



Discovery Church

ABN: 82 225 547 102

Financial Statements

For the Year Ended 31 December 2018

Discovery Church

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Contents

For the Year Ended 31 December 2018

	Page
Financial Statements	
Statement of Income & Expenditure and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Board Members' Declaration	12
Auditors Independence Declaration	13
Independent Audit Report	14

Discovery Church

ABN: 82 225 547 102

Statement of Income & Expenditure and Other Comprehensive Income

For the Year Ended 31 December 2018

	Note	2018 \$	2017 \$
Tithes and offerings		1,352,471	1,334,900
Vision Offering income	2	70,974	56,342
Generated revenue		369,493	200,812
Program income		56,769	78,969
Interest income		11,007	11,294
Other income		27,603	105
Total revenue		1,888,317	1,682,422
Employee benefits expense		(720,275)	(911,532)
Program & Operating expenses		(350,447)	(372,182)
Depreciation expense		(170,652)	(208,448)
Direct costs of income		(277,204)	(135,648)
Building and equipment expenses		(110,675)	(81,558)
Contractors expense		(119,791)	(87,528)
Vision offering acquittal		(51,464)	(56,342)
Loss on disposal of assets		-	(1,278)
Doubtful Debt provision expense		-	(145,000)
Total expenses		(1,800,508)	(1,999,516)
Surplus/(Deficit) for the year		87,809	(317,094)
Other comprehensive income		-	-
Total comprehensive income for the year		87,809	(317,094)

The accompanying notes form part of these financial statements.

Discovery Church

ABN: 82 225 547 102

Statement of Financial Position

As at 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	510,287	639,396
Trade and other receivables	4	309,539	52,220
TOTAL CURRENT ASSETS		819,826	691,616
NON-CURRENT ASSETS			
Property, plant and equipment	5	4,079,442	4,154,888
TOTAL NON-CURRENT ASSETS		4,079,442	4,154,888
TOTAL ASSETS		4,899,268	4,846,504
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	45,676	56,050
Provisions	7	58,328	82,999
TOTAL CURRENT LIABILITIES		104,004	139,049
TOTAL LIABILITIES		104,004	139,049
NET ASSETS		4,795,264	4,707,455
EQUITY			
Retained surpluses		4,795,264	4,707,455
TOTAL EQUITY		4,795,264	4,707,455

The accompanying notes form part of these financial statements.

Discovery Church

ABN: 82 225 547 102

Statement of Changes in Equity

For the Year Ended 31 December 2018

2018

	Retained Surpluses	Total
	\$	\$
Balance at 1 January 2018	4,707,455	4,707,455
Surplus for the year	87,809	87,809
Balance at 31 December 2018	<u>4,795,264</u>	<u>4,795,264</u>

2017

	Retained Surpluses	Total
	\$	\$
Balance at 1 January 2017	5,024,549	5,024,549
Deficit for the year	(317,094)	(317,094)
Balance at 31 December 2017	<u>4,707,455</u>	<u>4,707,455</u>

The accompanying notes form part of these financial statements.

Discovery Church

ABN: 82 225 547 102

Statement of Cash Flows

For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members and others	1,850,693	1,731,602
Payments to suppliers and employees	(1,701,338)	(1,754,536)
Interest received	11,007	11,294
Net cash provided by/(used in) operating activities	10 <u>160,362</u>	<u>(11,640)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for property, plant and equipment	(95,206)	(66,265)
Loans repaid (Advanced)	(194,265)	(113,500)
Net cash used by investing activities	<u>(289,471)</u>	<u>(179,765)</u>
Net increase/(decrease) in cash and cash equivalents held	(129,109)	(191,405)
Cash and cash equivalents at beginning of year	<u>639,396</u>	<u>830,801</u>
Cash and cash equivalents at end of financial year	3 <u><u>510,287</u></u>	<u><u>639,396</u></u>

The accompanying notes form part of these financial statements.

Discovery Church

ABN: 82 225 547 102

Notes to the Financial Statements

For the Year Ended 31 December 2018

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The board has determined that the church is not a reporting entity.

The financial statements have been prepared on an accruals basis and are based on historic costs and do not take into account changing money values or, except where stated specifically, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of these financial statements.

1 Summary of Significant Accounting Policies

(a) Income Tax

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

The church is registered as a charity with the Australian Charities and Not-for-profits Commission.

(b) Revenue and other income

Tithes, offering and donations income are recognised when the church obtains control over the funds, which is generally at the time of receipt.

Interest revenue is recognised on an accruals basis, taking into account the interest rates applicable to the financial assets.

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

(c) Goods and Services Tax (GST)

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

(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 of losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by the board to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal.

Plant and equipment that have been contributed at no cost, or for nominal cost, are recognised at the fair value of the asset at the date it is acquired.

Discovery Church

ABN: 82 225 547 102

Notes to the Financial Statements

For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies

(d) Property, Plant and Equipment

Land and Buildings

The property titles of 89 and 91 Monbulk Road are held in the name of The Properties Corporation of the Churches of Christ (Prop Corp) in accordance with the Churches of Christ in Victoria Property Act 1941 (the Act). The church has responsibility for insurance and maintenance of the property, therefore claiming beneficial interest of the property.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the church commencing from the time the asset is held ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	1-3%
Furniture, Fixtures and Fittings	5-20%
Motor Vehicles	12.5-15%
Equipment	10-33%
Rental Property	10-20%
Improvements	5-20%
Landscaping & Roads	6.7-10%

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 and short-term investments with original maturities of three months or less and which are subject to an insignificant risk of change in value.

Discovery Church

ABN: 82 225 547 102

Notes to the Financial Statements

For the Year Ended 31 December 2018

1 Summary of Significant Accounting Policies

(f) Employee benefits

Provision is made for the church'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, plus related on-costs.

The church's obligations for long-term employee benefits are presented as non-current liabilities in the statement of financial position, except where the church does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities. Long-service leave obligations are recognised as non-current liabilities after five years of service of the employee.

(g) Holding accounts - missions (Current liabilities)

The church has committed to pay funds to mission activities of the church that have not been paid at the end of the financial period. These balances have been recognised as an expense and an equivalent liability representing the funds held in trust for these mission activities. They do not represent present obligations to third parties, however, the church is committed to paying these funds to the nominated mission activities.

(h) Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from customers as well as amounts receivable from donors. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(i) Accounts payable and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the church during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Discovery Church

ABN: 82 225 547 102

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Significant items

	2018	2017
Note	\$	\$
Vision Offering income	<u>70,974</u>	<u>56,342</u>

Tax deductible giving is captured in the Discovery Church Gift Fund. Total received in 2018 was \$101,214 (2017: \$59,650).

3 Cash and cash equivalents

Cash on hand	1,002	276
Cash at bank	<u>509,285</u>	<u>639,120</u>
	<u>510,287</u>	<u>639,396</u>

4 Trade and other receivables

CURRENT

Trade receivables	81,530	979
Loan receivable from Discovery Community Care Inc	8 327,046	175,737
Provision for Doubtful Debts	(145,000)	(145,000)
GST receivable	14,595	5,834
Prepayments	<u>31,368</u>	<u>14,670</u>
Total current trade and other receivables	<u>309,539</u>	<u>52,220</u>

Discovery Church

ABN: 82 225 547 102

Notes to the Financial Statements

For the Year Ended 31 December 2018

5 Property, plant and equipment

	2018	2017
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At cost	975,154	975,154
Total Land	<u>975,154</u>	<u>975,154</u>
Buildings		
At cost	3,731,217	3,727,617
Accumulated depreciation	(1,033,232)	(946,757)
Total buildings	<u>2,697,985</u>	<u>2,780,860</u>
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	376,874	374,065
Accumulated depreciation	(338,755)	(329,204)
Total furniture, fixtures and fittings	<u>38,119</u>	<u>44,861</u>
Motor vehicles		
At cost	13,000	13,000
Accumulated depreciation	(13,000)	(13,000)
Total motor vehicles	<u>-</u>	<u>-</u>
Equipment		
At cost	454,569	429,150
Accumulated depreciation	(320,635)	(305,569)
Total equipment	<u>133,934</u>	<u>123,581</u>
Computer equipment and software		
Rental Property	285,243	282,652
Accumulated depreciation	(187,334)	(157,126)
Total computer equipment and software	<u>97,909</u>	<u>125,526</u>
Improvements		
At cost	91,649	85,421
Accumulated depreciation	(61,148)	(53,089)
Total improvements	<u>30,501</u>	<u>32,332</u>

Discovery Church

ABN: 82 225 547 102

Notes to the Financial Statements

For the Year Ended 31 December 2018

5 Property, plant and equipment

	2018	2017
	\$	\$
Landscaping & Roads		
At cost	305,622	253,792
Accumulated depreciation	(199,782)	(181,218)
Total Landscaping & Roads	105,840	72,574
Total plant and equipment	406,303	398,874
Total property, plant and equipment	4,079,442	4,154,888

6 Trade and other payables

CURRENT		
Trade and other payables	14,213	18,053
Holding accounts - mission	31,463	37,997
	45,676	56,050

7 Provisions

CURRENT		
Provision for annual leave	32,771	57,427
Provision for long service leave	25,557	25,572
	58,328	82,999

8 Related Parties

Transactions between related parties are set out below:

Discovery Church Gift Fund (PuAF) and the church coordinate an annual vision offering. Members allocate their vision offering to either of the church or the gift fund depending on their desire for tax deductibility.

Discovery Community Care Inc is a public benevolent charity that aids people that are facing hardship due to unemployment, low income, homelessness and all other emergencies. As at 31 December 2018, there was a loan receivable from Discovery Community Care Inc of \$260,760 (2017: \$175,737).

The church also provides administration support to Discovery Community Care Inc by paying employee benefits on their behalf. They are subsequently invoiced for these amounts.

9 Contingent liabilities

Discovery Church have a contingent liability arising from the a guarantee from the church in underwriting Discovery Community Care's (DCC) debts when they become due and payable if required. This would mostly relate to the loan from the church to DCC.

Discovery Church

ABN: 82 225 547 102

Notes to the Financial Statements

For the Year Ended 31 December 2018

10 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2018	2017
	\$	\$
Surplus/(Deficit) for the year	87,809	(317,094)
Non-cash flows in result:		
- depreciation	170,652	208,448
- impairment of receivables	-	145,000
- loss on disposal of non-current assets	-	1,278
Changes in net assets:		
- (increase)/decrease in trade and other receivables	(63,055)	27,462
- increase/(decrease) in trade and other payables	(10,374)	(73,562)
- increase/(decrease) in provisions	(24,671)	(3,172)
Cashflow from operations	<u>160,361</u>	<u>(11,640)</u>

11 Church Details

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

Discovery Church
89 Monbulk Road
Mt Evelyn
VIC 3796