

**LIONS HEARINGS DOGS INCORPORATED**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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# 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 2019 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 3rd day of February 2020

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 2019, 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 3rd day of February 2020

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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FAX: (08) 8231 5092

EMAIL: hayden@haydenedwards.com.au

**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 2019 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.

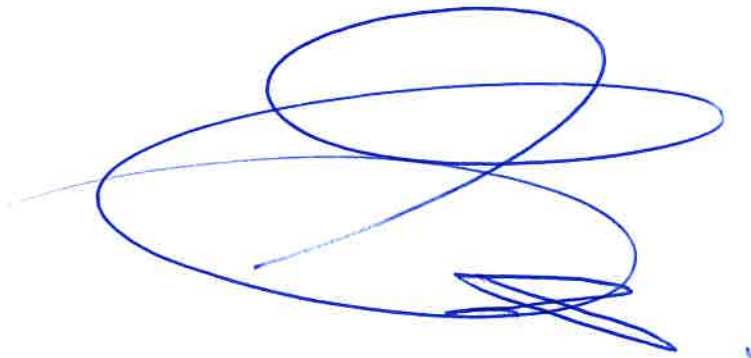
**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
LIONS HEARING DOGS INCORPORATED  
ABN 37 975 454 009**

**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 2019 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

A handwritten signature in blue ink, consisting of several overlapping loops and a final flourish.

**Name of Firm:** Hayden F Edwards

**Name of Principal:** Hayden Edwards FCA

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

**Dated this 3rd day of February 2020.**

**LION HEARING DOGS INCORPORATED**  
**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

<b>2018</b>		<b>2019</b>
<b>\$</b>		<b>\$</b>
	<b>OPERATING INCOME</b>	
294755	Donations - Lions Clubs	274097
113156	Donations - General Public	170631
0	Donations - Building Fund	503000
207762	Donations - Bequests	806795
80618	Government Subsidies	19314
10400	House Rent	10400
38785	Imputation Credits Refunded	55871
6337	Interest Received	5042
17187	Profit on Sale of Merchandise	13009
5344	Project Expenditure Re-imbursed	0
5211	Wages Re-imbursed - WorkCover	0
<b>779555</b>	<b>TOTAL INCOME</b>	<b>1858159</b>
	<b>LESS OPERATING EXPENSES</b>	
5466	Advertising, Promotion & Publicity	11981
2900	Audit Fees	3190
548	Bank Fees	1068
532	Brick Appeal Costs	650
2925	Cleaning	2808
12689	Computing Costs	14482
525	Conference & Convention Expenses	8302
16720	Depreciation on Buildings	16720
84	Depreciation on Plant etc.	84
1811	Dog Consumables	2867
5818	Dog Food	4717
11141	Dog Sundry Expenses	19747
26407	Dog Veterinary Expenses	24372
22806	Dog Purchases	43638
0	Fundraising & Marketing Expenses	141800
20384	General Expenses	0
3098	Helen Keller Fellowship Costs	2462
11099	Insurance	16264
10336	Light, Power & Heating	13451
0	Loss on Sale of Non-Current Assets	1470
22894	Motor Vehicle Expenses	30626
0	NDIS Expenses	18400
843	Open Day Expenses	1174
7056	Postage & Freight	8488
17715	Printing & Stationery	18796
4318	Rates & Taxes	5111
7767	Repairs & Property Expenses	9180
5711	Staff Amenities & Other Staff Expenses	9899
1091	Subscriptions	6962
5997	Telephone	6413

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**LION HEARING DOGS INCORPORATED**  
**INCOME AND EXPENDITURE STATEMENT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

<b>2018</b>		<b>2019</b>
<b>\$</b>		<b>\$</b>
	<b>OPERATING EXPENSES (CONTINUED)</b>	
19307	Training	5954
2125	Travelling - Dog Training	127
6390	Travelling - Promotional	18193
87237	Travelling - Dog Deliveries	87063
420902	Wages & Salaries	605292
45074	Superannuation	58892
48022	Increase in Annual Leave Provision	46698
27260	Increase/-Decrease in Long Service Leave Provision	12060
15869	Workcover	16556
3445	Uniforms & Cleaning	6116
<b>904312</b>	<b>TOTAL OPERATING EXPENSES</b>	<b>1302073</b>
<b>-124757</b>	<b>OPERATING SURPLUS/DEFICIT FOR THE YEAR</b>	<b>556086</b>
	<b>ADD OTHER INCOME</b>	
0	Klugh & Others Increase in Value of Investment Portfolio	407089
167374	Klugh & Others Portfolio Income	193211
<b>167374</b>	<b>TOTAL OTHER INCOME</b>	<b>600300</b>
<b>42617</b>	<b>SUB TOTAL</b>	<b>1156386</b>
	<b>LESS OTHER EXPENSES</b>	
202992	Klugh & Others Decrease in Value of Investment Portfolio	0
17558	Klugh & Others Portfolio Management Fees	32441
<b>220,550</b>	<b>TOTAL OTHER EXPENSES</b>	<b>32,441</b>
<b>-177933</b>	<b>SURPLUS/-DEFICIT FOR THE YEAR BEFORE TRANSFERS TO/FROM RESERVES</b>	<b>1123945</b>
	<b>TRANSFER FROM RESERVES</b>	
<b>145748</b>	Transfer from Sound Field Systems Project Reserve (Note 4)	<b>154029</b>
<b>202992</b>	Transfer from Klugh Estate Reserve (Note 5)	<b>0</b>
<b>170807</b>	<b>SURPLUS/-DEFICIT AFTER TRANSFERS FROM RESERVES</b>	<b>1277974</b>
	<b>TRANSFER TO RESERVES</b>	
0	Transfer to Building Fund Reserve (2)	<b>503000</b>
<b>20991</b>	Transfer to Project Development Reserve (Note 3)	<b>174675</b>
<b>149816</b>	Transfer to Sound Field Systems Project Reserve (Note 4)	<b>193210</b>
0	Transfer to Klugh Estate Reserve (Note 5)	<b>407089</b>
<b>0</b>	<b>OPERATING SURPLUS/-DEFICIT AFTER TRANSFERS 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>

**LION HEARING DOGS INCORPORATED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

<b>2018</b>		<b>2019</b>
<b>\$</b>		<b>\$</b>
	<b>CURRENT ASSETS</b>	
284	Cash on Hand	232
133549	Westpac Community Solutions One Account Acc 118-965	158807
118164	Westpac Community Solutions One Account Acc 261-235	281545
0	Westpac Community Solutions One Account	503138
12460	Stock - Merchandise (at net realisable value)	12561
16137	ATO GST Refund	16219
1298	Other Debtors & Accruals	2944
<b>281892</b>	<b>TOTAL CURRENT ASSETS</b>	<b>975446</b>
	<b>INVESTMENTS</b>	
4128920	Klugh & Others Portfolio (at market value)	4563778
152018	General Property Fund No 1 (at cost)	154331
<b>4280938</b>	<b>TOTAL INVESTMENTS</b>	<b>4718109</b>
	<b>NON-CURRENT 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
62713	Administration Centre in Progress (at cost)	69695
776734		783716
320658	Less Accumulated Depreciation	337378
456076		446338
54198	Plant & Equipment (at cost)	54198
54028	Less Accumulated Depreciation	54112
170		86
81315	Motor Vehicles (at cost)	77,469
16578	Less Accumulated Depreciation	20,865
64737		56604
26836	Furniture & Fittings (at cost)	26836
26836	Less Accumulated Depreciation	26836
0		0
458	Linen, Crockery & Glassware (at cost)	458
<b>521441</b>	<b>TOTAL NON-CURRENT ASSETS</b>	<b>503486</b>
<b>5084271</b>	<b>TOTAL ASSETS</b>	<b>6197041</b>

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**LION HEARING DOGS INCORPORATED**

**BALANCE SHEET (CONTINUED)**

**AS AT 31 DECEMBER 2019**

<b>2018</b>		<b>2019</b>
<b>\$</b>		<b>\$</b>
	<b>CURRENT LIABILITIES</b>	
8308	Trade Creditors & Accrued Expenses	31653
54251	Provision for Annual Leave	65139
64930	Provision for Long Service Leave	58703
<u>127489</u>	<b>TOTAL CURRENT LIABILITIES</b>	<u>155495</u>
<u>4956782</u>	<b>NET ASSETS</b>	<u>6041546</u>
	<b>ACCUMULATED FUNDS</b>	
0	0 General Funds	0
482736	482736 Building Fund Reserve (Note 2)	985736
417836	417836 Project Development Reserve (Note 3)	592511
0	0 Sound Field Systems Project Reserve (Note 4)	0
4056210	4056210 Klugh Estate Reserve (Note 5)	4463299
<u>4956782</u>	<b>TOTAL ACCUMULATED FUNDS</b>	<u>6041546</u>

**LION HEARING DOGS INCORPORATED**  
**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**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.

A major building development has commenced and applicable costs are debited to the applicable asset accounts and capitalised.

	\$		\$
	482736	Balance at the beginning of the year	482736
	0	Add transfer from operating surplus	503000
	<u>482736</u>		<u>985736</u>
	0	Less costs of renovations, additions, etc.	0
	<u>482736</u>	Balance at the end of the year	<u>985736</u>
	<u><u>482736</u></u>		<u><u>985736</u></u>

**LION HEARING DOGS INCORPORATED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**2018**

**2019**

**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.

	2018		2019
	\$		\$
	396845	Balance at the beginning of the year	417836
	20991	Add transfer from general funds	174675
	<u>417836</u>		<u>592511</u>
	0	Less transfer to general funds	0
	<u>417836</u>	Balance at the end of the year	<u>592511</u>

**NOTE 4. TRANSFER TO/FROM SOUND FIELD SYSTEM AND SUBSEQUENT HEARING ASSISTANCE PROJECTS RESERVE**

The Executive Committee approved the concept that the net income arising from the Klugh & Others Investment Portfolio be allocated to this reserve while the Sound Field System and subsequent hearing assistance projects were running.

At the end of a financial year, any balance of the reserve is transferred back into general funds.

	2018		2019
	\$		\$
	0	Balance at beginning of the year	0
	0	Add contributions & donations received	1139
	149816	Add transfer from investment income	193210
	<u>149816</u>		<u>194349</u>
	4068	Less project expenditure during the year	40320
	<u>145748</u>	Less transfer to general funds	<u>154029</u>
	<u>0</u>	Balance at the end of the year	<u>0</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.

	2018		2019
	\$		\$
	4259202	Balance at the beginning of the year	4056210
	-202992	Add/deduct transfer to recognise increase/decrease in the market value of the investment portfolio	407089
	<u>4056210</u>	Balance at the end of the year	<u>4463299</u>