



Financial Statements
ABN: 67 934 884 236

For the Year Ended 31 December 2019

Baptist Union of Victoria

ABN: 67 934 884 236

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For the Year Ended 31 December 2019

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Baptist Union of Victoria

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Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the Councillors of Baptist Union of Victoria

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Saward Dawson



Jeffrey Tulk
Partner

Blackburn VIC

Dated: 30 June 2020

Baptist Union of Victoria

ABN: 67 934 884 236

Statement of Income and Expenditure and Other Comprehensive Income

For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
REVENUE			
Constituent membership contributions		1,397,885	1,298,095
Donations, bequests and legacies		18,418	299,484
Grants		699,866	649,146
Rental income		1,182,097	871,543
Insurance administration fee		293,331	787,162
Interest income		905,292	951,742
Dividend income		869,975	785,614
Fair value gains/(loss) in FVTPL financial assets		545,807	(234,937)
Fair value gains from investment properties		3,760,490	-
Other income	11	4,297,852	10,477,569
Total revenue		13,971,013	15,885,418
EXPENDITURE			
Employee benefits expense		(3,347,771)	(3,229,458)
Depreciation		(250,603)	(228,377)
Grants paid		(549,990)	(441,595)
Travel & hospitality		(310,156)	(349,235)
Occupancy		(396,208)	(363,814)
IT & office expenses		(183,314)	(164,368)
Interest paid		(680,892)	(636,841)
Professional services		(336,231)	(396,838)
Doubtful debts		(16,711)	(2,321)
Total expenditure		(6,071,876)	(5,812,847)
Surplus for the year		7,899,137	10,072,571
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net gain on revaluation of non-current assets		1,839,268	-
Fair value gains/(losses) on financial assets at FVOCI		1,370,101	(454,384)
Items that will be reclassified to profit or loss when specific conditions are met			
		-	-
Other comprehensive income for the year		3,209,369	(454,384)
Total comprehensive income for the year		11,108,506	9,618,187

The accompanying notes form part of these financial statements.

Baptist Union of Victoria

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Statement of Financial Position

As at 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	5,368,655	1,854,830
Trade and other receivables	3	1,079,738	1,443,940
Other financial assets	4	23,250,599	26,098,445
TOTAL CURRENT ASSETS		<u>29,698,992</u>	<u>29,397,215</u>
NON-CURRENT ASSETS			
Other financial assets	4	18,592,272	15,845,616
Property, plant and equipment	6	14,234,584	12,270,283
Investment property	5	48,223,146	40,962,656
TOTAL NON-CURRENT ASSETS		<u>81,050,002</u>	<u>69,078,555</u>
TOTAL ASSETS		<u>110,748,994</u>	<u>98,475,770</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	25,938,415	24,565,032
Short-term provisions	8	321,392	263,857
TOTAL CURRENT LIABILITIES		<u>26,259,807</u>	<u>24,828,889</u>
NON-CURRENT LIABILITIES			
Trade and other payables	7	-	41,750
Long-term provisions	8	1,242,151	1,466,601
TOTAL NON-CURRENT LIABILITIES		<u>1,242,151</u>	<u>1,508,351</u>
TOTAL LIABILITIES		<u>27,501,958</u>	<u>26,337,240</u>
NET ASSETS		<u>83,247,036</u>	<u>72,138,530</u>
EQUITY			
Reserves		55,628,551	67,764,101
Accumulated Surpluses		27,618,485	4,374,429
TOTAL EQUITY		<u>83,247,036</u>	<u>72,138,530</u>

The accompanying notes form part of these financial statements.

Baptist Union of Victoria

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Statement of Changes in Equity

For the Year Ended 31 December 2019
2019

	Unrestricted Fund	Asset Revaluation Reserve (PPE)	Asset Revaluation Reserve (IP)	Financial Asset Revaluation Reserve	Specific Ministry Reserves	Restricted Funds	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2019	4,374,429	2,164,102	23,260,398	1,797,694	3,122,956	37,418,951	72,138,530
Surplus for the year	7,899,137	-	-	-	-	-	7,899,137
Other comprehensive income for the year	-	1,839,268	-	1,370,101	-	-	3,209,369
Total comprehensive income for the year	7,899,137	1,839,268	-	1,370,101	-	-	11,108,506
Transfer to/from Reserves	15,344,919	-	(23,260,398)	(27,056)	133,437	7,809,098	-
Balance at 31 December 2019	27,618,485	4,003,370	-	3,140,739	3,256,393	45,228,049	83,247,036

The accompanying notes form part of these financial statements.

Baptist Union of Victoria

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Statement of Changes in Equity

For the Year Ended 31 December 2019
2018

	Unrestrict ed Fund	Asset Revaluation Reserve (PPE)	Asset Revaluation Reserve (IP)	Financial Asset Revaluation Reserve	Specific Ministry Reserves	Restricted Funds	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2018	5,177,724	23,116,500	2,308,000	2,333,705	4,226,178	25,358,236	62,520,343
Surplus for the year	10,072,571	-	-	-	-	-	10,072,571
Other comprehensive income for the year	-	-	-	(454,384)	-	-	(454,384)
Transfer – gains/(losses) on disposal of equity instruments at FVOCI to accumulated surplus	81,627	-	-	(81,627)	-	-	-
Total comprehensive income for the year	10,154,198	-	-	(536,011)	-	-	9,618,187
Transfer to/from Reserves	(10,875,866)	(20,952,398)	20,952,398	(81,627)	(1,103,222)	12,060,715	-
Balance at 31 December 2018	4,456,056	2,164,102	23,260,398	1,716,067	3,122,956	37,418,951	72,138,530

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers, donors and others		3,812,968	5,414,675
Payments to suppliers and employees		(5,825,060)	(7,222,859)
Dividends received		858,739	785,614
Donations received		18,418	299,484
Interest received		927,498	940,781
Interest paid		(680,892)	(636,841)
Receipt from grants		699,866	649,146
Other receipts		777,223	592,973
Net cash provided by/(used in) operating activities	9	588,760	822,973
CASH FLOWS FROM INVESTING ACTIVITIES:			
Redemption (Placement) of term deposits		2,847,846	(1,757,385)
Payment for investments		(1,514,087)	(1,709,698)
Proceeds from sale of investment securities		700,907	941,781
Payment for property, plant and equipment		(443,889)	(2,269,170)
Proceeds from sale of property, plant and equipment		53,508	-
Net cash provided by/(used in) investing activities		1,644,285	(4,794,472)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Trust funds procured (repaid)		1,280,780	818,939
Net cash provided by/(used in) financing activities		1,280,780	818,939
Net increase/(decrease) in cash and cash equivalents held		3,513,825	(3,152,560)
Cash and cash equivalents at beginning of year		1,854,830	5,007,390
Cash and cash equivalents at end of financial year	2	5,368,655	1,854,830

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 31 December 2019

Basis of Preparation

This financial report is a special purpose financial report prepared for use by the Council and for distribution to the member churches of the Baptist Union of Victoria in order to satisfy the financial reporting requirements of The Baptist Union of Victoria Incorporation Act 1930, the Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulations 2013. The Council has determined that the Union is not a reporting entity.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Australian Charities and Not-for-profits Commission Act 2012 and the significant accounting policies disclosed below, which the Committee members have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial report excludes the financial data relating to the financial information of the BUV Agencies (refer note 10).

The financial report, except for cash flow information, has been prepared on an accrual basis and is based on historical costs otherwise stated in the notes. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

1 Summary of Significant Accounting Policies

The following is a summary of the material accounting policies adopted in the preparation of the financial report. Unless otherwise stated, accounting policies have been consistently applied.

(a) Comparative Figures

When required by Australian Accounting Standards or Executive Council policy, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(b) Income Tax

The Baptist Union of Victoria is a non-profit entity registered as a religious charitable organisation and, as such, is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Capacity as trustee

The Baptist Union of Victoria acts in the capacity as trustee, holding assets, in the following situations:

1. Wills and trusts where the Baptist Union of Victoria is the recipient.
2. Proceeds where a member church sells property (land and buildings)

The Union, acting as trustee, also holds properties, where these are land and buildings, on behalf of its member churches and various other associated entities.

All investments are formally held in the name of the Baptist Union of Victoria. The carrying value of these assets is allocated in the accompanying accounts to the various trust and other funds administered by the Union based on the capital of the particular fund.

Baptist Union of Victoria

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Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(c) Capacity as trustee

Income earned by the fund is credited to individual trust funds on the basis of their identified investments or the overall pool rate, whichever is applicable.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits 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.

Cash balances in term deposits with banks or financial institutions, and investments in money market instruments are classified as Financial instruments where maturity is longer than 3 months.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(e) Revenue and other income

Revenue from contracts with customers

The Union has adopted AASB 15: Revenue from Contracts with Customers in 2019.

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Union expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Union have any significant financing terms as there is 12 months or less between receipt of funds and satisfaction of performance obligations.

Interest and other investment revenues are recognised on a proportional basis taking into account the investment rates applicable to the financial assets.

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Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(e) Revenue and other income

Dividend revenue is recognised when the right to receive a dividend has been established.

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Constituent membership contributions and insurance administration fee are recognised on a straight-line basis over the period of the insurance year. Surplus relating to net under claims relating the Victorian state self-insurance scheme, is recognised during the reporting period after the conclusion of a prior period insurance year.

Grant revenue is recognised in the statement of income and expenditure and other comprehensive income when the Union satisfies the performance obligations of the grant. Majority of grant income relates to the reimbursement of project staff costs and are recognised over time either based on expenditure incurred during the reporting period or the rendering of project services.

Donations, bequests and legacies are recognised as revenue when received.

Revenues from the rendering of a service are recognised upon the delivery of the service provided. All revenue is stated net of the amount of goods and services tax (GST).

Other income includes Advancement fund properties transferred to the Union at fair value, in accordance to Schedule B to the Baptist Union of Victoria Incorporation Act 1930.

(f) Financial instruments

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Trade receivables are initially measured at the transaction price.

Financial assets

Amortised cost

The Union's financial assets measured at amortised cost comprise trade and other receivables, investments in bank bills and term deposits, first mortgages, and Advancement fund loan receivables. These assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Fair value through other comprehensive income

Equity instruments

The Union has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Union has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

Baptist Union of Victoria

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Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL. Net gains or losses, including any interest or dividend income are recognised in profit or loss. These assets includes various investments in managed investment schemes and funds.

Impairment of financial assets

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Union has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Union measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities of the Union comprise trade payables, Constituent trust funds, and LSL Savings Scheme.

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Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(g) Impairment of non-financial assets

At the end of each reporting period the Union determines whether there is an evidence of an impairment indicator for non-financial assets. Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

The recoverable amount of an asset is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Investment property

Investment property is carried at fair value, determined bi-annually by independent valuers. Changes to fair value are recorded in the statement of income and expenditure and other comprehensive income as other income/expenses. Investment properties are not depreciated.

(i) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or at independent valuation less, where applicable, accumulated depreciation or amortisation.

Land and buildings

Freehold land and buildings are measured using the revaluation model. Independent market valuations are obtained every two years. The latest independent valuations were obtained at the end of 2019. This excludes properties listed under Investment Properties.

Where BUV Agencies erected buildings on freehold land, the costs of the buildings and any associated accumulated depreciation are recorded in the accounts of the Agency.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Union, commencing when the asset is ready for use.

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Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(i) Property, plant and equipment

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Buildings	40
Plant and Equipment	5
Furniture, Fixtures and Fittings	10
Motor Vehicles	8

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.

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

(j) Provisions

(i) Provision for self-funded claims losses

The Baptist Union of Victoria participates in the Baptist Insurance Service (BIS) National scheme, purchasing insurance cover for Baptist churches and agencies in Victoria. The cost of this cover is passed on to its constituencies (i.e. churches and agencies). A feature of the National scheme is that each state Baptist Union bears a portion of the potential loss claims; limited and set annually by the BIS national board.

The self-insurance claim limit is recorded annually as an insurance claims provision, with eventual claims being charged against the provision of the applicable year. Claims in excess of the provision are recoverable from either the National Scheme or its insurance underwriters, while residual credits in the provision are carried forward until, in the opinion of the Executive Council, they are recognised in the statement of income and expenditure.

(ii) Provision for unreported liability claims

Provision is made for unknown future claims against the Baptist Union of Victoria. As at the 19 October 2018 Delegates Assembly, it was resolved that the BUV opt in to the Federal Government's ten year National Redress Scheme beginning on 1 July 2018.

As at the current reporting period, the BUV has established a Redress Support Fund (the fund) out of funds previously contributed under the BIS contingency reserves for uninsured claims, to provide assistance to participating constituents in meeting Redress claims.

(iii) Provision for uninsured claims

Provision is made for unreported claims against the Baptist Union of Victoria, where the self-funded claims loss provision has been closed off by the Scheme's national board.

Baptist Union of Victoria

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Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(j) Provisions

(iv) The BUV Long Service Leave (LSL) Savings Scheme

The BUV LSL Savings Scheme was established to provide a savings mechanism to assist constituent churches in meeting the financial requirements of Long Service Leave for Pastors and to provide opportunity for Pastors to accumulate continued service across more than one church.

The scheme has been classified as current liability as described in note 7 as despite the low probability that these funds will be claimed within the next 12 months, discretion to withdraw funds contributed to the scheme resides with relevant ministers and churches based on meeting conditions set out in the Scheme Rules.

(v) Trust Funds

The Funds held in trust for churches have been classified as current liability as described in Note 7, as despite the low probability the these funds will be withdrawn within the next 12 months, discretion to withdraw funds held in trust resides with the constituent churches based on meeting certain conditions.

(k) Employee benefits

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

Employee benefits expected to be settled more than one year after the reporting period has been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

Baptist Union of Victoria

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Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Cash and Cash Equivalents

	2019	2018
	\$	\$
Bank balances	3,955,079	1,478,453
Short-term deposits	1,413,576	376,377
	<u>5,368,655</u>	<u>1,854,830</u>

3 Trade and Other Receivables

CURRENT

Trade receivables	730,911	1,110,470
Provision for doubtful debts	(20,000)	(20,000)
	<u>710,911</u>	<u>1,090,470</u>
Other debtors and prepayments	303,318	265,755
Interest and imputation credits receivable	65,509	87,715
	<u>1,079,738</u>	<u>1,443,940</u>

4 Other Financial Assets

CURRENT

Bank bills and term deposits	23,250,599	26,098,445
First mortgages	571,415	571,415
Provision for impairment of first mortgages	(571,415)	(571,415)
	<u>23,250,599</u>	<u>26,098,445</u>

NON-CURRENT

Secured loans	306,971	289,405
Equity investments - FVOCI	10,528,091	8,862,626
Other investments - FVTPL	4,507,210	3,443,585
Capital contribution - Baptist Financial Services	3,250,000	3,250,000
	<u>18,592,272</u>	<u>15,845,616</u>
	<u>41,842,871</u>	<u>41,944,061</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2019

5 Investment Properties

	2019	2018
	\$	\$
NON-CURRENT		
Balance at beginning of year	40,962,656	9,882,843
Additions	3,500,000	9,505,000
Transfers to owner-occupied / for purpose (PPE)	-	(671,603)
Transfers from owner- occupied / for purpose (PPE)	-	22,140,581
Fair value adjustments	3,760,490	105,835
Balance at end of year	48,223,146	40,962,656

6 Property, plant and equipment

LAND AND BUILDINGS

Freehold land

At Executive Council valuation	9,266,732	7,724,875
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Buildings

At Executive Council valuation	3,196,600	2,950,976
Accumulated depreciation	-	(57,675)

Total buildings	3,196,600	2,893,301
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Total land and buildings	12,463,332	10,618,176
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PLANT AND EQUIPMENT

Plant and equipment

At cost	1,955,399	1,895,971
Accumulated depreciation	(416,748)	(316,845)

Total plant and equipment	1,538,651	1,579,126
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Motor vehicles

At cost	299,439	300,517
Accumulated depreciation	(66,838)	(227,536)

Total motor vehicles	232,601	72,981
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Total plant and equipment	1,771,252	1,652,107
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Total property, plant and equipment	14,234,584	12,270,283
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Notes to the Financial Statements

For the Year Ended 31 December 2019

6 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 \$	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
Year ended 31 December 2019					
Balance at the beginning of year	7,724,875	2,893,301	1,579,126	72,981	12,270,283
Additions	-	80,680	99,813	263,401	443,894
Disposals	-	-	-	(68,252)	(68,252)
Depreciation expense	-	(74,787)	(140,288)	(35,529)	(250,604)
Revaluation increase	1,541,857	297,406	-	-	1,839,263
Balance at the end of the year	9,266,732	3,196,600	1,538,651	232,601	14,234,584
Year ended 31 December 2018					
Balance at the beginning of year	24,294,518	7,150,482	207,552	115,362	31,767,914
Additions	53,272	646,556	1,548,663	-	2,248,491
Disposals	-	-	(48,768)	-	(48,768)
Depreciation expense	-	(158,579)	(128,321)	(42,380)	(329,280)
AASB 140 Depreciation reversal	-	100,905	-	-	100,905
Transfer in from Investment Properties	671,603	-	-	-	671,603
Transfer out to Investment Properties	(17,294,518)	(4,846,063)	-	-	(22,140,581)
Balance at the end of the year	7,724,875	2,893,301	1,579,126	72,981	12,270,283

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Notes to the Financial Statements

For the Year Ended 31 December 2019

7 Trade and Other Payables

	2019	2018
Note	\$	\$
CURRENT		
Trade payables	300,634	97,068
Unearned income	421,317	306,227
Accrued expense	94,721	-
The BUV LSL Savings Scheme	1,831,572	2,194,096
Funds held in trust for churches	23,290,171	21,967,641
	<u>25,938,415</u>	<u>24,565,032</u>
Non-Current		
Other payables	-	41,750
	<u>-</u>	<u>41,750</u>

8 Provisions

CURRENT		
Annual leave	243,715	198,307
Long service leave	77,677	65,549
	<u>321,392</u>	<u>263,857</u>
NON-CURRENT		
Provision for self-funded insurance claims/(recoverable)	(21,090)	281,433
Provision for unreported liability claims	1,152,260	1,064,763
Provision for unknown litigation costs	100,000	100,000
Long service leave	10,981	20,405
	<u>1,242,151</u>	<u>1,466,601</u>

Baptist Union of Victoria

ABN: 67 934 884 236

Notes to the Financial Statements

For the Year Ended 31 December 2019

9 Cash Flow Information

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

	2019	2018
	\$	\$
Surplus for the year	7,899,137	10,072,571
Non-cash flows in surplus:		
- depreciation	250,604	228,377
- net loss/(gain) on disposal of non current asset	14,740	48,767
- net (gain)/loss on disposal of investments	(17,765)	73,768
- movement in fair value of financial assets	(528,038)	454,384
- (gain)/loss on revaluation of investment property	(3,760,490)	-
- investment properties contribution	(3,500,000)	(9,959,384)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	346,633	(153,152)
- increase/(decrease) in trade and other payables	(64,238)	(576,886)
- increase/(decrease) in provisions	48,113	15,471
- increase/(decrease) in other non current liabilities	(99,936)	619,057
Cashflows from operations	<u>588,760</u>	<u>822,973</u>

10 Related Parties

Related parties of the Baptist Union of Victoria, whose accounts are not included in these financial statements, include:

Baptist Churches:

- The Union provides resources and advice to its member churches, pastors and lay leaders. The Union also holds property and funds on trust for its member churches.

Agencies:

- Baptistcare Ltd - a company limited by guarantee
- Whitley College - The Baptist College of Victoria - an unincorporated entity
- Carey Baptist Grammar School Ltd - a company limited by guarantee
- Strathcona Baptist Girls' Grammar School Ltd - a company limited by guarantee
- Kilvington Grammar School Ltd - a company limited by guarantee
- Baptist Camping Victoria - an incorporated entity

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Notes to the Financial Statements

For the Year Ended 31 December 2019

10 Related Parties

- Grassroots Placemakers Ltd - a company limited by guarantee

The Baptist Union of Victoria is affiliated with Australian Baptist Ministries.

During the year, the union received a total of \$1,397,885 in ministry contribution fees from the Baptist churches of Victoria.

The Baptist Union of Victoria owns a number of properties including Camp Wilkin that are provided on a reduced or rent free basis to various related organisations and churches.

11 Other income

Other income includes total fair value of \$3,500,000 relating to Church Building of Sandringham Baptist Church, following from the dissolution of the churches during the year. These transactions have been recognised in accordance to Schedule B of the Baptist Union of Victoria Incorporation Act 1930.

12 Contingent Liabilities

The Union has signed a letter of acknowledgement in relation to the borrowing facilities provided by the Commonwealth Bank of Australia to Kilvington Grammar School Ltd. The Union's maximum exposure is capped at \$4,020,000.

The Union has also provided a guarantee in relation to borrowing facilities provided by the National Australia Bank [NAB] to Strathcona Baptist Girls Grammar School Ltd. The Union's maximum exposure is capped at \$3,000,000 and is further limited to the amount recovered by NAB on enforcement of any security granted to NAB in respect of the property. A number of Strathcona properties have been provided as security for the facility.

The Union has also provided a guarantee in relation to a loan of \$100,000 provided by Baptist Financial Services Australia Ltd to Now And Not Yet Inc.

13 Events after the end of the Reporting Period

Subsequent to the balance date, there is been a global outbreak of Coronavirus disease (COVID-19) that has caused a significant impact to the global economy. There is no adjusting events to the financial statements as at 31 December 2019 however this outbreak may have an impact to the union's future financial performance and positions. The financial assets reported is based on the market value as at 31 December 2019 but the realised value at the date of this report could have declined. The union is unable to determine the financial impact of this crisis on the organisation at the time of signing. The council members do not believe that the COVID-19 outbreak will impact the ability of the Union to continue as a going concern.

14 Statutory Information

The registered office and principal place of business is:

Baptist Union of Victoria
1193 Toorak Rd
Camberwell VIC 3124

Baptist Union of Victoria

ABN: 67 934 884 236

Councillors' Declaration

The councillors of the Union declare that:

1. The financial report and notes as set out on pages 8 to 24 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*; and
2. As at the date of this statement, there are reasonable grounds to believe that the Baptist Union of Victoria will be able to pay its debts as and when they fall due.

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

Responsible person



Rev Daniel Bullock
Director of Ministries

Responsible person



Mr Mick Turnbull
Chair of Audit & Risk Committee

Dated 30 June 2020

Baptist Union of Victoria

Independent Audit Report to the members of Baptist Union of Victoria

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Baptist Union of Victoria (the Union), which comprises the statement of financial position as at 31 December 2019, the statement of income and expenditure and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entity declaration.

In our opinion, the accompanying financial report of Baptist Union of Victoria has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Union's financial position as at 31 December 2019 and of its financial performance and cash flows for the year ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 to the financial report and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with 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 Union in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of 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

1. 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 Baptist Union of Victoria for the purpose of fulfilling the councillors' financial reporting responsibilities under the ACNC Act and the needs of the members. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Baptist Union of Victoria

Independent Audit Report to the members of Baptist Union of Victoria

2. Subsequent event

We draw attention to Note 13 of the financial report, which describes the effects of a global outbreak of COVID-19 on the Union. Our opinion is not modified in respect of this matter.

Responsibilities of Councillors for the Financial Report

The councillors of the Union 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 *Baptist Union Incorporation Act 1930*, the ACNC Act and is appropriate to meet the needs of the members. The councillors' responsibility also includes such internal control as the councillors determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the councillors are responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the councillors either intend to liquidate the Union or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities 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 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement 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 Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.

Baptist Union of Victoria

Independent Audit Report to the members of Baptist Union of Victoria

- Conclude on the appropriateness of the responsible entities' 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 Union'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 Union 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.

Saward Dawson

Saward Dawson

Jeffrey Tulk

Jeffrey Tulk
Partner

Blackburn VIC
Dated: 30 June 2020