



Royal Institute for Deaf and Blind Children

ABN: 53 443 272 865

Annual Concise Financial Report

For the Year Ended 31 December 2017

ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Information on RIDBC Concise Financial Report

The financial statements and disclosures in the concise financial report have been derived from the 2017 Annual Financial Report of the Royal Institute of Deaf and Blind Children (RIDBC). A copy of the full Annual Financial Report and the accompanying auditor's report will be sent to any member, free of charge, upon request.

The discussion and analysis is provided to assist members in understanding the concise financial report. It is based on RIDBC's financial statements, the information contained in the concise financial report and in the 2017 Annual Report of RIDBC.

Statement of Income & Expenditure

In 2017 RIDBC recorded total revenue of \$52.9M which was a decrease against 2016 of \$1.6M or 2.9%.

Total Revenue comprises Operating and Non-Operating Activities.

Revenue from Operating Activities closed the year at \$52.9M which was an increase against 2016 of \$0.8M or 1.6%. Strong revenues in 2017 were driven by a number of factors, notably Bequests and Investment Income. Bequest income of \$15.2M was at an all-time historical high, \$0.8M or 5% higher than 2016 which was also a record year. In 2017 it was primarily due to the estates of the Late Janis Salisbury (\$3.0M), Jack Gornall (\$2.2M), Gladys Humphreys (\$1.8M) and Jack Logan (\$1.7M) amongst many other generous bequests in the year. Investment Income was \$0.3M or 3.9% higher than last year. Government funding was \$0.4M or 3.2% higher than 2016 with a decrease in the Ageing, Disability & Home Care (ADHC) funding (\$1.6M) being offset by an increase in National Disability Insurance Scheme (NDIS) fees (\$1.0M) and NSW Department of Health funded Sound Processor Upgrades (\$1.3M). Cochlear Implant Program revenue increased by \$1.0M or 20.2% compared to last year due to higher Medicare revenue and an increase in cochlear device fittings. Fundraising was \$1.6M lower than 2016 mainly attributable to the challenges in the internal and external environment. RIDBC is very grateful for the generosity and foresight of those who have made provision for RIDBC through their wills.

RIDBC continued to benefit from the ongoing support of the NSW, QLD and Commonwealth Governments for which we are most appreciative.

Investment Income of \$8.6M was an increase of \$0.3M or 3.9% over 2016. In 2017, global markets across all mainstream asset classes posted strong returns for 2017 with emerging markets and overseas hedged equities outperforming other asset classes. In Australia, the pace of growth has picked up to just under 3%. This, combined with the \$17.2M increase in the investment portfolio in 2017, has contributed to the increase in investment income.

Total Expenditure on Operating Activities increased in 2017 by \$2.1M or 5.1% to \$44.4M, the increases being in Cochlear Implant Programs (\$2.2M) and Strategic initiatives (\$0.8M) offset by reductions across many of the operational and support areas.

ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Information on RIDBC Concise Financial Report (cont.)

The increase in Cochlear Implant Program expenditure (\$2.2M) is primarily due to the cost of the sound processors (\$1.5M) associated with the NSW Department of Health funded programme, which commenced in 2017. In addition, there was an increase in employment and property costs (\$0.7M).

Strategic initiative expenditure of \$1.3M was \$0.8M higher than 2016. A considerable portion of this related to Transformation Management Office which was established during the year to support the organisation in a successful execution of strategy.

RIDBC spent 79% of its outgoings on the Cochlear Implant Program and Student and Client Services.

Finance, Administration and General Management costs were contained to 7.3% of operational expenditure. This represents a 0.2% decrease against 2016 which reflects the ongoing vigilance around the headcount and operating costs associated with these functions.

Statement of Other Comprehensive Income

The gain of \$3.9M (2016: gain of \$3.0M) represented an increase in the year end market values of the long term investments held by RIDBC.

Statement of Financial Position

The value of RIDBC's Net Assets has increased by 7.5% to \$178.1M.

Of particular note is the increase in Financial assets (+\$17.2M), consisting of RIDBC's Investment portfolio, which reflects the additional investment of funds as a result of the extraordinary year of bequests received. RIDBC's investment portfolio is diverse, being invested broadly across a range of managers and asset classes including cash, bonds, equities, infrastructure and property trusts. RIDBC is a long term investor and operates its investment portfolio with the advice of an independent asset consultant and with a special purpose subcommittee of the RIDBC Board.

During 2017, RIDBC's property, plant and equipment reduced by almost \$1.0M. Additions of \$1.6M were offset by depreciation of (\$2.5M). The most notable area of additions was the fit out of the Clive Berghoeffer Centre in Toowoomba (\$0.5M) and Information Technology related assets (\$0.7M).

**ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN
DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Information on RIDBC Concise Financial Report (cont.)

Statement of Cash Flows

Net cash inflows from operating activities decreased 16% compared with 2016 primarily due to a decrease in income from donations and fundraising activities excluding bequests.

The increase in payments to suppliers and employees is in the areas of Cochlear Implant Services and strategic expenditure as previously discussed which has been offset by an increase in Government funds.

**ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN
STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2017**

		2017	2016
	Note		
REVENUE FROM OPERATING ACTIVITIES			
BEQUEST INCOME	2	15,201,911	14,439,317
FUNDRAISING INCOME	2	7,205,067	8,830,293
GOVERNMENT FUNDING	2	13,330,195	12,915,816
OTHER INCOME	2	17,203,182	15,908,058
REVENUE FROM OPERATING ACTIVITIES	2	52,940,355	52,093,484
INCOME FROM NON OPERATING ACTIVITIES	2	1,000	2,400,962
TOTAL REVENUE AND INCOME	2	\$52,941,355	\$54,494,446
EXPENDITURE FROM OPERATING ACTIVITIES			
BEQUESTS	3	167,271	166,905
FUNDRAISING	3	3,807,393	4,540,765
MARKETING AND COMMUNICATIONS	3	813,185	1,102,819
ADMINISTRATION	3	3,243,232	3,167,922
INVESTMENT MANAGEMENT	3	132,044	125,176
STUDENT AND CLIENT SERVICES	3	34,885,387	32,581,779
STRATEGIC INITIATIVES	3	1,331,728	553,146
TOTAL EXPENDITURE FROM OPERATING ACTIVITIES	3	\$44,380,240	\$42,238,512
SURPLUS FOR THE YEAR		\$8,561,115	\$12,255,934

These financial statements should be read in conjunction with the accompanying notes.

**ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
Note		
SURPLUS FOR THE YEAR	\$8,561,115	\$12,255,934
OTHER COMPREHENSIVE INCOME		
Net unrealised gain on revaluation of long term investments held at fair value and net realised gain on disposal of investments	3,852,602	3,035,257
Gain / (Loss) on revaluation of Defined Superannuation Funds	60,267	(16,399)
	3,912,869	3,018,858
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$12,473,984	\$15,274,792

These financial statements should be read in conjunction with the accompanying notes.

**ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	2017	2016
	Note	
CURRENT ASSETS		
Cash and cash equivalents	4,812,911	7,521,524
Trade and other receivables	1,851,085	1,520,162
Other current assets	598,619	464,064
TOTAL CURRENT ASSETS	\$7,262,615	\$9,505,750
NON-CURRENT ASSETS		
Financial assets	135,584,245	118,415,752
Investment property	1,530,000	1,530,000
Retirement benefit surplus	272,669	281,000
Property, plant and equipment	43,023,239	43,993,516
Other Intangible assets	26,335	65,356
TOTAL NON-CURRENT ASSETS	\$180,436,488	\$164,285,624
TOTAL ASSETS	\$187,699,103	\$173,791,374
CURRENT LIABILITIES		
Trade and other payables	1,965,859	1,726,981
Other current liabilities	1,750,683	764,085
Short-term provisions	5,053,249	4,770,350
TOTAL CURRENT LIABILITIES	\$8,769,791	\$7,261,416
NON-CURRENT LIABILITIES		
Long-term provisions	818,147	824,179
Retirement benefit deficit	-	68,598
TOTAL NON-CURRENT LIABILITIES	\$818,147	\$892,777
TOTAL LIABILITIES	\$9,587,938	\$8,154,193
NET ASSETS	\$178,111,165	\$165,637,181
FUNDS		
Reserves		
Defined Benefit Reserve	272,669	212,402
Capital projects account	1,009,552	1,009,552
Cochlear Implant Program permanent funds	1,708,580	1,722,598
Prescribed purpose funds	6,682,648	6,609,232
Asset revaluation / realisation reserve	64,757,172	60,904,570
Designated investment fund	80,305,148	80,305,148
Total reserves	\$154,735,769	\$150,763,502
Retained earnings	\$23,375,396	\$14,873,679
TOTAL FUNDS	\$178,111,165	\$165,637,181

These financial statements should be read in conjunction with the accompanying note 5.

**ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Retained Earnings	Defined Benefit Reserve	Capital Projects Account	CIP Permanent Funds	Prescribed Purpose Funds	Asset Revaluation/ Realisation Reserve	Designated Investment Fund	TOTAL
Balance at 1 January 2016	2,784,711	228,801	1,009,552	1,652,510	6,038,262	58,343,405	80,305,148	150,362,389
Total comprehensive income for the year	12,255,934	(16,399)	-	-	-	3,035,257	-	15,274,792
Subtotal	15,040,645	212,402	1,009,552	1,652,510	6,038,262	61,378,662	80,305,148	165,637,181
Transfers to and from reserve								
Realised Investments	474,092	-	-	-	-	(474,092)	-	-
Prescribed purpose funds	(641,058)	-	-	70,088	570,970	-	-	-
Balance at 31 December 2016	14,873,679	212,402	1,009,552	1,722,598	6,609,232	60,904,570	80,305,148	165,637,181
Total comprehensive income for the year	8,561,115	60,267	-	-	-	3,852,602	-	12,473,984
Subtotal	23,434,794	272,669	1,009,552	1,722,598	6,609,232	64,757,172	80,305,148	178,111,165
Transfers to and from reserve								
Prescribed purpose funds	(59,398)	-	-	(14,018)	73,416	-	-	-
Balance at 31 December 2017	23,375,396	272,669	1,009,552	1,708,580	6,682,648	64,757,172	80,305,148	178,111,165

These financial statements should be read in conjunction with the accompanying notes.

**ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
Note		
Cash flow from operating activities		
Receipts from fundraising, bequests, fees and sundry sources	28,801,788	31,016,928
Government grants & subsidies received	14,230,815	12,267,362
Interest received	320,472	303,569
Receipts from investments	8,146,185	7,854,533
Payments to suppliers and employees	(41,130,247)	(39,055,736)
<i>Net cash inflows from operating activities</i>	\$10,369,013	\$12,386,656
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	1,773	5,300,121
Payments for property, plant and equipment	(1,558,012)	(1,522,330)
Receipts from sale of investment securities	12,800	5,171,929
Payments for investment securities	(11,534,187)	(18,277,846)
<i>Net cash (outflows) from investing activities</i>	\$(13,077,626)	\$(9,328,126)
Net (decrease) / increase in cash held	(2,708,613)	3,058,530
Cash at the beginning of the financial year	7,521,524	4,462,994
Cash at the end of the financial year	\$4,812,911	\$7,521,524

These financial statements should be read in conjunction with the accompanying notes.

**ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 1 – Basis of Preparation of the Concise Financial Report

The concise financial report is an extract from the full financial report for the year 31 December 2017. The concise financial report has been prepared in accordance with the principles of Accounting Standard AASB 1039: Concise Financial Reports, and the Charitable Fundraising Act 1991.

The financial report covers the entity of the Royal Institute for Deaf and Blind Children (RIDBC) domiciled in Australia, incorporated in 1905 by Act No. 10 of the New South Wales Parliament, and replaced by the provisions of the Royal Institute for Deaf and Blind Children Act No. 6 from 26 June 1998.

The financial statements, specific disclosures and other information included in the concise financial report are derived from and are consistent with the 2017 Annual Financial Report of the Royal Institute for Deaf and Blind Children (RIDBC). The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of RIDBC as the Annual Financial Report. A copy of the Annual Financial Report and auditor's report will be sent to any member, free of charge, upon request.

The Annual Financial Report and this Annual Concise Financial Report comply with Australian Accounting Standards. A statement of compliance with International Financial Reporting Standards cannot be made due to RIDBC applying the not-for-profit sector specific requirements contained in the Australian Accounting Standards.

RIDBC was automatically registered as a charity with the Australian Charities and Not-for-profits Commission (ACNC) when its registration details transferred across from the Australian Taxation Office (ATO) having been previously endorsed by the ATO as a charity.

The Annual Information Statement and an Annual Financial Statement for 2016 was duly submitted on 1st June 2017.

**ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
Note 2 – Revenue		
(a) <u>Revenue from Operating Activities</u>		
BEQUEST INCOME *	\$15,201,911	\$14,439,317
*Bequests include non-cash donations (shares) of \$1,781,704 (2016: \$71,875)		
CHARITABLE FUNDRAISING INCOME (See Note 4)	\$7,205,067	\$8,830,293
Government funding		
Commonwealth Department of Education		
Basic Per Capita	2,491,287	2,354,645
AIS Funding	39,758	68,609
Commonwealth Department of Social Services		
Better Start	596,880	660,528
National Disability Insurance Scheme	1,473,940	498,955
Print Disability Services	131,500	131,500
Remote Hearing & Vision Services	469,000	832,000
NSW Ageing, Disability & Home Care		
Early Childhood Intervention	1,289,228	1,502,128
Print Disability/Alternative Formats	128,902	124,056
Therapy, Low Vision and other service grants	2,710,238	4,131,565
NSW Department of Education		
Intervention Support	971,235	777,809
Teaching Supervisors' Subsidy	312,849	311,609
Early Childhood Funding	254,159	173,862
State per capita grants	263,272	267,505
Preschool per capita grants	691,322	383,218
NSW Department of Health		
Port Macquarie Site Development	-	240,000
Cochlear Upgrades	1,254,189	152,955
Queensland Department of Health		
Support for Students at Teleschool	252,436	304,872
TOTAL GOVERNMENT FUNDING	\$13,330,195	\$12,915,816

**ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
Note 2 – Revenue (cont.)		
Other Income		
Investment Income	\$8,561,192	\$8,238,111
Student and Other Fees	\$1,773,512	\$1,800,611
Cochlear Implant Program		
Medicare Receipts	3,832,505	3,318,021
Cochlear Devices and Fitting Fees	1,937,861	1,349,285
Other Income	151,731	257,918
Total Cochlear Implant Program excluding Government Funding	\$5,922,097	\$4,925,224
Professional Development	\$243,257	\$307,962
Miscellaneous Income	\$703,124	\$636,150
TOTAL OTHER INCOME	\$17,203,182	\$15,908,058
TOTAL REVENUE FROM OPERATING ACTIVITIES	\$52,940,355	\$52,093,484
(b) Income from Non Operating Activities		
Gain on sale of property, plant and equipment	1,000	2,400,962
TOTAL REVENUE	\$52,941,355	\$ 54,494,446

Note 3 – Surplus from Ordinary Activities

Surplus from ordinary activities has been determined after:

Expenditure from Operating Activities

BEQUESTS	167,271	166,905
FUNDRAISING (See Note 4)	3,807,393	4,540,765
MARKETING AND COMMUNICATIONS	\$813,185	\$1,102,819
ADMINISTRATION		
General and Financial Management	2,395,830	2,221,447
Human Resources Management	847,402	946,475
TOTAL ADMINISTRATION	\$3,243,232	\$3,167,922
INVESTMENT MANAGEMENT	\$132,044	\$125,176
STRATEGIC INITIATIVES	\$1,331,728	\$553,146

**ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
Note 3 – Surplus from Ordinary Activities (cont.)		
STUDENT AND CLIENT SERVICES		
Preschool Services	2,635,403	2,571,657
Schools Services		
Alice Betteridge School	3,907,098	3,802,411
Thomas Pattison School	1,906,744	1,855,370
Garfield Barwick School	1,682,945	1,498,066
Schools Support Services	3,539,626	3,876,675
Jim Patrick Audiology Services	647,552	684,274
Renwick Centre	2,623,759	2,879,448
Teleschool Services	3,306,514	2,953,066
Early Learning Program and Other Client Services	7,386,041	7,417,410
Cochlear Implant Program Services	7,249,705	5,043,402
TOTAL STUDENT AND CLIENT SERVICES EXPENDITURE	\$34,885,387	\$32,581,779
TOTAL EXPENDITURE FROM OPERATING ACTIVITIES	\$44,380,240	\$42,238,512
The expenditure from operating activities include the following specific expenditures		
Amortisation of non-current assets	\$39,021	\$57,873
Depreciation on non-current assets	\$2,514,714	\$2,497,496
Remuneration of auditor		
Audit services	80,000	80,000
Other assurance services	5,000	-
Taxation Advice	3,000	-
Total remuneration of auditor	\$88,000	\$80,000
Bad and doubtful debts	\$27,673	\$20,691
Total employee benefits expense	\$31,161,274	\$30,131,502

**ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 4 – Fundraising Activities Conducted

Information & Declarations to be furnished under the Charitable Fundraising Act 1991

Under this Act, Royal Institute for Deaf and Blind Children holds multiple authorities to fundraise for RIDBC centres.

(a) Details of income and aggregate expenditure of appeals conducted jointly with traders

RIDBC conducts all our appeals in-house. We do not use third party traders.

(b) Forms of fundraising appeals conducted in 2017

Details of aggregate income and expenditure from fundraising are as follows:

	2017 Total Income \$	2017 Direct Expenses \$	2017 Net Income \$	2016 Net Income \$
Community Partnerships	163,746	122,227	41,519	25,632
Committees & Events	425,271	175,369	249,902	239,462
Lantern Clubs	315,793	177,742	138,051	209,861
Corporate Partnerships	302,779	151,884	150,894	309,737
Regional	54,255	115,449	(61,193)	(23,703)
Individual Giving	1,934,514	1,260,247	674,267	446,398
Lottery and Telemarketing	1,741,716	1,387,639	354,077	166,275
Major Donors	953,988	150,241	803,747	1,870,721
Grants from Trusts and Foundations	1,313,005	159,202	1,153,802	1,051,719
Alumni Program	-	107,393	(107,393)	(6,575)
Total	7,205,067	3,807,393	3,397,674	4,289,528
Net Income			3,397,674	4,289,528

**ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 5 – Other Commitments

(a) On 10 November 2015 RIDBC agreed to acquire the assets and assume the liabilities of Early Education Program for Hearing Impaired Children (EEP), in Victoria, at a date in the future up to 1 November 2018 for NIL consideration. At 31 December 2017 RIDBC did not control EEP. Accordingly this transaction has not been recognised in the 31 December 2017 financial statements. RIDBC formally acquired EEP on 16th February, 2018. (Refer note 6 Events After The Balance Date)

(b) On 14 September 2017 RIDBC agreed to acquire the assets and assume the liabilities of The Advisory Council for Children with Impaired Hearing (Victoria) (ACCIH), trading as Taralye. At 31 December 2017, RIDBC had not assumed control of Taralye as the conditions precedent had not been met. Accordingly this transaction has not been recognised in the 31 December 2017 financial statements. RIDBC formally acquired Taralye on 1st February, 2018. (Refer note 6 Events After The Balance Date)

Note 6 – Events After the Balance Date

Matters or circumstances that have arisen since the end of the financial year which significantly affect or may significantly affect the operations of RIDBC, the results of those operations, or the state of affairs of RIDBC in future financial years are provided below.

Subsequent to balance date,

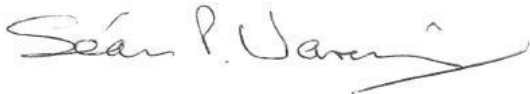
- (a) the acquisition of the Advisory Council for Children with Impaired Hearing (Victoria), trading as Taralye, was formalised on 1 February, 2018 for NIL consideration. The historic book value of the Taralye net assets at the point of acquisition was \$1.499M.
- (b) the acquisition of the Early Education Program (EEP) was formalised on 16 February, 2018 for NIL consideration. The historic book value of the EEP net assets at the point of acquisition was \$1.048M.
- (c) RIDBC have received the final distribution from the Ian Paul estate of \$2.2M in March 2018. This has not been recognised as revenue in 2017.
- (d) RIDBC have called for Expressions of Interest for the property at North Rocks which is the main facility out of which the operations are carried out. This is a key step in executing the five year strategy and in particular the relocation to Macquarie University premises. At this stage we cannot measure the financial impact of this event hence the property remains at book value in property, plant and equipment.

ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN RESPONSIBLE ENTITIES' DECLARATION

The Responsible Entities of RIDBC declare that:

- 1) The financial statements and notes of RIDBC are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 including;
 - a. giving a true and fair view of its financial position as at 31 December 2017 and of its performance for the financial year ended on that date;
 - b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- 2) there are reasonable grounds to believe that RIDBC 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.



Sean P Wareing
President

6 April 2018



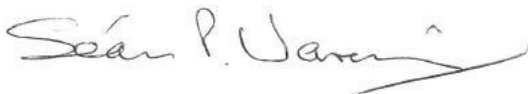
Peter van Dongen
Director

6 April 2018

DECLARATION BY THE PRESIDENT WITH RESPECT TO FUNDRAISING APPEALS

I Sean Wareing, President of the Royal Institute for Deaf and Blind Children, declare that in my opinion:

- a. the accounts give a true and fair view of all income and expenditure with respect to fundraising appeals;
- b. the statement of financial position gives a true and fair view of the state of affairs of the organisation with respect to fundraising appeals;
- c. the provisions of the Charitable Fundraising Act, the regulations under the Act and the conditions attached to the fundraising authority have been complied with by the organisation; and
- d. the internal controls exercised by the organisation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.



Sean P Wareing
President

6 April 2018



Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration To the Directors of the Royal Institute for Deaf and Blind Children

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of the Royal Institute for Deaf and Blind Children for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads "Grant Thornton".

Grant Thornton Audit Pty Ltd
Chartered Accountants

A handwritten signature in blue ink that reads "A J Archer".

A J Archer
Partner - Audit & Assurance

Sydney, 6 April 2018

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Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report To the members of the Royal Institute for Deaf and Blind Children

Auditor's Opinion

We have audited the concise financial report of the Royal Institute for Deaf and Blind Children (the Company), which comprises the statement of financial position as at 31 December 2017, and 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, derived from the audited financial report of Royal Institute for Deaf and Blind Children for the year ended 31 December 2017 and the discussion and analysis.

In our opinion, the accompanying concise financial report, including the discussion and analysis of Royal Institute for Deaf and Blind Children for the year ended 31 December 2017 complies with the principles of Accounting Standard AASB 1039 Concise Financial Reports.

Basis for Auditor's 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 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 concise 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 audit opinion.

Concise Financial Report

The concise financial report does not contain all the disclosures required by the Australian Accounting Standards in the preparation of the financial report. Reading the concise financial report and the auditors' report thereon, therefore is not a substitute for reading the financial report and the auditor's report thereon.

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The Financial Report and our report thereon

We expressed an unmodified audit opinion on the financial report in our report dated 6 April 2018.

Responsible Entities' responsibility for the Concise Financial Report

The Responsible Entities of RIDBC are responsible for the preparation and fair presentation of the concise financial report in accordance with the principles of Accounting Standard AASB 1039 Concise Financial Reports, the Australian Charities and Not-for-profits Commission Act 2012. This responsibility includes such internal controls as the Responsible Entities' determine are necessary to enable the preparation of the concise financial report.

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

Our responsibility is to express an opinion on the concise financial report, in all material respects, complies with the principles of AASB1039 Concise Financial Reports and whether the discussion and analysis complies with the principles of AASB1039 Concise Financial Reports based on our audit procedures, which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements.

Report on the requirements of the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulation 2015

We have audited the compliance of the Royal Institute for Deaf and Blind Children with the requirements of Section 24(2) of the *Charitable Fundraising Act 1991* for the year ended 31 December 2017.

Our Opinion

In our opinion:

- a the Royal Institute for Deaf and Blind Children has properly kept the accounts and associated records during the year ended 31 December 2017 in accordance with the NSW Charitable Fund raising Act 1991 and NSW Charitable Fundraising Regulations 2015 (section 24(2)(b) of the CF Act); and
- b the Royal Institute for Deaf and Blind Children, has, in all material respects, properly accounted for and applied money received as a result of fundraising appeals conducted during the year ended 31 December 2017 in accordance with section 24(2)(c) of the CF Act; and
- c there are reasonable grounds to believe that the Royal Institute for Deaf and Blind Children will be able to pay its debts as and when they fall due over the 12 month period from the date of this report (section 24(2)(d) of the CF Act).

The Responsible Entities Responsibility under the Charitable Fundraising Act 1991

The Responsible Entities' of the Royal Institute for Deaf and Blind Children are responsible for compliance with the requirements and conditions of the NSW Charitable Fundraising Act 1991 and NSW Charitable Fundraising Regulation 2015 and for such internal control as the Directors determine is necessary for compliance with the Act and the Regulation. This responsibility includes establishing and maintaining internal control over the conduct of all fundraising appeals; ensuring all assets obtained during, or as a result of, a fundraising appeal are safeguarded and properly accounted for; and maintaining proper books of account and records.

The Directors are also responsible for ensuring the Foundation will be able to pay its debts as and when they fall due.

Auditor's Responsibility

Our responsibility is to form and express an opinion on the Royal Institute for Deaf and Blind Children's compliance, in all material respects, with the requirements of the Act and Regulations, as specified in section 24(2)(b), 24(2)(c) and 24(2)(d) of the Charitable Fundraising Act 1991.

Our audit has been conducted in accordance with the applicable Standards on Assurance Engagements (ASAE 3100 *Compliance Engagements*), issued by the Auditing and Assurance Standards Board. Our audit has been conducted to provide reasonable assurance that the Royal Institute for Deaf and Blind Children has complied with specific requirements of the Charitable Fundraising Act 1991 and Charitable Fundraising Regulation 2015, and whether there are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due over the 12 month period from the date of this independent auditor's report (future debts).

Audit procedures selected depend on the auditor's judgement. The auditor designs procedures that are appropriate in the circumstances and incorporate the audit scope requirements set out in *the Act*. The audit procedures have been undertaken to form an opinion on compliance of that the Royal Institute for Deaf and Blind Children with the Act and Regulations and its ability to pay future debts. Audit procedures include obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting the Royal Institute for Deaf and Blind Children's compliance with specific requirements of the Act and Regulation, and assessing the reasonableness and appropriateness of the Royal Institute for Deaf and Blind Children's assessment regarding the Company's ability to pay future debts.

Inherent Limitations

Because of the inherent limitations of any compliance procedures, it is possible that fraud, error or noncompliance may occur and not be detected. An audit is not designed to detect all instances of noncompliance with the requirements of the Act and Principles, as the audit procedures are not performed continuously throughout the year and are undertaken on a test basis.

Whilst evidence is available to support the Company's ability to pay future debts, such evidence is future orientated and speculative in nature. As a consequence, actual results are likely to be different from the information on which the opinion is based, since anticipated events frequently do not occur as expected or assumed and the variations between the prospective opinion and the actual outcome may be significant.



Grant Thornton Audit Pty Ltd
Chartered Accountants



A J Archer
Partner - Audit & Assurance

Sydney, 6 April 2018

**ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN
FIVE YEAR FINANCIAL HISTORY FOR THE YEAR ENDED 31 DECEMBER 2017**

Description	%	2017	2016	2015	2014	2013	%
EXPENDITURE							
Student and Client Services Expenditure							
Preschool Services		2,635,403	2,571,657	2,306,921	2,660,789	2,556,288	
Schools Services							
Alice Betteridge School		3,907,098	3,802,411	4,163,446	4,487,680	4,309,512	
Thomas Pattison School		1,906,744	1,855,370	2,092,679	2,029,620	1,931,514	
Garfield Barwick School		1,682,945	1,498,066	1,647,678	1,744,498	1,651,736	
Schools Support Services		3,539,626	3,876,675	3,919,441	3,672,268	3,448,657	
Jim Patrick Audiology Services		647,552	684,274	622,160	652,003	699,518	
Renwick Centre		2,623,759	2,879,448	2,835,575	2,690,015	2,771,799	
Teleschool Services		3,306,514	2,953,066	2,944,124	2,657,680	2,423,298	
Early Learning Program and Other Client Services		7,386,041	7,417,410	6,039,375	5,870,706	5,632,279	
Cochlear Implant Program Services		7,249,705	5,043,402	5,255,161	2,674,758	-	
Total Student and Client Services Expenditure	79	34,885,387	32,581,779	31,826,560	29,140,017	25,424,602	75
Administration	7	3,243,232	3,167,922	3,168,082	3,096,580	2,865,239	8
Investment Management		132,044	125,176	234,320	290,029	265,205	1
Charitable Fundraising	6	2,781,278	3,087,291	3,402,248	2,908,779	2,545,147	8
Rainbow Lottery	3	1,193,386	1,620,379	1,633,629	2,106,406	2,334,842	7
Strategic Initiatives	3	1,331,728	553,146	-	-	-	
Marketing & Communications	2	813,185	1,102,819	734,104	400,358	329,132	1
Total Expenditure from Operating Activities	100	44,380,240	42,238,512	40,998,943	37,942,169	33,764,167	100
REVENUE FROM ORDINARY ACTIVITIES							
Charitable Fundraising Income							
Bequests		15,201,911	14,439,317	3,549,700	7,617,257	7,217,464	
Donations		4,201,507	5,145,711	5,205,994	4,066,126	4,499,246	
Lantern Clubs, Committees and Auxiliaries		1,261,844	1,642,853	1,332,902	1,203,118	927,921	
Other Fundraising		-	-	-	-	194,625	
Rainbow Lottery		1,741,716	2,041,729	2,321,075	2,726,055	3,321,564	
Total Charitable Fundraising Income	42	22,406,978	23,269,610	12,409,671	15,612,566	16,160,820	47
Government funding							
Commonwealth Department of Education		2,531,045	2,423,254	2,417,118	2,664,559	2,382,038	
Commonwealth Department of Social Services		2,671,320	2,122,983	1,960,446	1,419,714	1,229,897	
NSW Ageing, Disability and Home Care		4,128,368	5,757,749	6,179,028	6,027,771	5,237,319	
NSW Department of Education		2,492,837	1,914,003	2,366,076	2,080,433	2,144,322	
NSW Department of Health		1,254,189	392,955	-	-	-	
QLD Department of Health		252,436	304,872	307,311	300,000	-	
AusAID		-	-	-	-	1,500	
Total Government funding	25	13,330,195	12,915,816	13,229,979	12,492,477	10,995,076	33
Other Income							
Investment income		8,561,192	8,238,111	6,775,156	5,380,112	3,924,493	
Cochlear Implant Program		5,922,097	4,925,224	6,044,978	2,470,984	-	
Sales, fees and miscellaneous income		2,719,893	2,744,723	2,847,387	2,639,394	2,695,670	
Total Other Income	33	17,203,182	15,908,058	15,667,521	10,490,490	6,620,163	20
Total Revenue From Operating Activities	100	52,940,355	52,093,484	41,307,171	38,595,533	33,776,059	100
Operating Surplus/(Deficit)		8,560,115	9,854,972	308,228	653,364	11,892	
Net gain/ (loss) on disposal of property, plant & equipment		1,000	2,400,962	72,460	132,137	5,042	
Gain on acquisition		-	-	-	3,249,119	-	
Gain/(loss) on defined benefit super funds		60,267	(16,399)	7,561	(51,000)	108,000	
Net unrealised gain/ (loss) on revaluation of long term investments held at fair value and net realised gain on disposal of investments		3,852,602	3,035,257	(430,592)	2,235,867	10,855,813	
Surplus/(Deficit) after non-operating items		12,473,984	15,274,792	(42,343)	6,219,487	10,980,747	

ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN GOVERNMENT FUNDING – SUMMARY OF APPLICABLE LEGISLATION

Source of Funds	Legislation	Funding Purposes
Commonwealth Department of Education		
General Recurrent Grants Program General Recurrent Grants for Non-Government Schools	Australian Education Act (2013)	Assistance towards the cost of recurrent services at our schools
Commonwealth Strategic Assistance for Improving Student Outcomes Schools Support Non-Government	Australian Education Act (2013)	Assistance towards costs of education support services at and from our Special Schools.
Commonwealth Strategic Assistance for Improving Student Outcomes	Australian Education Act (2013)	Funding for special projects that provide a type of support to children's education which may otherwise be lacking in an institutional setting.
School Language Program Community Languages Element	Australian Education Act (2013)	Assistance towards the cost of implementation of Community Languages Program in the RIDBC Thomas Pattison School.
Australian Sports Commission - Sporting Schools Program	Australian Government	Initiative program aimed to involve more children in playing sport at the RIDBC Thomas Pattison School
Education Research Project		Access and utilise education research in the RIDBC Thomas Pattison School
Commonwealth Department of Social Services		
Early Childhood - Remote Hearing and Vision Services RIDBC Teleschool Project	Childcare Act (1972)	To provide intensive, targeted and coordinated support for parents and children who have limited or no access to specialised professional services in their local community.
Better Start Early Intervention Funding		The Better Start for Children with Disability (Better Start) initiative aims to assist eligible children with developmental disabilities to access funding for early treatment, diagnostic and management services.
National Disability Insurance Scheme	National Disability Insurance Scheme Act (2013) No. 20, 2013	NDIS provide community linking and individualised support for people with permanent and significant disability, their families and carers.
Production of Alternate Format Print	Print Disability Service – Disability Services Act (1986)	Subsidy towards the production of AFP (Part II, Section 10 of the Act)

ROYAL INSTITUTE FOR DEAF AND BLIND CHILDREN GOVERNMENT FUNDING – SUMMARY OF APPLICABLE LEGISLATION

N.S.W. Ageing, Disability and Home Care

Financial Assistance Grants	Disability Services Act (1993)	Assistance towards the cost of providing boarding, therapy, low vision and other services, under Section 7 of the Act.
Community Services Grants	Departmental policy initiative - Children (Care and Protection) Act (1987)	Community services grants program funding for community support and braille production.

N.S.W. Department of Education

Non-Government State Schools Per Capita Allowance	Education Act (1990)	Per capita allowance for primary and secondary pupils attending our special schools.
Teaching Supervisor's Subsidy	Education Act (1990)	Subsidies for approved teaching staff of intellectually impaired children.
Intervention Support Program	Early Childhood Education	The Program provides support that is supplementary to improve educational opportunities, learning outcomes and personal development of children with disabilities. The Program provides funding to non-government, not-for-profit incorporated services.
Early Childhood Education and Care	Early Childhood Education and Care Grants Program (2013) (Also now known as Start Strong)	Supports direct delivery of early childhood education by not-for profit preschool providers. Target audience is children in their year before school and those from CALD, ATSI and low SES backgrounds
Preschool Per Capita Grant	Preschool Disability Support Program	Per capita allowance for pupils attending RIDBC's Hunter, Nepean, Roberta Reid, Rockie Woofit and VisionEd Preschools under the Early Childhood Education and Care Program 2013

N.S.W. Department of Health

Department of Health	Support for Cochlear Implant services on the mid-north coast
	Support for the coordination of replacement of redundant Cochlear Implant Sound Processors for eligible public patients
	Support for coordination of bone conduction implant program for public patients clinically identified for Bone Anchored Hearing Devices (BAHD)

Q.L.D. Department of Health

Department of Health	Support for students at Teleschool
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