

# **The Gideons International in Australia Inc.**

**ABN 47 038 268 739**

## **Financial Statements**

**For the Year Ended 31 May 2018**

# The Gideons International in Australia Inc.

ABN 47 038 268 739

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For the Year Ended 31 May 2018

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**The Gideons International in Australia Inc.**

ABN 47 038 268 739

**National Cabinets' Report**

**31 May 2018**

The National Cabinet submits the financial report of the Association for the financial year ended 31 May 2018.

**1. General information**

**National Cabinet**

The names of National Cabinet members of the Association throughout the year and at the date of this report are:

- Paul Graham (President)
- Will Stewart (Vice President)
- David Holmes (Treasurer)
- Patrick Jones (Chaplain)
- Trevor Monson (International Trustee)
- Lincoln Hawkins (Secretary & National Executive Director)
- Scott Muller (Trustee Northern State)
- Gareth Rowe (Trustee Eastern State)
- Stefan Van Vuuren (Trustee Southern State) - Elected 7 October 2017
- John Wenham (Trustee Central State) - Elected 7 October 2017
- John Lane (Trustee Western State) - Elected 7 October 2017
- Ken Ramsay (President) - Resigned 7 October 2017
- Luke Telfer (Trustee Central State) - Resigned 7 October 2017
- Phil Weickhardt (Trustee Western State) - Resigned 7 October 2017

Signed on behalf of the National Cabinet:

President:   
Paul Graham

Treasurer:   
David Holmes

Dated this 5<sup>th</sup> day of July 2018

## The Gideons International in Australia Inc.

ABN 47 038 268 739

### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 May 2018

	Note	2018 \$	2017 \$
<b>Revenue</b>			
Ministry Support Fund	4	1,623,658	1,661,490
Scripture Fund	5	1,168,324	1,211,195
Faith Fund	6	766,865	775,198
		<u>3,558,847</u>	<u>3,647,883</u>
<b>Expenses</b>			
Ministry Support Fund	7	(1,544,727)	(1,619,812)
Scripture Fund	8	(610,420)	(438,493)
Faith Fund	9	(1,155,039)	(1,311,527)
		<u>(3,310,186)</u>	<u>(3,369,832)</u>
<b>Surplus before income tax expense</b>		<b>248,661</b>	<b>278,051</b>
Income tax expense		-	-
		<u>248,661</u>	<u>278,051</u>
<b>Surplus after income tax expense for the year attributable to the members of The Gideons International in Australia Inc.</b>		<b>248,661</b>	<b>278,051</b>
Other comprehensive income, net of income tax			
<b>Total comprehensive income for the year</b>		<b>248,661</b>	<b>278,051</b>

The accompanying notes form part of these financial statements.

# The Gideons International in Australia Inc.

ABN 47 038 268 739

## Statement of Financial Position

As At 31 May 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10	1,332,919	1,217,660
Trade and other receivables	11	4,956	4,360
Inventories	12	852,028	786,633
Held to maturity investments	13	1,282,666	1,200,000
Other assets	14	29,682	34,815
<b>TOTAL CURRENT ASSETS</b>		<b>3,502,251</b>	<b>3,243,468</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	713,063	730,639
Intangible assets	16	29,159	46,174
<b>TOTAL NON-CURRENT ASSETS</b>		<b>742,222</b>	<b>776,813</b>
<b>TOTAL ASSETS</b>		<b>4,244,473</b>	<b>4,020,281</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	114,347	120,894
Employee benefits	18	58,103	70,454
Unearned income	19	263,059	257,118
<b>TOTAL CURRENT LIABILITIES</b>		<b>435,509</b>	<b>448,466</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	18	12,488	-
Loans from members	20	54,000	78,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>66,488</b>	<b>78,000</b>
<b>TOTAL LIABILITIES</b>		<b>501,997</b>	<b>526,466</b>
<b>NET ASSETS</b>		<b>3,742,476</b>	<b>3,493,815</b>
<b>EQUITY</b>			
Reserves	21	3,742,476	3,493,815
<b>TOTAL EQUITY</b>		<b>3,742,476</b>	<b>3,493,815</b>

The accompanying notes form part of these financial statements.

The Gideons International in Australia Inc.

ABN 47 038 268 739

**Statement of Changes in Equity  
For the Year Ended 31 May 2018**

2018

	Strategic Initiatives Reserve	MSF Reserves	Scripture Cost Fund	Faith Fund	Scripture Fund	IOF Accrual	Ministry Support Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 June 2017</b>	-	64,225	98,831	(364,288)	2,837,389	344,804	512,854	3,493,815
Surplus after income tax expense for the year	-	-	-	-	-	-	248,661	248,661
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	248,661	248,661
Allocation of profit	-	-	-	(388,174)	557,904	-	(169,730)	-
Transfer to/(from) reserves - Strategic Initiatives	65,000	-	-	-	-	-	(65,000)	-
Transfer to/(from) reserves - Core Systems Reserve	-	(42,547)	-	-	-	-	42,547	-
Transfer to/(from) reserves - Sydney 4 Eternity	-	(9,678)	-	-	-	-	9,678	-
Transfer to/(from) reserves - Staff Change Management	-	(12,000)	-	-	-	-	12,000	-
Transfer to/(from) reserves - IOF Paid	-	-	-	344,804	-	(344,804)	-	-
Transfer to/(from) reserves - 2018 IOF Accrual	-	-	-	-	(169,730)	183,661	(13,931)	-
Transfer to/(from) reserves - Scripture Cost Fund	-	-	(98,831)	-	-	-	98,831	-
<b>Balance at 31 May 2018</b>	<b>65,000</b>	-	-	<b>(407,658)</b>	<b>3,225,563</b>	<b>183,661</b>	<b>675,910</b>	<b>3,742,476</b>

The accompanying notes form part of these financial statements.

The Gideons International in Australia Inc.

ABN 47 038 268 739

**Statement of Changes in Equity  
For the Year Ended 31 May 2018**

2017

**Balance at 1 June 2016**

Surplus after income tax expense for the year

Other comprehensive income for the year, net of tax

**Total comprehensive income for the year**

Allocation of profit

Transfer to/(from) reserves - IOF Paid

Transfer to/(from) reserves - Staff Change

Management

Transfer to/(from) reserves - Core Systems Reserve

Transfer to/(from) reserves - Sydney 4 Eternity

Transfer to/(from) reserves - MSF to IOF

Transfer to/(from) reserves - MSF (Nat Con) to IOF

Transfer to/(from) reserves - IOF Paid

**Balance at 31 May 2017**

	Strategic Initiatives Reserve	MSF Reserves	Scripture Cost Fund	Faith Fund	Scripture Fund	IOF Accrual	Ministry Support Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 June 2016	-	78,500	98,831	(78,057)	2,301,060	250,098	565,332	3,215,764
Surplus after income tax expense for the year	-	-	-	-	-	-	278,051	278,051
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	278,051	278,051
Allocation of profit	-	-	-	(536,329)	772,702	-	(236,373)	-
Transfer to/(from) reserves - IOF Paid	-	-	-	250,098	-	(250,098)	-	-
Transfer to/(from) reserves - Staff Change Management	-	12,000	-	-	-	-	(12,000)	-
Transfer to/(from) reserves - Core Systems Reserve	-	(35,953)	-	-	-	-	35,953	-
Transfer to/(from) reserves - Sydney 4 Eternity	-	9,678	-	-	-	-	(9,678)	-
Transfer to/(from) reserves - MSF to IOF	-	-	-	-	-	20,000	(20,000)	-
Transfer to/(from) reserves - MSF (Nat Con) to IOF	-	-	-	-	-	88,431	(88,431)	-
Transfer to/(from) reserves - IOF Paid	-	-	-	-	(236,373)	236,373	-	-
<b>Balance at 31 May 2017</b>	-	64,225	98,831	(364,288)	2,837,389	344,804	512,854	3,493,815

The 2017 comparative balances were amended to account for material errors in prior years pertaining to the allocation of reserves. The total amount of equity remained the same.

The accompanying notes form part of these financial statements.

## The Gideons International in Australia Inc.

ABN 47 038 268 739

### Statement of Cash Flows For the Year Ended 31 May 2018

	2018	2017
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from members, churches and Christian community	3,523,397	3,661,242
Payments to suppliers and employees	(2,177,088)	(2,277,879)
Interest received	34,854	8,338
Remittance to IOF	(1,155,039)	(1,311,527)
Net cash provided by/(used in) operating activities	26 <u>226,124</u>	<u>80,174</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for property, plant and equipment	(4,199)	-
Payments for investments	(82,666)	(1,200,000)
Loans from/(recognition of income from deposits from) members - "Save & Sow"	(24,000)	-
Net cash provided by/(used in) investing activities	<u>(110,865)</u>	<u>(1,200,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase/(decrease) in cash and cash equivalents held	115,259	(1,119,826)
Cash and cash equivalents at beginning of year	1,217,660	2,337,486
Cash and cash equivalents at end of financial year	10 <u>1,332,919</u>	<u>1,217,660</u>

The accompanying notes form part of these financial statements.



## The Gideons International in Australia Inc.

ABN 47 038 268 739

# Notes to the Financial Statements

## For the Year Ended 31 May 2018

The financial statements cover The Gideons International in Australia Inc. as an individual entity. The Gideons International in Australia Inc. is a not-for-profit Association incorporated in the Australian Capital Territory under the *Associations Incorporation Act (ACT) 1991* ('the Act').

The functional and presentation currency of The Gideons International in Australia Inc. is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

In the opinion of the Committee of Management, the Association is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the Act.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, 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*.

### 2 Summary of Significant Accounting Policies

#### (a) Income Tax

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

#### (b) Revenue and other income

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

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

#### Merchandise sales

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

#### Donations

Donations are recognised as revenue 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 is entitled to it and the value of the bequest can be reliably measured. All bequests in FY 2018 were cash.

# The Gideons International in Australia Inc.

ABN 47 038 268 739

## Notes to the Financial Statements For the Year Ended 31 May 2018

### 2 Summary of Significant Accounting Policies

#### (b) Revenue and other income

##### 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 revenue

Interest 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.

#### (c) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (d) 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.

#### (e) 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.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

# The Gideons International in Australia Inc.

ABN 47 038 268 739

## Notes to the Financial Statements For the Year Ended 31 May 2018

### 2 Summary of Significant Accounting Policies

#### (e) Property, plant and equipment

##### Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Association as follows:

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

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

#### (f) Intangibles

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

#### (g) Cash and cash equivalents

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

#### (h) Employee benefits

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

#### (i) Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time at 31 May 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Association.

#### (j) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Association has decided not to early adopt these Standards. Their impact on the Association where the standard is relevant has not yet been assessed.

## The Gideons International in Australia Inc.

ABN 47 038 268 739

### Notes to the Financial Statements For the Year Ended 31 May 2018

#### 3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

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

The significant estimates and judgements made have been described below.

##### Key estimates - useful lives of assets

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

#### 4 Ministry Support Fund

	2018	2017
	\$	\$
- Membership dues	317,014	309,959
- Gideon national offerings	135,405	129,623
- Gideon state offerings	109,009	150,643
- Gideon camp offerings	561,208	486,807
- Interest income	33,015	8,338
- Other income	79,766	144,758
- Merchandise revenue	173,516	131,649
- Bequests	139,942	245,925
- Friends of Gideons	11,443	15,540
- Ministry development offerings	53,677	38,248
- Franking credits	9,663	-
	<u>1,623,658</u>	<u>1,661,490</u>

#### 5 Scripture Fund

	2018	2017
	\$	\$
- Church presentations	293,367	331,464
- Gideon card program	129,349	142,025
- Community gifts	334,059	367,767
- Gideon scripture fund offerings	68,073	69,597
- Auxiliary scripture fund offerings	121,988	114,335
- Auxiliary national offerings	46,559	44,618
- Auxiliary state offerings	44,909	46,724
- Friends of Gideons	126,619	94,665
- Bequests	3,400	-
	<u>1,168,323</u>	<u>1,211,195</u>

## The Gideons International in Australia Inc.

ABN 47 038 268 739

### Notes to the Financial Statements For the Year Ended 31 May 2018

#### 6 Faith Fund

	2018	2017
	\$	\$
- Gifts	766,865	775,198
	<u>766,865</u>	<u>775,198</u>

#### 7 Ministry Support Fund - Expenses

	2018	2017
	\$	\$
Cost of merchandise sold	165,430	133,626
Audit fees	14,073	22,571
Cabinet, committee meetings & assignments	47,117	47,567
Depreciation	38,790	54,192
Membership expense	31,213	53,731
Promotion expense	132,484	155,491
Staff & employee benefits expense	814,501	823,828
Office & general expenses	281,047	298,191
Friends of Gideons	3,554	3,208
Gideon Card expenses	16,518	27,407
<b>Total</b>	<u>1,544,727</u>	<u>1,619,812</u>

#### 8 Scripture Fund - Expenses

	2018	2017
	\$	\$
Landed cost of scriptures	536,189	411,969
Storage, distribution & process	74,230	85,693
SF surplus transferred to IOF + Reserve for scripture costs (Reserve movement)	-	(59,169)
<b>Total</b>	<u>610,419</u>	<u>438,493</u>

#### 9 Faith Fund - Expenses

	2018	2017
	\$	\$
Remittance to International Outreach Fund	1,155,039	1,311,527
<b>Total</b>	<u>1,155,039</u>	<u>1,311,527</u>

## The Gideons International in Australia Inc.

ABN 47 038 268 739

### Notes to the Financial Statements For the Year Ended 31 May 2018

#### 10 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash on hand	400	400
Cash at bank	1,332,519	1,217,260
	<u>1,332,919</u>	<u>1,217,660</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. As at 31 May 2018, cash and cash equivalents balances held by the Association that are not available for use are \$0 (2017: \$78,000)

#### 11 Trade and Other Receivables

	2018	2017
	\$	\$
GST receivable	4,956	4,360
<b>Total current trade and other receivables</b>	<u>4,956</u>	<u>4,360</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.

#### 12 Inventories

	2018	2017
	\$	\$
Merchandise	245,266	205,567
Scripture	606,762	581,066
	<u>852,028</u>	<u>786,633</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.

#### 13 Held-to-maturity investments

	2018	2017
	\$	\$
Term deposit	1,228,666	1,200,000
Save & Sow term deposit	54,000	-
	<u>1,282,666</u>	<u>1,200,000</u>

Held-to-maturity investments earn interest at floating rates based on daily bank deposit rates. As at 31 May 2018, held-to-maturity investment balances held by the Association that are not available for use are \$54,000 (2017: \$0).

## The Gideons International in Australia Inc.

ABN 47 038 268 739

### Notes to the Financial Statements For the Year Ended 31 May 2018

#### 14 Other Assets

	2018	2017
	\$	\$
Prepayments	16,978	9,390
Deferred expenses	12,704	25,425
	<u>29,682</u>	<u>34,815</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.

#### 15 Property, plant and equipment

Land and buildings		
At cost	907,535	907,535
Accumulated depreciation	(197,773)	(177,239)
Total land and buildings	<u>709,762</u>	<u>730,296</u>
Office equipment		
At cost	148,612	145,222
Accumulated depreciation	(146,087)	(144,879)
Total office equipment	<u>2,525</u>	<u>343</u>
Fixtures and fittings		
At cost	10,164	9,354
Accumulated depreciation	(9,388)	(9,354)
Total fixtures and fittings	<u>776</u>	<u>-</u>
<b>Total property, plant and equipment</b>	<u><b>713,063</b></u>	<u><b>730,639</b></u>

## The Gideons International in Australia Inc.

ABN 47 038 268 739

### Notes to the Financial Statements For the Year Ended 31 May 2018

#### 15 Property, plant and equipment

##### (a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and buildings \$	Office equipment \$	Fixtures and Fittings \$	Total \$
<b>Year ended 31 May 2018</b>				
Balance at the beginning of year	730,296	343	-	730,639
Additions	-	3,390	810	4,200
Depreciation expense	(20,534)	(1,208)	(34)	(21,776)
<b>Balance at the end of the year</b>	<b>709,762</b>	<b>2,525</b>	<b>776</b>	<b>713,063</b>

	Land and buildings \$	Office equipment \$	Fixtures and Fittings \$	Total \$
<b>Year ended 31 May 2017</b>				
Balance at the beginning of year	750,829	5,680	-	756,509
Depreciation expense	(20,533)	(5,337)	-	(25,870)
<b>Balance at the end of the year</b>	<b>730,296</b>	<b>343</b>	<b>-</b>	<b>730,639</b>

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

#### 16 Intangible Assets

Intangibles		
Cost	118,642	118,642
Accumulated amortisation	(89,483)	(72,468)
<b>Total Intangibles</b>	<b>29,159</b>	<b>46,174</b>

Intangibles include Netsuite and Gideons website development costs.



## The Gideons International in Australia Inc.

ABN 47 038 268 739

### Notes to the Financial Statements For the Year Ended 31 May 2018

#### 17 Trade and Other Payables

	2018	2017
	\$	\$
Trade payables	9,394	20,732
Accrued expenses	57,362	37,780
Funds held for camps	21,303	40,703
Funds held for State Promotion	26,288	21,679
	<u>114,347</u>	<u>120,894</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

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 and MSF funds and may be retained by the camps in accordance with the Association's By-laws.

#### 18 Employee Benefits

	2018	2017
	\$	\$
Current liabilities		
Annual leave	32,063	41,967
Long service leave	26,040	28,487
	<u>58,103</u>	<u>70,454</u>
	2018	2017
	\$	\$
Non-current liabilities		
Long service leave	12,488	-
	<u>12,488</u>	<u>-</u>

#### 19 Other Financial Liabilities

	2018	2017
	\$	\$
Membership fees held in advance	263,059	257,118
<b>Total</b>	<u>263,059</u>	<u>257,118</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.

## The Gideons International in Australia Inc.

ABN 47 038 268 739

### Notes to the Financial Statements For the Year Ended 31 May 2018

#### 20 Loans from members

	2018	2017
	\$	\$
Loans from members	54,000	78,000
	<u>54,000</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 2018 is \$54,000 (2017: \$78,000).

#### 21 Reserves

##### (a) Detailed tables

	2018	2017
	\$	\$
Oct 2015 National Convention - Gideons to IOF	-	88,431
Sydney for Eternity Reserve	-	9,678
Staff Management Reserve	-	12,000
Core System Reserve	-	42,547
Strategic Initiatives Reserve	65,000	-
Ministry Support Fund	675,910	1,204,322
International Outreach Fund Reserves	183,661	256,373
Faith Fund	(407,658)	(522,602)
Scripture Cost Reserve	-	98,831
Scripture Fund	3,225,563	2,304,235
<b>Total</b>	<b>3,742,476</b>	<b>3,493,815</b>

##### (b) Ministry Support Fund Reserves

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

##### (c) International Outreach Fund Reserves

The reserve contains funds committed to be transferred to the IOF for FY2019.

##### (d) Faith Fund

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

##### (e) Scripture Fund

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

## The Gideons International in Australia Inc.

ABN 47 038 268 739

### Notes to the Financial Statements For the Year Ended 31 May 2018

#### 21 Reserves

(f) **Strategic Initiatives Reserve**

The reserve contains funds for the use of management's strategic initiatives for future years.

#### 22 Capital and Leasing Commitments

(a) **Operating Leases - Printing Machine and Photocopier**

	2018	2017
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	7,560	7,560
- between one year and five years	3,780	11,340
	<u>11,340</u>	<u>18,900</u>

#### 23 Auditors' Remuneration

	2018	2017
	\$	\$
Remuneration of the auditor [rdl.accountants], for:		
- auditing or reviewing the financial statements	16,073	16,871
- other services	-	2,700
<b>Total</b>	<u>16,073</u>	<u>19,571</u>

#### 24 Contingencies

In the opinion of the Committee of Management, the Association did not have any contingencies at 31 May 2018 (31 May 2017:None).

#### 25 Related Parties

(a) **The Association's main related parties are as follows:**

The ultimate parent entity of the worldwide Gideon Ministry, which exercises control over the Association through its By-laws, is The Gideons International which is incorporated in U.S.A..

During the year ended 31 May 2018, a total of \$1,155,039 (2017: \$1,311,527) was remitted to the International Outreach Fund.

## The Gideons International in Australia Inc.

ABN 47 038 268 739

### Notes to the Financial Statements For the Year Ended 31 May 2018

#### 26 Cash Flow Information

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

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

	2018	2017
	\$	\$
Surplus after income tax expense for the year	248,661	278,051
Non-cash flows in profit:		
- depreciation	38,790	54,192
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(596)	21,697
- (increase)/decrease in other assets	12,721	47,344
- (increase)/decrease in prepayments	(7,588)	(2,345)
- (increase)/decrease in inventories	(65,395)	(181,374)
- increase/(decrease) in trade and other payables	(6,547)	(166,052)
- increase/(decrease) in employee benefits	137	7,571
- increase/(decrease) in other operating liabilities	5,941	21,090
Cashflows from operations	<u>226,124</u>	<u>80,174</u>

#### 27 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

#### 28 Statutory Information

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

The Gideons International in Australia Inc.  
33 Colbeck Street  
MAWSON ACT 2607

**The Gideons International in Australia Inc.**

ABN 47 038 268 739

**Statement by the National Cabinet**

The committee has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

In the opinion of the committee the financial report as set out on pages 2 to 18:

1. Presents fairly the financial position of The Gideons International in Australia Inc. as at 31 May 2018 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that The Gideons International in Australia Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:

President  .....  
Paul Graham

Treasurer  .....  
David Holmes

Dated 5<sup>th</sup> July 2018

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

**Report on the Financial Report**

*Qualified 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 2018, 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 2018 and of 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 Qualification Opinion*

Revenues from camp offerings received in cash and other fundraising 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 fundraising 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 fundraising 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 fundraising activities is complete.

*Emphasis of Matter - Basis of Accounting*

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared 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 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 1 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 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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



Matthew Hung, CA  
rdl.accountants

5 July 2018  
Blackburn, Victoria