

Voices of impact.



Annual comprehensive financial report

—for the year ended 31 December 2023



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Statement of profit or loss and other comprehensive income

—for the year ended 31 December 2023

		2023	2022
	Note	\$	\$
REVENUE AND INCOME			
Revenue from contracts with customers	2	24,191,370	25,254,898
Not for profit income	2	18,750,714	19,135,201
Investment income	2	10,514,308	12,345,881
TOTAL REVENUE AND INCOME		53,456,392	56,735,980
EXPENDITURE			
Bequests		(349,286)	(506,273)
Fundraising	18	(2,985,236)	(3,000,858)
Marketing and Communications		(1,709,978)	(1,669,460)
Administration	3a	(5,357,742)	(4,866,614)
Investment Management		(467,499)	(391,384)
Student and Client Services	3b	(36,973,099)	(37,368,607)
Strategic Initiatives		(3,902,783)	(2,146,458)
TOTAL EXPENDITURE		(51,745,623)	(49,949,654)
NET OPERATING INCOME		1,710,769	6,786,326
FAIR VALUE CHANGES			
Impairment of right of use asset	13d	-	(367,795)
Impairment of property, plant and equipment	7	-	(358,803)
Impairment of investment property		(100,000)	-
Gain / (Loss) on sale of property, plant and equipment		95,135,623	(5,770)
Gain on sale of financial assets		266,403	-
Fair value gain / (loss) on financial assets		7,551,496	(16,536,453)
NET SURPLUS / (LOSS) FOR THE YEAR		104,564,291	(10,482,495)
OTHER COMPREHENSIVE INCOME / (LOSS)			
TOTAL COMPREHENSIVE INCOME / (LOSS)		104,564,291	(10,482,495)

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

Statement of financial position

—for the year ended 31 December 2023

		2023	2022
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	19	10,997,731	12,787,778
Trade and other receivables	4	3,093,739	3,429,514
Assets held for sale	5d	1,530,000	29,554,784
Other current assets	5a	919,190	1,137,000
Financial Assets	6	2,756,983	280,009
TOTAL CURRENT ASSETS		19,297,643	47,189,085
NON-CURRENT ASSETS			
Financial assets	6	236,268,677	177,663,993
Other non-current assets	5b	-	125,000
Investment property	5c	2,850,000	3,430,000
Property, plant and equipment	7	94,670,473	47,785,117
Right-of-use assets	13d	7,135,067	9,053,607
TOTAL NON-CURRENT ASSETS		340,924,217	238,057,717
TOTAL ASSETS		360,221,860	285,246,802
CURRENT LIABILITIES			
Trade and other payables	9	3,651,896	2,571,234
Contract liabilities	10a	3,090,041	202,833
Borrowings	10c	-	10,156,685
Provisions	11a	6,039,828	6,837,649
Lease liabilities	13e	942,780	1,148,346
Short-term financial liabilities	15a	1,500,000	25,000,000
TOTAL CURRENT LIABILITIES		15,224,545	45,916,747
NON-CURRENT LIABILITIES			
Long-term financial liabilities	15b	-	1,500,000
Contract liabilities	10b	4,311,959	-
Provisions	11b	1,025,363	963,102
Lease liabilities	13e	7,441,744	9,212,995
TOTAL NON-CURRENT LIABILITIES		12,779,066	11,676,097
TOTAL LIABILITIES		28,003,611	57,592,844
NET ASSETS		332,218,249	227,653,958
FUNDS			
Reserves			
Elisabeth Murdoch Scholarship Trust		444,385	413,646
Prescribed purpose funds		8,418,827	7,559,131
Total Reserves		8,863,212	7,972,777
Retained Earnings		323,355,037	219,681,181
TOTAL FUNDS		332,218,249	227,653,958

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

Statement of changes in equity

—for the year ended 31 December 2023

	Retained Earnings \$	Prescribed Purpose Funds \$	Elisabeth Murdoch Scholarship \$	TOTAL \$
Balance at 1 January 2022	228,973,000	8,732,855	430,598	238,136,453
Total comprehensive income for the year	(10,482,495)	-	-	(10,482,495)
Subtotal	218,490,505	8,732,855	430,598	227,653,958
Prescribed purpose funds	1,190,676	(1,173,724)	(16,952)	-
Balance at 31 December 2022	219,681,181	7,559,131	413,646	227,653,958
Total comprehensive income for the year	104,564,291	-	-	104,564,291
Subtotal	324,245,472	7,559,131	413,646	332,218,249
Transfers to and from reserves – Note 12(a)	15,000	-	(15,000)	-
Prescribed purpose funds - Note 12(b)	(905,435)	859,696	45,739	-
Balance at 31 December 2023	323,355,037	8,418,827	444,385	332,218,249

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

Statement of cash flows

—for the year ended 31 December 2023

		2023	2022
	Note	\$	\$
Cash flow from operating activities			
Receipts from customers		42,279,084	37,581,670
Dividends and Distributions		10,514,308	12,345,881
Payments to suppliers and employees		(40,592,113)	(47,080,770)
<i>Net cash inflows from operating activities</i>	19	12,201,279	2,846,781
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		100,000,000	21,591
Interest payment on loan		(1,268,390)	(117,308)
Payments for property, plant and equipment	7	(47,933,711)	(28,381,949)
Loan drawdowns from St George		37,520,558	10,156,685
Repayment of loan to St George	10b	(47,677,243)	-
Disbursements in relation to discharge of loan		(59,170)	-
Receipts from sale of investment securities		34,202,957	27,000,000
Receipt of option fee for property	15	-	500,000
Payments for investment securities		(87,500,000)	(11,908,775)
Payments for Bank Guarantees		(17,942)	(2,514,605)
<i>Net cash (outflows) from investing activities</i>		(12,732,941)	(5,244,361)
Cash flows from financing activities			
Lease payments (principal and interest)	14f	(1,258,385)	(1,388,923)
<i>Net cash (outflows) from financing activities</i>		(1,258,385)	(1,388,923)
Net (decrease) in cash held		(1,790,047)	(3,786,503)
Cash at the beginning of the financial year		12,787,778	16,574,281
Cash at the end of the financial year	21b	10,997,731	12,787,778

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

Notes to the financial statements

—for the year ended 31 December 2023

Note 1 – Statement of Significant Accounting Policies

On 22 March 2021, the Royal Institute for Deaf & Blind Children (“RIDBC”) rebranded as NextSense. NextSense is a registered trademark of RIDBC.

The financial report covers the entity of the NextSense (formerly Royal Institute for Deaf and Blind Children) domiciled in Australia, incorporated in 1905 by Act No. 10 of the New South Wales Parliament, and replaced by the provisions of the NextSense (formerly Royal Institute for Deaf and Blind Children) Act No. 6 from 26 June 1998. Royal assent was received for the NextSense Act on 6 February 2024 and this completes the legal name change from the Royal Institute for Deaf & Blind Children to NextSense.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Charitable Fundraising Act 1991, and the Australian Charities and Not-for-Profit Commission (ACNC) Act 2012.

RIDBC was automatically registered as a charity with the ACNC when its registration details transferred across from the Australian Taxation Office (ATO) having been previously endorsed by the ATO as a charity. This will be changed over to NextSense once the change to the Act of Parliament has taken effect.

The Annual Information Statement and an Annual Financial Statement for 2022 was duly submitted to the ACNC on 26 June 2023.

The financial report of NextSense for the year ended 31 December 2023 was authorised for issue in accordance with a resolution of the Directors on 19 March 2024.

The following is a summary of the material accounting policies adopted by NextSense in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

Basis of Preparation

Reporting basis and conventions

The financial report has been prepared on the accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial report is presented in Australian dollars, which is NextSense’s functional and presentation currency. All values are rounded to the nearest dollar (\$) unless otherwise stated.

Statement of compliance

The financial report complies with Australian Accounting Standards. A statement of compliance with International Financial Reporting Standards cannot be made due to NextSense applying the not-for-profit sector specific requirements contained in the Australian Accounting Standards.

Note 1 – Statement of Significant Accounting Policies (cont.)

New and revised accounting standards effective for annual periods beginning on or after 1 January 2021

There were no applicable new or amended accounting standards issued by the Australian Accounting Standards Board (AASB) that were mandatory and required adoption in this current reporting period.

(a) Income Tax

NextSense is exempt from Income tax under section 50-5 of the Income Tax Assessment Act 1997. It holds endorsements as an Income Tax Exempt Charity and as a Deductible Gift Recipient.

(b) Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date. The gains and losses from conversion of short-term assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

(c) 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.

(d) Comparative Figures

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

(e) Critical Accounting Estimates and Judgments

NextSense evaluate estimates and judgements incorporated into the financial report 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 NextSense. Refer to Note 24 around key events and activities which impacted the operations during the year.

Note 1 – Statement of Significant Accounting Policies (cont.)

Key estimates – Impairment

NextSense assesses impairment at each reporting date by evaluating conditions specific to the organisation that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined using depreciated replacement cost. Depreciated replacement cost calculations incorporate a number of key estimates.

Key estimates – Judgement applied in determining the amount of revenue

For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions. Grants received by NextSense have been accounted for under both *AASB 15 Revenue from contracts with customers* and *AASB 1058 Income for not-for-profits* depending on the performance obligations, terms and conditions and decisions made.

NextSense believe that there are no other key estimates or judgements.

Note 2 – Revenue and Income

	2023	2022
	\$'000	\$'000
Revenue recognised under AASB 15 Revenue from contracts with customers		
Rendering of services – at a point of time	19,188	18,806
Rendering of services – over a period of time	5,003	6,449
	24,191	25,255
Income recognised under AASB 1058 Income of not-for-profit entities		
Federal Government Funding *	4,283	-
Bequests	8,398	7,190
Donations	3,494	3,102
Donald Boden Memorial Trust	-	6,932
Lottery	470	711
Grant income	886	1,154
Macquarie Comprehensive Campaign	1,220	46
	18,751	19,135
TOTAL REVENUE & INCOME	42,942	44,390

* Funding agreement in relation to new premises at Macquarie Park

(a) Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated based on the type of services provided and source of funds:

Cochlear Implant Program	2,080	1,664
Education	5,003	6,311
Medicare	4,699	4,471
National Disability Insurance Scheme (NDIS)	10,734	11,087
Other	1,675	1,722
	24,191	25,255
Income recognised under AASB 1058	18,751	19,135

Note 2 – Revenue from Operating Activities (cont.)

Source of funds

2023	Revenue under AASB 1058	Revenue under AASB 15	Total
	\$'000	\$'000	\$'000
Clients	-	842	842
Fee for service	-	15,433	15,433
Government	4,283	3,495	7,778
Organisations	-	2,858	2,858
Philanthropic	14,468	-	14,468
Schools	-	631	631
University	-	747	747
Other	-	185	185
	18,751	24,191	42,942

Source of funds

2022	Revenue under AASB 1058	Revenue under AASB 15	Total
	\$'000	\$'000	\$'000
Clients	-	1,850	1,850
Fee for service	-	15,558	15,558
Government	-	4,549	4,549
Organisations	-	1,644	1,644
Philanthropic	19,135	-	19,135
Schools	-	800	800
University	-	699	699
Other	-	155	155
	19,135	25,255	44,390

(a) Revenue recognition policy under AASB 15 Revenue from Contracts with customers

Revenue is recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration.

Note 2 – Revenue from Operating Activities (cont.)

The timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations. Revenue can be recognised over a period of time or at a point in time depending on when the performance obligation is satisfied.

- **Over a period of time** – if the performance obligation is satisfied over a period of time, revenue will be recognised by being spread over this period.
- **At a point in time** – if the performance obligation is satisfied at a point in time, for example, services are delivered, or goods are transferred to customers, revenue is recognised at this point.

Where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

- **Services:** revenue is recognised at both a point in time and over a period of time within the calendar year, the performance obligation being linked to the purpose of the government funding and/or third party.
- **Medicare:** revenue is recognised at a point in time, the performance obligation being the completion of the appointment with the client.
- **National Disability Insurance Scheme (NDIS):** revenue is recognised at a point in time, the performance obligation being the completion of the service to the client.

(b) Income recognition policy under AASB 1058

The timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset received by an entity.

- **Donations:** donations collected are recognised as income when NextSense gains control of the asset. There are no enforceable or sufficiently specific performance obligations linked to donations.
- **Bequests:** Income from legacies comprising bequests of shares, real property and cash are recognised at fair value, being the market value of the shares or property at the time NextSense becomes legally entitled to the share or property. There are no enforceable or sufficiently specific performance obligations linked to bequests.
- **Lottery:** Income is recognised at the latter of when the ticket is purchased or the lottery is drawn (within the calendar year). There are no enforceable or sufficiently specific performance obligations linked to lottery.
- **Grant income:** is recognised as Income when NextSense gains control of the asset. There are no enforceable or sufficiently specific performance obligations linked to grant income.

(c) Income recognition policy under AASB 1058 (cont.)

- Capital grants received under an enforceable agreement to enable NextSense to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by NextSense are recognised as income as and when the obligations under the contract are completed.

Note 2 – Revenue from Operating Activities (cont.)

Volunteer Services

No amounts are included in the financial report for services donated by volunteers.

	2023	2022
	\$	\$
INVESTMENT INCOME		
Interest	242,364	138,755
Distributions	10,071,340	12,017,609
Dividends	200,604	189,517
TOTAL OTHER INCOME	10,514,308	12,345,881

Note 3 – Expenditure

(a) ADMINISTRATION

General and Financial Management	4,057,841	3,213,636
Human Resources Management	1,299,901	1,652,978
TOTAL ADMINISTRATION EXPENDITURE	5,357,742	4,866,614

(b) STUDENT AND CLIENT SERVICES

Preschool Services	1,276,288	1,333,858
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Schools Services

Blind and DeafBlind Program	1,132,543	1,258,791
Sign Bilingual Program	1,050,085	1,347,096
Spoken Language Program	1,487,552	1,513,771
Schools Support Services	2,264,562	2,376,687
Paediatric Audiology Services	819,769	820,408
NextSense Institute	1,699,139	1,883,610
All Other Client Services	27,243,161	26,834,386

TOTAL STUDENT AND CLIENT SERVICES EXPENDITURE	36,973,099	37,368,607
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Note 3 – Expenditure (cont.)

	2023	2022
	\$	\$
(c) The expenditure include the following specific expenditures		
Amortisation of non-current assets	-	4,727
Depreciation of non-current assets	1,053,993	1,850,293
Depreciation of right-of-use assets	1,200,108	1,420,081
Remuneration of auditor		
Audit services	116,200	109,000
Other services		
Risk management advice and taxation services	102,701	114,496
TOTAL	218,901	223,496
TOTAL BAD AND DOUBTFUL DEBTS	8,465	38,935
TOTAL EMPLOYEE EXPENDITURE	37,036,034	35,922,768

Note 4 – Receivables

	2023	2022
	\$	\$
Receivables from operating activities	263,476	254,658
Less: Allowance for credit losses	(5,160)	(27,295)
	258,316	227,363
Other receivables	37,733	39,378
GST receivable	260,270	854,985
Accrued income	2,537,420	2,307,788
TOTAL RECEIVABLES	3,093,739	3,429,514

(a) Receivables

Trade and other receivables are categorised as financial assets at amortised costs. The carrying value of trade and other receivables are deemed to be materially consistent with their fair values given their short-term nature, and after adjustment for expected future credit losses.

Management also considers whether any external factors, such as macro-economic changes are expected to have an impact on future credit losses expected and where applicable overlay this into the assessment of future credit losses. Balances are deemed to be in default, and therefore written off when reasonable attempts to recover the balances have been exhausted. Trade and other receivable balances are unsecured.

(b) Allowance for credit losses

The allowance for expected credit losses is based on the simplified approach which uses a lifetime expected credit loss allowance for all trade receivables on hand. This remains an area of significant estimation and as such, actual recovery rates may differ. In using this practical expedient, the consolidated entity uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix.

NextSense assesses allowance of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

Movements in the allowance of credit losses were as follows:

At 1 January	27,295	46,450
Impairment loss	8,465	38,935
Amounts written off	(30,600)	(57,790)
At 31 December	5,160	27,295

Note 4 – Receivables (cont.)

At 31 December, the ageing analysis of trade receivables is as follows:

	Total	0-30 days	31-60 days	61-90 days PDNI*	+ 91 days PDNI*	+ 91 days CI*
	\$	\$	\$	\$	\$	\$
2023	263,476	226,620	18,712	10,326	2,658	5,160
2022	254,658	172,067	37,875	15,734	1,687	27,295

* Past due not impaired ('PDNI'), Considered impaired ('CI')

Receivables past due but not considered impaired are: \$12,984, (2022: \$17,421). Payment terms on these amounts have not been re-negotiated and NextSense is satisfied that payment will be received in full.

Other balances within receivables from operating activities do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it NextSense policy to transfer (on-sell) receivables to special purpose entities.

Note 5a – Other current assets

	2023	2022
	\$	\$
Prepayments	919,190	1,137,000
TOTAL OTHER CURRENT ASSETS	919,190	1,137,000

Note 5b – Other non-current assets

Prepayment	-	125,000
TOTAL OTHER NON-CURRENT ASSETS	-	125,000

Note 5c – Investment property

Investment properties comprise of land and buildings held for capital appreciation and are accounted for using the cost model.

Investment properties are included in the Statement of Financial Position at cost. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property.

The carrying amounts are reviewed periodically to determine whether there is any indication of impairment. If any such indication exists then the assets' recoverable amount is estimated with the subsequent gain or loss on re-measurement being recognised in the profit or loss.

Any gain or loss resulting from the sale of an investment property is immediately recognised in profit or loss.

	2023	2022
	\$	\$
Luddenham	-	1,530,000
Neutral Bay	1,800,000	1,900,000
Wollstonecraft	1,050,000	-
TOTAL INVESTMENT PROPERTY	2,850,000	3,430,000

In 2022 a property based at Neutral Bay, NSW was donated to NextSense as part of the Donald Boden Memorial Trust (DBMT), value at balance date \$1,800,000.

In 2023 a property based at Wollstonecraft, NSW was donated to NextSense as part of the estate of the late Jocelyn Brown, value at balance date \$1,050,000.

Note 5d - Assets held for sale

	2023	2022
	\$	\$
North Rocks	-	29,554,784
Luddenham	1,530,000	-
TOTAL ASSETS HELD FOR SALE	1,530,000	29,554,784

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not amortised or depreciated.

Assets classified as held for sale and any associated liabilities are presented separately in the statement of financial position.

In 2014 a property based at Luddenham, NSW was donated to NextSense, value \$1,530,000. In 2020 NextSense entered into a put and call option agreement with a buyer for the property the final settlement of which is expected to occur in 2024.

Note 6 – Financial Assets

Recognition, initial measurement, subsequent measurement and de-recognition

Financial assets are recognised when NextSense becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. 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.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Classification

On initial recognition, NextSense classifies its financial assets into the following categories, instruments measured at:

- amortised cost
- fair value through profit or loss – FVTPL
- fair value through other comprehensive income – equity instrument (FVOCI – equity)

Measured at amortised cost

NextSense measures receivables, cash and cash equivalents at amortised cost since these financial assets meet the relevant criteria in AASB 9, being that they are held to collect contractual cash flows which give rise to solely payments of principal and interest on the principal amount outstanding. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through profit or loss

Fixed interest securities are measured at fair value through profit and loss with changes in fair value at each reporting period being recognised directly in surplus for the year. Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Fair value measurement of financial assets

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- ❖ Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- ❖ Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- ❖ Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2023 and 31 December 2022.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2023				
Financial Assets				
Units in managed funds	116,418,698	116,891,231	-	233,309,929
Shares	2,777,380	-	-	2,777,380
Net fair value	119,196,078	116,891,231	-	236,087,309
31 December 2022				
Financial Assets				
Units in managed funds	82,628,065	88,227,947	-	170,856,012
Shares	4,167,582	-	-	4,167,582
Net fair value	86,795,647	88,227,947	-	175,023,594

There were no transfers between Level 1, 2 or 3 in 2023 or 2022.

Financial assets at amortised cost include the following:

	2023	2022
Current	\$	\$
Term Deposits	2,756,983	280,009
TOTAL CURRENT FINANCIAL ASSETS	2,756,983	280,009
Non-Current		
Term Deposits	181,368	2,640,399
TOTAL NON-CURRENT FINANCIAL ASSETS	181,368	2,640,399

Due to the short-term nature of the current term deposits their carrying amount is considered to be the same as their fair value.

The non-current term deposit fair values are also not significantly different from their carrying amounts.

Freehold land is initially recognised at acquisition cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Buildings, plant and equipment are initially recognised at acquisition cost, including costs directly attributable to bringing the assets to the location and condition necessary for it to operate in the manner intended by NextSense. Buildings, plant and equipment are subsequently measured using the cost model; being cost less subsequent depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually, to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use, with value in use being determined as the written-down current cost (depreciated replacement cost) of the asset.

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to NextSense commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Buildings	2.5%
Motor vehicles	25%
Plant, equipment, furniture & fittings	10%
Computer equipment and software	16.67-25%
Leasehold improvements	6-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as a gain or loss from non-operating activities.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

Note 7 – Property, Plant & Equipment (cont.)

	Land		Buildings and Leasehold Improvements		Plant and Equipment		Motor Vehicles		Work In Progress		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost												
Opening balance	11,900,000	20,480,518	7,244,887	46,027,241	4,881,012	6,726,115	308,014	497,443	30,322,366	2,473,044	54,656,279	76,204,361
Additions	-	-	883,914	45,667	735,097	482,981	-	-	46,314,700	27,849,322	47,933,711	28,377,970
Disposals	-	-	(135,287)	(5,621)	(754,112)	(695,458)	-	(189,429)	-	-	(889,399)	(890,508)
Impairment	-	(358,803)	-	-	-	-	-	-	-	-	-	(358,803)
Transfers	-	(8,221,715)	-	(38,822,400)	-	(1,632,625)	-	-	-	-	-	(48,676,741)
Closing balance	11,900,000	11,900,000	7,993,514	7,244,887	4,861,997	4,881,012	308,014	308,014	76,637,066	30,322,366	101,700,591	54,656,279
Accumulated depreciation												
Opening balance	-	-	3,581,849	20,478,465	3,016,725	4,080,149	272,588	447,358	-	-	6,871,162	25,005,972
Depreciation	-	-	503,591	1,177,772	535,743	657,862	14,659	14,659	-	-	1,053,993	1,850,293
Disposals	-	-	(135,287)	(5,621)	(754,112)	(668,096)	-	(189,429)	-	-	(895,037)	(863,146)
Transfers	-	-	-	(18,068,767)	(5,638)	(1,053,190)	-	-	-	-	-	(19,121,957)
Closing balance	-	-	3,950,153	3,581,849	2,792,718	3,016,725	287,247	272,588	-	-	7,030,118	6,871,162
Written down value	11,900,000	11,900,000	4,043,361	3,663,038	2,069,279	2,645,966	20,767	35,426	76,637,066	30,322,366	94,670,473	47,785,117

Work In Progress (WIP) includes the building of new premises at Macquarie Park (\$76,634,967) which will be ongoing until scheduled completion in the first half of 2024.

Note 8 – Capitalised borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset affects profit or loss.

To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs of \$1,268,390 were capitalised which were attributable to the construction of a qualifying asset, the new premises at Macquarie Park.

Note 9 – Trade and Other Payables

Trade creditors and accrued expenses	1,606,354	1,370,647
Employee accruals	2,045,542	1,200,587
TOTAL TRADE AND OTHER PAYABLES	3,651,896	2,571,234

NextSense 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 NextSense comprise trade creditors and other payables.

Contract liabilities (revenue in advance) generally represent the unspent grants or other fees received on the condition that specified services are delivered or conditions are fulfilled. The services are usual provided, or the conditions usually fulfilled within 12 months of receipt of the grant/fees.

Where the monies are received for the entity to acquire or construct an item of property, plant and equipment which will be controlled by NextSense then the funds are recognised as a contract liability and amortised to revenue as and when the obligations are satisfied.

Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is presented as non-current.

Note 10a – Current - Contract liabilities

	2023	2022
	\$	\$
Revenue in advance	3,090,041	177,637
Cochlear Implant Program	-	25,196
TOTAL CONTRACT LIABILITY	3,090,041	202,833

Note 10b – Non- Current - Contract liabilities

	2023	2022
	\$	\$
Revenue in advance	4,311,959	-
TOTAL CONTRACT LIABILITY	4,311,959	-

Note 10c - Current liability – Borrowings

	2023	2022
	\$	\$
Total facilities	60,000,000	60,000,000
Total Drawdown		
2022	10,156,685	10,156,685
2023	37,520,558	-
	47,677,243	10,156,685
Repayment	(47,677,243)	-
Bank Loan	-	10,156,685

NextSense negotiated with St George Bank for a loan to the value of \$60M to fund the majority of the building at Macquarie Park which commenced in January 2022.

This loan was paid back in full in September 2023 following the finalisation of the sale of the North Rocks property. This concludes all obligations in relation to the loan.

Note 11 - Provisions

Provisions are made recognising NextSense's liabilities for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. 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. Those cash outflows are discounted using market yields on high quality corporate bond rates published by G100 and Milliman Australia.

Note 11a – Current

Annual leave	3,199,598	3,829,336
Long service leave	2,840,230	3,008,313
TOTAL CURRENT PROVISIONS	6,039,828	6,837,649

Note 11b – Non-current

Long service leave	1,025,363	963,102
TOTAL NON-CURRENT PROVISIONS	1,025,363	963,102
Full time equivalent employees at balance date	296	301

Note 12 – Reserves

(a) Elisabeth Murdoch Scholarship Trust

As part of the acquisition of Taralye on 1 February 2018 the Elisabeth Murdoch Scholarship Trust was transferred to RIDBC. Donations to and income earned are brought to account in the statement of income and expenditure. In 2023, there were three recipients of a scholarship (\$5,000 each) to undertake research and study in the field of hearing impairment and allied fields of study.

(b) Prescribed Purpose Funds

Donations to and income earned upon prescribed purpose funds are brought to account in the statement of income and expenditure and are transferred by the Board to each prescribed purpose.

Note 13 – Leases

NextSense has leases over buildings, vehicles and office equipment. A right-of-use asset and a lease liability are recognised at the lease commencement date if the right to control the use of an asset for a period of time arises after the assessment. Information relating to the leases in place and associated balances and transactions are provided below:

13(a) Buildings

Commercial Leases

NextSense leases 17 office buildings/spaces in New South Wales, Victoria, Australian Capital Territory, Queensland and Northern Territory. The lease terms vary from 1 - 40 years with 2 of the leases including renewal options. The remaining 5 options are not included in 14(e) due to the uncertainty of exercising them.

There are \$3,635,389 potential future lease payments which are not included in the lease liabilities as it is assessed that the exercise of the option is not reasonably certain as at 31 December 2023.

The leases contain annual rent reviews where the lease payments are adjusted at each anniversary date.

Concessionary Leases

Following the sale of North Rocks, NextSense is continuing to occupy the premises under a licence agreement with the new owner which has enabled NextSense to maintain operations with the only requirement being to meet site cost obligations without incurring a separate licence fee.

NextSense has the right to use the office space in Gladesville NSW under a peppercorn lease agreement. The lease has expired and the renewal lease is currently under negotiation.

NextSense has the right to use the office space in Strathfield NSW for \$1 per year under a premises licence deed. The lease term has expired and is currently under negotiation.

NextSense has elected to measure the right-of-use asset arising from the concessionary leases at NIL cost.

Note 13 – Leases (cont.)

13(b) Vehicles

NextSense leases vehicles which are predominantly used by health professionals to visit patients in regional and metropolitan areas. New leases (totalling 16) have been signed with SupaLease and all but one lease is for a term of 12 months. The remaining lease is for a period of 5 years.

13(c) Office Equipment

The lease terms for office equipment such as photocopiers and printers vary from 2 – 5 years and 1 of them has been treated as low-value assets or short-term leases. There are four leases in total.

13(d) Right of use assets

	Properties	Vehicles	Office Equipment	Total
	\$	\$	\$	\$
Balance at 1 January 2023	8,777,664	76,581	199,362	9,053,607
Depreciation charge	(1,129,049)	(16,410)	(54,648)	(1,200,107)
Additions	-	-	-	-
Reductions due to changes in lease liability	(718,433)	-	-	(718,433)
Impairment of ROU	-	-	-	-
Balance at 31 December 2023	6,930,182	60,171	144,714	7,135,067

13(e) 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
	\$	\$	\$	\$	\$
2023	1,187,037	4,056,901	5,662,223	10,906,161	8,384,524
2022	1,859,882	5,066,235	7,569,042	14,495,159	10,361,341

Note 13 – Leases (cont.)

13(f) Lease impact in the Statement of Comprehensive Income

The amounts recognised in the Statement of Comprehensive Income relating to leases where NextSense is a lessee are shown below:

	2023	2022
	\$	\$
Interest on lease liabilities	207,011	406,681
Variable lease payments not included in the measurement of lease liabilities	-	-
Expenses relating to leases of low-value assets	742	572
Expenses relating to short-term leases	283,364	22,973

Statement of Cash Flows

Total cash outflow for leases	1,705,707	1,345,162
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Lease accounting policies

The right-of-use asset is measured at the asset's carrying value as if the Standard had been applied since the commencement date of the lease and the carrying value is discounted using the incremental borrowing rate at the date of initial application.

The lease liability is measured at the present value of the remaining lease payment and the estimated make good provision at the end of lease, discounted using the incremental borrowing rate provided by the banker at the date of initial application.

Exceptions are applied to short-term leases of 12 months or less and leases of low-value assets (such as small office equipment) where lease payments are expensed to income and expenses as incurred.

13(g) Provisions

The make good provision has been calculated as an estimate of future costs and discounted to a present value. The value of future costs is based on NextSense's experience with similar premises and estimates of likely restoration costs.

Make-good provision under leases	363,450	519,600
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Note 14 – Capital commitments

	2023	2022
	\$	\$
Capital expenditure commitments include:		
Construction of new building at Macquarie Park	1,936,722	44,587,703
Alstonville refurbishment	-	211,587
Other miscellaneous capital items	-	45,540
TOTAL CAPITAL COMMITMENTS	1,936,722	44,844,830

Note 15a – Short term financial liability

Option fee on forward contract	1,500,000	25,000,000
TOTAL SHORT TERM FINANCIAL LIABILITY	1,500,000	25,000,000

In 2020 NextSense entered into a put and call option agreement with a buyer for the property at Luddenham. A total of \$1.5M has been received by NextSense and retained as a short-term liability given the final settlement is expected to occur in 2024, as per the agreement.

In 2018 NextSense entered into a put and call option agreement with a buyer for the property at North Rocks. An option fee of \$25m was received by NextSense in 2018 and was retained as a long-term liability until the contract for sale was settled in 2023.

Note 15b – Long term financial liability

	2023	2022
	\$	\$
Option fee on forward contract	-	1,500,000
TOTAL LONG TERM FINANCIAL LIABILITY	-	1,500,000

Note 16 – Related party information

Members of the Board of NextSense who held office during the year

include:

President

D Dinte, BEc, LLB, MAICD

Vice Presidents

B Stone, AM, BA, DipEd, MEd, MAICD, FACE, FACEL

P van Dongen, BComm (Acc), FCA, F Fin, GAICD (retired from the Board at the 2022 AGM)

M Pearce

Directors

Professor C Birman, MBBS, PhD, FRACS, GAICD

C Cowper, BA LLB FAICD

R Jackson, MBA, BEc, GAICD, FCPA, FFIN (joined in 2023)

The Honourable R Parker DipEd, DipTeach, GAICD

R Gee (retired in 2023)

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. During the year donations were received from several Directors and key management personnel.

It should be noted that NextSense have acted in an agency capacity for Associate Professor C Birman where patient fees are collected on her behalf and passed through to her at the same value. The value of these transactions was \$8,610 (2022: \$12,056) in the 2023 financial year and has no impact on the financial statements of NextSense. In addition, Medicare and private billed paediatric audiology services revenue of \$8,395, earned by Professor Birman were donated in full to NextSense.

No Directors of NextSense or parties related to the Directors received any remuneration or benefit from their position.

Note 16 – Related party information (cont.)

Key management personnel

During the 2023 year, the management structure and roles were revised however the number of key management personnel remained at 9 at year end.

	Short-term employee benefits	Other long-term employment benefits	Post- employment benefits	Termination Benefits	Total Compensati on
	\$	\$	\$	\$	\$
2023	2,164,933	153,846	243,676	88,906	2,651,361
2022	2,129,394	153,499	259,520	63,274	2,605,687

Note 17 – Limit of Members' Liability

Members are not liable as a consequence of their memberships, for the debts of NextSense in the event of it being wound up.

Note 18 – Fundraising Activities Conducted

Information & Declarations to be Furnished Under the Charitable Fundraising Act 1991

Under this Act, NextSense holds multiple authorities to fundraise for NextSense centres.

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

NextSense conducts all its appeals in-house. We do not use third party traders.

Note 18 – Fundraising Activities Conducted (cont.)

(b) Forms of fundraising appeals conducted in 2023

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

	2023 Total Income \$	2023 Direct Expenses \$	2023 Net Income \$	2022 Net Income \$
Community Partnerships	137,964	349,914	(211,950)	(85,697)
Committees & Events	336,468	181,536	154,932	124,459
Lantern Clubs	79,333	81,688	(2,355)	(25,295)
Corporate Partnerships	275,565	361,539	(85,974)	(285,299)
Mid-value	330,135	165,728	164,407	36,428
Individual Giving	1,462,872	1,144,514	318,358	554,661
Major Donors	1,341,616	310,694	1,030,922	810,564
Trusts and Foundations	885,676	389,623	496,053	836,105
Total	4,849,629	2,985,236	1,864,393	1,965,926

	2023 \$	2022 \$
Net surplus from fundraising appeals	1,864,393	1,965,926

The net surplus generated from fundraising activities has been applied to the shortfall in funding of Student and Client Services of NextSense.

Note 19 – Cash Flow Information

	2023	2022
	\$	\$
(a) Reconciliation of net cash provided by operating activities to net surplus		
Surplus/(Deficit) for the year	104,564,291	(10,482,495)
<i>Non-cash flows in surplus</i>		
(Gain)/Loss on sale of non-current assets	(95,135,623)	5,770
Bequests received in shares (non-cash item)	(1,689,507)	-
Depreciation / Amortisation	2,254,101	3,275,101
Impairment of property, plant and equipment	100,000	358,803
Fair value of Boden Memorial Trust Donation (Note 2)	-	(5,185,963)
Impairment of right of use asset	-	367,795
Fair value (gain)/loss on financial assets	(7,383,229)	16,536,453
Interest payment on loan	1,268,390	117,308
<i>Changes in assets and liabilities</i>		
Decrease / (Increase) in trade debtors	335,775	(1,626,446)
Decrease / (Increase) in prepayments	342,810	(834,035)
Increase in trade creditors/accruals	1,080,664	102,118
(Decrease) / Increase in other provisions	(735,561)	150,106
Increase in contract liabilities	7,199,167	62,266
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,201,279	2,846,781
(b) Reconciliation of cash and cash equivalents		
Cash on hand	2,280	3,210
Cash at bank	4,270,765	3,698,009
Deposits at call	6,724,686	8,786,559
Term deposits	-	300,000
TOTAL CASH AND CASH EQUIVALENTS	10,997,731	12,787,778

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, and bank overdrafts.

(a) Capital management

NextSense' objective is to ensure that the organisation continues as a going concern as well as to maintain optimal benefits for stakeholders. NextSense aims to maintain a capital structure that ensures the lowest cost of capital available to the organisation.

(b) Financial risk management

Treasury risk management

An Investment committee consisting of a sub-committee of the Board meet with senior executives of NextSense together with NextSense' investment advisers to discuss and analyse interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Credit risk

NextSense continuously monitors defaults by customers and other counterparties and incorporates this information into its credit risk controls. NextSense does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by NextSense.

(c) Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a period of maturity. Receivables and payables at 31 December 2023 and 31 December 2022 are non-interest bearing. The balance of financial assets and liabilities has been stated at their net fair value.

December 2023	Weighted Average Effective Interest Rate	Floating Interest Rate \$	Fixed Interest Rate Maturing within 1 year \$	Fixed Interest Rate Maturing over 1 year to less than 5 years \$
Cash at bank	0.00%	4,273,045	-	-
Deposits at call	1.35%	6,724,686	-	-
Interest bearing deposits 1	3.35%	-	11,038	-
Interest bearing deposits 2	2.50%	-	-	84,196
Interest bearing deposits 3	0.25%	-	-	15,625
Interest bearing deposits 4	1.25%	-	146,617	-
Interest bearing deposits 5	4.05%	-	-	41,046
Interest bearing deposits 6	0.30%	-	40,578	-
Interest bearing deposits 7	0.85%	-	40,501	-
Interest bearing deposits 8	4.05%	-	2,518,250	-
Interest bearing deposits 9	4.59%	-	-	40,500
TOTAL		10,997,731	2,756,984	181,367

December 2022	Weighted Average Effective Interest Rate	Floating Interest Rate \$	Fixed Interest Rate Maturing within 1 year \$	Fixed Interest Rate Maturing over 1 year to less than 5 years \$
Cash at bank	0.00%	3,701,219	-	-
Deposits at call	0.01%	8,786,559	-	-
Interest bearing deposits 1	3.38%	-	11,038	-
Interest bearing deposits 2	2.50%	-	-	84,196
Interest bearing deposits 3	0.25%	-	-	15,625
Interest bearing deposits 4	0.95%	-	146,617	-
Interest bearing deposits 5	0.59%	-	41,354	-
Interest bearing deposits 6	0.30%	-	-	40,578
Interest bearing deposits 7	0.85%	-	81,000	-
Interest bearing deposits 8	4.05%	-	-	2,500,000
Term deposits	0.60%	-	300,000	-
TOTAL		12,487,778	580,009	2,640,399

Note 20 – Financial Risk Management (cont.)

(d) Sensitivity analysis

NextSense has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and funds (equity) which could result from a change in these risks. NextSense is exposed to changes in market interest rates through the cash held at banks which are subject to variable and fixed interest rates. NextSense is also exposed to market risk through its use of financial instruments and specifically to currency, interest rate and other price risks.

Interest rate sensitivity analysis

Interest rate risk is managed with fixed interest rate returns and fixed interest rate returns with a capped variable. At 31 December 2023, the effect on surplus and funds (equity) as a result of changes in the interest rate, with all other variables remaining constant would be:

	2023	2022
	\$	\$
Change in surplus / (deficit)		
- Increase in interest rate by .5%	84,245	82,190
- Decrease in interest rate by .5%	(84,245)	(82,190)
Change in funds (equity)		
- Increase in interest rate by .5%	84,245	82,190
- Decrease in interest rate by .5%	(84,245)	(82,190)

Foreign currency sensitivity

Most of NextSense' transactions are carried out in Australian Dollars. It is Nextsense's management opinion that no significant risk exists at balance date.

Other price sensitivity

NextSense is exposed to other price risk in respect of its investment in managed funds as detailed in Note 6. Management monitors other price risk by actively monitoring volatility in managed funds. This volatility figure is considered for estimating how surplus or deficit and funds (equity) would have been affected by changes in market risk that were reasonably possible at the reporting date. The following table illustrates the net result for the year and the effect on funds (equity) resulting from changes in quoted prices. The managed funds are classified as financial assets at fair value through other comprehensive income, therefore no effect on profit or loss would have occurred.

	2023	2022
	\$	\$
Change in surplus / (deficit)		
- Increase by 5%	11,665,496	8,542,801
- Decrease by 5%	(11,665,496)	(8,542,801)
Change in funds (equity)		
- Increase by 5%	11,665,496	8,542,801
- Decrease by 5%	(11,665,496)	(8,542,801)

Note 21 – Key events and activities which impact the operations

In September 2023, NextSense finalised the sale of the North Rocks property.

In the same month we repaid the loan with St George Bank of \$47,677,243 which was used to fund a substantial portion of the building at Macquarie Park. For additional information, please refer to Note 10b.

There was a significant increase in Capital Work In Progress of \$46,314,700 in 2023 bringing the total to \$76,637,066. This represents the total costs incurred for the building at Macquarie Park. It is expected that this will be capitalised as an asset in Quarter 2, 2024. For additional information, please refer to Note 7.

In 2022, the newly elected Labor Federal Government reaffirmed in their first budget that they are committed to providing up to \$12,500,000 in funding to establish a new Centre for Vision and Hearing at Macquarie Park. \$10,000,000 has been received in 2023, the balance (\$2,500,000) is expected to be paid in Quarter 2 2024, on completion of the project.

Note 22 – Contingent liabilities

There were no contingent liabilities at balance date. All previously reported contingent liabilities have been settled for immaterial amounts during the financial year.

Note 23 – Events After the Balance Date

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

Subsequent to balance date, the following events have occurred or will occur:

- a) NextSense will relocate its registered office and principal place of business from North Rocks to the new premises at Macquarie Park in April, 2024.
- b) Royal assent was received for the NextSense Act on 6 February 2024 which completes the legal name change from the Royal Institute for Deaf & Blind Children to NextSense.

Note 24 – Registered office and principal place of business

The registered office of NextSense and its principal place of business is:

361-365 North Rocks Road
North Rocks, NSW 2151

Note 25 – Economic dependency on government funding

NextSense is dependent on the ongoing receipt of financial assistance from the Commonwealth and State governments to continue delivering its charitable programs as detailed in the following table

	2023	2022
	\$'000	\$'000
Government revenue (including grants)		
Commonwealth Government		
• Centre for Vision and Hearing at Macquarie Park	4,283	-
• Department of Education	1,961	3,005
	6,244	3,005
State Government		
• NSW Department of Education	1,248	1,397
• NSW Ageing, Disability and Home Care	-	31
• Victorian Department of Education and Training	286	116
	1,534	1,544
TOTAL GOVERNMENT REVENUE	7,778	4,549

In addition to the above, we have fee for service revenue for

• Therapy services as NDIS provider	10,734	11,087
• Cochlear Implant services as Medicare provider	4,699	4,471
TOTAL FEE FOR SERVICE REVENUE	15,433	15,558

Responsible entities' declaration

The Responsible Entities of NextSense declare that:

- a. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- b. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulations 2022.

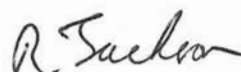
This declaration is made in accordance with a resolution of the Board of Directors.

David Dinte

Rod Jackson

President

Board Member



9 April 2024

9 April 2024

Declaration by the NextSense President with respect to fundraising appeals

Declaration in accordance with the Section 21(3) of the Charitable Fundraising Regulation 2021 (NSW)

In my opinion, regarding NextSense "the Company" for the year ended 31 December 2023:

- a. The Company is able to pay all its debts as and when the debts become due and payable;
- b. The 31 December 2023 financial statements of the Company satisfy the requirements of the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulation 2021;
- c. The contents of the 31 December 2023 financial statement of the Company are true and fair; and
- d. The Company has appropriate and effective internal controls.



David Dinte
President

9 April 2024

Auditor's independence declaration



Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW
1230
T +61 2 8297 2400

Auditor's Independence Declaration

To the Directors of Nextsense

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of NextSense for the year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

A stylized, handwritten signature of Grant Thornton in black ink.

Grant Thornton Audit Pty Ltd
Chartered Accountants

A handwritten signature of A J Archer in black ink.

A J Archer
Partner - Audit & Assurance

Sydney, 9 April 2024

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Independent auditor's report

Independent Auditor's Report

To the Members of NextSense

Report on the audit of the financial report

Opinion

We have audited the financial report of NextSense (the "Registered Entity"), which comprises the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, the Responsible Entities' declaration and the Declaration in accordance with the Section 21 (3) of the *Charitable Fundraising Regulation 2021* (NSW).

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

- a giving a true and fair view of the Registered Entity's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

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 Registered Entity in accordance with 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.

Information other than the Financial Report and Auditor's Report thereon

The Responsible Entities are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 31 December 2023, 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 accordingly 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 Responsible Entities for the financial report

The Responsible Entities of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the ACNC Act, the Charitable Fundraising Act (NSW) 1991 and the Charitable Fundraising Regulation 2021 (NSW), and for such internal control as the Responsible Entities 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 Responsible Entities are responsible for assessing the Registered Entity'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 Responsible Entities either intend to liquidate the Registered Entity or to cease operations, or have no realistic alternative but to do so.

The Responsible Entities are responsible for overseeing the Registered Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 Registered Entity'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 the Registered 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 Registered 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 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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



A J Archer
Partner – Audit & Assurance

Sydney, 9 April 2024

Five year financial history

—for the year ended 31 December 2023

Description	%	2023	2022	2021	2020	2019	%
EXPENDITURE							
Student and Client Services Expenditure							
Preschool Services		1,276,288	1,333,858	1,302,614	1,353,328	1,748,291	
Schools Services							
Blind and DeafBlind Program		1,132,543	1,258,791	1,663,061	2,254,700	2,945,393	
Sign Bilingual Program		1,050,085	1,347,096	1,299,058	1,361,012	1,368,757	
Spoken Language Program		1,487,552	1,513,771	1,538,449	1,501,527	1,375,268	
Schools Support Services		2,264,562	2,376,687	2,275,541	2,710,096	3,001,688	
Paediatric Audiology Services		819,769	820,408	683,375	699,577	720,288	
NextSense Institute		1,699,139	1,883,610	1,809,333	1,990,586	2,263,367	
Remote Services			-	-	1,619,256	2,306,618	
Early Learning Program and Other Client Services		17,538,542	16,677,663	16,785,012	15,862,736	14,249,300	
Cochlear Implant Program Services		9,704,619	10,156,723	10,231,286	8,626,213	8,447,125	
Total Student and Client Services Expenditure	72	36,973,099	37,368,607	37,587,729	37,979,031	38,426,095	79
Administration	10	5,357,742	4,866,614	4,028,481	3,252,896	3,385,345	7
Investment Management	1	467,499	391,384	349,348	310,693	157,710	
Charitable Fundraising	5	2,810,785	2,935,135	3,098,416	2,410,597	3,596,346	7
Lottery	1	523,737	571,996	627,677	560,653	-	
Strategic Initiatives	8	3,902,783	2,146,458	4,518,863	4,366,713	2,272,440	5
Marketing & Communications	3	1,709,978	1,669,460	1,212,031	936,863	877,602	2
Total Expenditure from Operating Activities	100	51,745,623	49,949,654	51,422,545	49,817,446	48,715,538	100
REVENUE & INCOME FROM ORDINARY ACTIVITIES							
Charitable Fundraising Income							
Bequests		8,398,281	7,189,812	11,966,749	4,180,083	16,700,279	
Donations		3,690,164	10,859,606	4,174,793	5,540,868	6,427,084	
Lantern Clubs, Committees and Auxiliaries		1,159,465	1,039,783	891,907	602,719	1,044,004	
Macquarie Comprehensive Campaign		5,502,804	46,000	747,771	-	-	
Total Charitable Fundraising Income	41	18,750,714	19,135,201	17,781,220	10,323,670	24,171,367	40
Government funding							
Commonwealth Department of Education		1,960,822	2,898,302	2,763,391	3,104,024	3,118,618	
Commonwealth Department of Health						225,128	
NSW Ageing, Disability and Home Care		-	31,212	147,452	142,978	140,424	
NSW Department of Education		1,247,439	1,397,234	1,480,780	1,362,517	1,362,429	
NSW Department of Health		-	-	180,875	38,816	974,496	
QLD Department of Health		-	-	50,000	100,000	180,000	
Victorian Department of Education & Training		286,148	116,372	282,693	3,917	1,345,808	
JobKeeper/JobSaver		-	-	3,503,950	7,573,500	-	
Total Government funding	6	3,494,409	4,443,120	8,409,141	12,325,752	7,346,903	12
Other Income							
Investment income	18	10,514,308	12,345,881	10,170,589	6,881,562	10,590,710	17
Fee for Service as NDIS provider	18	10,734,250	11,192,751	11,094,499	10,460,724	8,722,053	14
Cochlear Implant Program	12	6,925,509	6,640,856	5,611,838	5,338,510	6,423,182	11
Sales, fees and miscellaneous income	5	3,037,202	2,978,171	2,864,237	3,401,072	3,781,960	6
Total Other Income	53	31,211,269	33,157,659	29,741,163	26,081,868	29,517,905	48
Total Revenue & Income from Operating Activities	100	53,456,392	56,735,980	55,931,523	48,731,290	61,036,175	100
Operating (Deficit) / Surplus							
		1,710,769	6,786,326	4,508,978	(1,086,156)	12,320,637	
Net gain/(loss) on disposal of property, plant & equipment and financial assets		95,402,026	(5,770)	6,746,665	439,680	4,847,503	
Impairment of right of use asset		-	(367,795)	-	-	-	
Impairment of non-current assets		(100,000)	(358,803)	-	-	-	
Net unrealised (loss) / gain on revaluation of long term investments held at fair value and net realised (loss) / gain on disposal of investments		7,551,496	(16,536,453)	8,278,031	(4,694,539)		
(Deficit) / Surplus for the year		104,564,291	(10,482,495)	19,533,674		15,147,229	
Other Comprehensive Income							
Total comprehensive (loss) / income for the year		104,564,291	(10,482,495)	19,529,268	(5,341,428)	32,343,855	

Government funding

—summary of applicable legislation

Source of Funds	Legislation	Funding Purposes
Commonwealth Department of Education		
Commonwealth Government funding	Australian Education Act 2013 (the Act) amended in 2017 to give effect to the Quality Schools package	Schooling Resource Standard (SRS) to meet students' educational needs with loadings for student priority cohorts and disadvantaged schools. The student with disability loading is based on the Nationally Consistent Collection of Data on school students with disability (NCCD)
State Government funding	Australian Education Act 2013 (the Act)	Aligned with the Commonwealth's funding model. The Commonwealth pays 80% and the NSW Government pays 20% of the funding entitlement. The NSW Departments of Education (DoE) Non-Government Schools Unit manages entitlement.
Australian Sports Commission - Sporting Schools Program	Australian Sports Commission	Grant applied for term by term to support sporting programs with the schools

N.S.W. Department of Education

Early Childhood Education	Start Strong	Start Strong funding for community preschools provides funding for the provision of quality preschool education delivered to 3, 4 and 5 year old children enrolled in community preschools in NSW. The funding supports at least 600 hours per year or 15 hours per week of quality preschool education. Services that have not opted in to Start Strong Free Preschools for 2023, are required to pass through at least 50 percent of the base rate funding for these children.
Early Childhood Education	Disability Inclusion Program	Supports children with a disability and additional needs to participate in a quality early childhood program on the same basis as all children.
Early Childhood Education	Community Grants	The 'quality learning environments' and 'minor capital works' grant are available where services meet the criteria. These grants aim to support preschools to improve their learning environment.

Victoria State Government

Department of Education & Training	Three and four year old Kindergarten programs, Early Intervention – Hearing Services
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