

# **LIONS HEARINGS DOGS INCORPORATED**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

## Contents

Statement by Committee	Page	2
Committee Report	Page	2
Independent Auditor's Report	Page	3
Income and Expenditure Statement	Page	5
Balance Sheet	Page	7
Notes to and Forming Part of the Accounts	Page	8

# LIONS HEARING DOGS INCORPORATED

## STATEMENT BY COMMITTEE

In accordance with Section 35 (c) of the Associations Incorporation Act 1985 (SA) the Committee of the Lions Hearing Dogs Inc. state that:-

- (a) the accompanying financial accounts present fairly the results of the operations of the association for the financial year ended 31 December 2016 and the state of the affairs of the association at the end of the financial year; and
- (b) the committee has reasonable grounds to believe that the association will be able to pay its debts as and when they fall due.

Dated at Verdun this 20th day of February 2017

Signed in accordance with a resolution of the Committee.



.....  
Chairman



.....  
Committee Member

## COMMITTEE REPORT

In accordance with Section 35 (5) of the Associations Incorporation Act 1985 (SA) the Committee of the Lions Hearing Dogs Inc. state that:-

apart from employment in the normal course of business and the reimbursement of expenses incurred on behalf of the association

- (a) (i) no officer of the association; or
- (ii) no firm of which an officer is a member; or
- (iii) no body corporate in which an officer has a substantial financial interest,

has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate of the association;

- (b) during the financial year ended 31 December 2016, no officer of the association has received directly or indirectly from the association any payment or benefit of a pecuniary nature.

Dated at Verdun this 20th day of February 2017

Signed in accordance with a resolution of the Committee.



.....  
Chairman



.....  
Committee Member

**HAYDEN F. EDWARDS FCA FTIA**

ABN: 30 717 437 976

**CHARTERED ACCOUNTANT**

Liability limited by a scheme approved under

Professional Standards Legislation.

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ADELAIDE SA 5000

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
LIONS HEARING DOGS INCORPORATED  
ABN 37 975 454 009**

**Report on the Financial Report**

I have audited the accompanying financial report, being a special purpose financial report, of Lions Hearing Dogs Incorporated (the association) that comprises the income and expenditure Statement for the year ended 31 December 2016 and the balance sheet as at that date, a summary of significant accounting policies and other explanatory notes and the statement by members of the committee.

**Committee's Responsibility for the Financial Report**

The committee of the association is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are consistent with the financial reporting requirements of the Associations Incorporations Act SA 1985 and are appropriate to meet the needs of the members. The committee's responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on my audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the committee's financial reporting under the Associations Incorporation Act SA. I disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Independence**

In conducting my audit, I have complied with the independence requirements of Australian professional ethical pronouncements.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
LIONS HEARING DOGS INCORPORATED  
ABN 37 975 454 009**

**Audit Qualification**

As is common for organisations of this type, it is not practicable for the management committee to maintain an effective system of internal control over receipts until their initial entry in the accounting records. Accordingly, my audit in relation to receipts was limited to the amounts recorded.

**Auditor's Opinion**

In my opinion, the financial report of Lions Hearing Dogs Incorporated presents fairly, in all material respects the financial position of Lions Hearing Dogs Incorporated as of 31 December 2016 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

**Name of Firm:** Hayden F Edwards

**Name of Principal:** Hayden Edwards FCA

**Address:** 2nd Floor, 345 King William Street  
Adelaide SA 5000

**Dated this 20th day of February 2017.**

**LION HEARING DOGS INCORPORATED**  
**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>2015</b>		<b>2016</b>
<b>\$</b>		<b>\$</b>
	<b>INCOME</b>	
3395	Christmas Cake Rebate	0
252683	Donation - Lions Clubs	274870
31199	Donations - General Public	40432
182224	Donations - Bequests	58082
69261	Government Subsidies	98770
0	House Rent	5600
34392	Imputation Credits Refunded	39867
18688	Interest Received	11923
0	Klugh & Others Increase in Value of Investment Portfolio	37205
199228	Klugh & Others Portfolio Income	149595
9244	Profit/-Loss on Sale of Merchandise	14179
<hr/>		
<b>800314</b>	<b>TOTAL INCOME</b>	<b>730523</b>
	<b>LESS EXPENSES</b>	
2141	Advertising, Promotion & Publicity	2809
2500	Audit Fees	2800
2229	Bank Fees	4203
2205	Cleaning	2090
0	Computing Costs	2667
1190	Conference & Convention Expenses	2536
17004	Depreciation on Buildings	16720
307	Depreciation on Plant etc.	84
3241	Dog Consumables	2747
3186	Dog Food	2108
8756	Dog Sundry Expenses	3680
15102	Dog Veterinary Expenses	11864
2480	Dog Purchases	3000
8212	General Expenses	15200
3806	Helen Keller Fellowship Costs	3216
11539	Insurance	10958
138848	Klugh & Others Decrease in Value of Investment Portfolio	0
19284	Klugh & Others Portfolio Management Fees	16973
10918	Light, Power & Heating	9002
22269	Motor Vehicle Expenses	16050
1669	Open Day Expenses	350
4621	Postage	6049
12590	Printing & Stationery	10428
3262	Rates & Taxes	3639
32742	Repairs & Property Expenses	20686
1521	Staff Amenities & Other Staff Expenses	1171
840	Subscriptions	927

**LION HEARING DOGS INCORPORATED**  
**INCOME AND EXPENDITURE STATEMENT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>2015</b>		<b>2016</b>
<b>\$</b>		<b>\$</b>
<b>EXPENSES (CONTINUED)</b>		
8371	Telephone	10827
510	Travelling - Dog Training	906
8027	Travelling - Promotional	0
30662	Travelling - Dog Deliveries	57201
396707	Wages & Salaries	424741
34181	Superannuation	38880
12934	Increase/-Decrease in Annual Leave Provision	-34478
54441	Increase/-Decrease in Long Service Leave Provision	-9128
16949	Workcover	15104
490	Uniforms & Cleaning	5240
<b>895734</b>	<b>TOTAL EXPENSES</b>	<b>681250</b>
<b>-95420</b>	<b>OPERATING SURPLUS/-DEFICIT</b>	<b>49273</b>
<b>TRANSFER FROM RESERVES</b>		
<b>0</b>	Transfer from Building Fund Reserve (Note 2)	<b>0</b>
<b>138848</b>	Transfer from Klugh Estate Reserve (Note 5)	<b>0</b>
<b>136515</b>	Transfer from Project Development Reserve (Note 3)	<b>120554</b>
<b>179943</b>		<b>169827</b>
<b>TRANSFER TO RESERVES</b>		
<b>0</b>	Transfer to Building Fund Reserve (Note 2)	<b>0</b>
<b>179943</b>	Transfer to Sound Field Systems Project Reserve (Note 4)	<b>132622</b>
<b>0</b>	Transfer to Klugh Estate Reserve (Note 5)	<b>37205</b>
<b>0</b>	<b>OPERATING SURPLUS/-DEFICIT AFTER TRANSFER TO RESERVES</b>	<b>0</b>
<b>0</b>	<b>ACCUMULATED GENERAL FUNDS SURPLUS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>0</b>
<b>0</b>	<b>ACCUMULATED GENERAL FUNDS SURPLUS AT THE END OF THE FINANCIAL YEAR</b>	<b>0</b>
<b>0</b>		<b>0</b>

**LION HEARING DOGS INCORPORATED**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2016**

2015		2016
\$		\$
<b>FIXED ASSETS</b>		
34199	Land at Verdun (at cost)	34199
203298	Trainers Residence (at cost)	203298
91128	Training Centre (at cost)	91128
79614	Office & Kennel Extensions (at cost)	79614
305782	Training Facility (at cost)	305782
<u>714021</u>		<u>714021</u>
270498	Less Accumulated Depreciation	287218
<u>443523</u>		<u>426803</u>
54198	Plant & Equipment (at cost)	54198
53776	Less Accumulated Depreciation	53860
<u>422</u>		<u>338</u>
59685	Motor Vehicle (at cost)	59,685
23732	Less Accumulated Depreciation	31,821
<u>35953</u>		<u>27864</u>
26836	Furniture & Fittings (at cost)	26836
26836	Less Accumulated Depreciation	26836
<u>0</u>		<u>0</u>
458	Linen, Crockery & Glassware (at cost)	458
<u><b>480356</b></u>	<b>TOTAL FIXED ASSETS</b>	<u><b>455463</b></u>
<b>INVESTMENTS</b>		
4114780	Klugh & Others Portfolio (at market value)	4134606
438253	General Property Fund No 1 (at cost)	447610
<u><b>4553033</b></u>	<b>TOTAL INVESTMENTS</b>	<u><b>4582216</b></u>
<b>CURRENT ASSETS</b>		
238	Cash on Hand	133
37	Community Solution Cash Reserve	37
210613	Westpac Banking Corporation - Mt Barker	80180
12135	Stock - Merchandise (at net realisable value)	13260
10593	ATO GST Refund	12837
5697	Other Debtors & Accruals	8115
<u><b>239313</b></u>	<b>TOTAL CURRENT ASSETS</b>	<u><b>114562</b></u>
<u><b>5272702</b></u>	<b>TOTAL ASSETS</b>	<u><b>5152241</b></u>
<b>CURRENT LIABILITIES</b>		
8928	Trade Creditors & Accrued Expenses	9454
96511	Provision for Annual Leave	32864
87242	Provision for Long Service Leave	71386
<u><b>192681</b></u>	<b>TOTAL CURRENT LIABILITIES</b>	<u><b>113704</b></u>
<u><b>5080021</b></u>	<b>NET ASSETS</b>	<u><b>5038537</b></u>
<b>ACCUMULATED FUNDS</b>		
0	General Funds	
482736	Building Fund Reserve (Note 2)	482736
245590	Project Development Reserve (Note 3)	125036
264140	Sound Field Systems Project Reserve (Note 4)	306005
4087555	Klugh Estate Reserve (Note 5)	4124760
<u><b>5080021</b></u>	<b>TOTAL FUNDS</b>	<u><b>5038537</b></u>



**LION HEARING DOGS INCORPORATED**  
**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Accounts have been prepared in accordance with applicable Statements of Accounting Concepts, applicable Accounting Standards issued by the Australian Accounting Bodies and the requirements of the Associations Incorporation Act 1985. The Accounts have been prepared on the basis of historical costs and do not take into account changing money values, or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied, unless otherwise stated.

(a) Income Tax

The Association is exempt from the provisions of the Income Tax Assessment Act 1936

(b) Stock - Merchandise

Stock - Merchandise consists of souvenirs and is valued at net realisable value.

(c) Fixed Assets

Freehold land, buildings and other assets are brought to account at cost. The depreciable amount of all fixed assets are depreciated over their useful lives commencing from the time the asset is held ready for use.

(d) Employee Benefits

Provision has been made for the association's expected liability for long service leave and calculated in respect to any employees who have completed five years of service. The provision for any annual leave is based on actual entitlements as at 31 December. Contributions are made by the Association to an employee superannuation fund and are charged as an expense when incurred.

**NOTE 2. TRANSFER TO/FROM BUILDING FUND RESERVE**

The Council of Governors approved the establishment of a Building Fund with the object of undertaking a rationalisation and expansion of the activities at the Verdun Training Centre.

The building of a new training facility was completed during the year ended 31 December 2001 with the handover to the Lions Hearings Dogs Inc. during November of that year.

Initially, costs incurred were debited to the Building Fund Reserve with amounts totalling \$11838.70 during 1999 and \$18399.85 during 2000 being debited.

With the completion of the building, these costs were written back to the reserve and capitalised with subsequent costs and are showing as a fixed asset in the Balance Sheet.

Subsequent significant building costs are debited to the applicable assets account and capitalised with a corresponding amount debited to the Building Fund.

\$		\$
482736	Balance at the beginning of the year	482736
<u>0</u>	Add transfer from operating surplus	<u>0</u>
482736		482736
<u>0</u>	Less costs of renovations, additions, etc.	<u>0</u>
<u>482736</u>	Balance at the end of the year	<u>482736</u>

**LION HEARING DOGS INCORPORATED**

**NOTES TO AND FORMING PART OF THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**2015**

**2016**

**NOTE 3. TRANSFER TO/FROM PROJECT DEVELOPMENT RESERVE**

The Executive Committee approved the establishment of a Project Development Reserve with the object of pursuing the viability and development of projects to enhance the Lions Hearing Dogs program.

	2015	2016
	\$	\$
	382103	245590
	136513	120554
	<u>245590</u>	<u>125036</u>
	<u><u>245590</u></u>	<u><u>125036</u></u>

**NOTE 4. TRANSFER TO/FROM SOUND FIELD SYSTEM PROJECT RESERVE**

The Executive Committee approved the concept that the net income arising from the Klugh & Others Investment Portfolio be allocated to this reserve.

	2015	2016
	\$	\$
	188492	264140
	15660	10195
	179943	132622
	<u>384095</u>	<u>406957</u>
	119955	100952
	<u>264140</u>	<u>306005</u>
	<u><u>264140</u></u>	<u><u>306005</u></u>

**NOTE 5. TRANSFER TO/FROM KLUGH ESTATE RESERVE**

The Executive Committee approved the establishment of a Klugh Estate Reserve to identify the bequest from the Estate of Beth Stewart Klugh during the years ended 31 December 2006 and 31 December 2007.

The global financial crisis and significant decline in market value of the investment portfolio during the year ended 31 December 2008 resulted in the Executive Committee approving the transfer of an amount equal to the decline in value during the year back to the income and expenditure statement.

With a following recovery in the market value of the portfolio, the increase in market value during that year was added back to the reserve.

Subsequent years have seen both declines and increases in the market value and amounts equal to the decline and increase in value have been transferred back to and from the income and expenditure statement.

This policy and procedure continues.

	2015	2016
	\$	\$
	4226404	4087555
	-138849	37205
	<u>4087555</u>	<u>4124760</u>
	<u><u>4087555</u></u>	<u><u>4124760</u></u>