

# **The Gideons International in Australia Inc**

**ABN 47 038 268 739**

**Annual Report - 31 May 2016**

**The Gideons International in Australia Inc  
National cabinets' report  
31 May 2016**

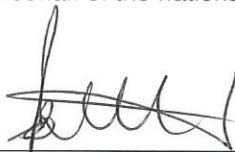
The national cabinet present their report, together with the financial statements, on the incorporated association for the year ended 31 May 2016.

**National cabinet**


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

- David Sutherland (President)
- Philip Smoult (Vice President) completed term 3 October 2015
- Ken Ramsay (Vice President) elected 3 October 2015
- Will Stewart (Treasurer)
- Reuben Vail
- Luke Telfer
- Philip Weickhardt
- Ken Ramsay (Trustee Northern State) completed term 3 October 2015
- Scott Muller (Trustee Northern State) elected 3 October 2015
- Ian Lucas, resigned 23 April 2016
- Paul Graham
- Trevor Monson
- Lincoln Hawkins (Secretary)

On behalf of the national cabinet



President



Treasurer

2 July 2016

**The Gideons International in Australia Inc**  
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**31 May 2016**

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**The Gideons International in Australia Inc**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 May 2016**

	Note	2016 \$	2015 \$
<b>Revenue</b>			
Ministry Support Fund	4	1,763,548	1,642,921
Scripture fund	5	1,106,007	1,144,614
Faith fund	6	801,856	806,191
<b>Expenses</b>			
Ministry Support Fund	7	(1,605,247)	(1,796,538)
Scripture fund	8	(591,150)	(591,337)
Faith fund	9	(1,047,585)	(884,248)
<b>Surplus before income tax expense</b>		427,429	321,603
Income tax expense		-	-
<b>Surplus after income tax expense for the year attributable to the members of The Gideons International in Australia Inc</b>		427,429	321,603
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the members of The Gideons International in Australia Inc</b>		<u>427,429</u>	<u>321,603</u>

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

**The Gideons International in Australia Inc**  
**Statement of financial position**  
**As at 31 May 2016**

	Note	2016 \$	2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	2,337,486	2,031,602
Trade and other receivables	11	26,060	(10,191)
Inventories	12	605,259	391,109
Other	13	79,814	60,404
Total current assets		<u>3,048,619</u>	<u>2,472,924</u>
<b>Non-current assets</b>			
Property, plant and equipment	14	756,509	782,444
Intangibles	15	74,496	102,817
Total non-current assets		<u>831,005</u>	<u>885,261</u>
<b>Total assets</b>		<u>3,879,624</u>	<u>3,358,185</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	286,946	219,898
Employee benefits	17	62,883	85,138
Unearned income	18	236,028	185,811
Total current liabilities		<u>585,857</u>	<u>490,847</u>
<b>Non-current liabilities</b>			
Loans from members	19	78,000	79,000
Total non-current liabilities		<u>78,000</u>	<u>79,000</u>
<b>Total liabilities</b>		<u>663,857</u>	<u>569,847</u>
<b>Net assets</b>		<u>3,215,767</u>	<u>2,788,338</u>
<b>Equity</b>			
Reserves	20	3,215,767	2,788,338
<b>Total equity</b>		<u>3,215,767</u>	<u>2,788,338</u>

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

**The Gideons International in Australia Inc**  
**Statement of changes in equity**  
**For the year ended 31 May 2016**

	<b>Core systems fund</b>	<b>Scripture cost fund</b>	<b>Faith fund</b>	<b>Scripture fund</b>	<b>General fund</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 June 2014	100,000	-	-	879,426	1,487,309	2,466,735
Surplus after income tax expense for the year	-	-	-	-	321,603	321,603
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	321,603	321,603
Allocation of profit	-	-	(78,056)	553,276	(475,220)	-
Transfers to/(from) reserves	(100,000)	-	78,056	-	21,944	-
Balance at 31 May 2015	-	-	-	1,432,702	1,355,636	2,788,338
	<b>Core system fund</b>	<b>Scripture cost fund</b>	<b>Faith fund</b>	<b>Scripture fund</b>	<b>General fund</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 June 2015	-	-	-	1,432,702	1,355,636	2,788,338
Surplus after income tax expense for the year	-	-	-	-	427,429	427,429
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	427,429	427,429
Allocation of profit	-	-	(245,729)	514,857	(269,128)	-
Transfer to/(from) reserves	-	-	113,842	(103,797)	(10,045)	-
Transfer to/(from) reserves	78,500	98,831	-	-	(177,331)	-
Transfer to/(from) reserves	-	-	381,985	(312,229)	(69,756)	-
Balance at 31 May 2016	78,500	98,831	250,098	1,531,533	1,256,805	3,215,767

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

**The Gideons International in Australia Inc**  
**Statement of cash flows**  
**For the year ended 31 May 2016**

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Receipts from members, churches and Christian community		3,617,322	3,685,882
Payments to suppliers and employees		<u>(2,280,692)</u>	<u>(2,730,389)</u>
Interest received		1,336,630	955,493
Remittance to IOF		17,838	41,202
		<u>(1,047,584)</u>	<u>(884,248)</u>
Net cash from operating activities	26	<u>306,884</u>	<u>112,447</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	14	-	(83,308)
Loans from/(refunds of deposits to) members - "Save & Sow"		(1,000)	(42,000)
Proceeds from disposal of investments		<u>-</u>	<u>10,000</u>
Net cash used in investing activities		<u>(1,000)</u>	<u>(115,308)</u>
<b>Cash flows from financing activities</b>			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		305,884	(2,861)
Cash and cash equivalents at the beginning of the financial year		<u>2,031,602</u>	<u>2,034,463</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>2,337,486</u></u>	<u><u>2,031,602</u></u>

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

**The Gideons International in Australia Inc**  
**Notes to the financial statements**  
**31 May 2016**

**Note 1. General information**

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

The Gideons International in Australia Inc is a not-for-profit incorporated association, incorporated and domiciled in Australia. Its registered office and principal place of business is:

33 Colbeck Street  
MAWSON ACT 2607

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

The financial statements were authorised for issue on 2 July 2016.

**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, revised or amending Accounting Standards and Interpretations adopted**

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

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

**Basis of preparation**

In the national cabinets' 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 Capital Territory legislation the Associations Incorporation Act 1991 and associated regulations. The national cabinet has determined that the accounting policies adopted are appropriate to meet the needs of the members of The Gideons International in Australia 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 1031 'Materiality', 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 the Association is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific recognition criteria must also be met before revenue is recognised.



**The Gideons International in Australia Inc**  
**Notes to the financial statements**  
**31 May 2016**

**Note 2. Significant accounting policies (continued)**

*Merchandise sales*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

*Donations*

Donations are recognised when received.

*Bequests*

Revenue from bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the association becomes legally entitled to the shares or property, and the value of the bequest can be reliably measured.

*Membership fees*

Membership fees are paid in advance on an annual basis. When the fees are received they are recognised as unearned revenue. Revenue from membership fees is recognised over the course of the membership.

*Interest*

Interest revenue is recognised when received.

**Contributions**

A contribution occurs when the Association receives an asset, including the right to receive cash or other forms of asset without directly giving approximately equal value to the other party or parties to the transfer. Contributions received or receivable are recognised immediately as revenue when the Association obtains control of the contributions, it is possible that the economic benefits comprising the contribution will flow to the Association and the amount of the contribution can be measured reliably.

**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 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 in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts, if any.

**Trade and other receivables**

Trade receivables, which generally have 30-day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Association will not be able to collect the debts. Bad debts are written off when identified.

**The Gideons International in Australia Inc**  
**Notes to the financial statements**  
**31 May 2016**

**Note 2. Significant accounting policies (continued)**

**Merchandise and scripture inventories**

Inventories comprise goods for resale and goods for distribution at no or nominal consideration as part of the Association's activities. Inventories may be purchased or received by way of donation.

Inventories of goods purchased for distribution at no or nominal consideration are valued at cost.

Inventories of goods purchased for resale are valued at cost.

The cost of bringing each item to its present location and condition is determined on a first-in, first-out basis.

**Property, plant and equipment**

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Except for assets contributed by external entities measured at fair value, historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	Over 40 years
Office machines	3-10 years
Furniture and fittings	10 years

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

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. Value in use is the depreciated replacement cost of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Association would, if deprived of the asset, replace its remaining future economic benefits.

Impairment losses are recognised in the income statement.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

**Intangibles**

Software is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

**Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Association prior to the end of the financial year that are unpaid and arise when the Association becomes obliged to make future payments in respect of the purchase of these goods and services.

**Note 2. Significant accounting policies (continued)**

**Employee benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits are measured at their nominal amounts based on remuneration rates at reporting date.

Employee benefit expenses and revenues arising in respect of the following categories:

- (i) wages and salaries, non-monetary benefits, annual leave, sick leave, long service leave and other leave entitlements; and
- (ii) other types of employee benefits

are charged against operating results on a net basis in their respective categories.

The contributions made to superannuation funds are charged to the income statement.

**Superannuation Commitments**

Contributions are made for employees to external superannuation funds at various percentages of their wages and salaries. Contributions by the Association of not less than 9.5% of employees' wages and salaries are legally enforceable in Australia and were paid.

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**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.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Accumulated Funds**

**Ministry Support Fund**

The Ministry Support Fund contains amounts of accumulated funds that have been set aside for the administration of the Australian Ministry.

**The Gideons International in Australia Inc**  
**Notes to the financial statements**  
**31 May 2016**

**Note 2. Significant accounting policies (continued)**

**Scripture fund**

The Scripture Fund contains amounts of accumulated funds that are used to guarantee future Scripture purchases and International ministry commitments.

**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 May 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.

*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. Ministry Support Fund**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Membership dues	319,368	323,170
Gideon national offerings	133,505	167,588
Gideon state offerings	152,422	174,927
Gideon camp offerings	702,580	519,287
Interest income	17,838	41,202
Other income	93,030	81,425
Merchandise revenue	126,542	198,753
Bequests	204,725	136,569
Friends of Gideons	13,538	-
	<u>1,763,548</u>	<u>1,642,921</u>

**The Gideons International in Australia Inc**  
**Notes to the financial statements**  
**31 May 2016**

**Note 5. Scripture fund**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Church presentations	349,450	367,645
Gideon card program	134,229	140,297
Gideon scripture fund offerings	369,446	403,173
Auxiliary Scripture fund offerings	117,960	112,723
Auxiliary national offerings	50,272	52,995
Auxiliary state offerings	57,820	67,781
Friends of Gideons	26,830	-
	<u>1,106,007</u>	<u>1,144,614</u>

**Note 6. Faith fund**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Gifts	<u>801,856</u>	<u>806,191</u>

**Note 7. Ministry Support Fund**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Cost of merchandise sold	107,497	188,590
Audit fees	23,010	16,375
Cabinet, committee meetings & assignments	33,990	78,666
Depreciation	54,257	47,630
Membership expense	107,034	93,470
Promotion expense	134,018	121,334
Staff & employee benefits expense	795,291	790,759
Office and general expenses	320,243	459,714
Friends of Gideons	29,907	-
	<u>1,605,247</u>	<u>1,796,538</u>

**Note 8. Scripture fund**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Landed cost of scriptures	488,999	511,322
Storage, distribution & process	102,210	80,015
SF surplus transferred to IOF + Reserve for scripture costs (Reserve movement)	(59)	-
	<u>591,150</u>	<u>591,337</u>

**Note 9. Faith fund**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Remittance to International Outreach Fund	<u>1,047,585</u>	<u>884,248</u>

**The Gideons International in Australia Inc**  
**Notes to the financial statements**  
**31 May 2016**

**Note 10. Current assets - cash and cash equivalents**

	2016 \$	2015 \$
Cash on hand	400	762
Cash at bank	2,337,086	2,023,453
Undeposited funds	-	7,387
	<u>2,337,486</u>	<u>2,031,602</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. As at 31 May 2016, cash and cash equivalents balances held by the Association that are not available for use are \$78,000 (2015: \$79,000).

**Note 11. Current assets - trade and other receivables**

	2016 \$	2015 \$
Trade receivables	18,799	6,909
GST receivable	7,261	(17,100)
	<u>26,060</u>	<u>(10,191)</u>

Receivables do not contain impaired assets and are not past due. It is expected that these balances will be received when due. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

**Note 12. Current assets - inventories**

	2016 \$	2015 \$
Merchandise	135,027	134,569
Scripture	470,232	245,002
Landed cost clearing	-	11,538
	<u>605,259</u>	<u>391,109</u>

Scripture inventories are expensed to the Scripture Fund when sent out to camps. This expense has been included in the statement of comprehensive income under Landed Cost of Scriptures.

**Note 13. Current assets - other**

	2016 \$	2015 \$
Prepayments	7,045	9,545
Deferred expenses	38,144	50,859
Receivable from employees	34,625	-
	<u>79,814</u>	<u>60,404</u>

In 2015, the Association terminated its agreement with its current Service Provider at the time for printing services and commenced a new agreement with a new Service Provider to minimize costs. The final payout to the previous Service Provider for early termination was approximately \$105,000. Of the \$105,000 paid, the National Cabinet decided to recognise \$50,858 as a deferred expense on the balance sheet and amortize the payment over 5 years. The National Cabinet determined that the deferred expense represents future cost savings as a result of moving to a new Service Provider.

**The Gideons International in Australia Inc**  
**Notes to the financial statements**  
**31 May 2016**

**Note 13. Current assets - other (continued)**

Receivables from employees represent the overpayment of salaries to senior staff members in 2016 due to an error. There is an agreement with the relevant staff members to participate in a repayment plan to recover the overpaid amount.

**Note 14. Non-current assets - property, plant and equipment**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Land and buildings - at cost	907,535	907,535
Less: Accumulated depreciation on buildings	<u>(156,706)</u>	<u>(136,173)</u>
	<u>750,829</u>	<u>771,362</u>
Fixtures and fittings - at cost	9,354	9,354
Less: Accumulated depreciation	<u>(9,354)</u>	<u>(9,256)</u>
	<u>-</u>	<u>98</u>
Office equipment - at cost	145,222	145,222
Less: Accumulated depreciation	<u>(139,542)</u>	<u>(134,238)</u>
	<u>5,680</u>	<u>10,984</u>
	<u><u>756,509</u></u>	<u><u>782,444</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings	Fixtures & fittings	Office Equipment	Total
	\$	\$	\$	\$
Balance at 1 June 2014	791,896	494	57,193	849,583
Disposals	-	-	(35,331)	(35,331)
Depreciation expense	<u>(20,534)</u>	<u>(396)</u>	<u>(10,878)</u>	<u>(31,808)</u>
Balance at 31 May 2015	771,362	98	10,984	782,444
Depreciation expense	<u>(20,533)</u>	<u>(98)</u>	<u>(5,304)</u>	<u>(25,935)</u>
Balance at 31 May 2016	<u><u>750,829</u></u>	<u><u>-</u></u>	<u><u>5,680</u></u>	<u><u>756,509</u></u>

The buildings are situated on land, which is leased from the Commonwealth of Australia. The lease expires in July 2071.

**Note 15. Non-current assets - intangibles**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Intangibles - at cost	118,642	118,642
Less: Accumulated amortisation	<u>(44,146)</u>	<u>(15,825)</u>
	<u>74,496</u>	<u>102,817</u>

**The Gideons International in Australia Inc**  
**Notes to the financial statements**  
**31 May 2016**

**Note 16. Current liabilities - trade and other payables**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Trade payables	28,353	12,608
Funds held for camps	97,363	183,103
Accrued expenses	44,897	24,187
Provision for scripture costs	59,169	-
Core system licence fee for next year	57,164	-
	<u>286,946</u>	<u>219,898</u>

Trade payables are non-interest bearing and are normally settled on 30-day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Funds held for camps are monies which are kept in financial institutions under the Association's name but have not yet been accounted for to NHQ by the camps. These funds are derived from the camps scripture funds and may be retained by the camps in accordance with the Association's By-laws.

**Note 17. Current liabilities - employee benefits**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Annual leave	41,153	59,913
Long service leave	21,730	25,225
	<u>62,883</u>	<u>85,138</u>

**Note 18. Current liabilities - Unearned income**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Membership fees held in advance	<u>236,028</u>	<u>185,811</u>

Membership fees are paid in advance on an annual basis. When the fees are received they are recognised as unearned revenue. Revenue from membership fees is recognised over the course of the membership.

Membership dues paid for life represent a non-refundable lifetime membership paid in advance. When the fees are received they are recognised as unearned revenue. Revenue from membership dues paid for life is recognised over 15 years.

**Note 19. Non-current liabilities - loans from members**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Loans from members	<u>78,000</u>	<u>79,000</u>

Loans from members are on interest free terms and are deposited into investment accounts. Interest earned on these loans is included in the statement of comprehensive income. The loans can be returned to members after receiving two days' notice. The loans balance as at 31 May 2016 is \$78,000 (2015: \$79,000).



**The Gideons International in Australia Inc**  
**Notes to the financial statements**  
**31 May 2016**

**Note 20. Equity - reserves**

	2016 \$	2015 \$
Scripture cost reserve	98,831	-
Ministry Support Fund	3,024,973	1,355,636
Scripture fund	(635,570)	1,432,702
Core system reserve	78,500	-
Faith fund	398,936	-
IOF reserves	250,097	-
	<u>3,215,767</u>	<u>2,788,338</u>

*Ministry Support Fund*

This reserve contains funds set aside for the administration of Australian ministry activities.

*Scripture fund*

This reserve contains funds set aside to guarantee future scripture purchases and International ministry commitments.

*Faith fund*

The reserves contains funds set aside for distribution to The Gideons International (incorporated in the U.S.A.)

**Note 21. 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>18,252</u>	<u>16,375</u>

**Note 22. Expenditure commitments and contingencies**

At 31 May 2016 the Association is committed to the purchase of scriptures at a cost of \$556,441 (2015: \$261,239).

There are no contingent assets or liabilities as at 31 May 2016.

**Note 23. Capital and leasing commitments**

	2016 \$	2015 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	7,560	7,560
One to five years	18,900	26,460
	<u>26,460</u>	<u>34,020</u>

**Note 24. Related party transactions**

*Remittance to International Outreach Fund*

The Association, through its By-laws, recognises The Gideons International (incorporated in the U.S.A.) as the parent Association of the worldwide Gideon Ministry. During the year ended 31 May 2016, a total of \$1,047,585 (2015: \$884,248) was remitted to the International Outreach Fund.

**The Gideons International in Australia Inc**  
**Notes to the financial statements**  
**31 May 2016**

**Note 25. Events after the reporting period**

No matter or circumstance has arisen since 31 May 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 26. Reconciliation of surplus after income tax to net cash from operating activities**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Surplus after income tax expense for the year	427,429	321,603
Adjustments for:		
Depreciation and amortisation	54,257	47,630
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(36,251)	133,358
Increase in inventories	(214,150)	(222,650)
Decrease/(increase) in prepayments	2,500	(7,545)
Increase in other operating assets	(21,911)	(50,859)
Increase/(decrease) in trade and other payables	67,048	(33,517)
Increase/(decrease) in employee benefits	(22,255)	2,257
Increase/(decrease) in other operating liabilities	50,217	(77,830)
	<u>306,884</u>	<u>112,447</u>
Net cash from operating activities	<u>306,884</u>	<u>112,447</u>

**The Gideons International in Australia Inc**  
**National cabinets' declaration**  
**31 May 2016**

In the national cabinets' 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 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Australian Capital Territory legislation the Associations Incorporation Act 1991 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 May 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 national cabinets



\_\_\_\_\_  
President



\_\_\_\_\_  
Treasurer

2 July 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GIDEONS INTERNATIONAL IN AUSTRALIA INC.

**Report on the Financial Report**

We have audited the accompanying financial report, being a special purpose financial report, of The Gideons International in Australia Inc. (the association), which comprises the statement of financial position as at 31 May 2016, 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 statement by the members of the national cabinet.

*National Cabinet's Responsibility for the Financial Report*

The national cabinet of The Gideons International in Australia Inc. is responsible for the preparation of the financial report, and has determined that the basis of preparation described in Note 2 is appropriate to meet the requirements of the Australian Capital Territory legislation *the Associations Incorporation Act 1991* and is appropriate to meet the needs of the members. The national cabinet's responsibility also includes such internal control as the national cabinet determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation of the financial report that gives a true and fair view, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the national cabinet, as well as evaluating the overall presentation of the financial report.

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

*Independence*

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

### *Basis for Qualification*

Revenues from camp offerings received in cash and other fund raising activities are sources of revenue for The Gideons International in Australia Inc. As is common for organisations of this type, The Gideons International in Australia Inc. has determined that it is impracticable to establish controls over the collection of its revenues from camp offerings and other fund raising activities prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenues from these sources was limited, our audit procedures with respect to revenues from camp offerings and other fund raising activities had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether revenues from camp offerings and other fund raising activities is complete.

### *Opinion*

In our opinion, except for the effects on the financial report of the matters referred to in the qualification paragraph, the financial report presents a true and fair view, in all material respects, of the financial position of The Gideons International in Australia Inc. as at 31 May 2016 and its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements, and the Australian Capital Territory legislation *the Associations Incorporation Act 1991*.

### *Basis of Accounting*

Without modifying our opinion, we draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist The Gideons International in Australia Inc. to meet the requirements of the Australian Capital Territory legislation *the Associations Incorporation Act 1991*. As a result, the financial report may not be suitable for another purpose.

A handwritten signature in black ink, appearing to read 'Matthew Hung', with a stylized flourish at the end.

Matthew Hung, CA  
rdl.accountants

2 July 2016  
Blackburn, Victoria