

Deaf Children Australia

ABN: 57 108 025 207

Financial Statements

For the Year Ended 30 June 2022

Deaf Children Australia

ABN: 57 108 025 207

Contents

For the Year Ended 30 June 2022

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration	6
Statement of Income and Expenditure	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	28
Independent Audit Report	29

Deaf Children Australia

ABN: 57 108 025 207

Directors' Report

30 June 2022

The directors present their report on Deaf Children Australia (DCA) for the financial year ended 30 June 2022.

Directors

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

Names

Current Directors

Professor Colin Clark	Appointed January 2019
Ms Karen Cleave	Appointed November 2014
Mr William de Vere Gould	Appointed February 2019
Dr Kerry Ferguson	Appointed November 2014
Mr Chris Penman	Appointed November 2014
Mr Adam Rich	Appointed March 2015
Ms Melisa Sloan	Appointed May 2018
Ms Carol Webb	Appointed May 2018

Review of operations

For the financial year Deaf Children Australia made a deficit of \$ (5,181,255) (2021: \$3,569,771 surplus). No significant changes in DCA's state of affairs occurred during the financial year.

Principal activities

The principal activity of Deaf Children Australia during the financial year was to advance the welfare of deaf and hard of hearing children and young people and their families. Although no significant changes in the nature of these activities occurred during the year, the continued lock-downs and the associated restrictions continue to have a significant impact on how DCA delivers its services. Even in post-lock down world, the impact of COVID-19 and requisite isolation rules has resulted in an increase in staff illness and absences.

DCA's short and long term objectives are to remove barriers to the personal development and social inclusion of children and young people who are deaf or hard of hearing. The short-term objectives are to continue the provision of high-quality services, policy advice, information and support to the core stakeholders of DCA, being deaf and hard of hearing children, young people and their families.

DCA offers a range of quality services and programs including Parent Mentoring, Family Camps, and information services. DCA is also a registered provider under the National Disability Insurance Scheme (NDIS) and service delivery includes youth and community services, Auslan tuition, support coordination, employment supports and group programs. DCA also provides bilingual language resources nationwide through its online store. DCA continues to deliver high quality projects funded by the Information, Linkages and Capacity Building (ILC) grants. Flying Colours continues to be a ground-breaking resource for parents raising a child with a hearing loss providing high quality information, support and unbiased advice. Blueprint is another quality project that allows DCA to work with community organisations across Australia to encourage and support them to be more accessible for children who are deaf or hard of hearing.

DCA's employment arm 'Sign for Work' continues to deliver under its five-year contract with the Commonwealth Government to continue and build upon its personalized support for deaf and hard of hearing people and those with a disability to find meaningful employment in Melbourne, Brisbane and Gold Coast. The effects of COVID-19 on the economy and job market has taken its toll on Sign-for-Work but our team is working hard to provide the very best service to our clients.

Deaf Children Australia

ABN: 57 108 025 207

Directors' Report

30 June 2022

Annual operating costs of our substantial heritage listed property at 597 St Kilda Road, Melbourne continue to be high and diverts funds which ideally would be directed to service areas. DCA continues to provide accommodation and grounds services for the Victorian College for the Deaf and the Victorian Deaf Education Institute. In addition to annual operating costs, the property is of iconic standing in the community and after 150 years, is in urgent need of restoration and redevelopment. The Board of DCA is continuing to receive expert legal and commercial advice on the options for the heritage property.

Whilst the final Income and Expenditure result for the 2021 financial year benefited from an unrealised gain of \$4,244,266 from investments providing a net result of \$3,569,771 surplus; the year ended 2022 was adversely affected by an unrealised loss from investments of \$3,729,932 contributing significantly to the net result for the financial year, a deficit of \$5,181,255.

Information on Directors

The information on directors, in office during the 2021-22 Financial Year, is as follows:

Professor Colin Clark	Treasurer. Joined the Board in January 2019.
Qualifications	Bachelor of Business (Acc) (FIT), Diploma Education (SCVH), Master of Business Administration (Monash), PhD (Monash), Fellow CPA Australia, Fellow Chartered Accountants Australia and New Zealand, Fellow Australian Institute of Company Directors, Fellow Institute of Public Administration Australia.
Experience	He is a professor of accounting and also Director of the Victoria Business Confucius Institute at Victoria University. He previously served as Dean International at Victoria University. He earlier served as Deputy Dean and Executive Dean of Business at Victoria University. He has been active within the accounting profession and is a former Vice President of CPA Australia and a past Victorian President of CPA Australia. He is a past member of the Australian Accounting Standards Board Advisory Group. Colin has had previous non-executive director appointments and presently holds other roles.
Special Responsibilities	Chair of the Audit, Finance and Strategy Committee.
Karen Cleave	Deputy Chair. Joined the Board in November 2014.
Qualifications	Bachelor of Economics; Fellow Institute of Public Administration Australia. Graduate Australian Institute of Company Directors.
Experience	Karen has extensive experience in the Commonwealth and State Public Service in the fields of health and human services, disability, education, Treasury and Premier's department. She served on the Board of Scope Victoria for 9 years and on the Defence Reserves Support Council, an employer support body. She is an Economics graduate and attended the London Business School Senior Executive Program.
Special Responsibilities	Member of the Audit, Finance and Strategy Committee.

Deaf Children Australia

ABN: 57 108 025 207

Directors' Report

30 June 2022

William de Vere Gould	Director. Joined the Board in February 2019.
Qualifications	Chartered Accountant, Bachelor of Science (Honours) (University of Nottingham).
Experience	William is currently a Partner at a major accountancy firm and has been employed with them since 2009, the first five years in London and the remaining time in Melbourne. Previously William has also worked at National Australia Bank, Deloitte and Arthur Andersen. Professionally, William specialises in risk consulting, regulatory compliance and internal audits. His professional memberships and qualifications include being a Member of the Institute of Chartered Accountants of England and Wales.
Special Responsibilities	Member of the Governance and Risk Committee.
Dr Kerry Ferguson	Chair. Joined the Board in November 2014.
Qualifications	BA (OT); Masters of Education in the field of Counselling; Professional Doctorate in Education. Graduate of the Australian Institute of Company Directors.
Experience	Dr Kerry Ferguson has over forty years' experience in tertiary education. She is a Higher Education Consultant; Director and Principal Consultant of EduResolutions. She has led large and diverse portfolios and managed complex organisational change. Kerry is a graduate of the Australian Institute of Company Directors and from 1999 – 2013, she held a Pro Vice Chancellor position with a major focus on Equity and Student Services. Prior to this, she held a variety of academic leadership positions in Health Sciences including Dean and Deputy Dean. She is a nationally accredited mediator.
Special Responsibilities	Member of the Audit, Finance and Strategy Committee.
Chris Penman	Director. Joined the Board in November 2014.
Qualifications	Bachelor of Laws (Hons 1); Masters of Laws; Graduate Australian Institute of Company Directors.
Experience	Chris was General Counsel at the University of Melbourne for most of his 11 year tenure. During this time, he worked extensively in governance, compliance, trusts and advancement matters, in addition to a broad range of issues and transactions requiring strategic legal input to senior members of the University. Previously, he was a partner at Baker & McKenzie for over 20 years, practising primarily in corporate and general business law, both in Australia and Asia. Chris is involved in the governance of several other not for profit organisations.
Special Responsibilities	Chair of the Governance and Risk Committee.
Adam Rich	Director. Joined the Board in March 2015.
Qualifications	Bachelor of Arts (Hons); Bachelor of Laws (Hons); Masters of Commercial Law.
Experience	Adam is a lawyer practicing in the Corporate & Commercial Division of Melbourne law firm, Wisewould Mahony. He was admitted to legal practice with Wisewould Mahony in 1999, has been a partner of the firm since 2005 and was managing partner for 6 years from 2008 to 2014. A large part of Adam's legal practice involves advising clients with respect to corporate governance and compliance and commercial business transactions and advice.
Special Responsibilities	Member of the Governance and Risk Committee.

Deaf Children Australia

ABN: 57 108 025 207

Directors' Report

30 June 2022

Melisa Sloan	Joined the Board in May 2018.
Qualifications	Bachelor of Laws and Bachelor of Business
Experience	Melisa is profoundly deaf and attended Princess Elizabeth Junior School for kinder. As a consequence of this, she identifies with and understands the challenges deaf and hard at hearing children and their families' experience. She enjoys contributing to the role DCA plays in assisting the deaf community with these challenges and the services they offer including those provided to deaf children in remote communities. She also understands the importance of the economic sustainability of DCA in servicing the diverse needs of the deaf community.
Special Responsibilities	Member of the Audit, Finance and Strategy Committee.
Carol Webb	Joined the Board in May 2018.
Qualifications	Bachelor of Commerce (Honours) and Masters of Management.
Experience	Carol Webb joined the Board in 2018 and has over 15 years' experience in the Human Resources arena. She has developed and implemented a broad range of leadership, strategic human resource management and organisational capability programs. As an experienced human resources consultant, she has proven ability to coach managers, facilitate a range of corporate programs and work at Board level. She has extensive experience in change management, strategic planning, and has a passion for education and training.
Special Responsibilities	Carol has a young son who is deaf and she is committed to enhancing the level of support and opportunities for children and young people with hearing loss. Member of the Audit, Finance and Strategy Committee.

Deaf Children Australia

ABN: 57 108 025 207

Directors' Report

30 June 2022

Meetings of directors

During the financial year, seven Board meetings were held. Attendances by each director were as follows:

Directors' Meetings	
Number eligible to attend	Number attended
Professor Colin Clark	7
Ms Karen Cleave	7
Mr William de Vere Gould	7
Dr Kerry Ferguson	7
Mr Chris Penman	6
Mr Adam Rich	7
Ms Melisa Sloan	7
Ms Carol Webb	7

DCA is incorporated under the Corporations Act 2001 and is a Company limited by guarantee.

The Constitution states that if DCA is wound up, each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of DCA. At 30 June 2022 the total amount that members of DCA are liable to contribute if DCA is wound up is \$158.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 6 of the financial report.

Signed in accordance with a resolution of the Board of Directors:



Director:
Kerry Ferguson



Director:
Colin Clark

Dated this 10 day of November 2022

Deaf Children Australia

ABN: 57 108 025 207

Auditor's Independence Declaration

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Deaf Children Australia. As the lead audit partner for the audit of the financial statements of Deaf Children Australia for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 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.


Saward Dawson



Jeffrey Tulk
Partner

Dated: 10 November 2022

Blackburn

Deaf Children Australia

ABN: 57 108 025 207

Statement of Income and Expenditure

For the Year Ended 30 June 2022

		2022	2021
	Note	\$	\$
Revenue	4	4,259,636	5,160,888
Other income	4	(2,637,436)	5,091,835
Employee benefits expense		(4,385,964)	(4,187,913)
Depreciation and amortisation expense	5	(268,140)	(271,401)
Client support services		(100,728)	(128,954)
Consultants and interpreter fees		(526,784)	(594,845)
Insurance		(256,583)	(178,602)
Investment costs		(209,691)	(203,081)
Stationery and postage		(81,269)	(44,969)
Rental outgoings		(12,468)	(13,931)
Staff training		(27,462)	(25,474)
Utilities expense		(272,077)	(338,041)
Grants and contributions paid		(32,812)	(15,566)
Repairs and maintenance		(167,361)	(108,153)
Other expenses		(455,767)	(561,479)
Finance costs - lease interest	12	(6,349)	(10,543)
Surplus/(deficit) for the year		(5,181,255)	3,569,771

The accompanying notes form part of these financial statements.

Deaf Children Australia

ABN: 57 108 025 207

Statement of Financial Position

As at 30 June 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	404,355	335,683
Trade and other receivables	7	762,508	538,088
Inventories		44,038	11,582
Other current assets	8	12,923	39,580
TOTAL CURRENT ASSETS		<u>1,223,824</u>	<u>924,933</u>
NON-CURRENT ASSETS			
Financial assets	9	30,960,767	36,482,064
Property, plant and equipment	10	3,352,030	3,326,685
Right-of-use assets	12	97,221	185,039
Intangible assets	11	21,980	36,680
TOTAL NON-CURRENT ASSETS		<u>34,431,998</u>	<u>40,030,468</u>
TOTAL ASSETS		<u>35,655,822</u>	<u>40,955,401</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	354,426	294,805
Provisions	14	520,877	523,287
Income in advance	15	677,707	756,363
Lease liabilities	12	98,554	90,898
TOTAL CURRENT LIABILITIES		<u>1,651,564</u>	<u>1,665,353</u>
NON-CURRENT LIABILITIES			
Provisions	14	16,696	22,677
Lease liabilities	12	10,905	109,459
TOTAL NON-CURRENT LIABILITIES		<u>27,601</u>	<u>132,136</u>
TOTAL LIABILITIES		<u>1,679,165</u>	<u>1,797,489</u>
NET ASSETS		<u>33,976,657</u>	<u>39,157,912</u>
EQUITY			
Accumulated surpluses		<u>33,976,657</u>	<u>39,157,912</u>
TOTAL EQUITY		<u>33,976,657</u>	<u>39,157,912</u>

The accompanying notes form part of these financial statements.

Deaf Children Australia

ABN: 57 108 025 207

Statement of Changes in Equity

For the Year Ended 30 June 2022

2022

	Accumulated Surpluses	Total
	\$	\$
Balance at 1 July 2021	39,157,912	39,157,912
Surplus/ (Deficit) attributable to members of the entity	(5,181,255)	(5,181,255)
Balance at 30 June 2022	<u>33,976,657</u>	<u>33,976,657</u>

2021

	Accumulated Surpluses	Total
	\$	\$
Balance at 1 July 2020	35,588,141	35,588,141
Surplus/ (Deficit) attributable to members of the entity	3,569,771	3,569,771
Balance at 30 June 2021	<u>39,157,912</u>	<u>39,157,912</u>

The accompanying notes form part of these financial statements.

Deaf Children Australia

ABN: 57 108 025 207

Statement of Cash Flows

For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	3,960,079	4,439,209
Dividends received	1,041,110	844,029
Receipt of grants and subsidies	322,063	1,367,646
Payments to suppliers and employees	(6,757,238)	(6,522,739)
Interest received	400	430
Interest paid - leases	(6,349)	(10,543)
Net cash provided by/(used in) operating activities	19 <u>(1,439,935)</u>	<u>118,032</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	3,105,414	500,000
Payment for investments	(1,314,049)	(454,336)
Payment for property, plant and equipment	(191,860)	(12,785)
Net cash provided by/(used in) investing activities	<u>1,599,505</u>	<u>32,879</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Lease payments	(90,898)	(85,846)
Net cash provided by/(used in) financing activities	<u>(90,898)</u>	<u>(85,846)</u>
Net increase/(decrease) in cash and cash equivalents held	68,672	65,065
Cash and cash equivalents at beginning of year	335,683	270,618
Cash and cash equivalents at end of financial year	6 <u><u>404,355</u></u>	<u><u>335,683</u></u>

The accompanying notes form part of these financial statements.

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

The financial report covers Deaf Children Australia as an individual entity. Deaf Children Australia is a not-for-profit Company, registered and domiciled in Australia. Deaf Children Australia is a Company limited by guarantee.

The functional and presentation currency of Deaf Children Australia is Australian dollars.

1 Basis of Preparation

Deaf Children Australia (DCA) applies Australian Accounting Standards – Simplified Disclosure Standards as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

These general purpose financial statements have been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board.

DCA is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

The core principle of AASB 15 (Australian Accounting Standards Board - Revenue from Contracts with Customers) is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration DCA expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Donations

Donations and bequests which do not have an enforceable contract are recognised as revenue when received.

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Interest and Dividend revenue

Interest is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Fee for services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. This is generally when claims are submitted to the Department of Social Services and the National Disability Insurance Agency.

Government grant revenue

Deaf Children Australia receives federal government funding from the Department of Social Services and National Disability Insurance Agency, and state government funding from Department of Health and Human Services.

Grant revenue is recognised in the statement of income and expenditure on the basis that the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. Each agreement is analysed to determine the revenue recognition in accordance with the five step model. Where performance obligations have not been met, it will result in unearned income at year end.

Other income

Other income is recognised on an accruals basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration DCA expects to receive in exchange for those goods or services.

(b) Income Tax

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

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(c) Property, plant and equipment

Each class of property, plant and equipment is carried at cost, less any accumulated depreciation and impairment. Property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Land and buildings

Freehold land and buildings are shown at cost, less subsequent depreciation for buildings.

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 asset's useful life to DCA, 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	2%
Furniture, Fixtures and Fittings	10 - 33%
Motor Vehicles	15 - 20%

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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(d) Leases

Right-of-use asset

At the lease commencement, DCA recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where DCA believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then DCA's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured when there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in DCA's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

DCA has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. DCA recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, DCA classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless DCA changes its business model for managing financial assets.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

DCA's financial assets measured at FVTPL comprise of managed funds and equity investments in the statement of financial position.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 (Australian Accounting Standards Board - Financial Instruments), which uses an estimation of lifetime expected credit losses. DCA has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(e) Financial instruments

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced a significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

DCA measures all financial liabilities initially at fair value less transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities of DCA comprise trade payables and other loans.

(f) Intangibles

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of five years. It is assessed annually for impairment.

(g) Employee benefits

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

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by DCA to employee superannuation funds and are recorded as expenses when incurred.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(i) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

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

3 Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates and judgements assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within DCA.

Key Estimate - Provision for impairment of receivables

The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history.

Key Estimate - Depreciation rates

The useful lives of property, plant and equipment and intangible assets have been estimated based on Directors' assessment, the nature of the asset and prior history.

Key Judgement - Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

Key Judgement - Lease term and option to extend under AASB 16 (Australian Accounting Standards Board - Leases)

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the association will make. DCA determines the likelihood to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of DCA.

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

4 Revenue and Other Income

	2022	2021
	\$	\$
Revenue from contracts with customers (AASB 15)		
Fee for service	2,940,940	2,870,800
Contributions - special purpose	26,522	15,566
Sales of goods	15,573	15
Government Funding		
- Operating Grants	151,500	140,273
- Other grants	242,672	577,173
	<u>3,377,207</u>	<u>3,603,827</u>
Revenue recognised on receipt (not enforceable or no sufficiently specific performance obligations - AASB 1058)		
Donations	268,776	256,672
Bequests	123,640	417,658
Other revenue	151,886	182,531
Government Subsidies	338,127	700,200
	<u>882,429</u>	<u>1,557,061</u>
Total revenue	<u>4,259,636</u>	<u>5,160,888</u>
Other Income		
Dividends received and investment income	1,041,110	844,029
Interest income	400	430
Rental income	-	3,150
Fair value movement on financial assets measured at fair value through profit or loss	(3,729,932)	4,244,226
(Loss) / gain on disposal of property, plant and equipment	50,986	-
Total other income	<u>(2,637,436)</u>	<u>5,091,835</u>
Total revenue and other income	<u>1,622,200</u>	<u>10,252,723</u>

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

4 Revenue and Other Income

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated into regions of service, the following table shows this breakdown:

	2022	2021
	\$	\$
Regions of Service		
- Victoria	2,596,348	2,867,648
- Queensland	780,859	736,179
Revenue from contracts with customers	<u>3,377,207</u>	<u>3,603,827</u>

5 Expenses

The result for the year includes the following specific expenses:

Depreciation of property, plant and equipment	165,622	172,371
Amortisation of intangible assets	14,700	11,212
Depreciation of right-of-use asset	87,818	87,818
	<u>268,140</u>	<u>271,401</u>
Superannuation - Defined contribution plans	372,234	356,195
Remuneration of the auditor		
- Audit of the financial statements	24,300	23,600
- Other services	2,800	2,950
6 Cash and Cash Equivalents		
Cash on hand	170	170
Cash at bank	404,185	335,513
	<u>404,355</u>	<u>335,683</u>

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

7 Trade and Other Receivables

	2022	2021
	\$	\$
CURRENT		
Trade receivables	75,922	118,012
Sundry receivables	586,188	418,309
Other receivables	100,398	1,767
	<u>762,508</u>	<u>538,088</u>

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for services provided or goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

8 Other Assets

CURRENT		
Prepayments	<u>12,923</u>	<u>39,580</u>

9 Financial Assets

NON-CURRENT		
Financial assets at fair value through profit or loss:		
Listed investments		
- Managed investments, at fair value	<u>30,960,767</u>	<u>36,482,064</u>

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

10 Property, plant and equipment

	2022	2021
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At cost	2,774	2,774
Total Land	<u>2,774</u>	<u>2,774</u>
Buildings		
At cost	6,702,688	6,532,453
Accumulated depreciation	(3,389,255)	(3,255,191)
Total buildings	<u>3,313,433</u>	<u>3,277,262</u>
Total land and buildings	<u>3,316,207</u>	<u>3,280,036</u>
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	838,319	816,694
Accumulated depreciation	(802,496)	(770,938)
Total plant and equipment	<u>35,823</u>	<u>45,756</u>
Motor vehicles		
At cost	-	115,074
Accumulated depreciation	-	(114,181)
Total motor vehicles	<u>-</u>	<u>893</u>
Total plant and equipment	<u>35,823</u>	<u>46,649</u>
Total property, plant and equipment	<u><u>3,352,030</u></u>	<u><u>3,326,685</u></u>

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2022					
Carrying amount at 1 July 2021	2,774	3,277,262	45,756	893	3,326,685
Additions	-	170,235	21,625	-	191,860
Disposals	-	-	-	(893)	(893)
Depreciation expense	-	(134,064)	(31,558)	-	(165,622)
Balance at the end of the year	<u>2,774</u>	<u>3,313,433</u>	<u>35,823</u>	<u>-</u>	<u>3,352,030</u>

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

11 Intangible Assets

	2022	2021
	\$	\$
Software license		
Cost	223,360	223,360
Accumulated amortisation	(201,380)	(186,680)
Total intangible assets	21,980	36,680

Movements in carrying amounts of intangible assets

	Software license	Total
	\$	\$
Year ended 30 June 2022		
Carrying amount at 1 July 2021	36,680	36,680
Amortisation	(14,700)	(14,700)
Balance at the end of the year	21,980	21,980

12 Leases

Right-of-use assets

	2022
	\$
Year ended 30 June 2022	
Carrying amount as at 1 July 2021	185,039
Depreciation charge	(87,818)
Balance at end of year	97,221

The two property leases are non-cancellable leases with various terms and options. Rent is payable monthly in advance. Suite No 202B, Toowong Office Tower property lease has a five year term ending 30 June 2023 with no further term options expected to be exercised at this stage and a fixed yearly rent payment increase of 4%. Suite 9/134-136 Cambridge Street, Collingwood property lease has a five year term ending 9 October 2021 with three further term options of one year each of which two were exercised and a fixed yearly rent payment increase of 4%. The discount rate (interest rate) utilised in calculating the lease liability was 3.5%

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

12 Leases

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in the Statement of Financial Position
	\$	\$	\$	\$	\$
2022					
Lease Liabilities	101,138	10,996	-	112,134	109,459
2021					
Lease Liabilities	97,247	112,134	-	209,381	200,357

Amounts recognised in the statement of profit or loss

	2022	2021
	\$	\$
Depreciation charge of right-of-use assets	87,818	87,818
Interest expense on lease liabilities	6,349	10,543
Expense relating to short-term leases	12,468	13,931

13 Trade and Other Payables

Current

Trade payables	274,010	269,528
GST payable	75,197	21,889
Other payables	5,219	3,388
	<u>354,426</u>	<u>294,805</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

14 Provisions

	2022	2021
	\$	\$
CURRENT		
Provision for employee benefits: long service leave	177,782	172,600
Provision for employee benefits: annual leave	343,095	350,687
	<u>520,877</u>	<u>523,287</u>
NON-CURRENT		
Provision for employee benefits: long service leave	<u>16,696</u>	<u>22,677</u>

Provision for employee benefits represents amounts accrued for annual leave and long service leave. The current portion of this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, DCA does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next twelve months. However, these amounts must be classified as current liabilities since DCA does not have an unconditional right to defer the settlement of these amounts in the event that employees wish to use their leave entitlement.

The non-current portion of this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1.

15 Income in advance

CURRENT		
Government grants	506,849	90,866
Jobkeeper	-	338,100
Special purpose grants	170,858	327,397
	<u>677,707</u>	<u>756,363</u>
Total	<u>677,707</u>	<u>756,363</u>

Income in advance represents income that has been received at 30 June 2022 but the funding was provided for activities for future periods, or funds have not been expensed on the relevant activity.

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

16 Financial Risk Management

DCA's financial instruments consist mainly of deposits with banks, managed funds, accounts receivable and payables.

The main risks Deaf Children Australia is exposed to through its financial instruments are market risk, liquidity risk and credit risk. Risks are managed on a day to day basis by the CEO and the Finance & Corporate Services Manager operating within guidelines determined by the Audit, Finance and Strategy Committee of the Board and with advice from the external investment portfolio managers.

The totals for each category of financial instrument, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

		2022	2021
		\$	\$
Financial Assets			
- Cash and cash equivalents	6	404,355	335,683
- Financial assets at fair value through profit or loss	9	30,960,767	36,482,064
- Trade and other receivables	7	762,508	538,088
		<u>32,127,630</u>	<u>37,355,835</u>
Financial Liabilities			
- Trade and other payables	13	(354,426)	(294,805)
- Lease liabilities	12	(109,459)	(200,357)
		<u>(463,885)</u>	<u>(495,162)</u>
		<u>31,663,745</u>	<u>36,860,673</u>

17 Key Management Personnel Compensation

The total compensation paid to key management personnel of DCA was \$ 357,537 (2021: \$ 299,597).

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

18 Related Parties

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

For key management personnel- Refer Note 17.

There was no remuneration paid or payable to directors by DCA during the year.

The following table provides the total amount of transactions that were entered into with related parties other than Directors during the year.

	2022 \$	2021 \$
Deaf Services Australia		
Fee income received/receivable	1,069,019	960,950
Contributions paid	3,700	19,065
Sundry income received	-	346

The above transactions are derived from the contractual agreement DES 10-11-299 between Deaf Services Australia and Deaf Children Australia, operational since 1 September 2013.

19 Cash Flow Information

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

Surplus for the year	(5,181,255)	3,569,771
Non-cash flows in profit:		
- depreciation and amortisation	269,033	271,401
- fair value movements on investments through profit or loss	3,729,932	(4,244,226)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(224,420)	108,146
- (increase)/decrease in other assets	26,657	66,356
- (increase)/decrease in inventories	(32,456)	(11,582)
- increase/(decrease) in income in advance	(78,656)	313,471
- increase/(decrease) in trade and other payables	59,621	(57,999)
- increase/(decrease) in provisions	(8,391)	102,694
Cash flows from operating activities	(1,439,935)	118,032

Deaf Children Australia

ABN: 57 108 025 207

Notes to the Financial Statements

For the Year Ended 30 June 2022

20 Events after the end of the Reporting Period

The COVID-19 pandemic began in 2020 and continues to have a global economic impact. While the ongoing effect of the pandemic on DCA is unknown, the board believe that current funding will remain in place and do not expect a significant decline in income during the year ending 30 June 2023. On this basis, the board are currently satisfied that the short term implications will not adversely affect DCAs ability to continue to operate as a going concern.

Subsequent to year end, DCA received a settlement totalling \$1,100,000 from a historical legal matter. Legal fees totalling \$154,091 has been incurred in relation to this matter.

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

21 Statutory Information

The registered office and principal place of business of the Company is:

Deaf Children Australia
597 St Kilda Road
Melbourne Victoria 3004

Deaf Children Australia

ABN: 57 108 025 207

Directors' Declaration

The Directors of Deaf Children Australia declare that:

1. The financial statements and notes, as set out on pages 7 to 27, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards - Simplified Disclosure Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the entity.
2. In the Directors' opinion, there are reasonable grounds to believe that the entity 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

Kerry Ferguson



Director

Colin Clark

Dated 10 November 2022

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Deaf Children Australia (DCA), which comprises the statement of financial position as at 30 June 2022, the statement of income and expenditure, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of DCA's financial position as at 30 June 2022 and of its financial performance and financial result of fundraising appeal activities for the year ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosure Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of Deaf Children Australia in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors' Responsibilities for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

Deaf Children Australia

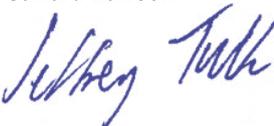
Independent Audit Report to the members of Deaf Children Australia

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Deaf Children Australia's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible entities' 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 DCA'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 DCA 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.


Saward Dawson



Jeffrey Tulk
Partner

Blackburn

Dated this 10 day of November 2022