (cont'd)

(b) Interest rate risk management (cont'd)

The society has an exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates. The effective weighted average interest rates on those financial assets and financial liabilities, is 2.18% for term deposits and 0.05% for operating accounts.

	2018				2017			
	Weighted average effective interest rate %	Floating interest rate \$	Non- interest bearing \$	Total \$	Weighted average effective interest rate %	Floating interest rate \$	Non- interest bearing \$	Total \$
<i>Financial assets</i>								
Cash and bank balances	0.05	283,048	952	284,000	0.05	511,276	1,296	512,572
Cash on deposit	2.18	324,908	-	324,908	2.32	316,033	-	316,033
Trade and other receivables		-	674,549	674,549		-	822,433	822,433
Investments		4,199,028	12,240,831	16,439,859		6,092,644	10,581,664	16,674,308
		<u>4,806,984</u>	<u>12,916,332</u>	<u>17,723,316</u>		<u>6,919,953</u>	<u>11,405,393</u>	<u>18,325,346</u>
<i>Financial liabilities</i>								
Trade and other payables			1,349,892	1,349,892			1,407,299	1,407,299
			<u>1,349,892</u>	<u>1,349,892</u>			<u>1,407,299</u>	<u>1,407,299</u>

(c) Credit risk management

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

The society is exposed to credit risk in respect of amounts receivable and in respect of funds deposited with banks and other financial institutions. The majority of amounts receivable are due from government departments and any amounts outstanding beyond the contracted period are followed up. Funds deposited with banks and other financial institutions are approved by the Board. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Apart from credit risk with respect to Available-for-sale Financial Assets, Term deposits with reputable financial institutions and amounts owing from the government, the concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the year.

(d) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the directors, which has established an appropriate liquidity risk management framework for the management of the society's short-, medium- and long-term funding and liquidity management requirements. The society manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows.

**THE DEAF SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

17. Financial instruments (cont'd)

(d) Liquidity risk management (cont'd)

Fair value of financial instruments

The fair value of other financial assets and financial liabilities are determined based on quoted market prices in active markets and where applicable, determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

18. Economic dependency

The society is dependent upon the ongoing receipt of grants from Federal and State government departments to ensure the continuance of specific services to the deaf community.

19. Events after the reporting period

There have not been any further matters or circumstances that have arisen since the end of the financial year which significantly affected or might significantly affect the operations of the society, the results of those operations, or the state of affairs of the society in subsequent financial years.

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FOR THE YEAR ENDED 30 JUNE 2018

**INFORMATION AND DECLARATIONS TO BE FURNISHED UNDER THE
CHARITABLE FUNDRAISING ACT, 1991 (NSW)**

	2018	2017
	\$	\$
Income		
Donations	18,141	31,481
Merchandise sales	-	15
Total fundraising income	<u>18,141</u>	<u>31,496</u>
Expenditure		
Fees, postage, printing, stationery	<u>1,531</u>	<u>1,654</u>
Total cost of fundraising	<u>1,531</u>	<u>1,654</u>
Net surplus	<u>16,610</u>	<u>29,842</u>

The surplus for the year is used to ameliorate the deficits incurred by the society in providing vital services, in particular support for members of the Deaf Community and their families. In 2018 year, the deficit amounted to \$1,775,434 (2017: deficit \$479,362).

	%	%
Total cost of fundraising on fundraising income	8	5
Net surplus on fundraising income	92	95

Fundraising income excludes bequests, as it is not considered to represent income from active fundraising. There were no fundraising activities conducted jointly with traders.

Declaration by the President in respect of fundraising appeals

I, Brian Peter Halse, Chair of The Deaf Society declare, that in my opinion:

- The accounts give a true and fair view of all income and expenditure of The Deaf Society with respect to fundraising appeals;
- ~~The statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals;~~
- The provision of the Charitable Fundraising Act 1991 (NSW) and the regulations under the Act have been complied with;
- The conditions attached to the authority have been complied with; and
- The internal controls exercised by The Deaf Society are appropriate and effective in accounting for all income received and applied by the society from any of its fundraising appeals.

Brian Peter Halse
Chair
Sydney, 25 October 2018

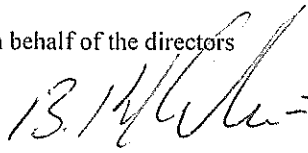
THE DEAF SOCIETY
ABN 21 952 195 236
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 June 2018

The directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and the Charitable Fundraising Act 1991(NSW) including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors made pursuant to s.60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013.

On behalf of the directors



Brian Peter Halse
Chair

Sydney, 25 October 2018



Kashveera Chanderjith CA(SA)
Director

Sydney, 25 October 2018

Independent Auditor's Report to the Members of The Deaf Society

Opinion

We have audited the financial report of The Deaf Society, (the "Entity") which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration as set out on pages 9 to 33. In addition, we have audited the Entity's compliance with specific requirements of the *Charitable Fundraising Act 1991*.

In our opinion,

a) the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- (i) giving a true and fair view of the Entity's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 2, and Division 60 of the ACNC Act;

b) the financial report agrees to the underlying financial records of the Entity, that have been maintained, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations for the year ended 30 June 2018; and

c) monies received by the Entity, as a result of fundraising appeals conducted during the year ended 30 June 2018, have been utilised for, and applied, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations.

We have obtained all the necessary information required in connection with our audit in respect of the financial year ended 30 June 2018.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report and Compliance with Specific Requirements of the Charitable Fundraising Act 1991* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report and compliance with specific requirements of the *Charitable Fundraising Act 1991* in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the Directors' report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report and for Compliance with the Charitable Fundraising Act 1991

The directors of the Entity are responsible for compliance with the *Charitable Fundraising Act 1991* and the preparation of the financial report that gives a true and fair view, and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the ACNC Act and the *Charitable Fundraising Act 1991* and the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error, and to enable compliance with the *Charitable Fundraising Act 1991*.

In preparing the financial report, the directors are responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report and Compliance with Specific Requirements of the Charitable Fundraising Act 1991

Our objectives are to obtain reasonable assurance about whether: the financial report as a whole is free from material misstatement, whether due to fraud or error; and the Entity complied, in all material respects, with specific requirements of the *Charitable Fundraising Act 1991*, 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

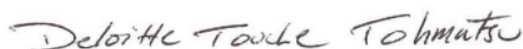
- Identify and assess the risks of non-compliance with the specific requirements of the *Charitable Fundraising Act 1991* and the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting

a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance with the *Charitable Fundraising Act 1991* may occur and not be detected. An audit is not designed to detect all weaknesses in the Entity's compliance with the *Charitable Fundraising Act 1991* as an audit is not performed continuously throughout the period and the tests are performed on a sample basis. Any projection of the evaluation of the compliance procedures to future periods is subject to the risk that the procedures, may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



DELOITTE TOUCHE TOHMATSU



David Sartorio
Partner
Chartered Accountants
Parramatta, 25 October 2018