

Hear and Say - Centre for Deaf Children Limited

32 058 430 069

Financial Statements

For the Year Ended 30 June 2020

Hear and Say - Centre for Deaf Children Limited

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For the Year Ended 30 June 2020

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

	2020	2019
	\$	\$
INCOME		
Clinical services	3,190,938	2,642,224
Fundraising event revenue	156,109	263,803
Government grants	1,643,375	1,471,187
Non-government grants and donations	1,393,193	1,674,815
Gain on disposal of assets	617	6,290
Interest revenue	7,175	19,645
Government assistance - COVID 19	464,000	-
Other income	80,459	36,495
Total Income	6,935,866	6,114,459
EXPENDITURE		
Advertising and promotion	20,081	12,074
Bad and doubtful debts	39,177	55,833
Board Governance	30,000	40,000
Cleaning	54,000	44,795
Clinical services	54,033	68,159
Consultant fees	180,591	419,711
Depreciation and impairment charges	473,751	516,595
Employee benefits expense	4,938,809	4,425,018
Fundraising expense	82,364	208,672
Insurance	69,715	63,873
Interest Expense	5,038	2,205
Licenses and fees	53,875	110,640
Occupancy costs	115,617	102,477
Other expenses	135,210	103,769
Postage, printing and stationery	78,653	62,345
Repairs and maintenance	207,680	221,005
Telephone and internet	47,331	127,723
Travel and accommodation	84,836	128,715
Total Expenditure	6,670,761	6,713,609
Total comprehensive income for the year	265,105	(599,150)

The accompanying notes form part of these financial statements.

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Statement of Financial Position

30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,990,126	1,265,467
Trade and other receivables	5	288,562	471,639
Inventories	6	7,495	2,751
Other assets	9	127,255	64,691
TOTAL CURRENT ASSETS		2,413,438	1,804,548
NON-CURRENT ASSETS			
Property, plant and equipment	8	12,828,985	13,100,467
Other financial assets	7	10,000	10,000
TOTAL NON-CURRENT ASSETS		12,838,985	13,110,467
TOTAL ASSETS		15,252,423	14,915,015
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	656,928	627,226
Provision for employee benefits	12	559,085	491,662
Other liabilities	11	227,000	270,918
TOTAL CURRENT LIABILITIES		1,443,011	1,389,805
NON-CURRENT LIABILITIES			
Provision for employee benefits	12	58,943	39,846
TOTAL NON-CURRENT LIABILITIES		58,943	39,846
TOTAL LIABILITIES		1,501,954	1,429,651
NET ASSETS		13,750,469	13,485,364
EQUITY			
Asset revaluation reserve		2,495,597	2,495,597
Retained earnings		11,254,872	10,989,767
TOTAL EQUITY		13,750,469	13,485,364

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2019	10,989,767	2,495,597	13,485,364
Profit/(Loss) for the year	265,105	-	265,105
Balance at 30 June 2020	11,254,872	2,495,597	13,750,469

2019

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2018	11,588,917	2,495,597	14,084,514
Profit/(Loss) for the year	(599,150)	-	(599,150)
Balance at 30 June 2019	10,989,767	2,495,597	13,485,364

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Statement of Cash Flows For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from appeals, supporters and services	7,067,850	5,854,986
Payments to suppliers and employees	(6,143,059)	(5,933,371)
Interest received	7,175	19,645
Interest paid	(5,038)	(2,205)
Net cash provided by/(used in) operating activities	15 <u>926,928</u>	<u>(60,945)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Movement in property, plant and equipment	(202,269)	(203,039)
Movement in investment	-	20,013
Net cash used by investing activities	<u>(202,269)</u>	<u>(183,026)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase/(decrease) in cash and cash equivalents held	724,659	(243,971)
Cash and cash equivalents at beginning of year	<u>1,265,467</u>	1,509,438
Cash and cash equivalents at end of financial year	4 <u><u>1,990,126</u></u>	<u>1,265,467</u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2020

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*.

The material accounting policies adopted in the special purpose financial statements are set out in note 2 and indicate how the recognition and measurement requirements in Australian Accounting Standards have not been complied with.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

(c) Revenue and other income

Grant revenue

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 statement of profit or loss and other comprehensive income.

All grant income has been deferred upon receipt and not recognised as revenue until the related expenses are incurred, without assessing whether enforceable performance obligations exist. This does not comply with *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities*.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

(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.

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.

Long-term provisions recognised for long service leave has been measured on the undiscounted basis. The probability that an employee may satisfy vesting requirements has not been taken into account. This treatment of long service leave entitlements does not comply with *AASB 119 Employee Benefits*.

Notes to the Financial Statements

For the Year Ended 30 June 2020

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.

4 Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash at bank and in hand	100	100
Short-term deposits	1,106,602	259,390
Deposits at call	883,424	1,005,977
Total cash and cash equivalents	1,990,126	1,265,467

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:

	2020	2019
	\$	\$
Cash and cash equivalents	1,990,126	1,265,467
Balance as per statement of cash flows	1,990,126	1,265,467

Notes to the Financial Statements

For the Year Ended 30 June 2020

5 Trade and Other Receivables

	2020	2019
	\$	\$
CURRENT		
Accounts receivable	225,355	410,379
Provision for doubtful debts	(29,180)	(31,000)
Other receivables	92,387	92,260
Total current trade and other receivables	<u>288,562</u>	<u>471,639</u>

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.

6 Inventories

	2020	2019
	\$	\$
CURRENT		
At cost:		
Stock on hand	7,495	2,751
Total inventories	<u>7,495</u>	<u>2,751</u>

7 Other Financial Assets

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

	2020	2019
	\$	\$
NON-CURRENT		
Queensland Community Foundation	10,000	10,000
Total other financial assets	<u>10,000</u>	<u>10,000</u>

Notes to the Financial Statements

For the Year Ended 30 June 2020

8 Property, plant and equipment

	2020	2019
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At fair value	2,890,000	2,940,000
Total Land	2,890,000	2,940,000
Buildings		
At fair value	10,515,580	10,369,933
Accumulated depreciation	(1,300,984)	(1,102,378)
Total buildings	9,214,596	9,267,555
Total land and buildings	12,104,596	12,207,555
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	-	45,387
Total capital works in progress	-	45,387
Plant and equipment		
At cost	1,845,928	1,693,918
Accumulated depreciation	(1,284,338)	(1,066,369)
Total plant and equipment	561,590	627,549
Furniture, fixtures and fittings		
At cost	384,354	384,354
Accumulated depreciation	(279,423)	(247,144)
Total furniture, fixtures and fittings	104,931	137,210
Motor vehicles		
At cost	130,444	130,444
Accumulated depreciation	(83,930)	(74,784)
Total motor vehicles	46,514	55,660
Computer software		
At cost	137,265	137,265
Accumulated depreciation	(125,911)	(110,159)
Total computer software	11,354	27,106
Total plant and equipment	724,389	892,912
Total property, plant and equipment	12,828,985	13,100,467

Notes to the Financial Statements
For the Year Ended 30 June 2020

9 Other Assets

	2020	2019
	\$	\$
CURRENT		
Prepayments	127,255	64,691
Total other assets	127,255	64,691

10 Trade and Other Payables

	2020	2019
Note	\$	\$
CURRENT		
Trade payables	126,995	191,030
Accrued wages	146,218	69,728
Accrued income	68,087	91,758
Interest-free at call loans	110,000	-
Other payables	163,670	274,710
Loan Funding	41,958	-
Total trade and other payables	656,928	627,226

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.

11 Other Liabilities

	2020	2019
	\$	\$
CURRENT		
Committed funds	227,000	270,918
Total other liabilities	227,000	270,918

12 Employee Benefits

	2020	2019
	\$	\$
Current liabilities		
Long service leave	195,331	211,685
Employee benefits	363,754	279,977
Total current employee benefits	559,085	491,662
Non-current liabilities		
Long service leave	58,943	39,846
Total non-current employee benefits	58,943	39,846

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Notes to the Financial Statements

For the Year Ended 30 June 2020

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 2020 (30 June 2019:None).

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:

	2020	2019
	\$	\$
Profit for the year	265,105	(559,150)
Non-cash flows in profit:		
Depreciation and amortisation expense	473,751	516,595
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	183,077	(250,051)
- (increase)/decrease in prepayments	(62,564)	(51,108)
- (increase)/decrease in stock on hand	(4,744)	(2,137)
- increase/(decrease) in trade and other payables	(14,217)	270,865
- increase/(decrease) in provision employee entitlements	86,520	54,041
Cashflows from operations	926,928	(20,945)

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

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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 2020 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 

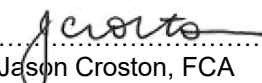
Director 

Dated this 16 day of September 2020

AUDITOR'S INDEPENDENCE DECLARATION

As auditor for the audit of Hear and Say – Centre for Deaf Children for the year ended 30 June 2020, 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.


.....
Jason Croston, FCA
Registered Company Auditor
Brisbane
SRJ Walker Wayland

Dated: 16 September 2020

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 2020, 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 2020 and of its performance for the year ended on that date; 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.

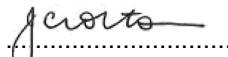
As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.


.....
Jason Croston
SRJ Walker Wayland
Director

Date: 16 September 2020

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