

Slavic Gospel Association Inc.

ABN 31 731 714 749

Annual Report - 31 December 2016

**Slavic Gospel Association Inc.
Board members' report
31 December 2016**

The Board members present their report, together with the financial statements, on the incorporated association for the year ended 31 December 2016.

Board members

The following persons were Board members of the incorporated association during the whole of the financial year and up to the date of this report, unless otherwise stated:

Harry Chudasko (Chairman)
Bruce Ronalds (Vice-Chairman)
Nickolai Porublev
Larissa Porublev
Peter Dubyna
Ralph Hewes (Treasurer)
Alexander Shevchuck
Douglas Brown

Principal activities

During the financial year the principal continuing activities of the incorporated association consisted of:

- to promote the needs of the rapidly growing Church in the lands of the former Soviet Union
- raising funds to assist equipping and training Christian workers
- building Houses of Prayer for worship and outreach
- and the offering of humanitarian aid wherever possible.

Performance measures

The Slavic Gospel Association Inc. is exempt from Income Tax and our Operating Deficit for the 2016 financial year was \$11,086. (2015 Surplus: \$14,000)

On behalf of the Board members

Harry Chudasko
Chairman

Ralph Hewes
Treasurer

15 February 2017

Slavic Gospel Association Inc.

Contents

31 December 2016

Statement of profit or loss and other comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7
Board members' declaration	14
Independent auditor's report to the members of Slavic Gospel Association Inc.	15

Slavic Gospel Association Inc.
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2016

	Note	2016 \$	2015 \$
Revenue	4	504,205	444,765
Total revenue		<u>504,205</u>	<u>444,765</u>
Expenses			
Designated gifts distributed		(383,215)	(295,381)
Advertising and magazine expenses	5	(23,415)	(23,969)
Employment expenses	6	(77,176)	(85,665)
Audit fees		(3,831)	(3,711)
Depreciation and amortisation expenses		(2,280)	(5,947)
Office admin expenses	7	(13,915)	(12,499)
Other expenses	8	(8,457)	(1,307)
Bank fees		(3,002)	(2,286)
Total expenses		<u>(515,291)</u>	<u>(430,765)</u>
Surplus/(deficit) before income tax expense		(11,086)	14,000
Income tax expense		<u>-</u>	<u>-</u>
Surplus/(deficit) after income tax expense for the year attributable to the members of Slavic Gospel Association Inc.		(11,086)	14,000
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the members of Slavic Gospel Association Inc.		<u><u>(11,086)</u></u>	<u><u>14,000</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

**Slavic Gospel Association Inc.
Statement of financial position
As at 31 December 2016**

	Note	2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	9	95,873	109,212
Trade and other receivables	10	2,761	2,095
Short-term bank deposits		80,708	78,340
Other	11	2,069	2,069
Total current assets		<u>181,411</u>	<u>191,716</u>
Non-current assets			
Property, plant and equipment	12	481,357	486,279
Total non-current assets		<u>481,357</u>	<u>486,279</u>
Total assets		<u>662,768</u>	<u>677,995</u>
Liabilities			
Current liabilities			
Trade and other payables	13	5,984	6,229
Borrowings	14	90,000	90,000
Employee benefits	15	21,846	23,100
Total current liabilities		<u>117,830</u>	<u>119,329</u>
Total liabilities		<u>117,830</u>	<u>119,329</u>
Net assets		<u>544,938</u>	<u>558,666</u>
Equity			
Reserves		379,722	415,443
Retained surpluses		<u>165,216</u>	<u>143,223</u>
Total equity		<u>544,938</u>	<u>558,666</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Slavic Gospel Association Inc.
Statement of changes in equity
For the year ended 31 December 2016

	Designated gift reserve \$	Revaluation reserves \$	Retained profits \$	Total equity \$
Balance at 1 January 2015	7,815	332,364	154,487	494,666
Surplus after income tax expense for the year	-	-	14,000	14,000
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	14,000	14,000
<i>Transactions with members in their capacity as members:</i>				
Transfer to/from reserves	25,264	-	(25,264)	-
Revaluation of property	-	50,000	-	50,000
Balance at 31 December 2015	<u>33,079</u>	<u>382,364</u>	<u>143,223</u>	<u>558,666</u>
	Designated gift reserve \$	Revaluation reserve \$	Retained profits \$	Total equity \$
Balance at 1 January 2016	33,079	382,364	143,223	558,666
Deficit after income tax expense for the year	-	-	(11,086)	(11,086)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(11,086)	(11,086)
<i>Transactions with members in their capacity as members:</i>				
Transfer to/from reserves	(33,079)	-	33,079	-
Revaluation of property	-	(2,642)	-	(2,642)
Balance at 31 December 2016	<u>-</u>	<u>379,722</u>	<u>165,216</u>	<u>544,938</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Slavic Gospel Association Inc.
Statement of cash flows
For the year ended 31 December 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		499,506	439,722
Payments to suppliers and employees (inclusive of GST)		<u>(511,508)</u>	<u>(416,210)</u>
		(12,002)	23,512
Interest received		4,033	4,326
Interest and other finance costs paid		<u>(3,002)</u>	<u>(2,286)</u>
Net cash from/(used in) operating activities	18	<u>(10,971)</u>	<u>25,552</u>
Cash flows from investing activities			
Payments for investments		<u>(2,368)</u>	<u>(2,540)</u>
Net cash used in investing activities		<u>(2,368)</u>	<u>(2,540)</u>
Cash flows from financing activities			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		(13,339)	23,012
Cash and cash equivalents at the beginning of the financial year		<u>109,212</u>	<u>86,200</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>95,873</u></u>	<u><u>109,212</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Slavic Gospel Association Inc.
Notes to the financial statements
31 December 2016

Note 1. General information

The financial statements cover Slavic Gospel Association Inc. as an individual entity. The financial statements are presented in Australian dollars, which is Slavic Gospel Association Inc.'s functional and presentation currency.

Slavic Gospel Association Inc. is a not-for-profit incorporated association, incorporated and domiciled in Australia. Its registered office and principal place of business is:

351 Princess Highway
NOBLE PARK VIC 3174

A description of the nature of the incorporated association's operations and its principal activities are included in the Board members' report, which is not part of the financial statements.

The financial statements were authorised for issue on 15 February 2017.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The incorporated association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

In the Board members' opinion, the incorporated association is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and Victorian legislation the Associations Incorporation Reform Act 2012 and associated regulations. The Board members have determined that the accounting policies adopted are appropriate to meet the needs of the members of Slavic Gospel Association Inc..

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the 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', as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the incorporated association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Note 2. Significant accounting policies (continued)

Income tax

As the incorporated association is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the incorporated association's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the incorporated association's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the incorporated association has transferred substantially all the risks and rewards of ownership.

Held-to-maturity investments

Held-to-maturity investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the incorporated association has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Held-to-maturity investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 2. Significant accounting policies (continued)

Depreciation is calculated using the straight line method or the diminishing value method on each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Office equipment	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Trade and other payables

These amounts represent liabilities for goods and services provided to the incorporated association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the incorporated association for the annual reporting period ended 31 December 2016. The incorporated association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Slavic Gospel Association Inc.
Notes to the financial statements
31 December 2016

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The incorporated 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.

Employee benefits provision

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.

Note 4. Revenue

	2016	2015
	\$	\$
Interest	4,033	4,326
Donations - designated	460,481	374,100
Donations - undesignated	39,031	66,339
Other revenue	660	-
	<u>504,205</u>	<u>444,765</u>
Revenue	<u><u>504,205</u></u>	<u><u>444,765</u></u>

Note 5. Advertising and magazine expenses

	2016	2015
	\$	\$
Advertising	643	3,120
Magazine Expenses	22,772	20,849
	<u>23,415</u>	<u>23,969</u>
	<u><u>23,415</u></u>	<u><u>23,969</u></u>

Note 6. Employment expenses

	2016	2015
	\$	\$
Leave expenses	(1,254)	5,740
Salaries	77,623	78,813
Work care	807	1,112
	<u>77,176</u>	<u>85,665</u>
	<u><u>77,176</u></u>	<u><u>85,665</u></u>

Slavic Gospel Association Inc.
Notes to the financial statements
31 December 2016

Note 7. Office admin expenses

	2016	2015
	\$	\$
Communications	1,884	2,005
Office expenses	1,989	1,301
Postage	1,680	984
Electricity and gas	1,877	1,454
Rates	1,766	2,054
Stationary and copier	1,510	1,508
Insurance	3,209	3,193
	<u>13,915</u>	<u>12,499</u>

Note 8. Other expenses

	2016	2015
	\$	\$
Deputation	1,686	182
Repairs and maintenance	3,186	450
Subscriptions	476	676
Other	278	-
Travelling	2,831	-
	<u>8,457</u>	<u>1,308</u>

Note 9. Current assets - cash and cash equivalents

	2016	2015
	\$	\$
Cash on hand	100	100
Cash at bank	39,851	54,796
Short-term bank deposits	55,922	54,316
	<u>95,873</u>	<u>109,212</u>

Note 10. Current assets - trade and other receivables

	2016	2015
	\$	\$
ATO refund	1,694	1,288
BAS receivable	1,067	807
	<u>2,761</u>	<u>2,095</u>

Note 11. Current assets - other

	2016	2015
	\$	\$
Prepayments	<u>2,069</u>	<u>2,069</u>

Slavic Gospel Association Inc.
Notes to the financial statements
31 December 2016

Note 12. Non-current assets - property, plant and equipment

	2016	2015
	\$	\$
Property - at independent valuation	379,722	382,364
Land - at cost	55,000	55,000
	<u>434,722</u>	<u>437,364</u>
Buildings - at cost	77,636	77,636
Less: Accumulated depreciation	(32,358)	(30,417)
	<u>45,278</u>	<u>47,219</u>
Office equipment - at cost	3,934	3,934
Less: Accumulated depreciation	(2,577)	(2,238)
	<u>1,357</u>	<u>1,696</u>
	<u><u>481,357</u></u>	<u><u>486,279</u></u>

Note 13. Current liabilities - trade and other payables

	2016	2015
	\$	\$
Accrued audit fees	3,500	3,048
PAYG payable	2,484	3,181
	<u>5,984</u>	<u>6,229</u>

Note 14. Current liabilities - borrowings

	2016	2015
	\$	\$
Loans	<u>90,000</u>	<u>90,000</u>

Loan is unsecured, interest free and repayable on demand.

Note 15. Current liabilities - employee benefits

	2016	2015
	\$	\$
Annual leave	5,354	6,100
Long service leave	16,492	17,000
	<u>21,846</u>	<u>23,100</u>

Slavic Gospel Association Inc.
Notes to the financial statements
31 December 2016

Note 16. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RDL Accountants, the auditor of the incorporated association:

	2016	2015
	\$	\$
<i>Audit services - RDL Accountants</i>		
Audit of the financial statements	<u>3,341</u>	<u>3,711</u>

Note 17. Events after the reporting period

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

Note 18. Reconciliation of surplus/(deficit) after income tax to net cash from/(used in) operating activities

	2016	2015
	\$	\$
Surplus/(deficit) after income tax expense for the year	(11,086)	14,000
Adjustments for:		
Depreciation and amortisation	2,280	5,948
Change in operating assets and liabilities:		
Increase in trade and other receivables	(666)	(717)
Increase/(decrease) in trade and other payables	(245)	581
Increase/(decrease) in employee benefits	<u>(1,254)</u>	<u>5,740</u>
Net cash from/(used in) operating activities	<u>(10,971)</u>	<u>25,552</u>

Slavic Gospel Association Inc.
Board members' declaration
31 December 2016

In the Board members' opinion:

- the incorporated association is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 2 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and Victorian legislation the Associations Incorporation Reform Act 2012 and associated regulations;
- the attached financial statements and notes comply with the Accounting Standards as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the incorporated association's financial position as at 31 December 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the incorporated association will be able to pay its debts as and when they become due and payable.

On behalf of the Board members

Harry Chudasko
Chairman

Ralph Hewes
Treasurer

15 February 2017

Slavic Gospel Association Inc.
Independent auditor's report to the members of Slavic Gospel Association Inc.

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Slavic Gospel Association Inc.
Independent auditor's report to the members of Slavic Gospel Association Inc.

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