

# **LIONS HEARINGS DOGS INCORPORATED**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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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 2018 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 21st day of January 2019

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 2018, 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 21st day of January 2019

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.

2ND FLOOR 345 KING WILLIAM STREET

ADELAIDE SA 5000

TEL: (08) 8231 1172

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 2018 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 2018 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 21st day of January 2019.**

**LION HEARING DOGS INCORPORATED**  
**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

2017		2018
\$		\$
	<b>OPERATING INCOME</b>	
271014	Donations - Lions Clubs	294755
84207	Donations - General Public	113156
19915	Donations - Bequests	207762
87154	Government Subsidies	80618
10400	House Rent	10400
73442	Imputation Credits Refunded	38785
9609	Interest Received	6337
7010	Profit on Sale of Merchandise	17187
181	Profit on Disposal of Non Current Assets	0
0	Project Expenditure Re-imbursed	5344
	Wages Re-imbursed - WorkCover	5211
<hr/>		<hr/>
<b>562932</b>	<b>TOTAL INCOME</b>	<b>779555</b>
	<b>LESS OPERATING EXPENSES</b>	
8013	Advertising, Promotion & Publicity	5466
3080	Audit Fees	2900
1904	Bank Fees	548
0	Brick Appeal Costs	532
2511	Cleaning	2925
4598	Computing Costs	12689
3259	Conference & Convention Expenses	525
16720	Depreciation on Buildings	16720
84	Depreciation on Plant etc.	84
2162	Dog Consumables	1811
3440	Dog Food	5818
7447	Dog Sundry Expenses	11141
13098	Dog Veterinary Expenses	26407
5374	Dog Purchases	22806
13313	General Expenses	20384
2449	Helen Keller Fellowship Costs	3098
9235	Insurance	11099
9899	Light, Power & Heating	10336
18311	Motor Vehicle Expenses	22894
350	Open Day Expenses	843
7172	Postage & Freight	7056
18837	Printing & Stationery	17715
4154	Rates & Taxes	4318
13855	Repairs & Property Expenses	7767
5464	Staff Amenities & Other Staff Expenses	5711
4152	Subscriptions	1091
8648	Telephone	5997
0	Training	19307
5760	Travelling - Dog Training	2125
4987	Travelling - Promotional	6390
44296	Travelling - Dog Deliveries	87237

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**LION HEARING DOGS INCORPORATED**  
**INCOME AND EXPENDITURE STATEMENT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

2017		2018
\$		\$
	<b>OPERATING EXPENSES (CONTINUED)</b>	
410887	Wages & Salaries	420902
36691	Superannuation	45074
26498	Increase/-Decrease in Annual Leave Provision	48022
-11941	Increase/-Decrease in Long Service Leave Provision	27260
14844	Workcover	15869
2445	Uniforms & Cleaning	3445
<u>721996</u>	<b>TOTAL OPERATING EXPENSES</b>	<u>904312</u>
<b>-159064</b>	<b>OPERATING SURPLUS/DEFICIT FOR THE YEAR</b>	<b>-124757</b>
	<b>ADD OTHER INCOME</b>	
134441	Klugh & Others Increase in Value of Investment Portfolio	0
<u>180753</u>	Klugh & Others Portfolio Income	<u>167374</u>
<u>315194</u>	<b>TOTAL OTHER INCOME</b>	<u>167374</u>
<b>156130</b>	<b>SUB TOTAL</b>	<b>42617</b>
	<b>LESS OTHER EXPENSES</b>	
0	Klugh & Others Decrease in Value of Investment Portfolio	202992
<u>17705</u>	Klugh & Others Portfolio Management Fees	<u>17558</u>
<u>17,705</u>	<b>TOTAL OTHER EXPENSES</b>	<u>220,550</u>
<b>138425</b>	<b>SURPLUS/-DEFICIT FOR THE YEAR BEFORE TRANSFERS TO/FROM RESERVES</b>	<b>-177933</b>
	<b>TRANSFER FROM RESERVES</b>	
0	Transfer from Project Development Reserve (Note 3)	
430871	Transfer from Sound Field Systems Project Reserve (Note 4)	145748
0	Transfer from Klugh Estate Reserve (Note 5)	202992
<u>569296</u>	<b>SURPLUS/-DEFICIT AFTER TRANSFERS FROM RESERVES</b>	<u>170807</u>
	<b>TRANSFER TO RESERVES</b>	
271808	Transfer to Project Development Reserve (Note 3)	20991
163046	Transfer to Sound Field Systems Project Reserve (Note 4)	149816
<u>134442</u>	Transfer to Klugh Estate Reserve (Note 5)	<u>0</u>
<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>
<u><b>0</b></u>	<b>ACCUMULATED GENERAL FUNDS SURPLUS AT THE END OF THE FINANCIAL YEAR</b>	<u><b>0</b></u>

**LION HEARING DOGS INCORPORATED**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2018**

<b>2017</b>			<b>2018</b>
<b>\$</b>			<b>\$</b>
		<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
0		Administration Centre in Progress (at cost)	62713
<u>714021</u>			<u>776734</u>
303938		Less Accumulated Depreciation	320658
	410083		<u>456076</u>
54198		Plant & Equipment (at cost)	54198
53944		Less Accumulated Depreciation	54028
	254		170
54778		Motor Vehicles (at cost)	81,315
4053		Less Accumulated Depreciation	16,578
	50725		<u>64737</u>
26836		Furniture & Fittings (at cost)	26836
26836		Less Accumulated Depreciation	26836
	0		0
	458	Linen, Crockery & Glassware (at cost)	458
	<b>461520</b>	<b>TOTAL FIXED ASSETS</b>	<b>521441</b>
		<b>INVESTMENTS</b>	
4332095		Klugh & Others Portfolio (at market value)	4128920
346064		General Property Fund No 1 (at cost)	152018
	<b>4678159</b>	<b>TOTAL INVESTMENTS</b>	<b>4280938</b>
		<b>CURRENT ASSETS</b>	
372		Cash on Hand	284
37		Community Solution Cash Reserve	118164
84241		Westpac Banking Corporation - Mt Barker	133549
9780		Stock - Merchandise (at net realisable value)	12460
9315		ATO GST Refund	16137
3633		Other Debtors & Accruals	1298
	<b>107378</b>	<b>TOTAL CURRENT ASSETS</b>	<b>281892</b>
	<b>5247057</b>	<b>TOTAL ASSETS</b>	<b>5084271</b>
		<b>CURRENT LIABILITIES</b>	
7985		Trade Creditors & Accrued Expenses	8308
40844		Provision for Annual Leave	54251
59445		Provision for Long Service Leave	64930
	<b>108274</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>127489</b>
	<b>5138783</b>	<b>NET ASSETS</b>	<b>4956782</b>
		<b>ACCUMULATED FUNDS</b>	
0		General Funds	0
482736		Building Fund Reserve (Note 2)	482736
396845		Project Development Reserve (Note 3)	417836
0		Sound Field Systems Project Reserve (Note 4)	0
4259202		Klugh Estate Reserve (Note 5)	4056210
	<b>5138783</b>	<b>TOTAL ACCUMULATED FUNDS</b>	<b>4956782</b>



**LION HEARING DOGS INCORPORATED**  
**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**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 2018**

**2017**

**2018**

**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.

	\$	\$
	125037 Balance at the beginning of the year	396845
	<u>271808</u> Add transfer from general funds	<u>20991</u>
	396845	417836
	<u>0</u> Less transfer to general funds	<u>0</u>
	<u>396845</u> Balance at the end of the year	<u>417836</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 while the Sound Field System project was running.

Upon the presumed cessation of this project the balance of the reserve was transferred back into general funds

	\$	\$
	306005 Balance at beginning of the year	0
	15594 Add contributions & donations received	0
	<u>163046</u> Add transfer from investment income	<u>149816</u>
	484645	149816
	53774 Less project expenditure during the year	4068
	<u>430871</u> Less transfer to general funds	<u>145748</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.

	\$	\$
	4124760 Balance at the beginning of the year	4259202
	<u>134442</u> Add/deduct transfer to recognise increase/decrease in the market value of the investment portfolio	<u>-202992</u>
	<u>4259202</u> Balance at the end of the year	<u>4056210</u>





















