

Guide  
Dogs  
VICTORIA

For the Financial Year  
Ended 30 June 2020

# Financial Report



# **Guide Dogs Victoria**

## **Financial Statements**

**For the Year Ended 30 June 2020**

# Guide Dogs Victoria

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For the Year Ended 30 June 2020

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# Guide Dogs Victoria

## Directors' Report

30 June 2020

The Board of Guide Dogs Victoria (the Company) is pleased to present the Directors' Report for the financial year ended 30 June 2020.

### PRINCIPAL ACTIVITIES

The principal activities of Guide Dogs Victoria in the course of the financial year were directed towards the provision of guide dogs and orientation and mobility services to children and adults in Victoria who are blind or with low vision.

### OBJECTIVES AND STRATEGIES

#### Long Term Objective

The first choice of people with blindness and low vision in the provision of services that enable a lifetime of independence.

#### Strategies

To achieve this objective, the Company has adopted the following strategies:

- Be the "First Choice" provider of services for people with low vision and blindness.
- Build a diverse Fundraising Portfolio along with profitable Commercial Enterprises to enable investment in research and be the "First Choice".
- Ensure brand remains strong and clearly understood as market differentiators to ensure we are the first choice for clients, referrers/partners and donors.
- Maintain a highly engaged flexible workforce committed to delivering quality services to our clients in a safe environment.
- Operate at optimal productivity levels which ensures maximum utilisation of revenue and resources.

### PERFORMANCE MEASURES

Guide Dogs Victoria operations for the financial year in meeting its services to clients recorded a surplus of \$3,416,556. During 2019/20, Guide Dogs Victoria serviced 1,149 clients.

A further review of the operations of Guide Dogs Victoria during the financial year and the results of those operations is contained in the Annual Report.

### REVIEW OF OPERATIONS

Guide Dogs Victoria recorded a surplus for the financial year. This surplus includes \$1,225,089 of revenue received to go toward the campus redevelopment. The balance sheet includes a reserve for these capital funds. Operating cash balances are being closely monitored to ensure non-capital works are adequately funded. COVID-19 has reduced the income from the National Disability Insurance Scheme and fundraising in the latter part of the year. This revenue reduction has resulted in Guide Dogs Victoria being eligible for JobKeeper payments from 1 April 2020. Guide Dogs Victoria has a Pandemic and Long Term Financial Plan that facilitates its response to COVID-19.

### SUBSEQUENT EVENTS

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 have caused disruption to businesses and economic activity. Subsequent to year end, the second round of the Victorian outbreak resulted in more travel and trade restrictions imposed by the State government. There has been no provision for the potential ongoing financial effects of COVID-19 in the entity's financial statements at 30 June 2020.

Other than the above, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has 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.

# Guide Dogs Victoria

## Directors' Report

30 June 2020

### DIRECTORS' MEETINGS ,

The number of meetings of Directors (including Audit, Risk and Finance (ARF), Membership (M'Ship), Remuneration (Rem), and Marketing & Fundraising (M&F) Committees, Nominations (Nom) Committee and Future is in Sight (FIIS) Committee held during the financial year, and the number of meetings attended by each Director was as follows:

	Directors Mtgs	ARF Mtgs	Nom Mtgs	Rem Mtgs	M&F Mtgs	FIIS Mtgs	COE Mtgs
Number of meetings held	8	4	3	2	-	10	2
Iain Edwards (Chairperson)	8	-	3	2	-	8	2
Charles Thompson (Vice Chairperson until Nov 19)	6	-	3	1	-	-	-
David Cochrane (Vice Chairperson from Nov 19)	6	3	-	1	-	10	1
Jenny Gray (retired January 20)	2	-	-	-	-	4	-
Anthony Kearns	6	-	-	-	-	-	-
Angela Wheelton	6	-	-	-	-	-	-
Bruce Brook	7	4	-	2	-	9	-
Harish Rao	7	4	-	-	-	-	-
Nick Mescher	7	3	-	-	-	9	-
Jenna Watts (commenced February 20)	5	-	-	-	-	-	-
Lisa Tepper (commenced February 20)	3	1	-	-	-	-	-

### Committee membership

The Company had an **Audit, Risk and Finance Committee**. Members of the Board on the Committee during the financial year were:

- \* Bruce Brook (Chair)
- \* David Cochrane
- \* Harish Rao
- \* Nick Mescher
- \* Lisa Tepper- appointed from February 2020

The Company had a **Nominations Committee**. Members of the Board on the Committee during the financial year were:

- \* Iain Edwards (Chair)
- \* Charles Thompson
- \* Angela Wheelton

# Guide Dogs Victoria

## Directors' Report

30 June 2020

The Company had a **Remuneration Committee**. Members of the Board on the Committee during the financial year were:

- \* Iain Edwards (Chair)
- \* Bruce Brook
- \* David Cochrane
- \* Charles Thompson

The company had a **Future is in Sight Committee**. Members of the Board on the Committee during the financial year were:

- \* David Cochrane (Chair)
- \* Iain Edwards
- \* Jenny Gray – retired in January 2020
- \* Bruce Brook
- \* Nick Mescher
- \* Charles Thompson – appointed from May 2020

In February 2020, the Company created a **Centres of Excellence Governance Committee**. Members of the Board of the Committee during the financial year were:

- \* Iain Edwards
- \* David Cochrane

This Committee is a joint Committee with Guide Dogs NSW/ACT.

In May 2020, the **Marketing and Fundraising Committee** was disbanded.

### COMPANY LIMITED BY GUARANTEE

The Company limited by guarantee is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. As a Charity the Company is governed by the *Australian Charities and Not-for-profits Commission Act 2012*. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding liabilities of the entity. As at 30 June 2020, the total amount that members of the Company are liable to contribute if the Company is wound up is \$1,160 (2019: \$1,160).

# Guide Dogs Victoria

## Directors' Report

30 June 2020

### AUDITOR'S INDEPENDENCE DECLARATION

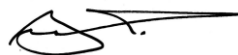
The lead auditor's independence declaration in accordance with section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 30 June 2020 has been received and can be found on page 5 of the financial report.

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



Director: .....

Iain Edwards, Chairperson



Director: .....

Bruce Brook, Chair, Audit, Risk and Finance Committee

Dated this 30th day of September 2020

The Board of Directors  
Guide Dogs Victoria  
Chandler Highway  
Kew VIC 3101

30 September 2020

Dear Board Members

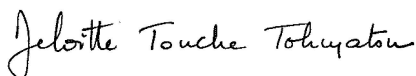
## Guide Dogs Victoria

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 Guide Dogs Victoria.

As lead audit partner for the audit of the financial statements of Guide Dogs Victoria for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Isabelle Lefevre  
Partner  
Chartered Accountant



# Guide Dogs Victoria

## Statement of Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Revenue</b>			
Fundraising and gift in wills	2(a)	12,004,666	9,191,277
Funding for capital purposes		1,225,089	4,312,554
Revenue from merchandise sales		1,008,125	1,233,736
Revenue from the provision of dogs and orientation mobility services	2(b)	4,523,513	4,051,774
Rental revenue		58,725	51,308
Finance and investment revenue	2(c)	82,290	485,160
Other income	2(d)	1,491,395	8,218
<b>Total Revenue</b>		<b>20,393,803</b>	<b>19,334,027</b>
<b>Expenditure</b>			
Fundraising and gift in wills		(2,828,603)	(3,266,484)
Cost of merchandise sales		(1,523,425)	(1,492,629)
Cost of provision of dogs and mobility services	3(b)	(10,939,053)	(10,665,041)
Community information and public education	3(c)	(852,352)	(2,237,240)
Corporate services		(649,090)	(730,048)
Other expenses	3(d)	(184,724)	(1,690,612)
<b>Total Expenditure</b>		<b>(16,977,247)</b>	<b>(20,082,054)</b>
<b>(Deficit)/surplus before income tax</b>		<b>3,416,566</b>	<b>(748,027)</b>
Income tax expense		-	-
<b>(Deficit)/surplus for the year</b>		<b>3,416,556</b>	<b>(748,027)</b>
<b>Other comprehensive (loss)/income</b>			
<b>Total comprehensive (loss)/income for the year</b>		<b>3,416,556</b>	<b>(748,027)</b>

The accompanying notes form part of these financial statements.

# Guide Dogs Victoria

## Statement of Financial Position

30 June 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	16,646,610	12,320,051
Trade and other receivables	5	1,390,985	1,130,515
Inventories	6	1,511,081	1,344,313
Financial assets	7	1,698,386	2,003,196
<b>TOTAL CURRENT ASSETS</b>		<b>21,247,062</b>	<b>16,798,075</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	7	1,214,320	855,855
Property, plant and equipment	8	8,168,259	6,535,227
Intangible asset	9	-	-
Right of Use Asset	10	800,628	-
Investment property	11	1,050,000	1,050,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>11,233,207</b>	<b>8,441,082</b>
<b>TOTAL ASSETS</b>		<b>32,480,269</b>	<b>25,239,157</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	1,105,588	716,932
Deferred revenue	14	4,512,007	-
Lease Liabilities	15	401,216	-
Provisions	13	1,226,455	1,247,712
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,245,266</b>	<b>1,964,644</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease Liabilities	15	411,012	-
Provisions	13	81,693	54,955
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>492,705</b>	<b>54,955</b>
<b>TOTAL LIABILITIES</b>		<b>7,737,971</b>	<b>2,019,599</b>
<b>NET ASSETS</b>		<b>24,742,298</b>	<b>23,219,558</b>
<b>ACCUMULATED FUNDS</b>			
Reserves	15	17,836,285	18,557,537
Retained earnings		6,906,013	4,662,021
<b>TOTAL ACCUMULATED FUNDS</b>		<b>24,742,298</b>	<b>23,219,558</b>

The accompanying notes form part of these financial statements.

# Guide Dogs Victoria

## Statement of Changes in Equity

For the Year Ended 30 June 2020

	Retained Earnings \$	General Reserve \$	Capital Reserve \$	Financial Asset Reserve \$	TOTAL \$
<b>Balance at 1 July 2018</b>	9,167,794	4,800,000	9,494,032	505,759	23,967,585
First time adoption of AASB 9 <i>Financial Instruments</i>	505,759	-	-	(505,759)	-
Adjusted balance at 1 July 2018	9,673,553	4,800,000	9,494,032	-	23,967,585
Deficit for the year	(748,027)	-	-	-	(748,027)
Other comprehensive income	-	-	-	-	-
Transfer to Capital Reserve	(4,263,505)	-	4,263,505	-	-
<b>Balance at 30 June 2019</b>	<b>4,662,021</b>	<b>4,800,000</b>	<b>13,757,537</b>	<b>-</b>	<b>23,219,558</b>

	Retained Earnings \$	General Reserve \$	Capital Reserve \$	Financial Asset Reserve \$	TOTAL \$
<b>Balance at 1 July 2019</b>	4,662,021	4,800,000	13,757,537	-	23,219,558
First time adoption of AASB 1058/15 <i>Revenue</i>			(1,893,816)		(1,893,816)
Adjusted balance at 1 July 2019	4,662,021	4,800,000	11,863,721		21,325,742
Surplus for the year	3,416,556	-	-	-	3,416,556
Other comprehensive income	-	-	-	-	-
Transfer to Capital Reserve	(1,172,564)	-	1,172,564	-	-
<b>Balance at 30 June 2020</b>	<b>6,906,013</b>	<b>4,800,000</b>	<b>13,036,285</b>	<b>-</b>	<b>24,742,298</b>

The accompanying notes form part of these financial statements.

# Guide Dogs Victoria

## Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and donors		16,558,937	13,304,002
Payments to suppliers and employees		(16,115,123)	(17,855,478)
Interest received		87,546	81,197
Interest paid	(i)	(31,133)	-
'Future is in Sight' campus redevelopment donations		3,909,026	4,312,554
Receipt of government grants		2,507,017	1,368,119
Dividends received		69,826	135,768
Net cash inflows from operating activities		<u>6,986,096</u>	<u>1,346,162</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Net proceeds/(payment) for financial assets designated at FVTPL		(129,282)	1,008,548
Payment for property, plant and equipment		<u>(2,115,762)</u>	<u>(257,985)</u>
Net cash inflows / (outflows) in investing activities		<u>(2,245,044)</u>	<u>750,563</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Payments for leases		<u>(414,494)</u>	-
Net cash outflows in financing activities		<u>(414,494)</u>	-
Net cash increase in cash and cash equivalents held		4,326,558	2,096,724
Cash and cash equivalents at beginning of year		<u>12,230,051</u>	<u>10,223,327</u>
Cash and cash equivalents at end of financial year	4	<u>16,646,610</u>	<u>12,320,051</u>

(i) Interest paid in relation to the application of AASB 16 *Leases*. Refer to note 1 summary of significant accounting policies.

# Guide Dogs Victoria

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

### 1 Summary of significant accounting policies

#### (a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, and Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010 - 2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. The Company is a not-for-profit Company for financial reporting purposes under the Australian Accounting Standards. The financial statements, except for cash flow information, have been prepared on an accrual 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.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

#### (b) Revenue and Other Income

##### Government Grant Income

Prior to 1 July 2019, the terms and conditions of each grant were reviewed to determine whether the funds relate to a reciprocal grant or a non-reciprocal grant, in accordance with AASB 1004: Contributions. Where a grant was received without an obligation to deliver services of equal value in exchange, the grant was deemed non-reciprocal and income was recognised in accordance with AASB 1004.

Where a grant received created an obligation to deliver specific services or fulfil conditions directly to the grantor of approximately equal value, this is considered a reciprocal grant. The grant was initially recognised as deferred income and revenue was recognised as services were performed or conditions fulfilled, in accordance with AASB 118: Revenue.

The following changes to accounting policy occurred on adoption of AASB 15: Revenue for contracts and AASB 1058: Income of Not For Profit entities as at 1 July 2019.

From 1 July 2019, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed or recognised at the point in time that the control of the services pass to the customer, under AASB 15. Otherwise, the revenue is recognised under AASB 1058. .

For capital grants received under an enforceable agreement where it includes a transfer to enable the Company to acquire or construct a recognisable non-financial asset to identified specifications which will be controlled by the Company when completed, the Company recognises a liability for the excess of the fair value of the transfer over any related amounts recognised and recognises income as it satisfies its obligations under the transfer.

##### Other income

Revenue is recognised where it can be reliably measured in the period to which it relates.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Gift in wills are recognised as income when three conditions are met, (1) the Company obtains control (i.e. cash is received) of the gift in will or the right to receive the gift in will; (2) it is probable that the economic benefits comprising the gift in wills will flow to the Company and (3) the amount of the gift in will can be measured reliably. Gift in wills received in the form of investments or other non-cash items are taken into account at their fair value. Gift in wills received in the form of investments or other non-cash items are taken into account at their fair value.

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

Rental revenue from the investment property is accounted for on a straight-line basis over the lease term.

Donations are recognised as revenue when received.

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

# Guide Dogs Victoria

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

### (c) Inventories

Inventory is represented by puppies and dogs in training, and finished goods for merchandise products sold through the commercial activities of the Company.

Puppies and dogs in training are valued at the lower of cost or current replacement cost and net realisable value in accordance with Australian Accounting Standards. The cost of puppies and dogs in training comprises all costs directly related to the production of guide dogs with carrying values of these dogs expensed when they are matched and provided to clients or removed from the program. At that point the control transfers to the client and the puppies and dogs in training are derecognised from inventory. Where guide dogs are directly funded the corresponding revenue will be accounted for in line with the revenue recognition policy. Where the guide dog is unfunded no revenue is recognised, however a number of donations or sponsorships are linked to support the production of these guide dogs.

Finished goods held for resale is measured at the lower of cost or current replacement cost and net realisable value. The cost of finished goods for merchandise comprises costs of acquisition which includes the cost incurred in bringing each product to its present condition.

### (d) Taxes

#### ***Goods and Services Tax (GST)***

Revenues, expenses and assets are recognised net of the amount of the GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office (ATO); and
- receivables and payables are stated with the amount of GST included.

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 are included in the Statement of Cash Flows 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 ATO are classified as operating cash flows included in receipts from customers or payments to suppliers.

#### ***Income Tax***

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

### (e) Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

# Guide Dogs Victoria

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

### (e) Financial Instruments (continued)

#### **Financial Assets**

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

#### Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### Initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs.

#### Subsequent measurement of financial assets

For subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI
- Financial assets at FVTPL

#### (i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

# Guide Dogs Victoria

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

### (e) Financial Instruments (continued)

#### (ii) Debt instruments at fair value through other comprehensive income (Debt FVTOCI)

Debt FVTOCI initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss.

#### (iii) Equity instruments at fair value through other comprehensive income (Equity FVTOCI)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings. No investments are currently measured at FVTOCI.

#### (iv) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Net gain/(loss) arising on financial assets measured at FVTPL" line.

#### Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

#### Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

### **Financial liabilities**

#### Financial liabilities

- *Financial liabilities at FVTPL*

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

- *Financial liabilities measured subsequently at amortised cost*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.



# Guide Dogs Victoria

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

### (f) Employee Benefits

#### Short-term employee provisions

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

#### Other long-term employee provisions

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in 'profit or loss' as a part of employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

### (g) Accumulated Funds

The classification 'Accumulated Funds' has been used in the accounts of Guide Dogs Victoria as it is a Company limited by guarantee and has no shareholders. It is the Directors' opinion that the use of the classification 'Shareholders Equity' would be misleading.

### (h) Property, Plant and Equipment

The Kew property where Guide Dogs Victoria operates is crown land and accordingly the land value is not included in the Statement of Financial Position.

All items of buildings, plant and equipment are carried at the lower of cost, less accumulated depreciation and impairment losses.

All acquisitions of buildings, plant and equipment are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to acquisition.

Buildings, plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is controlled by Guide Dogs Victoria.

#### Depreciation

Building, plant and equipment is depreciated on a straight line method over the expected useful lives of the assets commencing from the time the asset is held ready for use. Capital works in progress are not depreciated until the asset is available for use. The following estimated useful lives are used in the calculation of depreciation.

Class of Fixed Asset	Useful Life
Buildings	10 to 50 years
Plant and Equipment	3 to 10 years

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

# Guide Dogs Victoria

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

### (i) Property, Plant and Equipment (continued)

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.

### (j) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value.

Gains and losses arising from changes in the fair value of investment properties are included in 'profit or loss' in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in 'profit or loss' in the period in which the property is derecognised.

### (k) Impairment of Assets

At the end of each reporting period, the Company reviews the carrying values of its tangible assets and intangible assets with finite life to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the 'profit or loss'.

### (l) Trade and Other Payables

Liabilities for trade creditors and other payables are financial instruments (financial liabilities) and are recognised and carried at cost which is the amount estimated to be paid at settlement.

### (m) Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, and any short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

### (n) Intangible Assets

Computer software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of three years.

# Guide Dogs Victoria

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

### (o) Critical Accounting Estimates and Judgements

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

#### Valuation of guide dogs

Dogs are valued based on the costs incurred in the breeding, puppy raising and kennels/dog training departments. The costs are allocated based on the estimated number of dogs coming through the three stages of producing a guide dog. The estimate is based on the average dogs born over the last two years as this likely represents the life cycle of the program from the time when the puppy is born, raised and has successfully become a guide dog. An obsolescence factor is also applied.

#### Depreciation

Useful lives and residual value of buildings, plant and equipment are reviewed annually. Judgement is applied in determining the useful lives of buildings, plant and equipment. Any reassessment of useful lives and residual value in a particular year will affect depreciation expenditure (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

### (p) Leased assets

#### *The company as a lessee*

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever GDV incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying assets to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137: Provisions, Contingent Liabilities and Contingent Assets. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

The leases identified by the company (including property leases and motor vehicle leases) have been recognised as a right of use asset with a corresponding lease liability on the balance sheet.

#### *The Company as lessor*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### (q) Financial Risk Management

The Company's short-term investing activities to fund operating and special purpose cash requirements are confined to cash and cash equivalent assets. The Board holds a long-term view of investing for all other activities and hold cash equivalent assets to maturity. The Board keeps informed of market risks through monthly management reporting, and there has been no significant change in strategy used to manage financial risk from the previous period.

# Guide Dogs Victoria

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

### (r) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### (s) Comparative Figures

When required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

### (t) Adoption of New and Revised Accounting Standards

#### (i) Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for an accounting period that begins on or after 1 July 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

AASB 16: Leases

AASB 15: Revenue from Contracts with Customers

AASB 1058: Income for Not-for-Profit Entities

#### **AASB 16 Leases**

Guide Dogs Victoria has adopted AASB 16: Leases from 1 July 2019. The standard replaces AASB 117: Leases and for lessees, eliminates the classifications of operating lease and finance lease. GDV has applied the cumulative catch-up approach which:

- Requires Guide Dogs Victoria to recognise the cumulative effect of initially applying AASB 16 at 1 July 2019.
- Does not permit restatement of comparatives, which continue to be presented under AASB 117.

#### *Impact of the new definition of a lease*

Guide Dogs Victoria has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 will continue to be applied to those leases entered or changed before 1 July 2019.

Guide Dogs Victoria applies the definition of a lease and related guidance set out in AASB 16 to all lease contracts entered into or changed on or after 1 July 2019 (whether it is a lessor or lease in the lease contract).

#### *Impact on lessee accounting*

AASB 16 changes how Guide Dogs Victoria accounts for leases previously classified as operating leases under AASB 117, which were off balance sheet.

Right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments. Lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities. Depreciation charge for the right-of-use assets and interest expenses on the lease liabilities replace the straight-line operating lease expense.

Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136.

# Guide Dogs Victoria

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

### (t) Adoption of New and Revised Accounting Standards (continued)

#### AASB 16 Leases (continued)

##### *Financial impact of initial adoption of AASB 16*

The adoption will in effect increase expenses in earlier periods of the lease compared to lease expense under AASB 117. Operating lease expense is now replaced by depreciation and interest expense. Furthermore, the classification of cash flows will also be affected as operating lease payments under AASB 117 are presented as operating cash flows; whereas under the AASB 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

The application of AASB 16 to leases previously classified as operating leases under AASB 117 resulted in the recognition of right of use assets and discounted lease liabilities of \$1,157,084 at 1 July 2019. It also resulted in an increase in depreciation of \$426,094 and finance costs of \$31,133 for the 12 months period.

As at 30 June 2020, total liabilities were increased by \$812,228, (attributable to current lease liabilities of \$401,216, and non-current lease liabilities of \$411,012) and net assets were reduced by \$11,600 (attributable to right-of-use assets of \$800,628 offset by lease liabilities). The majority of leases are for the motor vehicle fleet.

#### AASB 15 Revenue from Contracts with Customers and AASB 1058 Income for Not-for-Profit Entities

The Company has adopted AASB 15 and AASB 1058 for the first time in the current year with a date of initial application of 1 July 2019.

The key changes to the Company's accounting policies and the impact on the financial report from applying AASB 15 and AASB 1058 are described below.

The Company has applied AASB 15 and AASB 1058 using the modified retrospective (cumulative catch-up) method which means the comparative information has not been restated and continues to be reported under AASB 118 Revenue, AASB 1004 Contributions and related interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

In accordance with the adoption of AASB 15 and AASB 1058, deferred income has been recognised on the 1 July 2019 in relation to capital grants received from the State Government of Victoria for the funding of the Kew campus redevelopment, a recognisable non-financial asset to be controlled by Guide Dogs Victoria. During the year FY2020, Guide Dogs Victoria received contributions of \$3,000,000 during the 30 June financial year (2019: \$2,000,000) from the Department of Health and Human Services (DHHS) Victoria. These monies are recognised under the new standard as revenue based on the percentage of completion of the construction project, determined using the input method (i.e. percentage of actual costs that can be capitalised incurred against estimated total costs to be capitalised to complete the project).

Based on the project plan as at 1 July 2019, management estimated a total capitalised cost of \$26,137,672 for the redevelopment. Capitalised costs as at year end amounted to \$555,082, representing 2.12% completion of the project. Revenue recognised in retained earnings from the \$2,000,000 capital grant as at 1 July 2019 was \$106,184 and the remaining balance of \$ 1,893,816 was recognised as deferred income as at that date.

The following practical expedients have been applied on transition to AASB 15 and AASB 1058:

For contracts modified prior to 1 July 2019, the Company has elected not to restate the contract for the modifications and has instead reflected the aggregated effect of all the modifications that occur before the transition date on 1 July 2019.

# Guide Dogs Victoria

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

### (t) Adoption of New and Revised Accounting Standards (continued)

*Financial impact of initial adoption of AASB 15/1058*

Statement of financial position	30-Jun-19	Transitional impact of AASB 15/1058	1-Jul-19
<b>Liabilities</b>			
Deferred income	-	1,893,816	1,893,816
<b>Equity</b>			
Capital Reserves	13,757,537	(1,893,816)	11,863,721
<b>Statement of profit or loss and other comprehensive income</b>			
<b>Revenue</b>			
Funding for capital purposes	4,312,554	(1,893,816)	2,418,738
<b>Impact on total comprehensive loss for the year</b>	<b>(748,027)</b>	<b>(1,893,816)</b>	<b>(2,641,843)</b>

As the financial year is the first year of implementation of AASB 15 and 1058, the transitional impact on 1 July 2019 was to increase deferred income – capital grant by \$1,893,816 and to decrease capital reserves.

### (ii) New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the Consolidated Entity has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	1 January 2020

In addition, at the date of authorisation of the financial statements the following IASB Standards and IFRIC Interpretations were on issue but not yet effective, but for which Australian equivalent Standards and Interpretations have not yet been issued.

Standard/amendment	Effective for annual reporting periods beginning on or after
<i>Amendments to References to the Conceptual Framework in IFRS Standards</i>	1 January 2020

# Guide Dogs Victoria

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

	Note	2020 \$	2019 \$
<b>2 Revenue</b>			
<b>(a) Fundraising and gift in wills</b>			
Donations		5,765,429	5,899,063
Gift in wills		6,239,237	3,292,214
<b>Total fundraising and gift in will revenue</b>		<b>12,004,666</b>	<b>9,191,277</b>
<b>(b) Revenue from provision of dogs and orientation mobility services</b>			
Government grants for services		1,052,231	1,368,119
Provision of in-kind goods		45,684	141,734
Revenue from sale of dogs and provision of services		3,425,598	2,541,921
<b>Total revenue from provision of dogs and mobility services</b>		<b>4,523,513</b>	<b>4,051,774</b>
<b>(c) Finance Revenue</b>			
Bank interest		87,546	81,197
Dividend income		250,263	421,521
Fair value gains/(losses) from investments		(256,064)	(18,168)
Other		545	610
<b>Total finance revenue</b>		<b>82,290</b>	<b>485,160</b>
<b>(d) Other income</b>			
Job-keeper revenue		1,454,786	-
Other income		36,909	8,218
<b>Total fundraising and gift in will revenue</b>		<b>1,491,395</b>	<b>8,218</b>

# Guide Dogs Victoria

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

	Note	2020 \$	2019 \$
<b>3 Expenditure</b>			
<b>(a) Total expenditure items include</b>			
Defined contribution plan superannuation		881,550	897,242
Employee benefits expense		9,586,242	9,656,839
Total depreciation and amortisation		905,852	2,135,135
Fundraising activity aimed at enhancing the associated returns in future years		985,175	1,237,123
<b>(b) Cost of provision of dogs and mobility services</b>			
Cost of guide dog services		4,581,002	4,873,641
(Increase)/decrease in dog inventory valuation		(275,218)	(133,232)
Cost of mobility services		6,633,269	5,924,632
<b>Total cost of the provision of dogs and mobility services</b>		<b>10,939,053</b>	<b>10,665,041</b>
<b>(c) Cost of community information and public education</b>			
Dialogue in the Dark		48,238	1,419,426
General community information and public education		804,114	817,814
<b>Total cost of community information and public education</b>		<b>852,352</b>	<b>2,237,240</b>
<b>(d) Other expenses:</b>			
(Gain)/loss on disposal of property, plant and equipment		(3,000)	(2,000)
Management cost		9,456	12,428
Fringe benefit expense		30,576	39,819
Fair value decrease in investment property		-	112,215
Accelerated depreciation	(i)	147,692	1,521,585
Bad and doubtful debts		-	6,565
<b>Total other expenses</b>		<b>184,724</b>	<b>1,690,612</b>

(i) Accelerated depreciation relates to the accelerating depreciation in preparing for the campus redevelopment.



# Guide Dogs Victoria

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

	Note	2020 \$	2019 \$
<b>4 Cash and Cash Equivalents</b>			
Cash at Bank		16,646,235	12,319,651
Cash on Hand		375	400
<b>Total Cash and Cash Equivalents</b>		<b>16,646,610</b>	<b>12,320,051</b>
<b>5 Trade and other receivables</b>			
Trade receivables	(a)	399,172	489,290
Provision for doubtful debts	(b)	(239)	(2,285)
		<b>398,933</b>	<b>487,005</b>
Prepayments		144,956	20,191
Sundry receivables		701,863	666,247
Goods and service tax		145,233	(42,928)
<b>Total trade and other receivables</b>		<b>1,390,985</b>	<b>1,130,515</b>

(i) Included in trade receivables as at 30 June 2020 are balances owing from related parties amounting to \$5,122 (2019: \$12,574) (see Note 22).

### (a) Aged analysis

Trade receivables are non-interest bearing and are generally on 30 to 60 day terms. A provision for doubtful debt is recognised when there is objective evidence that a trade receivable is impaired.

As at 30 June, the aged analysis of trade receivables is as follows:

0-30 days	176,405	327,193
31-60 days	80,093	13,969
61-90 days	14,611	4,260
90+ days	128,063	143,868
	<b>399,172</b>	<b>489,290</b>

The Company does not have any material credit risk exposure to any single receivable or group of receivables.

The above table details the Company's trade receivables exposed to credit risk (prior to collateral and other credit enhancements) with aging analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Company.

# Guide Dogs Victoria

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

	Note	2020 \$	2019 \$
<b>5 Trade and other receivables (continued)</b>			
<b>(b) Movement in the provision for doubtful debts is as follows:</b>			
As at 1 July		2,285	5,219
Charge for the year		-	6,565
Written off		(2,046)	(9,499)
<b>As at 30 June</b>		<b>239</b>	<b>2,285</b>
<b>6 Inventories</b>			
Finished Goods		41,850	150,310
Puppies and dogs in training		1,469,221	1,194,003
		<b>1,511,081</b>	<b>1,344,313</b>
The amount of inventory recognised as an expense during the year ended 30 June 2020 was \$1,373,483 (year ended 30 June 2019: \$1,083,400).			
<b>7 Financial Assets</b>			
<b>CURRENT</b>			
Financial assets held at fair value through profit or loss		1,698,386	2,003,196
<b>NON-CURRENT</b>			
Financial assets held at fair value through profit or loss		1,214,320	855,855
Total	18	<b>2,912,706</b>	<b>2,859,051</b>
<b>8 Property, plant and equipment</b>			
<b>Buildings</b>			
At cost		8,869,759	8,858,315
Less: accumulated depreciation		(3,814,504)	(3,475,926)
Total buildings	8(a)	<b>5,055,255</b>	<b>5,382,389</b>
<b>Capital works in progress</b>			
At cost		2,551,397	555,082
Less: accumulated depreciation		-	-
Total capital works in progress	8(a)	<b>2,551,397</b>	<b>555,082</b>
<b>Plant and equipment</b>			
At cost		2,112,500	2,008,035
Less accumulated depreciation		(1,550,893)	(1,410,379)
Total plant and equipment	8(a)	<b>561,607</b>	<b>597,656</b>

# Guide Dogs Victoria

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

### 8 Property, plant and equipment (continued)

#### Total property, plant and equipment

At cost	13,533,656	11,421,532
Less accumulated depreciation	(5,365,397)	(4,886,305)
Total property, plant and equipment	<u>8,168,259</u>	<u>6,535,227</u>

#### (a) Movements in carrying amounts

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

	Note	2020 \$	2019 \$
<b>Buildings</b>			
Carrying amount at beginning		5,382,389	7,369,179
Additions at cost		11,444	-
Accelerated depreciation expense		(147,692)	(1,521,585)
Depreciation expense		(190,886)	(465,205)
<b>Net carrying value</b>		<u>5,055,255</u>	<u>5,382,389</u>
<b>Capital works in progress</b>			
Carrying amount at beginning		555,082	380,365
Additions at cost		1,996,315	174,717
<b>Net carrying value</b>		<u>2,551,397</u>	<u>555,082</u>
<b>Plant and equipment</b>			
Carrying amount at beginning		597,656	662,833
Additions at cost		105,131	83,268
Depreciation expense		(141,180)	(148,445)
<b>Net carrying value</b>		<u>561,607</u>	<u>597,656</u>
<b>Total property, plant and equipment</b>			
Carrying amount at beginning		6,535,227	8,412,377
Additions at cost		2,112,890	257,985
Accelerated depreciation expense		(147,692)	(1,521,585)
Depreciation expense		(332,166)	(613,550)
<b>Net carrying value</b>		<u>8,168,259</u>	<u>6,535,227</u>

# Guide Dogs Victoria

## Notes to the Financial Statements

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
<b>9 Intangible Assets</b>			
Computer software - at cost		58,687	58,687
Accumulated amortisation		(58,687)	(58,687)
<b>Total Intangible Assets</b>		-	-

<b>10 Right of use Asset</b>			
Right of use asset - at cost		1,157,084	-
Additions: leases entered into during the year		69,638	
Accumulated amortisation		(426,094)	-
<b>Total Intangible Assets</b>		800,628	-

<b>11 Investment Property</b>			
Investment property		1,050,000	1,050,000

### (a) Movements in carrying amounts

Reconciliation of the carrying values of the investment property between the beginning and end of the current financial year:

<b>Investment property</b>			
Carrying amount at beginning		1,050,000	1,162,215
Increase (decrease) in fair value		-	(112,215)
<b>Net carrying value</b>		1,050,000	1,050,000

Investment property at 30 June 2020 comprises of a residential property that was gifted to Guide Dogs Victoria during the year that is to be leased to a third party and has a no sale obligation for five years. Rental revenue from investment property during the year amounted to \$25,830. The fair value of the property is based on an independent valuation on 20 June 2020.

### 12 Trade and other payables

Trade payables	(i),(iii)	832,849	339,549
Other payables	(ii)	269,021	284,720
Superannuation payable		3,718	92,663
<b>Total trade and other payables</b>	20	1,105,588	716,932

(i) Trade payables are non-interest bearing and are generally settled on 30 to 60 day terms.

(ii) Other payables are non-interest bearing and are generally on 30 to 90 day terms.

(iii) For terms and conditions relating to related party payables refer to Note 21.

# Guide Dogs Victoria

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 13 Provisions

	2020 \$	2019 \$
<b>Current</b>		
Employee benefits – Long service leave	515,852	509,263
Make good provision	-	80,000
Employee benefits – Annual leave	710,603	658,449
Total current provisions	<u>1,226,455</u>	<u>1,247,712</u>
<b>Non-Current</b>		
Employee benefits – Long service leave	81,693	54,955
Total non-current provisions	<u>81,693</u>	<u>54,955</u>
 Total Provisions	 <u>1,308,148</u>	 <u>1,302,667</u>

A provision has been recognised for employee entitlements relating to long service leave. 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(f) to these financial statements.

### 14 Deferred Income

Deferred income	<u>4,512,007</u>	-
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In accordance with the adoption of AASB 15 and AASB 1058, deferred income has been recognised in relation to capital grants received from the State Government of Victoria for the funding of the Kew campus redevelopment, a recognisable non-financial asset to be controlled by Guide Dogs Victoria. During the year FY2020, Guide Dogs Victoria received contributions of \$3,000,000 during the 30 June financial year (2019: \$2,000,000) from the Department of Health and Human Services (DHHS) Victoria. These monies are recognised as revenue based on the percentage of completion of the construction project, determined using the input method (i.e. percentage of actual costs that can be capitalised incurred against estimated total costs to be capitalised to complete the project).

Based on the project plan, management estimates a total capitalised cost of \$26,137,672 for the redevelopment. Capitalised costs as at year end amount to \$2,551,397 (2019: \$555,082), representing percentage of completion of 9.76% (2019: 2.12%). Revenue recognised from the capital grant during the year was \$381,809 (2019: \$106,184).

### 15 Lease liabilities

<b>CURRENT</b>		
Lease liabilities	401,216	-
<b>NON-CURRENT</b>		
Lease liabilities	411,012	-
Total	<u>812,288</u>	-

# Guide Dogs Victoria

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 16 Reserves

(a) **General Reserve**

This reserve equates to the level of funds required at balance date to meet the Company's current obligations, operating commitments and special purpose funds' obligations, and includes a prudential margin for unforeseen events.

(b) **Capital Reserve**

This reserve equates to the level of funds required at balance date to meet the Company's special purpose fund obligations in relating to the capital appeal fundraising of the Kew site redevelopment.

### 17 Liability of Members

Guide Dogs Victoria is a Company limited by guarantee and in accordance with the Memorandum of Association the liability of members in the event the Company being wound up would not exceed \$20 per member. As at 30 June 2020, the total amount that members of the Company are liable to contribute if the Company is wound up is \$1,160 (2019: \$1,160).

### 18 Remuneration of Directors

Directors are not eligible and have not been remunerated for their services (2019: Nil).

### 19 Remuneration of Auditors

	2020 \$	2019 \$
Amount received or due and receivable by the auditors for:		
- Audit services	48,875	43,170
- Other services	13,178	-

Other services relate to assistance in the assessment of eligibility for Job Keeper, undertaken by a separate engagement team.

### 20 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, investments in government and fixed interest securities, investments in listed shares, accounts receivable and payable.

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

		2020 \$	2019 \$
<b>Financial Assets</b>			
Cash and cash equivalents	4	16,646,610	12,320,051
Trade and other receivables*	5	1,246,029	1,110,324
Financial assets designated as FVTPL	7	2,912,706	2,859,051
<b>Total financial assets</b>		<b>20,805,345</b>	<b>16,289,426</b>
<b>Financial Liabilities at amortised cost</b>			
Trade and other payables	11	1,105,588	716,932
<b>Total financial liabilities</b>		<b>1,105,588</b>	<b>716,932</b>

\*excludes prepayments of \$144,956 (2019: \$20,191)

# Guide Dogs Victoria

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 20 Financial Risk Management (continued)

The Board is responsible for monitoring and managing the Company's compliance with its risk management strategy. The risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies and strategies are approved by the Board and reviewed on a regular basis by the Audit, Risk and Finance Committee. These include credit risk policies and future cash flow requirements.

The financial assets above include the amount of unspent funds relating to the capital appeal as described in the Capital Reserve. The Capital Reserve amount also includes the investment property as described in note 11.

#### Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- \* quoted prices in active markets for identical assets or liabilities (Level 1);
- \* inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- \* inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

	Level 1 \$	Total \$
<b>Recurring fair value measurements</b>		
<b>2020</b>		
<b>Financial Assets</b>		
Financial assets designated as FVTPL		
- shares in listed investments	1,698,386	1,698,386
- government and fixed interest securities	1,214,320	1,214,320
	<b>2,912,706</b>	<b>2,912,706</b>
<b>2019</b>		
<b>Financial Assets</b>		
Financial assets designated as FVTPL		
- shares in listed investments	2,003,196	2,003,196
- government and fixed interest securities	855,855	855,855
	<b>2,859,051</b>	<b>2,859,051</b>

# Guide Dogs Victoria

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 21 Key Management Personnel Remuneration

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, is considered key management personnel.

	2020 \$	2019 \$
Key Management Personnel	<u>505,181</u>	<u>567,459</u>

### 22 Related Parties

The Directors of Guide Dogs Victoria who were in office during the whole financial year unless otherwise stated are:

Iain Edwards (Chairperson)  
 Charles Thompson (Vice Chairperson until Nov 19)  
 David Cochrane (Vice Chairperson from Nov 19)  
 Jenny Gray (retired January 20)  
 Anthony Kearns  
 Angela Wheelton  
 Bruce Brook  
 Harish Rao  
 Nick Mescher  
 Jenna Watts (commenced February 20)  
 Lisa Tepper (commenced February 20)

Directors received no remuneration for their services.

There were no transactions with Directors or their associated entities during the year which require separate disclosure.

Guide Dogs Victoria is a State Member Association of Royal Guide Dogs Australia.

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

	Sales to		Purchases from		Other transactions from		Owing to		Owing By	
Related Party	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Guide Dogs Queensland	92,758	51,800	22,808	-	-	33,389	-	4,600	-	-
Guide Dogs NSW/ACT	215,110	-	245,978	-	-	27,278	-	-	-	-
Guide Dogs SA/NT	71,642	176,342	-	-	-	41,820	-	-	-	-
Royal Guide Dogs Association of Tasmania	-	-	-	-	-	-	-	-	-	-
Association for the Blind of WA Inc	192	9,091	-	-	-	-	-	-	-	-
Guide Dogs Australia	137,805	115,474	322,795	-	-	-	-	-	5,122	12,574
<b>Total</b>	<b>517,507</b>	<b>352,707</b>	<b>591,580</b>	<b>-</b>	<b>-</b>	<b>102,487</b>	<b>-</b>	<b>4,600</b>	<b>5,122</b>	<b>12,574</b>



# Guide Dogs Victoria

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 22 Related Parties (continued)

Terms and conditions of transactions with related parties are detailed below:

Transactions between the organisation and its fellow state Member Associations are made at arm's length. Such transactions are both at market prices and on normal commercial terms. Outstanding balances at year-end are unsecured, interest-free and settlement at between 14 and 60 days.

#### 23 Company Details

The registered office of the Company is:

Guide Dogs Victoria  
Chandler Highway, Kew, Vic 3101

#### 24 Subsequent events

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 have caused disruption to businesses and economic activity. Subsequent to year end, the second round of the Victorian outbreak resulted in more travel and trade restrictions imposed by the State government. There has been no provision for the potential ongoing financial effects of COVID-19 in the entity's financial statements at 30 June 2020.

With the exception of the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

# Guide Dogs Victoria

## Directors' Declaration

30 June 2020

The directors of Guide Dogs Victoria (a Company limited by guarantee) declare that:

1. The financial statements and notes, as set out on pages 6 to 28, are in accordance with the *Australian Charities and Not-for-profit Commission Act 2012* and:
  - (a) comply with Australian Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2020 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 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: .....

Iain Edwards, Chairperson



Director: .....

Bruce Brook, Chair, Audit, Risk and Finance Committee

Dated this 30th day of September 2020

## **Independent Auditor's Report to the Members of Guide Dogs Victoria**

### *Opinion*

We have audited the accompanying financial report of Guide Dogs Victoria (the "entity"), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- (a) giving a true and fair view of the Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 Entity in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### *Other Information*

The Directors are responsible for the other information. The other information comprises the information included in the Entity's annual report and Directors' Report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Responsibilities of the Directors for the Financial Report*

The Directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and 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 ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Entity or to cease operations, or has 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 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 this financial report.

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

- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity 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 the Directors 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.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read 'Isabelle Lefevre', with a large, stylized loop at the end.

Isabelle Lefevre  
Partner  
Chartered Accountants  
Melbourne, 30 September 2020

Guide  
Dogs  
VICTORIA

For the Financial Year  
Ended 30 June 2020

# Performance Report



# **Guide Dogs Victoria**

## **Performance Statement**

**For the Year Ended 30 June 2020**

# Guide Dogs Victoria

## Performance Statement

30 June 2020

KPI	2019/2020 Full year Actual	2018/19 Full year Actual	Positive / (Negative) Variance from Prior year	Note
<b>Service</b>				
Number of training and support programs delivered	3,093	3,033	60	
Number of clients assisted	1,149	1,228	(79)	1
Number of fully trained Guide Dogs and other Assistance Dogs allocated	74	65	9	2
Number of guide dog users	232	225	7	
<b>People</b>				
Employee engagement percentage	86%	88%	(2%)	
Volunteer engagement percentage	94%	97%	(3%)	
Lost Time Injury Frequency rate (number of lost time incidents for every 1 million employee hours)	3.9	3.7	(0.2)	3
<b>Finance</b>				
Operating Surplus/ (deficit) in \$'000	\$3,417	\$(748)	\$4,165	4
Operating Surplus/ (deficit) prior to Capital Purpose Income in \$'000	\$2,191	\$(4,985)	\$7,176	5
Working Capital Position in \$'000	\$2,268	\$2,513	(\$245)	
Future is in Sight Campus Redevelopment Cash Position in \$'000	\$14,865	\$13,177	\$1,688	6

Guide Dogs Victoria elected in 2015 to include an audited Performance Statement with the annual audited Financial Statement. The Performance Statement includes the results of the internally prescribed service, people and financial performance indicators and measures and an explanation of material variations from the previous year.

Where applicable, the results in the audited Performance Statement have been prepared on the accounting basis consistent with those reported in the Financial Statements. The other results are based on information drawn from Guide Dogs Victoria information.

The Performance Statement presents the actual results for the current year and prior year and the current year targets set by Guide Dogs Victoria's strategic plan.

Detailed information on the actual financial results is contained in the General Purpose Financial Statements.

1. Clients assisted numbers have decreased from prior year due to the impact of COVID-19. Tele-practice support was implemented which lead to training and support programs continuing, though this was for fewer clients.



# Guide Dogs Victoria

## Performance Statement

30 June 2020

2. The number of trained Guide Dogs and other Assistance dog also increased on the prior year due to a higher number of dogs going through the programs.
3. The Lost Time Injury Frequency rate has increased marginally over prior year. This means Guide Dogs Victoria has 3.9 lost time incidents for every 1 million employee hours.
4. The positive movement of the operating results is due to the receipt of JobKeeper payments and an overall reduction in expenditure, including from the closure of the Dialogue in the Dark exhibition in July 2019.
5. The variance in the operating surplus/ (deficit) prior to capital income, is mainly due to the increase in gift in will revenue, combined with the reduced expenditure noted in point 4.
6. The increase in cash position for the Future is in Sight Campus Redevelopment is due to the receipt of a large state government grant during the financial year.

## Directors' Declaration

30 June 2020

The Directors of Guide Dogs Victoria (a company limited by guarantee) declare that in our opinion the accompanying Performance Statement of Guide Dogs Victoria in respect of the financial year ended 30 June 2020, is presented fairly.

The Performance Statement comprises the performance indicators determined by the Board. We have reported our actual and comparative results achieved for the financial year against predetermined performance targets and these indicators. We have reported an explanation of any significant variance between the actual results and the performance targets and/or between the actual results in the current year and the previous year.

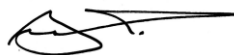
At the date of signing, we are not aware of any circumstances which would render any particulars in the Performance Statement to be misleading or inaccurate.

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



Director .....

Iain Edwards, Chairperson



Director .....

Bruce Brook, Chair Audit, Risk and Finance Committee

Dated this 30th day of September 2020

## **Independent Assurance Practitioner's Reasonable Assurance Report on the Performance Statement to the Members**

We have undertaken a reasonable assurance engagement relating to the accompanying Performance Statement of Guide Dogs Victoria for the year ended 30 June 2020.

### **Management's Responsibility for the Performance Statement**

Management are responsible for:

- ensuring that the Performance statement is presented in accordance with the accruals basis of accounting and the explanatory notes;
- confirming the measurement or evaluation of the underlying subject matter against the applicable criteria, including that all relevant matters are reflected in the subject matter information;
- designing, establishing and maintaining internal controls to ensure that the Performance Statement is presented in accordance with the accruals basis of accounting and the explanatory notes.

### **Assurance Practitioner's Independence and Quality Control**

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Assurance Practitioner's Responsibility**

Our responsibility is to express an opinion on the Performance Statement based on the procedures we have performed and the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the Australian Auditing and Assurance Standards Board in order to express an opinion whether the Performance Statement has been presented, in all material respects, in accordance with the accruals basis of accounting and the explanatory notes. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the Performance Statement is free from material misstatement. Our engagement provides reasonable assurance as defined in ASAE 3000.

A reasonable assurance engagement in accordance with ASAE 3000 involves performing procedures to obtain evidence about the measurement of the underlying Key Performance Indicator. The nature, timing and extent of procedures selected depend on the assurance practitioner's professional judgement, including the assessment of the risks of material misstatement in the Performance Statement. In making those risk assessments, we considered internal control over the preparation of the Performance Statement relevant to the engagement.

Our reasonable assurance engagement also included, but was not limited to:

- obtaining an understanding of the internal controls relevant to the Performance Statement;
- agreement of target key performance indicators ("KPIs") to underlying board approval; and
- tracing KPIs to underlying supporting listings and/or other information and performing sample testing on such listings.

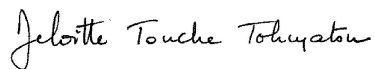
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Limitations of use**

This report is made solely to members in accordance with our engagement letter dated 6 May 2020, for the purpose of providing reasonable assurance to members on the Performance Statement. We disclaim any assumption of responsibility for any reliance on this report to any person other than the members or for any purpose other than that for which it was prepared.

## **Conclusion**

In our opinion, the Performance Statement of Guide Dogs Victoria has been presented, in all material respects, with the accruals basis of accounting and the explanatory notes for the year ended 30 June 2020.



DELOITTE TOUCHE TOHMATSU



Isabelle Lefevre  
Partner  
Chartered Accountants  
Melbourne, 30 September 2020

# Guide Dogs

VICTORIA

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Kew VIC 3101

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