

NewHope Baptist Church

Financial Statements

For the Year Ended 31 December 2017

NewHope Baptist Church

For the Year Ended 31 December 2017

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NewHope Baptist Church

Councillors' Report

31 December 2017

The Church Council presents the financial report of the Church for the financial year ended 31 December 2017.

Church Council Members

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

Richard Beaumont (Chairman)
Amanda Carruthers
Allan Demond (Senior Pastor - ex officio)
John Fearn-Wannan (Church Secretary)
Fiona Haymes
Bator Martonyi
Joshua Morse (Finance Director)
Surette Southwood (Ministry Support Leader – ex officio)
Tim Worsam

And on a rotating basis a member of the NewHope Leadership Team:

Lance Blythe
Danny Hunt

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 \$270,721 (2016: \$784,584 surplus).

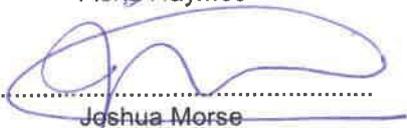
After balance date events

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:

Fiona Haymes

Councillor:

Joshua Morse

Dated this 7th day of May 2018

NewHope Baptist Church

Statement of Comprehensive Income

For the Year Ended 31 December 2017

	Note	2017 \$	2016 \$
Revenue	2	3,441,620	3,544,805
NewHope Local expenses		(2,147,482)	(2,180,277)
NewHope Global expenses		(112,482)	(87,183)
Soccer Club expenses		(114,197)	(92,670)
Cafe fund expenses		(200,378)	(232,853)
Religion Education Fund expenses		(360)	-
Building fund expenses		(596,000)	(167,238)
Surplus / (deficit) attributable to members of NewHope Baptist Church		<u>270,721</u>	<u>784,584</u>
Other Comprehensive Income		-	-
Total Comprehensive Income/(Deficit)		<u>270,721</u>	<u>784,584</u>

The accompanying notes form part of these financial statements

NewHope Baptist Church

Statement of Financial Position

31 December 2017

	Note	2017 \$	2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	174,822	307,286
Trade and other receivables	5	102,352	37,354
Inventory		3,602	3,575
Total current assets		280,776	348,215
Non-current assets			
Property, plant and equipment	6	11,362,710	9,157,799
Total non-current assets		11,362,710	9,157,799
TOTAL ASSETS		11,643,486	9,506,014
LIABILITIES			
Current liabilities			
Trade and other payables	7	346,966	62,715
Interest bearing liabilities	8	200,044	295,219
Provisions	9	184,714	170,544
Other current liabilities	10	0	908
Total current liabilities		731,724	529,386
Non-current liabilities			
Interest bearing liabilities	8	1,809,828	138,532
Provisions	9	16,972	23,856
Total non-current liabilities		1,826,800	162,388
TOTAL LIABILITIES		2,558,524	691,774
NET ASSETS		9,084,962	8,814,240
EQUITY			
Reserves	11	311,836	2,279,535
Retained earnings		8,773,126	6,534,705
TOTAL EQUITY		9,084,962	8,814,240

The accompanying notes form part of these financial statements

NewHope Baptist Church

Statement of Changes in Equity

For the Year Ended 31 December 2017

	Croydon Family Fun Day Reserve	Cohort Reserve	Elijah House Reserve	Mission Trip Reserve	Café Outdoor Space Reserve	Chinese Ministry Reserve	Seeds of Hope Budget 2018 Reserve	Seeds of Hope Budget 2019 Reserve
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2016	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	-	-
Surplus / (deficit) attributable to members	-	-	-	-	-	-	-	-
Transfer to / (from) reserves	-	-	(1,816)	(3,540)	3,680	(3,445)	18,094	18,094
Balance at 31 December 2017	2,000	-	-	2,035	3,680	-	18,094	18,094

	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 2016	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
Surplus / (deficit) attributable to members	-	-	-	-	-	270,721	270,721
Transfer to / (from) reserves	(4,455)	(1,992,312)	-	(2,000)	-	1,967,700	-
Balance at 31 December 2017	1,994	265,317	621	-	-	8,773,126	9,084,961

The accompanying notes form part of these financial statements

NewHope Baptist Church

Statement of Cash Flows

For the Year Ended 31 December 2017

	2017	2016
Note	\$	\$
Cash from operating activities:		
Offerings and income received	3,376,622	3,550,246
Payments to suppliers and employees	(2,224,836)	(2,530,011)
Interest paid	(51,919)	(42,827)
	<u>1,099,867</u>	<u>977,408</u>
Net cash provided by (used in) operating activities	13	977,408
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(2,808,452)	(400,591)
	<u>(2,808,452)</u>	<u>(400,591)</u>
Net cash provided by (used in) investing activities		(400,591)
Cash flows from financing activities:		
Proceeds from borrowings	1,750,000	-
Repayment of borrowings	(173,879)	(734,748)
	<u>1,576,121</u>	<u>(734,748)</u>
Net cash provided by (used in) financing activities		(734,748)
Net increase (decreases) in cash held	(132,464)	(157,931)
Cash at beginning of financial year	307,286	465,217
	<u>174,822</u>	<u>307,286</u>
Cash at end of financial year	4	307,286

The accompanying notes form part of these financial statements

NewHope Baptist Church

Notes to the Financial Statements

For the Year Ended 31 December 2017

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 7th May 2018.

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.

Key estimates – impairment of property, plant and equipment (church buildings)

During the year, the Church demolished buildings, and parts thereof to make way for new construction. The historical cost information available did not allow for the cost of the affected buildings to be accurately calculated. Consequently, the church council estimated the cost using estimated historical building costs per square metre for the purpose of removing the cost of the demolished property from the statement of financial position.

(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 2017

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 2017

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

	2017	2016
	\$	\$
NewHope Local income	2,005,874	2,028,283
NewHope Global income	101,396	69,103
Soccer Club income	110,095	91,885
Cafe fund income	168,234	207,538
Religion Education Fund income	360	-
Building fund income	1,055,661	1,147,996
Total Revenue	<u>3,441,620</u>	<u>3,544,805</u>

In Café fund income, there is \$26,573 (2016: \$32,090) of income that is earned from providing catering services to various ministries in the Church. Similarly, there is \$26,573 (2016: \$32,090) of expenses that is incurred in NewHope Local 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	51,919	42,827
Depreciation expense	36,541	42,493
Property, plant and equipment written off	567,000	120,000

NewHope Baptist Church

Notes to the Financial Statements

For the Year Ended 31 December 2017

4 Cash and Cash Equivalents

	2017	2016
	\$	\$
Cash on hand	3,137	15,131
Cash at bank	171,685	292,155
	<u>174,822</u>	<u>307,286</u>

5 Trade and Other Receivables

Deposits paid	24,338	10,690
Other receivables	78,014	26,664
	<u>102,352</u>	<u>37,354</u>

6 Property Plant and Equipment

	Land and Buildings	Property, plant, equipment and motor vehicles	Total
Balance at 1 January 2017	9,008,871	148,928	9,157,799
Additions	2,740,400	68,052	2,808,452
Disposals	(567,000)	-	(567,000)
Depreciation expense	-	(36,541)	(36,541)
Balance at 31 December 2017	<u>11,182,271</u>	<u>180,439</u>	<u>11,362,710</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 2017

7 Trade and Other Payables

	2017	2016
	\$	\$
CURRENT		
Unsecured liabilities		
- Trade & other payables	346,966	62,715

8 Interest bearing liabilities

CURRENT		
Secured liabilities		
- Bendigo Loans	200,044	295,219
NON-CURRENT		
Secured liabilities		
- Bendigo Loans	1,809,828	138,532

9 Provisions

CURRENT		
Employee benefits	184,714	170,544
NON CURRENT		
Employee benefits	16,972	23,856

10 Other Liabilities

CURRENT		
Special purpose funds and income in advance	0	908

NewHope Baptist Church

Notes to the Financial Statements

For the Year Ended 31 December 2017

11 Reserves

(a) Youth AUSLAN Reserve

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

(b) 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.

(c) 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.

(d) 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.

(e) Mission Trip Reserve

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

(f) Café Outdoor Space Reserve

This balance represents an insurance claim payout in the 2017 financial year after we suffered some damage after a water pipe leakage minus the funds spent on replacing the rubber playground floor with fake grass. The remaining funds will be spent in the next financial year on outdoor furniture and build-in benches.

(g) Seeds of Hope Budget 2018 Reserve

This balance represents 1/3 of specified giving in 2017 to the Seeds of Hope campaign. The vision for Seeds of Hope is a three year stewardship focus for a Mega Harvest and will invest in five key areas: (1) Multi-Cultural Outreach (2) Campuses Outreach (3) Communities of Hope (4) Family Outreach (5) Leadership Development.

(h) Seeds of Hope Budget 2019 Reserve

This balance represents 1/3 of specified giving in 2017 to the Seeds of Hope campaign. The vision for Seeds of Hope is a three year stewardship focus for a Mega Harvest and will invest in five key areas: (1) Multi-Cultural Outreach (2) Campuses Outreach (3) Communities of Hope (4) Family Outreach (5) Leadership Development.

NewHope Baptist Church

Notes to the Financial Statements

For the Year Ended 31 December 2017

12 Auditors' Remuneration

	2017	2016
	\$	\$
Remuneration of the auditor of the Church for:		
- Auditing or reviewing the financial report	9,488	8,640

13 Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

Net income/loss for the period	270,721	784,584
Depreciation and write offs	603,541	162,493
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	(64,998)	(14,153)
(Increase)/decrease in inventory	(27)	7,432
Increase/(decrease) in trade payables and accruals	283,344	18,951
Increase/(decrease) in other liabilities	-	(599)
Increase/(decrease) in provisions	7,286	18,700
	<u>1,099,867</u>	<u>977,408</u>

14 Church Details

NewHope Baptist Church
3 Springfield Road
Blackburn North VIC 3130

NewHope Baptist Church

Councillors' Declaration

31 December 2017

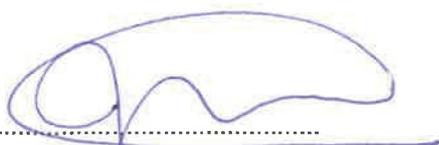
In the opinion of the Church Council the financial report as set out on pages 2 to 12:

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:



.....
Fiona Haymes



.....
Joshua Morse

Dated the 7th day of May 2018

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 2017, 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 2017 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 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 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.

Council's Responsibility for the Financial Report

The council of the church is 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

7 May 2018
Blackburn, Victoria