

Hear and Say - Centre for Deaf Children Limited

32 058 430 069

Financial Statements

For the Year Ended 30 June 2018

Hear and Say - Centre for Deaf Children Limited

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Contents

For the Year Ended 30 June 2018

	Page
Financial Statements	
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Director's Declaration	13
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	14
Independent Audit Report	15

Hear and Say - Centre for Deaf Children

32 058 430 069

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2018

	2018	2017
	\$	\$
INCOME		
Clinical services	1,598,051	1,381,445
Fundraising event revenue	235,155	111,150
Government grants	1,344,974	1,338,957
Non-government grants and donations	1,998,744	3,646,396
Interest revenue	24,275	61,762
Other income	47,940	41,929
Total Income	5,249,139	6,581,639
EXPENDITURE		
Advertising and promotion	25,727	25,534
Bad and doubtful debts	26,308	36,469
Clinical services	38,063	34,620
Consultant fees	49,020	29,009
Depreciation and impairment charges	434,979	506,524
Employee benefits expense	4,173,661	4,222,292
Fundraising expense	166,942	135,049
Insurance	66,517	29,160
Interest Expense	854	162
Licenses and fees	74,042	49,857
Occupancy costs	117,530	162,238
Other expenses	124,070	144,417
Postage, printing and stationery	113,627	71,694
Repairs and maintenance	196,966	206,930
Telephone and internet	118,596	125,160
Travel and accommodation	116,782	125,107
Total Expenditure	5,843,684	5,904,222
Total comprehensive income for the year	(594,545)	677,417

The accompanying notes form part of these financial statements.

Hear and Say - Centre for Deaf Children

32 058 430 069

Statement of Financial Position

30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash on hand	4	100	100
Cash at bank	4	345,905	192,834
Cash on deposit	4	1,163,433	1,585,822
Trade and other receivables	5	221,585	315,196
Inventories	6	613	8,462
Other assets	9	58,971	64,558
TOTAL CURRENT ASSETS		1,790,607	2,166,972
NON-CURRENT ASSETS			
Queensland Community Foundation	7	10,000	10,000
Property, plant and equipment	8	13,368,636	13,698,453
Share Portfolio	7	20,013	16,296
TOTAL NON-CURRENT ASSETS		13,398,649	13,724,749
TOTAL ASSETS		15,189,256	15,891,721
LIABILITIES			
CURRENT LIABILITIES			
Trade creditors	10	170,632	138,557
Other creditors	10	104,196	243,748
Provision for employee benefits	12	444,726	394,972
Committed funds	11	352,449	466,352
TOTAL CURRENT LIABILITIES		1,072,001	1,243,628
NON-CURRENT LIABILITIES			
Provision for employee benefits	12	32,741	19,033
TOTAL NON-CURRENT LIABILITIES		32,741	19,033
TOTAL LIABILITIES		1,104,742	1,262,661
NET ASSETS		14,084,514	14,629,060
EQUITY			
Asset revaluation reserve		2,495,597	2,445,597
Retained earnings		11,588,917	12,183,463
TOTAL EQUITY		14,084,514	14,629,060

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2018

2018

	Retained Earnings	Asset Revaluation Reserve	Total
Note	\$	\$	\$
Balance at 1 July 2017	12,183,463	2,445,597	14,629,060
Profit for the current year	(594,546)	-	(594,546)
Revaluation increment (decrement)	-	50,000	50,000
Balance at 30 June 2018	11,588,917	2,495,597	14,084,514

2017

	Retained Earnings	Asset Revaluation Reserve	Total
Note	\$	\$	\$
Balance at 1 July 2016	11,506,045	2,445,597	13,951,642
Profit for the current year	677,418	-	677,418
Balance at 30 June 2017	12,183,463	2,445,597	14,629,060

Hear and Say - Centre for Deaf Children

32 058 430 069

Statement of Cash Flows For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from appeals, supporters and services	5,204,571	6,103,191
Payments to suppliers and employees	(5,438,432)	(5,477,326)
Interest received	24,275	61,762
Interest paid	(854)	(162)
Net cash provided by/(used in) operating activities	15 <u>(210,440)</u>	<u>687,465</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Movement in property, plant and equipment	(55,162)	(1,978,407)
Movement in investment	(3,717)	7,148
Net cash used by investing activities	<u>(58,879)</u>	<u>(1,971,259)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase/(decrease) in cash and cash equivalents held	(269,319)	(1,283,794)
Cash and cash equivalents at beginning of year	<u>1,778,757</u>	<u>3,062,550</u>
Cash and cash equivalents at end of financial year	4 <u><u>1,509,438</u></u>	<u><u>1,778,756</u></u>

The accompanying notes form part of these financial statements.

Hear and Say - Centre for Deaf Children

32 058 430 069

Notes to the Financial Statements

For the Year Ended 30 June 2018

The financial report covers Hear and Say - Centre for Deaf Children Limited as an individual entity. Hear and Say - Centre for Deaf Children Limited is a not-for-profit Company, registered and domiciled in Australia.

The functional and presentation currency of Hear and Say - Centre for Deaf Children Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the opinion of those charged with Governance the Company is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Leases

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

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Hear and Say - Centre for Deaf Children Limited receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(c) Revenue and other income

Grant revenue

statement of profit or loss and other comprehensive income.

Interest revenue

Interest is recognised using the effective interest method.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(d) Economic dependence

Hear and Say - Centre for Deaf Children Limited is dependent on the grant income for the majority of its revenue used to operate the business. At the date of this report the directors have no reason to believe the grant income will not continue to support Hear and Say - Centre for Deaf Children Limited.

(e) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

(f) Inventories

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition, which is the deemed cost.

(g) Property, plant and equipment

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(g) Property, plant and equipment

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	5%
Plant and Equipment	10-40%
Furniture, Fixtures and Fittings	10-40%
Leasehold improvements	16.32%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

3 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Notes to the Financial Statements

For the Year Ended 30 June 2018

4 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash at bank and in hand	100	100
Short-term deposits	1,163,433	1,585,822
Deposits at call	345,905	192,834
Total cash and cash equivalents	1,509,438	1,778,756

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2018	2017
	\$	\$
Cash and cash equivalents	1,509,438	1,778,757
Balance as per statement of cash flows	1,509,438	1,778,757

5 Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
Accounts receivable	161,753	122,954
Provision for doubtful debts	(53,801)	(49,236)
Other receivables	113,633	241,478
Total current trade and other receivables	221,585	315,196

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Hear and Say - Centre for Deaf Children

32 058 430 069

Notes to the Financial Statements For the Year Ended 30 June 2018

6 Inventories

	2018	2017
	\$	\$
CURRENT		
At cost:		
Stock on hand	613	8,462
Total inventories	<u>613</u>	<u>8,462</u>

7 Other Financial Assets

(a) Financial assets at fair value through profit or loss

	2018	2017
	\$	\$
NON-CURRENT		
Queensland Community Foundation	10,000	10,000
Watpac Share Portfolio	20,013	16,296
Total other financial assets	<u>30,013</u>	<u>26,296</u>

8 Property, plant and equipment

	2018	2017
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At fair value	2,940,000	2,940,000
Total Land	<u>2,940,000</u>	<u>2,940,000</u>
Buildings		
At fair value	10,341,719	10,264,309
Accumulated depreciation	(884,804)	(689,003)
Total buildings	<u>9,456,915</u>	<u>9,575,306</u>
Total land and buildings	<u>12,396,915</u>	<u>12,515,306</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	1,583,214	1,559,202
Accumulated depreciation	(839,464)	(695,201)
Total plant and equipment	<u>743,750</u>	<u>864,001</u>

Hear and Say - Centre for Deaf Children

32 058 430 069

Notes to the Financial Statements

For the Year Ended 30 June 2018

8 Property, plant and equipment

Furniture, fixtures and fittings

At cost	384,354	384,354
Accumulated depreciation	(201,694)	(136,227)
Total furniture, fixtures and fittings	182,660	248,127

Motor vehicles

At cost	96,954	96,954
Accumulated depreciation	(65,246)	(59,306)
Total motor vehicles	31,708	37,648

Computer software

At cost	106,634	102,894
Accumulated depreciation	(93,031)	(69,523)
Total computer software	13,603	33,371

Total plant and equipment

971,721	1,183,147
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Total property, plant and equipment

13,368,636	13,698,453
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9 Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	43,655	64,558
Software Development	15,316	-
Total other assets	58,971	64,558

10 Trade and Other Payables

	2018	2017
	\$	\$
CURRENT		
Trade payables	170,632	138,557
Other payables	104,196	243,748
Total trade and other payables	274,828	382,305

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

Hear and Say - Centre for Deaf Children

32 058 430 069

Notes to the Financial Statements For the Year Ended 30 June 2018

11 Other Liabilities

	2018	2017
	\$	\$
CURRENT		
Committed funds	352,449	466,352
Total other liabilities	352,449	466,352

12 Employee Benefits

	2018	2017
	\$	\$
Current liabilities		
Long service leave	206,906	157,490
Provision for employee benefits	237,820	237,482
Total current employee benefits	444,726	394,972
Non-current liabilities		
Long service leave	32,741	19,033
Total non-current employee benefits	32,741	19,033

13 Members' Guarantee

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 2 each towards meeting any outstandings and obligations of the Company.

14 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2018 (30 June 2017:None).

Notes to the Financial Statements

For the Year Ended 30 June 2018

15 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2018	2017
	\$	\$
Profit for the year	(594,547)	677,418
Non-cash flows in profit:		
Depreciation and amortisation expense	434,979	506,524
- net (gain)/loss on disposal of asset	-	7,671
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	93,610	(88,649)
- (increase)/decrease in prepayments	5,587	(2,917)
- (increase)/decrease in stock on hand	7,849	(3,619)
- increase/(decrease) in trade and other payables	(221,379)	(400,851)
- increase/(decrease) in provision employee entitlements	63,461	(8,112)
Cashflows from operations	(210,440)	687,465

16 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

17 Statutory Information

The registered office of the company is:

Hear and Say - Centre for Deaf Children
 PO Box 930
 Toowong
 Brisbane QLD 4066

Hear and Say - Centre for Deaf Children Limited

32 058 430 069

Director's Declaration

The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 2 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 2 to 12, are in accordance with the *Australian Charities and Not-for-profits Commission Regulation 2013* and:
 - (a) comply with Accounting Standards as stated in Note 1 and 2; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements.

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 

Director 

Dated this 11 day of September 2018

AUDITOR'S INDEPENDENCE DECLARATION

As auditor for the audit of Hear and Say – Centre for Deaf Children for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Eddie De Bruyn'.

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Eddie De Bruyn, CPA
Registered Company Auditor
Brisbane
SRJ Walker Wayland

Dated: 20 September 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Hear and Say – Centre for Deaf Children.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hear and Say – Centre for Deaf Children, which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of Hear and Say – Centre for Deaf Children 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 Company's financial position as at 30 June 2018 and of its performance for the year ended on that 30 June 2018; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, 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 Company in accordance with 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Company's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company'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 assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Company.
- Conclude on the appropriateness of 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 Company'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 Company 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.



.....
Eddie De Bruyn
Registered Company Auditor
SRJ Walker Wayland

Date: 20 September 2018

Address: Unit 3, 27 South Pine Road, BRENDALE QLD 4500