Pitcher Partners

The Deaf Society

ABN: 21 952 195 236

Annual report

For the year ended 30 June 2020

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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 2020.

Directors names

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

Brian Halse

David Atkinson

Michael Boneham

Hoai (Vince) Lam

Sarahjane Thompson

Nicole Collins

Sarah Lowe

Kashveera Chanderjith (Resigned: 11/10/2019)

Ben Gelin (Resigned: 1/4/2020)

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.

DIRECTORS' REPORT

Results

The loss of the Society for the year was $188,142 (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 and key stakeholders to enhance the quality of life of deaf people, strengthen the community and advocate for changes that will ensure fundamental rights and freedoms.

In executing the 4 key directions and objectives of the Society over the course of the financial year the Society has worked closely with Deaf Services Limited to understand the potential and scope to integrate their activities and services to further the charitable purposes of the Society. Following a business case that was commissioned and submitted to the Board and subject to an extensive legal and financial due diligence as well as the financial members of the Society passing a special resolution through an extraordinary general meeting held on March 6, 2020, the members resolved with an 80 per cent majority for the Society to enter into a Merger Agreement with Deaf Services Limited to merge the Society's activities as well as ownership and control of its assets to Deaf Services Limited on October 1, 2020.

The integration of the activities and programs recognises the strong and long-standing commitment of the Deaf Society to its core values and vision which will be incorporated in the ongoing provisions of its activities in the new merged organisation. The long-term objective of ensuring equity for Deaf people especially those Deaf residents in NSW will be met by the newly merged organisation.

DIRECTORS' REPORT

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

David Atkinson

Qualifications	DipLaw (Solicitors' Admininistration 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

Information on directors (Continued)

Kashveera Chanderjith	(Resigned: 11/10/2019)
Qualifications	BCom; BCom(honors); CA(SA)
Experience	Member of the Board since February 2017
Special responsibilities	Member, Finance and Audit Committee

Ben Gelin	(Resigned: 1/4/2020)
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

Meetings of directors

Directors	Full Board meeting		Finance and Audit Committee meetings		Merger Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Brian Halse	8	8	6	7	4	4
David Atkinson	7	8	-	-	-	-
Michael Boneham	8	8	7	7	4	4
Hoai (Vince) Lam	8	8	7	7	-	-
Sarahjane Thompson	8	8	-	-	4	4
Nicole Collins	5	8	-	-	-	-
Sarah Lowe	7	8	-	-	-	-
Kashveera Chanderjith	2	2	-	-	-	-
Ben Gelin	4	6	-	-	-	-

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 2020 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).

DIRECTORS' REPORT

Signed on behalf of the board of directors.

Director: ______________________________

Brian Halse

Director: ______________________________

Michael Boneham

Dated this 17th day of November 2020

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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 2020 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

17 November 2020

bakertilly NETWORK MEMBER

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THE DEAF SOCIETY
ABN: 21 952 195 236

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Revenue			
Fee for service revenue	3	4,468,716	4,200,725
Other revenue	4	4,776,411	3,895,610
		9,245,127	8,096,335
Less: expenses			
Depreciation and amortisation expense	5	(53,947)	(60,086)
Employee benefits expense		(6,987,200)	(6,079,968)
Occupancy expense		(654,885)	(398,723)
Consulting and marketing expenses		(539,791)	(321,241)
Other expenses		(1,197,446)	(937,378)
		(9,433,269)	(7,797,396)
Profit / (loss) before income tax expense		(188,142)	298,939
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Net change in fair value of financial assets designated at fair value through other comprehensive income, Net of tax		(275,531)	190,612
		(275,531)	190,612
Other comprehensive income for the year		(275,531)	190,612
Total comprehensive income		(463,673)	489,551

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 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	6	826,484	495,726
Trade and other receivables	7	1,352,269	1,353,834
Other financial assets	9	2,318,679	2,644,873
Other assets	8	66,684	312,218
Total current assets		4,564,116	4,806,651
Non-current assets			
Other financial assets	9	14,195,027	14,196,222
Intangible assets	11	147,937	198,818
Plant and equipment	10	3,399	6,465
Total non-current assets		14,346,363	14,401,505
Total assets		18,910,479	19,208,156
Current liabilities			
Trade and other payables	12	1,556,646	1,682,378
Provisions	13	624,682	387,030
Total current liabilities		2,181,328	2,069,408
Non-current liabilities			
Provisions	13	186,041	131,965
Total non-current liabilities		186,041	131,965
Total liabilities		2,367,369	2,201,373
Net assets		16,543,110	17,006,783
Equity			
Reserves	14	6,997,880	7,273,411
Retained earnings	15	9,545,230	9,733,372
Total equity		16,543,110	17,006,783

THE DEAF SOCIETY
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Reserves $	Retained earnings $	Total equity $
Balance as at 1 July 2018	7,082,799	9,434,433	16,517,232
Loss for the year	-	298,939	298,939
Other comprehensive income for the year	190,612	-	190,612
Total comprehensive income for the year	190,612	298,939	489,551
Balance as at 30 June 2019	7,273,411	9,733,372	17,006,783
Balance as at 1 July 2019	7,273,411	9,733,372	17,006,783
Profit/(loss) for the year	-	(188,142)	(188,142)
Other comprehensive income for the year	(275,531)	-	(275,531)
Total comprehensive income for the year	(275,531)	(188,142)	(463,673)
Balance as at 30 June 2020	6,997,880	9,545,230	16,543,110

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 2020

	Note	2020 $	2019 $
Cash flow from operating activities			
Receipts from grants and activities		9,430,273	7,028,180
Payments to suppliers and employees		(8,789,484)	(7,859,167)
Net cash used in operating activities		640,789	(830,987)
Cash flow from investing activities			
Proceeds from sale of investments		7,487,276	9,790,867
Payment for property, plant and equipment and intangibles		-	(122,900)
Payment for investments		(8,308,073)	(9,519,697)
Distributions and interest received		510,766	894,443
Net cash provided by / (used in) investing activities		(310,031)	1,042,713
Reconciliation of cash			
Cash at beginning of the financial year		495,726	284,000
Net increase in cash held		330,758	211,726
Cash at end of financial year		826,484	495,726

The accompanying notes form part of these financial statements.

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) Revenue from contracts with customers

The Society derives revenue from the provision of services and sale of goods. 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from the provision of services

Revenue from the provision of services comprises revenue derived from various services including those covered by the NDIS and AUSLAN courses. These services are provided under contractual arrangements that contain enforceable and sufficiently specific performance obligations. Revenue from the provision of services is recognised over time, as performance obligations are satisfied, based on either costs incurred or service hours performed, consistent with the manner in which services are provided.

Revenue from the sale of goods

Revenue from the sale of goods comprises revenue derived from the sale of goods purchased for resale. Revenue is recognised at the point in time when control of the goods is transferred to the customer, which generally occurs at the time the goods are delivered to the customers. Customers are required to pay in full for all goods purchased at the time of purchase.

Consideration included in the measurement of revenue

The consideration to be received from customers may include fixed amounts, variable amounts, or both. Where the contract includes a right to variable consideration, the Society estimates the amount of variable consideration using the most likely amount approach on a contract-by-contract basis. Variable consideration is included in the measurement of revenue only to the extent that it is highly probable, based on historical experience, that a significant reversal of the cumulative amount recognised will not occur when the uncertainty associated with the variability is subsequently resolved.

Receivables from contracts with customers

A receivable from a contract with a customer represents the Society's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

(d) 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).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Income arising from the transfer of assets

The Society derives income from the transfer of assets when the Society provides no consideration in exchange for the asset received, or the consideration provided by the Society is significantly less than the fair value of the asset received, principally to enable the Society to further its objectives, and the arrangement does not satisfy the criteria to be accounted for as a 'contract with a customer'.

Donations

Cash donations and goods donated for resale are recognised as income when the Society obtains control of the asset. Cash is recognised at the fair value of the consideration received. Goods donated for resale at recognised at current replacement cost.

Operating grants

A transfer of an asset, including cash, under arrangements that do not contain enforceable and sufficiently specific performance obligations is referred to in the financial statements as an 'operating grant'. Assets arising from operating grants are recognised at fair value when the Society obtains control of the asset. Any related amounts, such as contributions from owners, financial liabilities, contract liabilities, lease liabilities and provisions are recognised in accordance with the applicable Australian Accounting Standard. The excess of the initial carrying amount of assets received over the aggregate of the consideration provided by the Society and any related amounts is recognised as income.

(f) 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*.

(g) 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.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Society recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Society, and an estimate of costs to be incurred by the Society in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Society's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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.

(j) 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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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 government bonds that are denominated in the currency in which the benefits will be paid. 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.

(l) 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.

(m) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Comparatives

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

(o) New and revised accounting standards effective at 30 June 2020

The Society has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 *Leases* (AASB 16), AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) and AASB 15: *Revenue from Contracts with Customers* (AASB 15).

AASB 16: Leases

AASB 16 replaces AASB 117 *Leases* and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

(a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:

  i. investment property, the lessee applies the fair value model in AASB 140 *Investment Property* to the right-of-use asset; or

  ii. property, plant or equipment, the applies the revaluation model in AASB 116 *Property, Plant and Equipment* to all of the right-of-use assets that relate to that class of property, plant and equipment; and

(b) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117.

In accordance with the transition requirements of AASB 16, the Society has elected to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect, if any, of initially applying the new standard recognised as an adjustment to opening retained earnings at the date of initial application (i.e., at 1 July 2019). Accordingly, comparative information has not been restated.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) New and revised accounting standards effective at 30 June 2020 (Continued)

The Society has also elected to apply the following practical expedients to the measurement of right-of-use assets and lease liabilities in relation to those leases previously classified as operating leases under the predecessor standard:

- to recognise each right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;
- to not recognise a right-of-use asset and a lease liability for leases for which the underlying asset is of low value;
- to not recognise a right-of-use asset and a lease liability for leases for which the lease term ends within 12 months of the date of initial application;

The application of AASB 16 resulted in the recognition of right-of-use assets with an aggregate carrying amount of $NIL (referred to in these financial statements as "lease assets") and corresponding lease liabilities with an aggregate carrying amount of $NIL.

The following is a reconciliation of non-cancellable operating lease commitments disclosed at the end of the prior reporting period (i.e., at 30 June 2019) to the aggregate carrying amount of lease liabilities recognised at the date of the initial application (i.e., at 1 July 2019):

	$
Aggregate non-cancellable operating lease commitments at 30 June 2019	270,795
Less: lease payments previously included in non-cancellable lease commitments for leases with remaining terms of less than 12 months and leases of low value assets	(270,795)
Carrying amount of lease liabilities recognised at 1 July 2020	-

Further details of the Society's accounting policy in relation to accounting for leases under AASB 16 are contained in Note 1(h) .

AASB 1058: Income for not-for-profit entities and AASB 15: Revenue from contracts with customers

AASB 1058 replaces the income recognition requirements in AASB 1004: *Contributions* applicable to private sector not-for-profit entities with a model based on the principles of AASB 15: *Revenue from Contracts with Customers*. Consequently, AASB 1058 requires private sector not-for-profit entities to recognise all revenue from contracts with customers when the related performance obligations are satisfied, irrespective of whether the ultimate beneficiary of the goods or services provided by the not-for-profit entity is the grantor of the funds or another entity. An agreement involving a not-for-profit entity would be classified as a contract with a customer (and therefore accounted for under AASB 15) if the agreement:

(a) creates enforceable rights and obligations between the parties; and

(b) includes a promise by the not-for-profit entity to transfer a good or service that is sufficiently specific for the entity to determine when the obligation is satisfied.

For contracts with customers that comprise a donation component, AASB 1058 requires such components to be treated as part of the performance obligation(s) unless the entity can demonstrate that component is not related to the promised goods or services.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) New and revised accounting standards effective at 30 June 2020 (Continued)

When an arrangement does not meet the criteria for a contract with a customer under AASB 15, the arrangement is accounted for in accordance with AASB 1058, which requires:

(a) the asset received by the not-for-profit entity to be accounted for in accordance with the applicable Australian Accounting Standard, which in most circumstances requires the asset to be initially measured at its fair value;

(b) any related amounts (such as contributions from owners, financial liabilities, contract liabilities, lease liabilities and provisions) to be accounted for in accordance with the applicable Australian Accounting Standard; and

(c) any difference between the consideration given for the asset and its fair value, after recognising any related amounts (such as contributions from owners, financial liabilities, contract liabilities, lease liabilities and provisions), is recognised as income.

However, amending standard AASB 2018-8 provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirement to right-of-use assets arising under leases with significantly below-market terms and conditions. This enables not-for-profit entities to elect to initially measure such right-of-use assets at cost rather than fair value, which has the corresponding effect of reducing the amount of income recognised under AASB 1058.

AASB 1058 also permits a not-for-profit entity to recognise volunteer services as an asset or expense (as applicable) and any related contributions by owners or revenue as an accounting policy choice, provided that the fair value of the services can be measured reliably.

AASB 1058 also has specific recognition criteria in relation to transfers to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity. The obligation to acquire or construct the non-financial asset is accounted for similarly to a performance obligation under AASB 15.

In accordance with the transition requirements of AASB 1058 and AASB 15, the Society has elected to apply AASB 1058 and AASB 15 retrospectively, with the cumulative effect, if any, of initially applying the new standards recognised as an adjustment to opening retained earnings at the date of initial application (i.e., at 1 July 2019). Accordingly, comparative information has not been restated.

The application of AASB 1058 and AASB 15 has not materially impacted the recognition and measurement of income or revenue from contracts with customers.

Further details of the Society's accounting policy in relation to accounting for income under AASB 1058 and revenue from contracts with customers under AASB 15 are contained in Note 1(c) and Note 1(e) .

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.

	2020 $	2019 $
NOTE 3: FEES FOR SERVICES REVENUE		
Provision of services and sale of goods	4,468,716	4,200,725

NOTE 4: OTHER REVENUE AND OTHER INCOME

Other revenue		
Dividend and ditribution income	571,369	1,090,580
Interest income	8,962	27,679
Not-for-profit revenue		
Donations	148,553	195,886
Grants	2,812,830	2,549,243
Government COVID-19 stimulus	1,146,000	-
Other revenue	88,697	32,223
	4,776,411	3,895,611

	2020 $	2019 $

NOTE 5: OPERATING PROFIT

	2020 $	2019 $
Profit / (losses) before income tax has been determined after:		
Depreciation	3,066	24,536
Amortisation	50,881	35,550

NOTE 6: CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash on hand	102	410
Cash at bank	826,382	495,316
	826,484	495,726

NOTE 7: TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
CURRENT		
Receivables	242,709	242,334
Allowance for credit losses	(2,000)	(2,000)
	240,709	240,334
Amounts due from government	834,165	563,360
Tax imputation credits	58,153	206,382
Sundry debtors	30,910	28,077
Accrued income	188,332	315,681
	277,395	550,140
	1,352,269	1,353,834

Receivables from contracts with customers

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.

NOTE 7: TRADE AND OTHER RECEIVABLES (CONTINUED)

Impairment of receivables and other receivables

The Society applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the AASB 9 simplified approach, the Society determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables 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.

	2020	2019
	$	$
NOTE 8: OTHER ASSETS		
CURRENT		
Prepayments	66,684	312,218
NOTE 9: OTHER FINANCIAL ASSETS		
CURRENT		
Financial assets at fair value through other comprehensive income		
Other investments	2,318,679	2,644,873
NON CURRENT		
Financial assets at fair value through other comprehensive income		
Other investments	14,195,027	14,196,222
NOTE 10: PLANT AND EQUIPMENT		
Plant and equipment		
Office equipment at cost	65,965	65,965
Accumulated depreciation	(65,965)	(63,781)
	-	2,184
Furniture, fixtures and fittings at cost	192,247	192,247
Accumulated depreciation	(188,848)	(187,966)
	3,399	4,281
Computer equipment at cost	21,177	21,177
Accumulated depreciation	(21,177)	(21,177)
	-	-
Total plant and equipment	3,399	6,465
Total property, plant and equipment	3,399	6,465

	2020	2019
	$	$

NOTE 10: PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

	2020	2019
Office equipment		
Opening carrying amount	2,183	6,420
Depreciation expense	(2,183)	(4,237)
Closing carrying amount	-	2,183
Furniture, fixtures and fittings		
Opening carrying amount	4,282	28,727
Disposals	-	(9,538)
Depreciation expense	(883)	(14,907)
Closing carrying amount	3,399	4,282
Opening carrying amount	-	1,189
Depreciation expense	-	(1,189)

NOTE 11: INTANGIBLE ASSETS

	2020	2019
Computer software at cost	253,782	253,782
Accumulated amortisation	(105,845)	(54,964)
	147,937	198,818

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

	2020	2019
Computer software at cost		
Opening balance	198,819	111,468
Additions	-	122,900
Amortisation expense	(50,881)	(35,549)
Closing balance	147,938	198,819

NOTE 12: TRADE AND OTHER PAYABLES

	2020	2019
CURRENT		
Trade creditors	925,868	876,138

	2020 $	2019 $
NOTE 12: TRADE AND OTHER PAYABLES (CONTINUED)		
Contract liabilities	507,915	684,955
Liability for Deaf Community Centre	122,863	121,285
	1,556,646	1,682,378

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 13: PROVISIONS

	2020 $	2019 $
CURRENT		
Employee benefits	616,494	377,636
Other	8,188	9,394
	624,682	387,030
NON CURRENT		
Employee benefits	186,041	131,965
Aggregate employee benefits liability	802,535	518,995

NOTE 14: RESERVES

	2020 $	2019 $
Financial assets at fair value through other comprehensive income reserve	1,473,420	1,748,951
Profits reserve	5,524,460	5,524,460
	6,997,880	7,273,411

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.

NOTE 15: RETAINED EARNINGS

	2020 $	2019 $
Retained earnings at beginning of year	9,733,372	9,434,433
Net profit / (loss)	(188,142)	298,939
	9,545,230	9,733,372

	2020 $	2019 $

NOTE 16: CAPITAL AND LEASING COMMITMENTS

(a) Operating lease commitments

	2020 $	2019 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than one year	-	270,795
	-	270,795

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

NOTE 17: 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 (2019: $nil).

NOTE 18: 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 which has amounted to $nil (2019: $174,169).

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.

	2020 $	2019 $
Estimates of the maximum amounts of contingent liabilities that may become payable:		
Parramatta Leased Premises	-	174,169
	-	174,169

NOTE 19: 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 20: EVENTS SUBSEQUENT TO REPORTING DATE

As advised in the Directors report section, on October 1, 2020, the Deaf Society merged its assets with Deaf Services Limited thereby transferring ownership and control of the Society assets to Deaf Services Limited along with current service operations of the Society to the community have also been effectively merged from this date.

NOTE 21: INFORMATION REQUIRED UNDER THE CHARITABLE FUNDRAISING ACT 1991

	2020 $	2019 $
Income		
Donations	55,628	24,934
Bequests	92,800	-
Total fundraising income	148,428	24,934
Expenditure		
Fees, postage, printing, stationery	58,791	26,462
Equipment for resale (for seniors - customers)	40,000	-
Total cost of fundraising	98,791	26,462
Net surplus	49,637	(1,528)

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 2020, the deficit amounted to $1,402,416 (2019: deficit $1,953,014).

	%	%
Total cost of fundraising on income	60	106
Net surplus on fundraising income	33	(6)

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 in the prior year which required an initial investment reflected in fundraising costs - the investment is expected to be recouped over three years.

THE DEAF SOCIETY
ABN: 21 952 195 236

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 17th day of November 2020

Pitcher Partners

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE DEAF SOCIETY
ABN 21 952 195 236

Report on the Audit of the Financial Report

We have audited the financial report of The Deaf Society, "the Society", which comprises the statement of financial position as at 30 June 2020, 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 Unisson Disability Limited 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 Society'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 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 Society 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 (including Independence Standards)* "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.

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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 2020, 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 Society 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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:

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Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- 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 Society'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 Society'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 Society 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 Society shows a true and fair view of the financial results of fundraising appeals for the year ended 30 June 2020;

b) the financial report and associated records of the Society 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 2020 has been properly accounted for and applied in accordance with the NSW Act; and

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d) there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

R M SHANLEY
Partner

PITCHER PARTNERS
Sydney

17 November 2020

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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 17th day of November 2020

Brian Halse (CHAIR)