

NewHope Baptist Church

Financial Statements

For the Year Ended 31 December 2016

NewHope Baptist Church

For the Year Ended 31 December 2016

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NewHope Baptist Church

Councillors' Report

31 December 2016

The Church Council presents the financial report of the Church for the financial year ended 31 December 2016.

Church Council Members

The names of Church Council members throughout the year and at the date of this report are:

Richard Beaumont (Chairperson)
Lance Blythe (rotating management team representative)
Kent Burley (resigned May 2016)
Amanda Carruthers (appointed 14 June 2016)
Allan Demond (Senior Pastor)
Samantha Farmilo (resigned May 2016)
John Fearn-Wannan (Secretary)
Fiona Haymes (appointed 14 June 2016)
Danny Hunt (rotating management team representative)
Bator Martonyi
Joshua Morse (Finance Director)
Surette Southwood
Tim Worsam

Principal Activities

The mission of NewHope Baptist Church is to Love God, Love Others and Serve the World. Our vision is to be on MISSION in COMMUNITY following JESUS through the power of the SPIRIT by practicing the DISCIPLINES of BIBLE reading, PRAYER and GIVING. Our activities were centered on the achievement of our mission and vision.

Significant Changes

No significant change in the nature of these activities occurred during the year.

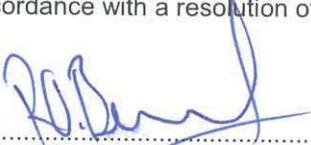
Operating Result

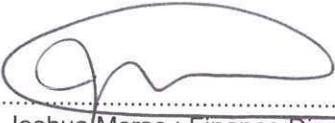
The surplus of the Church for the financial year amounted to \$784,584 (2015: \$946,629 surplus).

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Church, the results of those operations or the state of affairs of the Church in future financial years.

Signed in accordance with a resolution of the Church Council:

Councillor: 
Richard Beaumont : Chairperson

Councillor: 
Joshua Morse : Finance Director

Dated this 1st day of May 2017

NewHope Baptist Church

Statement of Comprehensive Income

For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
Revenue	2	3,544,805	3,577,207
NewHope Local expenses		(2,180,277)	(2,079,550)
NewHope Global expenses		(87,183)	(107,191)
Soccer Club expenses		(92,670)	(84,255)
Cafe fund expenses		(232,853)	(255,953)
Religion Education Fund expenses		-	(3,600)
Building fund expenses		(167,238)	(100,029)
Surplus / (deficit) attributable to members of NewHope Baptist Church		<u>784,584</u>	<u>946,629</u>
Other Comprehensive Income		-	-
Total Comprehensive Income/(Deficit)		<u>784,584</u>	<u>946,629</u>

The accompanying notes form part of these financial statements

NewHope Baptist Church

Statement of Financial Position

31 December 2016

	Note	2016 \$	2015 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	307,286	465,217
Trade and other receivables	5	37,354	42,795
Inventory		3,575	11,007
Total current assets		348,215	519,019
Non-current assets			
Property, plant and equipment	6	9,157,799	8,919,701
Total non-current assets		9,157,799	8,919,701
TOTAL ASSETS		9,506,014	9,438,720
LIABILITIES			
Current liabilities			
Trade and other payables	7	62,715	63,358
Interest bearing liabilities	8	295,219	191,860
Provisions	9	170,544	154,931
Other current liabilities	10	908	1,507
Total current liabilities		529,386	411,656
Non-current liabilities			
Interest bearing liabilities	8	138,532	976,639
Provisions	9	23,856	20,769
Total non-current liabilities		162,388	1,997,408
TOTAL LIABILITIES		691,774	1,409,064
NET ASSETS		8,814,240	8,029,656
EQUITY			
Reserves	11	2,279,535	1,746,074
Retained earnings		6,534,705	6,283,582
TOTAL EQUITY		8,814,240	8,029,656

The accompanying notes form part of these financial statements

NewHope Baptist Church

Statement of Changes in Equity

For the Year Ended 31 December 2016

	Croydon Family Fun Day Reserve \$	Cohort Reserve \$	Elijah House Reserve \$	Mission Trip Reserve \$	Prime Timers Reserve \$	Chinese Ministry Reserve \$
Balance at 1 January 2015	2,000	622	1,003	-	665	-
Surplus / (deficit) attributable to members	-	-	-	-	-	-
Transfer to / (from) reserves	-	-	813	-	(665)	3,445
Balance at 31 December 2015	2,000	622	1,816	-	-	3,445
Surplus / (deficit) attributable to members	-	-	-	-	-	-
Transfer to / (from) reserves	-	(622)	-	5,575	-	-
Balance at 31 December 2016	2,000	-	1,816	5,575	-	3,445

	Croydon Campus Reserve \$	Building for God's Glory Reserve \$	Youth AUSLAN Reserve \$	Persian Ministry Reserve \$	Projector Upgrade Reserve \$	Retained Earnings \$	Total \$
Balance at 1 January 2015	11,154	677,857	1,381	-	-	6,388,345	7,083,027
Surplus / (deficit) attributable to members	-	-	-	-	-	946,629	946,629
Transfer to / (from) reserves	(3,657)	1,047,216	(760)	-	5,000	(1,051,392)	-
Balance at 31 December 2015	7,497	1,725,073	621	-	5,000	6,283,582	8,029,656
Surplus / (deficit) attributable to members	-	-	-	-	-	784,584	784,584
Transfer to / (from) reserves	(1,048)	532,556	-	2,000	(5,000)	(533,461)	-
Balance at 31 December 2016	6,449	2,257,629	621	2,000	-	6,534,705	8,814,240

The accompanying notes form part of these financial statements

NewHope Baptist Church

Statement of Cash Flows

For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
Cash from operating activities:			
Offerings and income received		3,550,246	3,568,890
Payments to suppliers and employees		(2,530,011)	(2,463,538)
Interest paid		(42,827)	(81,331)
Net cash provided by (used in) operating activities	13	<u>977,408</u>	<u>1,024,021</u>
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(400,591)	(22,311)
Net cash provided by (used in) investing activities		<u>(400,591)</u>	<u>(22,311)</u>
Cash flows from financing activities:			
Proceeds from borrowings		-	-
Repayment of borrowings		(734,748)	(583,337)
Net cash provided by (used in) financing activities		<u>(734,748)</u>	<u>(583,337)</u>
Net increase (decreases) in cash held		(157,931)	418,373
Cash at beginning of financial year		465,217	46,844
Cash at end of financial year	4	<u>307,286</u>	<u>465,217</u>

The accompanying notes form part of these financial statements

NewHope Baptist Church

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Statement of Significant Accounting Policies

General information

The financial report is a special purpose financial report prepared to satisfy the financial report preparation requirements of the members of NewHope Baptist Church. The Church Council has determined that the Church is not a reporting entity.

The financial report covers NewHope Baptist Church as a consolidated entity, made up by the following entities:

- (1) NewHope Baptist Church ABN 76 994 595 338
- (2) NewHope Baptist Church Tax Deductible Fund ABN 13 572 556 430
- (3) NewHope Baptist Church School Building Fund ABN 15 482 454 134
- (4) NewHope Baptist Church Religious Education in Government Schools Fund ABN 70 213 291 170;
- (5) Blackburn North Baptist Soccer Club; and
- (6) NewHope Custodian Inc (A0055295Z)

The financial report was authorized for issue by the Church Council on 1st May 2017.

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

The financial report, except for the cash flow information, has been prepared on an accruals basis.

No other applicable Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been deliberately applied.

(a) Critical accounting estimates and judgments

The Councillors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the group.

(b) Comparative Figures

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

NewHope Baptist Church

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Statement of Significant Accounting Policies (continued)

(c) Property, Plant and Equipment

Plant and equipment are carried at written down values. Land and buildings are carried at cost.

Generally buildings are not depreciated. All other assets are depreciated on a straight line basis over their expected useful life (3 – 15 years). The Church Council reviews the written down value of assets annually on a class by class basis to ensure that they are not recorded above their recoverable amount. Only assets with a purchase price exceeding \$500 are capitalized. Assets purchased on corporate credit cards are not capitalized.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within interest bearing liabilities in current liabilities on the Statement of Financial Position.

(e) Employee Benefits

Provision is made for the Church's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Contributions are made by the Church to the Baptist Union of Victoria for long service leave entitlements of pastoral staff and are charged as expenses as incurred. A provision for long service leave entitlements of non pastoral staff is recognized in accordance with AASB 119 Employee Benefits.

(f) Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

(g) Income Tax

NewHope Baptist Church is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997. NewHope Baptist Church is registered with the Australian Charities and Not-for-profits Commission (ACNC). The following funds have deductible gift recipient status:

NewHope Baptist Church Tax Deductible Fund ABN 13 572 556 430

NewHope Baptist Church School Building Fund ABN 15 482 454 134

NewHope Baptist Church Religious Education in Government Schools Fund ABN 70 213 291 170

(h) Revenue

Revenue from offerings and donations are recognized on receipt.

Interest revenue is recognized on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue is recognized when the right to receive the revenue has been established.

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

NewHope Baptist Church

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Statement of Significant Accounting Policies (continued)

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognized 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.

Cash flows are presented in the cash flow statement on a net basis.

(j) Special Purpose Funds

Special purpose funds represent both income in advance and mission donations yet to be distributed.

(k) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

2 Revenue

	2016	2015
	\$	\$
NewHope Local income	2,028,283	1,900,604
NewHope Global income	69,103	102,640
Soccer Club income	91,885	95,971
Cafe fund income	207,538	211,146
Religion Education Fund income	-	3,600
Building fund income	1,147,996	1,263,246
Total Revenue	<u>3,544,805</u>	<u>3,577,207</u>

In Café fund income, there is \$32,090 (2015: \$24,853) of income that is earned from providing catering services to various ministries in the Church. Similarly, there is \$32,090 (2015: \$24,853) of expenses that is incurred in Ministry Fund expenses. These inter-fund transactions have not been eliminated in the preparation of these financial statements.

3 Revenue and Expenses

Profit attributable to members has been determined after charging the following revenue and expenses:

Finance costs	42,827	81,331
Depreciation expense	42,493	45,884
Property, plant and equipment written off	120,000	-

NewHope Baptist Church

Notes to the Financial Statements

For the Year Ended 31 December 2016

4 Cash and Cash Equivalents

	2016	2015
	\$	\$
Cash on hand	15,131	2,945
Cash at bank	292,155	462,272
	<u>307,286</u>	<u>465,217</u>

5 Trade and Other Receivables

Deposits paid	10,690	9,142
Other receivables	26,664	33,653
	<u>37,354</u>	<u>42,795</u>

6 Property Plant and Equipment

	Land and Buildings	Property, plant, equipment and motor vehicles	Total
Balance at 1 January 2016	8,773,033	146,668	8,919,701
Additions	355,838	44,753	400,591
Disposals	(120,000)	-	(120,000)
Depreciation expense	-	(42,493)	(42,493)
Balance at 31 December 2016	<u>9,008,871</u>	<u>148,928</u>	<u>9,157,799</u>

At the balance date, the Bendigo Bank currently held the first registered mortgage over the properties situated in Blackburn North, VIC at:

NewHope Baptist Church properties:

- 3-7 Springfield Road
- 5 Dale Court
- 2 Dale Court
- 6 Blake Street
- 8 Blake Street

NewHope Baptist Church

Notes to the Financial Statements

For the Year Ended 31 December 2016

7 Trade and Other Payables

	2016 \$	2015 \$
CURRENT		
Unsecured liabilities		
- Trade & other payables	62,715	63,357

8 Interest bearing liabilities

NON-CURRENT

Secured liabilities

- Bendigo Loans	295,219	191,860
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NON-CURRENT

Secured liabilities

- Bendigo Loans	138,532	976,639
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9 Provisions

CURRENT

Employee benefits	170,544	154,931
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NON CURRENT

Employee benefits	23,856	20,769
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10 Other Liabilities

CURRENT

Special purpose funds and income in advance	908	1,507
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NewHope Baptist Church

Notes to the Financial Statements

For the Year Ended 31 December 2016

11 Reserves

(a) Elijah House Reserve

This balance represents the surplus for Elijah House courses presented in 2015.

(b) Youth AUSLAN Reserve

The Youth AUSLAN Reserve relates to a grant received to fund sign language translators for deaf children at Youth activities.

(c) Croydon Family Fun Day Reserve

A portion of our Easter Offering in 2013 was set aside for a Family Fun Day at our new campus in Croydon.

(d) Croydon Campus Reserve

The Thanksgiving Offering in October 2013 was aimed at our two new congregations, the Persian Ministry that started in 2013 and the new campus in Croydon that started in March 2014. The set-up expenses for Croydon will be funded through this reserve.

(e) Persian Ministry Reserve

Relates to grant funds received from the John Wallis Foundation for resources for the Persian Ministry in 2017.

(f) Building for God's Glory Reserve

Relates to gifts received for the next phase of extending the community centre of NewHope Baptist Church at 3 Springfield Road. This balance represents the gifts minus the expenses relating to the project.

(g) Chinese Ministry Reserve

The Chinese Ministry has reallocated unused income in 2015 for the specific purpose of funding a Chinese Worship Leader's appointment in 2016. The appointment didn't occur in 2016 and is planned for the second quarter of 2017.

(h) Mission Trip Reserve

The Mission Trip Reserve relates to donations received in 2016 specifically for Mission Trips. These funds were not spent in 2016 so have been set aside for 2017 and beyond.

NewHope Baptist Church

Notes to the Financial Statements

For the Year Ended 31 December 2016

12 Auditors' Remuneration

	2016	2015
	\$	\$
Remuneration of the auditor of the Church for:		
- Auditing or reviewing the financial report	8,640	7,015

13 Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

Net income/loss for the period	784,584	946,629
Depreciation and write offs	162,493	45,884
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	5,441	3,873
(Increase)/decrease in inventory	7,432	(3,384)
Increase/(decrease) in trade payables and accruals	(643)	18,786
Increase/(decrease) in other liabilities	(599)	(12,190)
Increase/(decrease) in provisions	18,700	24,423
	<u>977,408</u>	<u>1,024,021</u>

14 Church Details

NewHope Baptist Church
3 Springfield Road
Blackburn North VIC 3130

NewHope Baptist Church

Councillors' Declaration

31 December 2016

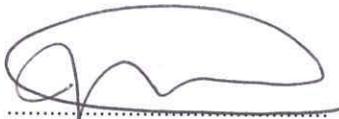
In the opinion of the Church Council the financial report as set out on pages 2 to 12:

1. Presents a true and fair view of the financial position of NewHope Baptist Church as at 31 December 2016 and its performance for the year ended on that date in accordance with Australian Accounting Standards, outlined in Note 1 to the financial statements.
2. At the date of this statement, there are reasonable grounds to believe that NewHope Baptist Church will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Church Council and is signed for and on behalf of the Council by:



Richard Beaumont : Chairperson



Joshua Morse : Finance Director

Dated the 1st day of May 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWHOPE BAPTIST CHURCH

Report on the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of NewHope Baptist Church (the church), which comprises the councillor's report, the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the members of the Church Council.

In our opinion, the financial report presents fairly, in all material respects, the financial position of NewHope Baptist Church as at 31 December 2016 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Basis for Opinion

The Church Council of NewHope Baptist Church is responsible for the preparation of the financial report, and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements the church's constitution and is appropriate to meet the need of the members. The Council's responsibility also includes such internal control as the council of management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist NewHope Baptist Church to meet the requirements of members. As a result, the financial report may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Church Council's Responsibility for the Financial Report

The council of the church are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members. The council's responsibility also includes such internal control as the council members determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the church's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the council members either intend to liquidate the church or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility 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 Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.



Joel Hernandez, CA
rdl.accountants

1 May 2017
Blackburn, Victoria