

The Slavic Gospel Association Inc

ABN 31 731 714 749

Financial Statements

For the Year Ended 31 December 2019

The Slavic Gospel Association Inc

ABN 31 731 714 749

Contents

For the Year Ended 31 December 2019

	Page
Financial Statements	
Auditor's Independence Declaration	1
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Responsible Persons' Declaration	12
Independent Audit Report	13

AUDITOR'S INDEPENDENCE DECLARATION UNDER DIVISION 60 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE RESPONSIBLE PERSONS OF THE SLAVIC GOSPEL ASSOCIATION INC.

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



Matthew Hung, CA
rdl.accountants

16th March 2020
Blackburn, Victoria

The Slavic Gospel Association Inc

ABN 31 731 714 749

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2019

		2019	2018
	Note	\$	\$
Revenue	4	360,676	432,854
Designated gifts distributed		(226,170)	(224,515)
Advertising and magazine expenses		(14,081)	(13,644)
Employee benefits expense		(109,226)	(105,339)
Audit and accounting fees		(4,448)	(5,810)
Depreciation and amortisation expense		(2,377)	(2,158)
Office admin expenses		(15,208)	(14,496)
Other expenses		(16,641)	(11,837)
Bank fees		(1,387)	(1,113)
		<u>(389,538)</u>	<u>(378,912)</u>
(Deficit)/surplus before income tax expense		(28,862)	53,942
Income tax expense		-	-
		<u>(28,862)</u>	<u>53,942</u>
(Deficit)/surplus after income tax expense for the year attributable to the members of The Slavic Gospel Association Inc		(28,862)	53,942
Revaluation changes for property, plant and equipment		130,823	-
		<u>130,823</u>	<u>-</u>
Other comprehensive income for the year, net of tax		130,823	-
		<u>130,823</u>	<u>-</u>
Total comprehensive income for the year attributable to the members of The Slavic Gospel Association Inc		101,961	53,942

The accompanying notes form part of these financial statements.

The Slavic Gospel Association Inc

ABN 31 731 714 749

Statement of Financial Position

As At 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	148,022	173,314
Trade and other receivables	6	1,129	1,384
Financial assets	7	87,750	85,407
Other assets	8	1,745	2,322
TOTAL CURRENT ASSETS		238,646	262,427
NON-CURRENT ASSETS			
Property, plant and equipment	9	606,866	476,988
TOTAL NON-CURRENT ASSETS		606,866	476,988
TOTAL ASSETS		845,512	739,415
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	10,507	11,604
Employee benefits	11(a)	30,150	28,195
Other liabilities	12	160,000	160,000
TOTAL CURRENT LIABILITIES		200,657	199,799
NON-CURRENT LIABILITIES			
Employee benefits	11(b)	3,278	-
TOTAL NON-CURRENT LIABILITIES		3,278	-
TOTAL LIABILITIES		203,935	199,799
NET ASSETS		641,577	539,616
EQUITY			
Reserves		510,545	379,722
Retained earnings		131,032	159,894
TOTAL EQUITY		641,577	539,616

The accompanying notes form part of these financial statements.

The Slavic Gospel Association Inc

ABN 31 731 714 749

Statement of Changes in Equity For the Year Ended 31 December 2019

2019

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2019	159,894	379,722	539,616
Deficit after income tax expense for the year	(28,862)	-	(28,862)
Other comprehensive income, net of tax	-	130,823	130,823
Total comprehensive income for the year	(28,862)	130,823	101,961
Balance at 31 December 2019	131,032	510,545	641,577

2018

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2018	105,952	379,722	485,674
Surplus after income tax expense for the year	53,942	-	53,942
Other comprehensive income, net of tax	-	-	-
Total comprehensive income for the year	53,942	-	53,942
Balance at 31 December 2018	159,894	379,722	539,616

The accompanying notes form part of these financial statements.

The Slavic Gospel Association Inc

ABN 31 731 714 749

Statement of Cash Flows For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	355,858	427,122
Payments to suppliers and employees	(382,449)	(378,256)
Interest received	5,073	4,915
Net cash provided by/(used in) operating activities	14 <u>(21,518)</u>	<u>53,781</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,431)	-
Purchase of investments	(2,343)	(2,383)
Net cash provided by/(used in) investing activities	<u>(3,774)</u>	<u>(2,383)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase/(decrease) in cash and cash equivalents held	(25,292)	51,398
Cash and cash equivalents at beginning of year	173,314	121,916
Cash and cash equivalents at end of financial year	5 <u>148,022</u>	<u>173,314</u>

The accompanying notes form part of these financial statements.

The Slavic Gospel Association Inc

ABN 31 731 714 749

Notes to the Financial Statements For the Year Ended 31 December 2019

The financial report covers The Slavic Gospel Association Inc as an individual entity. The Slavic Gospel Association Inc is a not-for-profit Association, registered and domiciled in Australia.

The principal activity of the Association for the year ended 31 December 2019 was to sponsor and provide for Russian-language Bibles and Christian literature or publications. The association's activities also involve providing for Bible training, sponsoring various missionaries and ministries and occasionally providing humanitarian aid on an as-needed basis.

The functional and presentation currency of The Slavic Gospel Association Inc is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the opinion of those charged with Governance the Association is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the recognition, measurement and disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1048 *Interpretation of Standards* and AASB 1054 *Australian Additional Disclosures*.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Association and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Interest income

Interest income is recognised when received.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Depreciation

Buildings are depreciated on a straight-line bases and Office equipment is depreciated on a reducing balance basis over the assets useful life to the Association, commencing when the asset is ready for use.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Buildings	40 years
Office Equipment	5 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled .

3 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Critical Accounting Estimates and Judgments

Key estimates - employee provisions

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Key estimates - useful lives of assets

The association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

4 Revenue and Other Income

	2019	2018
	\$	\$
Interest	5,073	4,915
Donations - designated	228,813	323,033
Bequests and donations - undesignated	126,790	104,906
	<u>360,676</u>	<u>432,854</u>

5 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash on hand	100	100
Cash at bank	45,273	73,239
Deposits at call	102,649	99,975
	<u>148,022</u>	<u>173,314</u>

6 Trade and Other Receivables

	2019	2018
	\$	\$
Net GST receivable	1,129	1,384
	<u>1,129</u>	<u>1,384</u>

7 Financial Assets

	2019	2018
	\$	\$
Term deposits	87,750	85,407
	<u>87,750</u>	<u>85,407</u>

The Slavic Gospel Association Inc

ABN 31 731 714 749

Notes to the Financial Statements For the Year Ended 31 December 2019

8 Other Assets

	2019	2018
	\$	\$
Prepayments	1,745	2,322
	<u>1,745</u>	<u>2,322</u>

9 Property, plant and equipment

	2019	2018
	\$	\$
Land		
At independent valuation	510,545	379,722
Land - at cost	55,000	55,000
Total land	<u>565,545</u>	<u>434,722</u>
Buildings		
At cost	77,636	77,636
Accumulated depreciation	(38,180)	(36,239)
Total buildings	<u>39,456</u>	<u>41,397</u>
Office equipment		
At cost	5,367	3,934
Accumulated depreciation	(3,502)	(3,065)
Total office equipment	<u>1,865</u>	<u>869</u>
Total property, plant and equipment	<u>606,866</u>	<u>476,988</u>

The property which consists of the land and buildings of the Association have been revalued at \$605,600 as at 31st December 2019 based on the real estate valuation report on 4th February 2020.

10 Trade and Other Payables

	2019	2018
	\$	\$
Accrued expenses	7,257	7,854
PAYG payable	3,250	3,750
	<u>10,507</u>	<u>11,604</u>

The Slavic Gospel Association Inc

ABN 31 731 714 749

Notes to the Financial Statements For the Year Ended 31 December 2019

11 Employee Benefits

(a) Current liabilities

	2019	2018
	\$	\$
Annual leave	4,655	3,520
Long service leave	25,495	24,675
	<u>30,150</u>	<u>28,195</u>

(b) Non-current liabilities

	2019	2018
	\$	\$
Long service leave	3,278	-
	<u>3,278</u>	<u>-</u>

12 Other Liabilities

	2019	2018
	\$	\$
Loan	160,000	160,000
	<u>160,000</u>	<u>160,000</u>

The loan is unsecured, interest free and repayable on demand.

13 Auditors' Remuneration

	2019	2018
	\$	\$
Remuneration paid or payable to the auditor, rdl.accountants, for:		
- audit services	3,225	3,150
- preparation of statutory financials	510	488
- non-audit services	713	2,138
	<u>4,448</u>	<u>5,776</u>

The Slavic Gospel Association Inc

ABN 31 731 714 749

Notes to the Financial Statements For the Year Ended 31 December 2019

14 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2019	2018
	\$	\$
Surplus/(deficit) after income tax expense for the year	(28,862)	53,942
Non-cash flows in profit:		
- depreciation	2,377	2,158
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	255	(817)
- (increase)/decrease in prepayments	577	(253)
- increase/(decrease) in trade and other payables	(1,098)	(889)
- increase/(decrease) in employee benefits	5,233	(360)
Cashflows from operations	<u>(21,518)</u>	<u>53,781</u>

15 Statutory Information

The registered office and principal place of business of the association is:

The Slavic Gospel Association Inc
351 Princes Highway
NOBLE PARK VIC 3174

The Slavic Gospel Association Inc

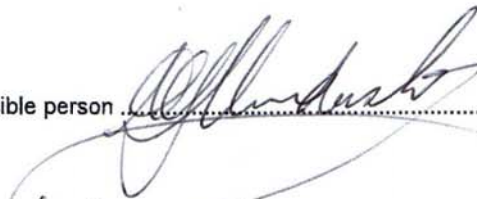
ABN 31 731 714 749

Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Responsible person


Responsible person


Dated 10/3/20

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SLAVIC GOSPEL ASSOCIATION INC.

Report on the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of The Slavic Gospel Association Inc. (the association), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and 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 responsible persons' declaration.

In our opinion the financial report of The Slavic Gospel Association Inc. has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a. giving a true and fair view of the association's financial position as at 31 December 2019 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards to the extent described in Note 1 and complying with Division 60 of the *Australian Charities and Not-for-profits Commission Act Regulation 2013*.

Basis for Opinion

We have conducted our audit in accordance with the Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the association in accordance with the ethical requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the members of the association, would be in the same terms if given to the committee members as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the committee members' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Committee members for the Financial Report

The committee members of the association are responsible for the preparation of the financial report that gives a true and fair view and have determined that the accounting policies described in Note 2 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The committee members' responsibility also includes such internal control as the committee 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 committee members are responsible for assessing the association'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 committee members either intend to liquidate the association 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 association'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 association'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 association 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.



Matthew Hung, CA
rdl.accountants
19th March 2020
Blackburn, Victoria