

The Gideons International in Australia Inc

ABN 47 038 268 739

Annual Report - 31 May 2017

The Gideons International in Australia Inc
National cabinets' report
31 May 2017

The national cabinets present their report, together with the financial statements, on the incorporated association for the year ended 31 May 2017.

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 - Resigned 1 Oct 2016)
Ken Ramsay (President - Elected 1 Oct 2016)
Ken Ramsay (Vice President - Until 1 Oct 2016)
Paul Graham (Vice President - Elected 1 Oct 2016)
Will Stewart (Treasurer)
Rueben Vail (Chaplain - Until 1 Oct 2016)
Patrick Jones (Chaplain - Elected 1 Oct 2016)
Trevor Monson (International Trustee)
Lincoln Hawkins (Secretary & National Executive Director)
Scott Muller (Trustee Northern State)
Gareth Rowe (Trustee Eastern State - Elected 1 Oct 2016)
David Holmes (Trustee Southern State - Elected 1 Oct 2016)
Luke Telfer (Trustee Central State)
Phil Weickhardt (Trustee Western State)

On behalf of the national cabinet



Ken Ramsay
President



Will Stewart
Treasurer

30/6/2017

The Gideons International in Australia Inc

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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 2017

	Note	2017 \$	2016 \$
Revenue			
Ministry Support Fund	4	1,661,490	1,763,548
Scripture fund	5	1,211,195	1,106,007
Faith fund	6	775,198	801,856
Expenses			
Ministry Support Fund	7	(1,619,812)	(1,605,247)
Scripture fund	8	(438,493)	(591,150)
Faith fund	9	(1,311,527)	(1,047,585)
Surplus before income tax expense		278,051	427,429
Income tax expense		-	-
Surplus after income tax expense for the year attributable to the members of The Gideons International in Australia Inc		278,051	427,429
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of The Gideons International in Australia Inc		<u>278,051</u>	<u>427,429</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 2017

	Note	2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	10	1,217,660	2,337,486
Trade and other receivables	11	4,363	26,060
Inventories	12	786,633	605,259
Held-to-maturity investments	13	1,200,000	-
Other	14	34,815	79,814
Total current assets		<u>3,243,471</u>	<u>3,048,619</u>
Non-current assets			
Property, plant and equipment	15	730,639	756,509
Intangibles	16	46,174	74,496
Total non-current assets		<u>776,813</u>	<u>831,005</u>
Total assets		<u>4,020,284</u>	<u>3,879,624</u>
Liabilities			
Current liabilities			
Trade and other payables	17	120,894	286,946
Employee benefits	18	70,454	62,883
Unearned income	19	257,118	236,028
Total current liabilities		<u>448,466</u>	<u>585,857</u>
Non-current liabilities			
Loans from members	20	78,000	78,000
Total non-current liabilities		<u>78,000</u>	<u>78,000</u>
Total liabilities		<u>526,466</u>	<u>663,857</u>
Net assets		<u>3,493,818</u>	<u>3,215,767</u>
Equity			
Reserves	21	3,493,818	3,215,767
Total equity		<u>3,493,818</u>	<u>3,215,767</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 2017

	MSF reserves \$	Scripture cost fund \$	Faith fund \$	Scripture fund \$	IOF accrual \$	Ministry support fund \$	Total equity \$
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	-	-	(69,135)	(103,797)	182,977	(10,045)	-
Transfer to/(from) reserves	78,500	98,831	-	-	-	(177,331)	-
Transfer to/(from) reserves	-	-	314,864	(312,229)	67,121	(69,756)	-
Balance at 31 May 2016	78,500	98,831	-	1,531,533	250,098	1,256,805	3,215,767
	MSF reserves \$	Scripture cost fund \$	Faith fund \$	Scripture fund \$	IOF accrual \$	General fund \$	Total equity \$
Balance at 1 June 2016	78,500	98,831	-	1,531,533	250,098	1,256,805	3,215,767
Surplus after income tax expense for the year	-	-	-	-	-	278,051	278,051
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	278,051	278,051
Allocation of profit	-	-	(536,329)	772,702	-	(236,373)	-
Transfer to/(from) reserves	-	-	250,098	-	(250,098)	-	-
Transfer to/(from) reserves	11,500	-	-	-	-	(11,500)	-
Transfer to/(from) reserves	(35,953)	-	-	-	-	35,953	-
Transfer to/(from) reserves	9,678	-	-	-	-	(9,678)	-
Transfer to/(from) reserves	-	-	-	-	20,000	(20,000)	-
Transfer to/(from) reserves	-	-	-	-	88,431	(88,431)	-
Transfer to/(from) reserves	500	-	-	-	-	(500)	-
Transfer to/(from) reserves	-	-	(236,373)	-	236,373	-	-
Balance at 31 May 2017	64,225	98,831	(522,604)	2,304,235	344,804	1,204,327	3,493,818

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 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from members, churches and Christian community		3,661,242	3,617,322
Payments to suppliers and employees		<u>(2,336,430)</u>	<u>(2,280,692)</u>
Interest received		1,324,812	1,336,630
Remittance to IOF		8,338	17,838
		<u>(1,252,976)</u>	<u>(1,047,584)</u>
Net cash from operating activities	27	<u>80,174</u>	<u>306,884</u>
Cash flows from investing activities			
Payments for investments		(1,200,000)	-
Loans from/(refunds of deposits to) members - "Save & Sow"		<u>-</u>	<u>(1,000)</u>
Net cash used in investing activities		<u>(1,200,000)</u>	<u>(1,000)</u>
Cash flows from financing activities			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		(1,119,826)	305,884
Cash and cash equivalents at the beginning of the financial year		<u>2,337,486</u>	<u>2,031,602</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>1,217,660</u></u>	<u><u>2,337,486</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 2017

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 30 June 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 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 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 2017

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.

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.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Association has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

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.

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 2017. The incorporated association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

The Gideons International in Australia Inc
Notes to the financial statements
31 May 2017

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.

Note 4. Ministry Support Fund

	2017	2016
	\$	\$
Membership dues	309,959	319,368
Gideon national offerings	129,623	133,505
Gideon state offerings	150,643	152,422
Gideon camp offerings	486,807	702,580
Interest income	8,338	17,838
Other income	144,758	93,030
Merchandise revenue	131,649	126,542
Bequests	245,925	204,725
Friends of Gideons	15,540	13,538
Ministry development offerings	38,248	-
	<u>1,661,490</u>	<u>1,763,548</u>

Note 5. Scripture fund

	2017	2016
	\$	\$
Church presentations	331,464	349,450
Gideon card program	142,025	134,229
Gideon scripture fund offerings	437,364	369,446
Auxiliary Scripture fund offerings	114,335	117,960
Auxiliary national offerings	44,618	50,272
Auxiliary state offerings	46,724	57,820
Friends of Gideons	94,665	26,830
	<u>1,211,195</u>	<u>1,106,007</u>

Note 6. Faith fund

	2017	2016
	\$	\$
Gifts	<u>775,198</u>	<u>801,856</u>

The Gideons International in Australia Inc
Notes to the financial statements
31 May 2017

Note 7. Ministry Support Fund

	2017	2016
	\$	\$
Cost of merchandise sold	161,033	107,497
Audit fees	22,571	23,010
Cabinet, committee meetings & assignments	47,567	33,990
Depreciation	54,192	54,257
Membership expense	53,731	107,034
Promotion expense	155,491	134,018
Staff & employee benefits expense	823,828	795,291
Office and general expenses	298,191	320,243
Friends of Gideons	3,208	29,907
	<u>1,619,812</u>	<u>1,605,247</u>

Note 8. Scripture fund

	2017	2016
	\$	\$
Landed cost of scriptures	411,969	488,999
Storage, distribution & process	85,693	102,210
SF surplus transferred to IOF + Reserve for scripture costs (Reserve movement)	(59,169)	(59)
	<u>438,493</u>	<u>591,150</u>

Note 9. Faith fund

	2017	2016
	\$	\$
Remittance to International Outreach Fund	<u>1,311,527</u>	<u>1,047,585</u>

Note 10. Current assets - cash and cash equivalents

	2017	2016
	\$	\$
Cash on hand	400	400
Cash at bank	1,217,260	2,337,086
	<u>1,217,660</u>	<u>2,337,486</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. As at 31 May 2017, cash and cash equivalents balances held by the Association that are not available for use are \$78,000 (2016: \$78,000).

The Gideons International in Australia Inc
Notes to the financial statements
31 May 2017

Note 11. Current assets - trade and other receivables

	2017	2016
	\$	\$
Trade receivables	-	18,799
GST receivable	4,363	7,261
	<u>4,363</u>	<u>26,060</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

	2017	2016
	\$	\$
Merchandise	205,567	135,027
Scripture	581,066	470,232
	<u>786,633</u>	<u>605,259</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 - held-to-maturity investments

	2017	2016
	\$	\$
Term deposit	<u>1,200,000</u>	<u>-</u>

Note 14. Current assets - other

	2017	2016
	\$	\$
Prepayments	9,390	7,045
Deferred expenses	25,425	38,144
Receivable from employees	-	34,625
	<u>34,815</u>	<u>79,814</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 minimise 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 amortise 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.

Receivables from employees represent the over-payment 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. As at 31 May 2017, all amounts receivable from employees were fully paid off.

The Gideons International in Australia Inc
Notes to the financial statements
31 May 2017

Note 15. Non-current assets - property, plant and equipment

	2017	2016
	\$	\$
Land and buildings - at cost	907,535	907,535
Less: Accumulated depreciation on buildings	<u>(177,239)</u>	<u>(156,706)</u>
	<u>730,296</u>	<u>750,829</u>
Fixtures and fittings - at cost	9,354	9,354
Less: Accumulated depreciation	<u>(9,354)</u>	<u>(9,354)</u>
	<u>-</u>	<u>-</u>
Office equipment - at cost	145,222	145,222
Less: Accumulated depreciation	<u>(144,879)</u>	<u>(139,542)</u>
	<u>343</u>	<u>5,680</u>
	<u><u>730,639</u></u>	<u><u>756,509</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 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	750,829	-	5,680	756,509
Depreciation expense	<u>(20,533)</u>	<u>-</u>	<u>(5,337)</u>	<u>(25,870)</u>
Balance at 31 May 2017	<u><u>730,296</u></u>	<u><u>-</u></u>	<u><u>343</u></u>	<u><u>730,639</u></u>

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

Note 16. Non-current assets - intangibles

	2017	2016
	\$	\$
Intangibles - at cost	118,642	118,642
Less: Accumulated amortisation	<u>(72,468)</u>	<u>(44,146)</u>
	<u><u>46,174</u></u>	<u><u>74,496</u></u>

The Gideons International in Australia Inc
Notes to the financial statements
31 May 2017

Note 17. Current liabilities - trade and other payables

	2017	2016
	\$	\$
Trade payables	20,732	28,353
Funds held for camps	62,382	97,363
Accrued expenses	37,780	44,897
Provision for scripture costs	-	59,169
Core system licence fee for next year	-	57,164
	<u>120,894</u>	<u>286,946</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 18. Current liabilities - employee benefits

	2017	2016
	\$	\$
Annual leave	41,967	41,153
Long service leave	28,487	21,730
	<u>70,454</u>	<u>62,883</u>

Note 19. Current liabilities - Unearned income

	2017	2016
	\$	\$
Membership fees held in advance	<u>257,118</u>	<u>236,028</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 20. Non-current liabilities - loans from members

	2017	2016
	\$	\$
Loans from members	<u>78,000</u>	<u>78,000</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 2017 is \$78,000 (2016: \$78,000).

The Gideons International in Australia Inc
Notes to the financial statements
31 May 2017

Note 21. Equity - reserves

	2017 \$	2016 \$
Sydney for Eternity reserve	9,678	-
Oct 2015 National Convention - Gideons to IOF	88,431	-
Staff management reserve	12,000	-
Scripture cost reserve	98,831	98,831
Ministry Support Fund	1,204,325	3,024,973
Scripture fund	2,304,235	(635,570)
Core system reserve	42,547	78,500
Faith fund	(522,602)	398,936
IOF reserves	256,373	250,097
	<u>3,493,818</u>	<u>3,215,767</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.)

Staff management reserve

The reserve contains funds set aside for management of costs arising out of staff-related changes planned for FY 2018, in line with the National Services Review.

Scripture cost reserve

The reserve contains funds set aside for scripture costs for FY 2018 in preparation for Sydney for Eternity and the blitz associated with the Gold Coast Commonwealth Games 2018.

Core system reserve

The reserve contains funds set aside for NetSuite licence fees for FY 2018.

Note 22. 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:

	2017 \$	2016 \$
<i>Audit services - rdl.accountants</i>		
Audit of the financial statements	<u>16,450</u>	<u>16,871</u>
<i>Other services - rdl.accountants</i>		
Other services	<u>-</u>	<u>2,700</u>
	<u>16,450</u>	<u>19,571</u>

Note 23. Expenditure commitments and contingencies

At 31 May 2017 the Association is committed to the purchase of scriptures at a cost of \$508,708 (2016: \$556,441).

There are no contingent assets or liabilities as at 31 May 2017.

The Gideons International in Australia Inc
Notes to the financial statements
31 May 2017

Note 24. Capital and leasing commitments

	2017 \$	2016 \$
<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	11,340	18,900
	<u>18,900</u>	<u>26,460</u>

Note 25. 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 2017, a total of \$1,252,976 (2016: \$1,047,585) was remitted to the International Outreach Fund.

Note 26. Events after the reporting period

No matter or circumstance has arisen since 31 May 2017 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 27. Reconciliation of surplus after income tax to net cash from operating activities

	2017 \$	2016 \$
Surplus after income tax expense for the year	278,051	427,429
Adjustments for:		
Depreciation and amortisation	54,192	54,257
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	21,697	(36,251)
Increase in inventories	(181,374)	(214,150)
Decrease/(increase) in prepayments	(2,345)	2,500
Decrease/(increase) in other operating assets	47,344	(21,911)
Increase/(decrease) in trade and other payables	(166,052)	67,048
Increase/(decrease) in employee benefits	7,571	(22,255)
Increase in other operating liabilities	21,090	50,217
Net cash from operating activities	<u>80,174</u>	<u>306,884</u>

The Gideons International in Australia Inc
National cabinets' declaration
31 May 2017

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 2 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 2017 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



Ken Ramsay
President



Will Stewart
Treasurer

30/6/2017

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

Report on the Financial Report

Opinion

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 2017, 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.

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 2017 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 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.

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 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 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 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 Australian Capital Territory legislation *the Associations Incorporation Act 1991*. 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 National Cabinet Members for the Financial Report

The Committee Members are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial report 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.

In preparing the financial report, the national cabinet 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 national cabinet 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going

concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Matthew Hung, CA
rdl.accountants

5 July 2017
Blackburn, Victoria