

# **The Deaf Society**

**ABN: 21 952 195 236**

## **Annual report**

For the year ended 30 June 2019

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**THE DEAF SOCIETY**  
**ABN: 21 952 195 236**

**DIRECTORS' REPORT**

The directors present their report together with the financial report of The Deaf Society ("the society") for the year ended 30 June 2019.

**Directors names**

The names of the directors in office at any time during or since the end of the year are:

Brian Halse

Kashveera Chanderjith

David Atkinson

Michael Boneham

Hoai (Vince) Lam

Sarahjane Thompson

Nicole Collins

Sarah Lowe

Ben Gelin (Appointed: 11/12/2018)

Evan Kidd (Resigned: 11/12/2018)

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

**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 at 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.

**THE DEAF SOCIETY**  
**ABN: 21 952 195 236**

**DIRECTORS' REPORT**

**Results**

The surplus of the society for the year was \$298,938 (2018: deficit of \$287,013). The society is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax.

A transitional advocacy funding supplement with the Department of Family and Community Services was received for 1 July 2019 to 30 June 2020.

**Performance measures**

There are 4 key directions in the strategic plan in line with the society's mission of supporting deaf people to have a better life through overcoming systematic disadvantage and language/cultural barriers. These are:

- Focus on customers: improve and expand services
- Capacity building for empowerment
- Strengthening communities touched by deafness
- 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.

**Short term and long term objectives and strategies**

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 four key directions outlined above.

**Information on directors**

**Brian Halse**

Qualifications	A. DipSc. (Horticultural); Grad Cert. Farm Financial Management; Cert IV Training & Assessment; MAICD; AFIML
Experience	Chair of the Board since July 2015
Special responsibilities	President of the Board until November 2016; Member, Constitution Review Working Group until November 2016, Chair of the Board since December 2016; Chair, CEO Succession Committee

**Kashveera Chanderjith**

Qualifications	BCom; BCom(honors); CA(SA)
Experience	Member of the Board since February 2017
Special responsibilities	Member, Finance and Audit Committee

**THE DEAF SOCIETY**  
**ABN: 21 952 195 236**

**DIRECTORS' REPORT**

**Information on directors (Continued)**

**David Atkinson**

Qualifications DipLaw (Solicitors' Administration Board); Member, Law Society of NSW  
Experience Member of the Board since March 2014; Retired Solicitor; Past Managing Partner Atkinson, Vinden Lawyers for 34 years; Past Member, Law Society of NSW  
Special responsibilities Chair, Nominations Committee; Member, Philanthropy Committee until November 2016. Member, CEO Succession Committee

**Michael Boneham**

Qualifications Bachelor of Education; Member AICD  
Experience Member of the Board since February 2017  
Special responsibilities Chair, Finance and Audit Committee

**Hoai (Vince) Lam**

Qualifications B.Com; CPA; Masters Applied Finance  
Experience Member of the Board since February 2017  
Special responsibilities Member, Finance and Audit Committee

**Sarahjane Thompson**

Qualifications Bachelor of Science (Psychology); Bachelor of Arts (Sociology); Cert IV Training and Assessment; Diploma of Business (Governance)  
Experience Member of the Board since October 2017  
Special responsibilities Member, CEO Succession Committee

**Nicole Collins**

Qualifications Masters of Strategic Human Resource Management  
Experience Member of the Board since April 2018  
Special responsibilities Member, CEO Succession Committee

**Sarah Lowe**

Qualifications Bachelor of Arts (Monash University); Bachelor of Commerce (Monash University); Master of Business Administration (MBA) from RMIT  
Experience Member of the Board since April 2018

**Ben Gelin**

(Appointed: 11/12/2018)  
Qualifications Solicitor of the Supreme Court of NSW; Bachelor of Arts; Masters of Social Work; Advanced Certificate in Social Work Research; Doctor of Social Work; Bachelor of Legal Studies; Graduate Diploma in Legal Practice  
Experience Member of the board from December 2018

**THE DEAF SOCIETY**  
**ABN: 21 952 195 236**

**DIRECTORS' REPORT**

**Meetings of directors**

Directors	Full Board meeting		Finance and Audit Committee meetings		Nominations Committee meetings		CEO Succession Committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Brian Halse	7	6	7	6	1	1	4	4
Kashveera Chanderjith	7	5	7	4	-	-	-	-
David Atkinson	7	7	-	-	1	1	4	4
Michael Boneham	7	6	7	6	-	-	-	-
Hoai (Vince) Lam	7	7	7	6	-	-	-	-
Sarahjane Thompson	7	6	-	-	-	-	4	3
Nicole Collins	7	5	-	-	-	-	4	3
Sarah Lowe	7	7	-	-	-	-	-	-
Ben Gelin	4	3	-	-	-	-	-	-

**Members guarantee**

The society is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the society is wound up, the Constitution states that each member is required to contribute to a maximum of \$2 each towards meeting any outstandings and obligations of the society. At 30 June 2019 the number of members was 76. The combined total amount that members of the society are liable to contribute if the society is wound up is \$152 (2018: 81, \$162).


THE DEAF SOCIETY  
ABN: 21 952 195 236

DIRECTORS' REPORT

Signed in accordance with a resolution of the board of directors.

Director:  \_\_\_\_\_

Brian Halse

Director:  \_\_\_\_\_

Michael Boneham

Dated this 5<sup>th</sup> day of November 2019

**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE MEMBERS OF THE DEAF SOCIETY  
ABN 21 952 195 236**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

- i. the auditor's 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.



R M SHANLEY  
Partner

PITCHER PARTNERS  
Sydney

8 November 2019



**THE DEAF SOCIETY**  
**ABN: 21 952 195 236**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>Revenue</b>			
Revenue	3	8,096,334	7,475,601
Other revenue	4	<u>-</u>	<u>706,480</u>
		<u>8,096,334</u>	<u>8,182,081</u>
<b>Less: expenses</b>			
Depreciation and amortisation expense		(60,086)	(54,462)
Employee benefits expense		(6,079,968)	(6,499,585)
Occupancy expense		(398,723)	(398,533)
Consulting and marketing expenses		(321,241)	(395,183)
Other expenses		<u>(937,378)</u>	<u>(1,121,331)</u>
		<u>(7,797,396)</u>	<u>(8,469,094)</u>
<b>Profit / (loss) before income tax expense</b>		298,938	(287,013)
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit and loss</i>			
Net change in fair value of financial assets designated at fair value through other comprehensive income, Net of tax		<u>190,612</u>	<u>57,300</u>
		<u>190,612</u>	<u>57,300</u>
<b>Other comprehensive income for the year</b>		<u>190,612</u>	<u>57,300</u>
<b>Total comprehensive income</b>		<u><u>489,550</u></u>	<u><u>(229,713)</u></u>

The accompanying notes form part of these financial statements.

**THE DEAF SOCIETY**  
**ABN: 21 952 195 236**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>Current assets</b>			
Cash and cash equivalents	5	495,726	284,000
Trade and other receivables	6	1,353,834	725,264
Other financial assets	8	2,644,873	637,770
Other assets	7	<u>312,218</u>	<u>268,639</u>
<b>Total current assets</b>		<u>4,806,651</u>	<u>1,915,673</u>
<b>Non-current assets</b>			
Other financial assets	8	14,196,222	16,439,859
Intangible assets	10	198,818	111,468
Plant and equipment	9	<u>6,465</u>	<u>36,336</u>
<b>Total non-current assets</b>		<u>14,401,505</u>	<u>16,587,663</u>
<b>Total assets</b>		<u>19,208,156</u>	<u>18,503,336</u>
<b>Current liabilities</b>			
Trade and other payables	11	1,682,379	1,349,892
Provisions	12	<u>387,030</u>	<u>473,396</u>
<b>Total current liabilities</b>		<u>2,069,409</u>	<u>1,823,288</u>
<b>Non-current liabilities</b>			
Provisions	12	<u>131,965</u>	<u>162,816</u>
<b>Total non-current liabilities</b>		<u>131,965</u>	<u>162,816</u>
<b>Total liabilities</b>		<u>2,201,374</u>	<u>1,986,104</u>
<b>Net assets</b>		<u>17,006,782</u>	<u>16,517,232</u>
<b>Equity</b>			
Reserves	13	7,273,411	7,082,799
Retained earnings		<u>9,733,371</u>	<u>9,434,433</u>
<b>Total equity</b>		<u>17,006,782</u>	<u>16,517,232</u>

The accompanying notes form part of these financial statements.

**THE DEAF SOCIETY**  
**ABN: 21 952 195 236**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Reserves</b>	<b>Retained</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance as at 1 July 2017</b>	7,025,499	9,721,446	16,746,945
Loss for the year	-	(287,013)	(287,013)
Other comprehensive income for the year	<u>57,300</u>	<u>-</u>	<u>57,300</u>
<b>Total comprehensive income for the year</b>	<u>57,300</u>	<u>(287,013)</u>	<u>(229,713)</u>
<b>Balance as at 30 June 2018</b>	<u><u>7,082,799</u></u>	<u><u>9,434,433</u></u>	<u><u>16,517,232</u></u>
<b>Balance as at 1 July 2018</b>	7,082,799	9,434,433	16,517,232
Profit for the year	-	298,938	298,938
Other comprehensive income for the year	<u>190,612</u>	<u>-</u>	<u>190,612</u>
<b>Total comprehensive income for the year</b>	<u>190,612</u>	<u>298,938</u>	<u>489,550</u>
<b>Balance as at 30 June 2019</b>	<u><u>7,273,411</u></u>	<u><u>9,733,371</u></u>	<u><u>17,006,782</u></u>

The accompanying notes form part of these financial statements.

**THE DEAF SOCIETY**  
**ABN: 21 952 195 236**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>Cash flow from operating activities</b>			
Receipts from grants and activities		7,028,180	7,563,009
Payments to suppliers and employees		<u>(7,859,167)</u>	<u>(9,077,942)</u>
<b>Net cash used in operating activities</b>		<u>(830,987)</u>	<u>(1,514,933)</u>
<b>Cash flow from investing activities</b>			
Proceeds from sale of investments		9,790,867	1,351,494
Payment for property, plant and equipment and intangibles		(122,900)	(86,229)
Payment for investments		(9,519,697)	(100,000)
Distributions and interest received		<u>894,443</u>	<u>121,096</u>
<b>Net cash provided by investing activities</b>		<u>1,042,713</u>	<u>1,286,361</u>
<b>Cash flow from financing activities</b>			
<b>Net cash provided by financing activities</b>		<u>-</u>	<u>-</u>
<b>Reconciliation of cash</b>			
Cash at beginning of the financial year		284,000	512,572
Net increase / (decrease) in cash held		<u>211,726</u>	<u>(228,572)</u>
<b>Cash at end of financial year</b>		<u><u>495,726</u></u>	<u><u>284,000</u></u>

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers The Deaf Society as an individual entity. The Deaf Society is a society limited by guarantee, incorporated and domiciled in Australia. The Deaf Society is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The following are the significant accounting policies adopted by the society in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**(a) Basis of preparation of the financial report**

*Historical Cost Convention*

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

*Significant accounting estimates and judgements*

The preparation of the financial report requires the use of certain estimates and judgements in applying the society's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the financial statements.

**(b) Going concern**

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

**(c) Comparatives**

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

**(d) Revenue from sale of goods and provision of services**

The society derives revenue from the sale of good and provision of services. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the society expects to be entitled in exchange for the goods or services.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Contributions - Government Grants and Donations**

A non-reciprocal contribution or grant, whose primary condition is that the society provide specific services and fulfill certain conditions, is 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. When the amount received is in respect of services to be provided for 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.

A non-reciprocal donation is recognised when the right to receive a donation has been established.

**(f) Other revenue and other income**

*Dividend and other distributions*

Dividend and other distribution revenue is recognised when the right to receive a dividend or other distribution has been established. Dividends and other distributions received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

*Interest*

Interest revenue is measured in accordance with the effective interest method.

All revenue is measured net of the amount of goods and services tax (GST).

**(g) Leases**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

*Operating leases*

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

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**(h) Goods and services tax (GST)**

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Employee benefits**

*(i) Short-term employee benefit obligations*

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

*(ii) Long-term employee benefit obligations*

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the society does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

**(j) Plant and equipment**

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

*Plant and equipment*

Plant and equipment is measured on the cost basis.

*Depreciation*

The depreciable amount of plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(j) Plant and equipment (Continued)**

<b>Class of fixed asset</b>	<b>Depreciation rates</b>	<b>Depreciation basis</b>
Office equipment at cost	20%	Straight line
Furniture, fixtures and fittings at cost	10%	Straight line
Computer equipment at cost	50%	Straight line

**(k) Intangible assets**

Intangible assets are initially recognised as an asset, and are subsequently amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, intangible assets are measured at cost, less accumulated amortisation and any accumulated impairment losses.

Intangible assets have depreciation rates of 20-50% and are assessed annually for impairment.

**(l) Income tax**

No provision for income tax has been raised as the society is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

**(m) Provisions**

Provisions are recognised when the society has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

**(n) Financial instruments**

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the society becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the society commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.



NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(n) Financial instruments (Continued)**

*Classification of financial assets*

Financial assets recognised by the society are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the society irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost or FVtOCI on the basis of both:

- (a) the society's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

*Classification of financial liabilities*

Financial liabilities classified as held-for-trading, contingent consideration payable by the society for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the society are subsequently measured at amortised cost.

*Trade and other receivables*

Trade and other receivables arise from the society's transactions with its customers and are normally settled within 30 days.

Consistent with both the society's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

*Long-term equity instruments*

Long-term equity instruments comprise ordinary shares in listed entities that are not held for trading. On initial recognition, investments identified by the society as long-term equity instruments are irrevocably designated (and measured) at fair value through other comprehensive income. This election has been made as the directors' believe that to otherwise recognise changes in the fair value of these investments in profit or loss would be inconsistent with the objective of holding the investments for the long term.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(o) New and revised accounting standards effective at 30 June 2019**

The society has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2018, including AASB 9: *Financial Instruments* (AASB 9).

AASB 9 replaces AASB 139: *Financial Instruments: Recognition and Measurement*. The key changes introduced by AASB 9 in relation to the accounting treatment for financial instruments include:

- simplifying the general classifications of financial assets into those measured at amortised cost and those measured at fair value;
- permitting entities to irrevocably elect, on initial recognition, for gains and losses on equity instruments not held for trading to be presented in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirement to separate and measure embedded derivatives at fair value, in relation to embedded derivatives associated with financial assets measured at amortised cost;
- requiring entities that elect to measure financial liabilities at fair value, to present the portion of the change in fair value arising from changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- Introducing a new 'expected credit loss' impairment model (replacing the 'incurred loss' impairment model of previous accounting standard).

AASB 9 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2018.

The application of AASB 9 has not materially impacted the classification and measurement of the society's financial assets and financial liabilities.

Further details of the society's accounting policies in relation to accounting for financial instruments under AASB 9 are contained in note 1(n) .

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

*(a) Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

*(b) Estimation of useful lives of assets*

The society determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non strategic assets that have been abandoned or sold will be written off or written down.

*(c) Employee benefits provision*

In determining the present value of the liability, estimates of pay increases through promotions and inflation have been taken into account.

	2019	2018
	\$	\$
<b>NOTE 3: REVENUE</b>		
Grants and subsidies	2,720,194	2,975,075
Donations and appeals	24,934	18,141
Fees for service including NDIS income	4,014,479	3,433,397
Distributions/dividends received	866,764	512,762
Imputation credits received	223,816	129,463
Interest received	27,679	107,327
Other income	<u>218,468</u>	<u>299,436</u>
	<u>8,096,334</u>	<u>7,475,601</u>
	<u>8,096,334</u>	<u>7,475,601</u>

**NOTE 4: OTHER REVENUE AND OTHER INCOME**

Other Income		
Gain on disposal of investments	<u>-</u>	<u>706,480</u>

**THE DEAF SOCIETY**  
**ABN: 21 952 195 236**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	\$	\$
<b>NOTE 5: CASH AND CASH EQUIVALENTS</b>		
Cash on hand	410	952
Cash at bank	<u>495,316</u>	<u>283,048</u>
	<u><u>495,726</u></u>	<u><u>284,000</u></u>
 <b>NOTE 6: TRADE AND OTHER RECEIVABLES</b>		
<b>CURRENT</b>		
Receivables	242,334	228,457
Allowance for credit losses	<u>(2,000)</u>	<u>(2,000)</u>
	240,334	226,457
Amounts due from government	563,360	248,321
Tax imputation credits	206,382	122,558
Sundry debtors	28,077	75,030
Accrued income	<u>315,681</u>	<u>52,898</u>
	<u><u>550,140</u></u>	<u><u>250,486</u></u>
	<u><u>1,353,834</u></u>	<u><u>725,264</u></u>

**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 expected credit losses. 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.

*Impairment of receivables and other receivables*

The society applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables and contract assets. Under the AASB 9 simplified approach, the society determines the allowance for credit losses for receivables and contract assets on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The society determines expected credit losses using a provision matrix based on the society's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

**THE DEAF SOCIETY**  
**ABN: 21 952 195 236**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 7: OTHER ASSETS</b>		
CURRENT		
Prepayments	312,218	263,209
Deposits - rental bond	<u>-</u>	<u>5,430</u>
	<u><u>312,218</u></u>	<u><u>268,639</u></u>
<b>NOTE 8: OTHER FINANCIAL ASSETS</b>		
CURRENT		
<i>Financial assets at fair value through other comprehensive income</i>		
Other investments	<u>2,644,873</u>	<u>637,770</u>
NON CURRENT		
<i>Financial assets at fair value through other comprehensive income</i>		
Other investments	<u>14,196,222</u>	<u>16,439,859</u>
<b>NOTE 9: PLANT AND EQUIPMENT</b>		
<b>Plant and equipment</b>		
Office equipment at cost	65,965	65,965
Accumulated depreciation	<u>(63,781)</u>	<u>(59,545)</u>
	2,184	6,420
Furniture, fixtures and fittings at cost	192,247	201,785
Accumulated depreciation	<u>(187,966)</u>	<u>(173,058)</u>
	4,281	28,727
Computer equipment at cost	21,177	21,177
Accumulated depreciation	<u>(21,177)</u>	<u>(19,988)</u>
	<u>-</u>	<u>1,189</u>
Total plant and equipment	<u>6,465</u>	<u>36,336</u>
Total property, plant and equipment	<u><u>6,465</u></u>	<u><u>36,336</u></u>

**THE DEAF SOCIETY**  
**ABN: 21 952 195 236**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 9: PLANT AND EQUIPMENT (CONTINUED)</b>		
<b>(a) Reconciliations</b>		
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year		
<i>Office equipment</i>		
Opening carrying amount	6,420	11,338
Depreciation expense	<u>(4,236)</u>	<u>(4,918)</u>
Closing carrying amount	<u><u>2,184</u></u>	<u><u>6,420</u></u>
<i>Furniture, fixtures and fittings</i>		
Opening carrying amount	28,727	64,048
Disposals	(9,538)	(14,133)
Depreciation expense	<u>(14,908)</u>	<u>(21,188)</u>
Closing carrying amount	<u><u>4,281</u></u>	<u><u>28,727</u></u>
<i>Computer equipment</i>		
Opening carrying amount	1,189	11,778
Depreciation expense	<u>(1,189)</u>	<u>(10,589)</u>
Closing carrying amount	<u><u>-</u></u>	<u><u>1,189</u></u>
<b>NOTE 10: INTANGIBLE ASSETS</b>		
Computer software at cost	253,782	130,882
Accumulated amortisation	<u>(54,964)</u>	<u>(19,414)</u>
	<u><u>198,818</u></u>	<u><u>111,468</u></u>
<b>(a) Reconciliations</b>		
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year		
<i>Computer software at cost</i>		
Opening balance	111,468	43,006
Additions	122,900	86,229
Amortisation expense	<u>(35,550)</u>	<u>(17,767)</u>
Closing balance	<u><u>198,818</u></u>	<u><u>111,468</u></u>

**THE DEAF SOCIETY**  
**ABN: 21 952 195 236**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 11: TRADE AND OTHER PAYABLES</b>		
CURRENT		
Trade creditors	876,139	845,589
Grants received in advance	684,955	387,339
Liability for Deaf Community Centre	<u>121,285</u>	<u>116,964</u>
	<u><u>1,682,379</u></u>	<u><u>1,349,892</u></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.

**NOTE 12: PROVISIONS**

CURRENT		
Employee benefits	377,636	387,931
Other	<u>9,394</u>	<u>85,465</u>
	<u><u>387,030</u></u>	<u><u>473,396</u></u>
NON CURRENT		
Employee benefits	<u>131,965</u>	<u>162,816</u>
Aggregate employee benefits liability	<u><u>518,995</u></u>	<u><u>636,212</u></u>

**NOTE 13: RESERVES**

Financial assets at fair value through other comprehensive income reserve	1,748,951	1,558,339
Profits reserve	<u>5,524,460</u>	<u>5,524,460</u>
	<u><u>7,273,411</u></u>	<u><u>7,082,799</u></u>

The financial assets at fair value through other comprehensive income reserve is used to record changes in the fair value of financial assets classified or designated at fair value through other comprehensive income

The profits reserve is used to record transfers of profits that would otherwise be offset against accumulated losses. The balance of the profits reserve is available for distribution as a dividend in future periods.

**THE DEAF SOCIETY**  
**ABN: 21 952 195 236**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	\$	\$

**NOTE 14: CAPITAL AND LEASING COMMITMENTS**

**(a) Operating lease commitments**

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable

- not later than one year	270,795	288,718
- later than one year and not later than five years	<u>-</u>	<u>270,795</u>
	<u>270,795</u>	<u>559,513</u>

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

**NOTE 15: RELATED PARTY TRANSACTIONS**

**(a) Transactions with key management personnel of the entity**

The organisation may employ individuals who are close family members of some Directors. The total salaries and wages paid during the year amounted to \$nil (2018: \$nil).

**NOTE 16: CONTINGENT LIABILITIES**

The society has provided a security deposit guarantee in favour for Henrik Nominees Pty Limited in respect of the Parramatta leased premises to cover any default. The maximum liability has decreased due to lesser lease operating costs but is not expected to exceed \$174,169 (2018: \$192,546).

In 2018, the society acted 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 was responsible for the continuing management of the invested funds and 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. In 2019, the funds were transferred to the account of the society, and are still being managed according to the same purpose. At the end of the year, the total funds invested and accordingly the maximum contingent loss, amounted to \$nil (2018: \$211,578).

Estimates of the maximum amounts of contingent liabilities that may become payable:

Parramatta Leased Premises	174,169	192,546
The Kenneth W Tribe Fellowship Fund	<u>-</u>	<u>211,578</u>
	<u>174,169</u>	<u>404,124</u>



**THE DEAF SOCIETY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 17: 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.

**NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE**

There has been no matter or circumstance, which has arisen since 30 June 2019 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2019, of the society, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2019, of the society.

**NOTE 19: INFORMATION REQUIRED UNDER THE CHARITABLE FUNDRAISING ACT 1991**

	2019	2018
	\$	\$
<b>Income</b>		
Donations	<u>24,934</u>	<u>18,141</u>
Total fundraising income	<u>24,934</u>	<u>18,141</u>
<b>Expenditure</b>		
Fees, postage, printing, stationery	<u>26,462</u>	<u>1,531</u>
Total cost of fundraising	<u>26,462</u>	<u>1,531</u>
Net surplus	<u>(1,528)</u>	<u>16,610</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 2019, the deficit amounted to \$1,953,014 (2018: deficit \$1,775,434).

	%	%
Total cost of fundraising on income	106	8
Net surplus on fundraising income	<u>(6)</u>	<u>92</u>

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

The Deaf Society commenced a fundraising campaign which required an initial investment reflected in fundraising costs - the investment is expected to be recouped over three years.

DIRECTORS' DECLARATION

The directors declare that:

1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and *Charitable Fundraising Act 1991 (NSW)* including compliance with accounting standards and giving a true and fair value of the financial position and performance of the company.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Director: \_\_\_\_\_



Brian Halse

Director: \_\_\_\_\_



Michael Boneham

Dated this 5<sup>th</sup> day of November 2019

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE DEAF SOCIETY  
ABN 21 952 195 236****Report on the Audit of the Financial Report***Opinion*

We have audited the financial report of The Deaf Society, "the Entity", which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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.

In our opinion the financial report of The Deaf Society has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the *Australian Charities and Not for-profits Commission Act 2012* "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 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*

Those charged with governance are responsible for the other information. The other information comprises the information included in the Directors' Report for the year ended 30 June 2019, 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 accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 Directors for the Financial Report*

The directors of the Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Report*

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

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 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 controls.
- 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 controls.
- 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.

We communicate with those charged with governance 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.

*Report on Other Legal and Regulatory Requirements*

In our opinion the financial report of The Deaf Society is in accordance with the *Charitable Fundraising Act 1991* (the "NSW Act"), including:

- a) the financial report of the Entity shows a true and fair view of the financial results of fundraising appeals for the year ended 30 June 2019;
- b) the financial report and associated records of the Entity have been properly kept during the year in accordance with the NSW Act;
- c) money received as a result of fundraising appeal activities conducted during the year ended 30 June 2019 has been properly accounted for and applied in accordance with the NSW Act; and
- d) there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they fall due.



R M SHANLEY  
Partner



PITCHER PARTNERS  
Sydney

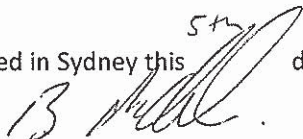
8 November 2019

THE DEAF SOCIETY  
ABN: 21 952 195 236

DECLARATION BY RESPONSIBLE OFFICER IN RESPECT OF FUNDRAISING APPEALS

I, Brian Halse, Chair of The Deaf Society (the "society"), declare in my opinion:

- (a) The statement of comprehensive income and accompanying notes give a true and fair view of all income and expenditure of the organisation with respect to fundraising appeal activities for the financial year ended 30 June 2019;
- (b) The statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2019;
- (c) The provisions of the *Charitable Fundraising Act 1991* and the regulations under that Act and the conditions attached to the organisation's authority have been complied with during the year ended 30 June 2019; and
- (d) The internal controls exercised by the organisation are appropriate and effective in accounting for all income received.

Dated in Sydney this <sup>5<sup>th</sup></sup> day of November 2019  


Brian Halse (CHAIR)