



Financial Statements
ABN: 67 934 884 236

For the Year Ended 31 December 2020

Baptist Union of Victoria

ABN: 67 934 884 236

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For the Year Ended 31 December 2020

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Baptist Union of Victoria

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Councillors' Report

For the Year Ended 31 December 2020

The Baptist Union of Victoria is an entity incorporated under the Baptist Union of Victoria Incorporation Act 1930.

This special purpose financial report covers the body corporate of the Baptist Union of Victoria [BUV] as an individual entity and is presented in Australian currency.

The financial report was authorised for issue by the Executive Council on the same day as the signing of this report.

Principal Office

Level 1, 1193 Toorak Road
Camberwell, Victoria, 3124
(03) 9880 6123
www.buv.com.au

Council Members as at date of this report

J Bradshaw (Chair), D Bullock, F Hall, E Shalders, D Kilker, D Uy, M Browning, M Turnbull, & D Talathoti.

Union Secretary

D Uy

Auditors

Saward Dawson
20 Albert Street
Blackburn, Victoria, 3130

Banker

Baptist Financial Services Ltd
Level 1, Cnr Rawson Street & Carlingford Road
Epping, New South Wales, 2121

Baptist Union of Victoria

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Councillors' Report

For the Year Ended 31 December 2020

(a) General information

The Councillors present their report with respect to the results of the Union for the financial year ended 31 December 2020 and the state of the Union's affairs at that date.

Information on council members

The council members in office at the date of this report are:

| | |
|--|---|
| Mrs Jo-Anne Bradshaw (Chair) BA, GradDipVET, MEd, CAHRI, GAICD | Independent Human Resources Consultant Over twenty years' experience in Human Resources and Organisational Development. Member of Now and Not Yet Baptist Church Director - Carey Baptist Grammar School Director – Surrey Hill Baptist Child Care Centre Council member since October 2012 Special responsibilities: Council Chair, Chair of Nominations Committee and Council Development Committee |
| Rev Daniel Bullock Dip Theol, Adv Dip Min, B.Min, MA Church Leadership, GAICD | Director of Mission & Ministries of the Baptist Union of Victoria Senior Pastor at Essendon Baptist Church, Senior Associate Pastor at NewHope Baptist Church, Interim Pastor at Berwick Baptist Church Member of Albert Park/Port Melbourne Baptist Church Council member since March 2012 Special responsibilities: Member of Pastoral Search Advisory Group, member of Ordination Pathway Group, member of Nominations Committee |
| Ms Fiona Hall | CEO Crossway LifeCare Over twenty years' leadership experience in the not for profit sector Former Chaplain Melbourne Rebels Rugby Club Member Crossway Baptist Church (Fourteen years) Special responsibilities: Constitution Review Committee |
| Ms Elizabeth Shalders LLB (Hons), BA | Senior Associate, Head of Not for Profit at Lewis Holdway Lawyers Lawyer dedicated to advising not-for-profit organisations on a range of tax concession, structuring, governance and dispute resolution matters with over a decade's experience. Honorary Legal Advisor to the Baptist Union of Victoria Member of NewHope Baptist Church Special responsibilities: Chair of Constitutional Committee |

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Councillors' Report

For the Year Ended 31 December 2020

(a) General information

Information on council members

Rev Darryl Kilker

BA

Senior Pastor, Pakenham Baptist Church 2008-2020
Ouachita Baptist University, USA
Pastoring various Baptist Church's since 1982
Partnered in three church plants
Council member since October 2014
Special responsibilities: member of Audit and Risk Committee

Ms Debbie Uy

B.Sc.Com. (Marketing), B.A.
(Psychology), MBA, GAICD

Director of Finance & Administration and Secretary of the Baptist Union of Victoria
Over 19 years-experience in corporate business management and over 8 years-experience in executive leadership in the Not-For-Profit sector, with special focus in combining operational strategy, governance and administrative management expertise
Former Head of Operations – Crossway LifeCare Ltd. (until January 2017)
Former Ex-officio member – Crossway LifeCare Finance Committee (until January 2017)
Former Assistant General Manager / Corporate Secretary – TSI Contracts Inc. (until 2008)
Former member and BUV delegate - Crossway Baptist Church
Church Member - Oakleigh Baptist Church
Member- Australian Human Resources Institute (AHRI)
Graduate - Australian Institute of Company Directors (AICD)
Director – Baptist Financial Services
Director – Surrey Hill Baptist Child Care Centre
Council member since February 2017
Special responsibilities: Constitution Review Committee

Mr Mark Browning

EMBA

Over twenty five years' experience in the banking industry.
Current Member of Sydal Baptist Church since 2004, including a 6 year appointment on Council as Treasurer.
Previous member of Frankston Forest Baptist Church and Sale Baptist Church.
Previous Treasurer at Frankston Forest Baptist Church.
Special responsibilities: Member Audit and Risk Committee 2011 to June 2016,
Member of Council Development Committee.
Council member since May 2016

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Councillors' Report

For the Year Ended 31 December 2020

(a) General information

Information on council members

Mr Mick Turnbull

Cert. Bus (RMIT), Grad Dip of Management (USQ), GAICD, FAIM

Over 40 years of business and management experience
Former regional CEO (Australasia and North Asia) of Agility Logistics (18 years)
Advisory Board Member and Director of a number of private companies involved in industries including Agriculture, Business Investment and Technology
Chair of CBM Australia
Non-Executive Director CBM Global Disability (Netherlands)
Non-Executive Director of Baptist World Aid (previous Chair 2011-2016)
Former Director and Vice Chair of Business for Millennium Development (2010-2015)
Former Chair of Eastern College Australia (Formerly Tabor Victoria) (2009-2014)
Member of Syndal Baptist Church
Special responsibilities: Chair of Audit and Risk Committee
Council member since 2016

Rev. Dr. David Talathoti

Dip Theol, BTheol, MTS, PhD

Senior Pastor, Dandenong Baptist Church
Youth and Young Adult pastor Waverley Baptist church
Young Adults Pastor, Chelsea Baptist Church
Youth Pastor, St Matthias Anglican Church
Chair of Cornerstone Contact Centre Board
Special responsibilities: Supervisor for ordination candidates and member of Ordination Discernment Group

During the financial year, 13 meetings of councillors were held. Attendances by each council member during the year were as follows:

| | Council Meetings | |
|------------------------------|---------------------------|-----------------|
| | Number eligible to attend | Number attended |
| Mrs Jo-Anne Bradshaw (Chair) | 13 | 12 |
| Rev Daniel Bullock | 13 | 13 |
| Ms Fiona Hall | 13 | 13 |
| Ms Elizabeth Shalders | 13 | 12 |
| Rev Darryl Kilker | 13 | 13 |
| Ms Debbie Uy | 13 | 13 |
| Mr Mark Browning | 13 | 12 |
| Mr Mick Turnbull | 13 | 11 |
| Rev. Dr. David Talathoti | 3 | 3 |

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Councillors' Report

For the Year Ended 31 December 2020

(a) General information

Union Secretary

The following person held the position of Union secretary at the end of the financial year:

Ms Debbie Uy

B.Sc.Com. (Marketing), B.A. (Psychology), MBA, GAICD

Principal activities

The principal activity of the Baptist Union of Victoria during the financial year was to empower leaders of Victorian Baptist churches for mission. Accordingly, the Union does not aim to generate a surplus from its operations, other than that which may be required to enable it to carry out its mission among the churches. No significant change in those activities has occurred during the year.

The Union is trustee under various beneficiary trusts, and holds funds generated from the sale of church properties on behalf of those churches. It invests and disburses funds in accordance with the provisions of the appropriate deed, or trust instruments.

Significant changes in ministry operations or financial position

There have been no significant changes in the scope or nature of ministry operations or in the vision and purpose of the Baptist Union of Victoria during the year ended 31 December 2020.

Indemnification of officers and auditors

The Union has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Union or any related agency or body:

- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings, with the exception of premiums paid under its normal Management Liability cover.

Proceedings on behalf of the Union

The Union has registered a claim against an external third-party borrower that has gone into liquidation. The claim is to recover overdue funds of \$571,416 secured by residual guarantees, after calling in mortgages.

No other person has applied for leave of Court to bring proceedings on behalf of the Union or intervene in any proceedings to which the Union is a party for the purpose of taking responsibility on behalf of the Union for all or any part of those proceedings.

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Councillors' Report

For the Year Ended 31 December 2020

Executive Council members' benefits

The following Council members are also paid staff of the Union and are compensated according to the guidelines established by the Council:

- Rev Daniel Bullock – Director of Ministries.
- Ms Debbie Uy – Director of Finance & Administration.

Signed in accordance with a resolution of the Council on:

Responsible person
Daniel Bullock Digitally signed by Daniel Bullock
Date: 2021.07.07 11:49:54 +10'00'

Rev Daniel Bullock

Director of Ministries

Responsible person

Mr Mick Turnbull

Chair of Audit & Risk Committee



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 2020, 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: 21 July 2021

Baptist Union of Victoria

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Statement of Income and Expenditure and Other Comprehensive Income

For the Year Ended 31 December 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|--------------------|--------------------|
| REVENUE | | | |
| Constituent membership contributions | | 1,499,975 | 1,397,885 |
| Donations, bequests and legacies | | 389,477 | 18,418 |
| Grants | | 539,365 | 699,866 |
| Rental income | | 1,115,906 | 1,182,097 |
| Insurance administration fee | | 350,756 | 293,331 |
| Interest income | | 683,112 | 905,292 |
| Dividend income | | 643,233 | 869,975 |
| Gains on sale of investment properties | | 30,470 | 17,765 |
| Financial assets designated at fair value through profit or loss | | (67,787) | 528,042 |
| Fair value gains from investment properties | | - | 3,760,490 |
| Government stimulus | | 863,500 | - |
| Other income | 11 | 835,417 | 4,297,852 |
| Total revenue | | 6,883,424 | 13,971,013 |
| EXPENDITURE | | | |
| Employee benefits expense | | (3,630,991) | (3,347,771) |
| Depreciation | | (259,752) | (250,603) |
| Grants paid | | (761,098) | (549,990) |
| Travel & hospitality | | (29,611) | (310,156) |
| Occupancy | | (346,600) | (396,208) |
| IT & office expenses | | (203,898) | (183,314) |
| Interest paid | | (496,411) | (680,892) |
| Professional services | | (382,143) | (336,231) |
| Doubtful debts | | (24,515) | (16,711) |
| Total expenditure | | (6,135,019) | (6,071,876) |
| Surplus for the year | | 748,405 | 7,899,137 |
| 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 | | (26,709) | 1,370,101 |
| Items that will be reclassified to profit or loss when specific conditions are met | | | |
| | | - | - |
| Other comprehensive income for the year | | (26,709) | 3,209,369 |
| Total comprehensive income for the year | | 721,696 | 11,108,506 |

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 2020

| | Note | 2020 \$ | 2019 \$ |
|-------------------------------|------|--------------------|--------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 2 | 7,434,543 | 5,368,655 |
| Trade and other receivables | 3 | 576,355 | 1,079,738 |
| Other financial assets | 4 | 18,504,204 | 23,287,699 |
| TOTAL CURRENT ASSETS | | <u>26,515,102</u> | <u>29,736,092</u> |
| NON-CURRENT ASSETS | | | |
| Other financial assets | 4 | 24,024,647 | 18,555,172 |
| Property, plant and equipment | 6 | 16,423,449 | 14,234,584 |
| Investment property | 5 | 47,013,616 | 48,223,146 |
| TOTAL NON-CURRENT ASSETS | | <u>87,461,712</u> | <u>81,012,902</u> |
| TOTAL ASSETS | | <u>113,976,814</u> | <u>110,748,994</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 7 | 28,355,634 | 25,938,415 |
| Short-term provisions | 8 | 396,945 | 321,392 |
| TOTAL CURRENT LIABILITIES | | <u>28,752,579</u> | <u>26,259,807</u> |
| NON-CURRENT LIABILITIES | | | |
| Long-term provisions | 8 | 1,255,503 | 1,242,151 |
| TOTAL NON-CURRENT LIABILITIES | | <u>1,255,503</u> | <u>1,242,151</u> |
| TOTAL LIABILITIES | | <u>30,008,082</u> | <u>27,501,958</u> |
| NET ASSETS | | <u>83,968,732</u> | <u>83,247,036</u> |
| EQUITY | | | |
| Reserves | | 56,028,412 | 55,628,551 |
| Accumulated Surpluses | | 27,940,320 | 27,618,485 |
| TOTAL EQUITY | | <u>83,968,732</u> | <u>83,247,036</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 2020
2020

| | Unrestricted Fund | Asset Revaluation Reserve (PPE) | Asset Revaluation Reserve (IP) | Financial Asset Revaluation Reserve | Specific Ministry Reserves | Restricted Funds | Total |
|--|-------------------|---------------------------------|--------------------------------|-------------------------------------|----------------------------|------------------|------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 January 2020 | 27,618,485 | 4,003,370 | - | 3,140,739 | 3,256,393 | 45,228,049 | 83,247,036 |
| Surplus for the year | 748,405 | - | - | - | - | - | 748,405 |
| Other comprehensive income for the year | - | - | - | (26,709) | - | - | (26,709) |
| Total comprehensive income for the year | 748,405 | - | - | (26,709) | - | - | 721,696 |
| Transfer to/from Reserves | (426,570) | - | - | (294,110) | 180,230 | 540,450 | - |
| Balance at 31 December 2020 | 27,940,320 | 4,003,370 | - | 2,819,920 | 3,436,623 | 45,768,499 | 83,968,732 |

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 Cash Flows

For the Year Ended 31 December 2020

| | Note | 2020 \$ | 2019 \$ |
|--|------|--------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Receipts from customers and others | | 3,906,243 | 3,812,968 |
| Payments to suppliers and employees | | (5,894,119) | (5,825,060) |
| Dividends received | | 558,180 | 858,739 |
| Donations received | | 389,477 | 18,418 |
| Interest received | | 794,761 | 927,498 |
| Interest paid | | (496,411) | (680,892) |
| Receipts of Government COVID-19 stimulus | | 763,500 | - |
| Receipt from grants | | 539,365 | 699,866 |
| Other receipts | | 935,417 | 777,223 |
| Net cash provided by/(used in) operating activities | 9 | 1,496,413 | 588,760 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Redemption (Placement) of term deposits | | 4,783,444 | 2,847,846 |
| Payment for investments | | (6,558,035) | (1,514,087) |
| Proceeds from sale of investment securities | | 2,251,838 | 700,907 |
| Payment for property, plant and equipment | | (2,467,066) | (443,889) |
| Proceeds from sale of property, plant and equipment | | 18,449 | 53,508 |
| Loans Advanced (Repaid) | | 19,326 | - |
| Net cash provided by/(used in) investing activities | | (1,952,044) | 1,644,285 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Trust funds procured (repaid) | | 2,521,519 | 1,280,780 |
| Net cash provided by/(used in) financing activities | | 2,521,519 | 1,280,780 |
| Net increase/(decrease) in cash and cash equivalents held | | 2,065,888 | 3,513,825 |
| Cash and cash equivalents at beginning of year | | 5,368,655 | 1,854,830 |
| Cash and cash equivalents at end of financial year | 2 | 7,434,543 | 5,368,655 |

The accompanying notes form part of these financial statements.

Baptist Union of Victoria

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Notes to the Financial Statements

For the Year Ended 31 December 2020

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

Statement of Compliance

The financial statements have been prepared in accordance with the recognition and measurement requirements specified by all applicable Australian Accounting Standards (except as noted below), 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 and AASB 1054 Australian Additional Disclosures:

The Council members of the Union have not formally assessed if the requirements of AASB 10 and AASB 128 would be applicable and have not quantified the impact of these accounting standards in these special purpose financial statements.

Basis of Preparation

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.

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*.

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Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(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. As beneficial ownership is held by the individual Churches for certain purposes these properties are not recorded in the Financial Statements of Baptist Union Victoria.

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

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 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

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Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(e) Revenue and other income

Revenue from contracts with customers

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.

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 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. As at this point in time beneficial ownership is transferred to The Baptist Union of Victoria.

Baptist Union of Victoria

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Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(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.

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 include various investments in managed investment schemes and funds.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Union considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Union's historical experience and informed credit assessment and including forward looking information.

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Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

The Union uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Union uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Union in full, without recourse to the Union to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Union in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

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 2020

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.

Baptist Union of Victoria

ABN: 67 934 884 236

Notes to the Financial Statements

For the Year Ended 31 December 2020

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 - years |
|----------------------------------|--------------------------------|
| Buildings | 40 |
| Plant and Equipment | 5 |
| Furniture, Fixtures and Fittings | 10 |
| Motor Vehicles | 7 |

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 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.

(ii) 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.

(iii) 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.

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Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(j) Provisions

(iv) 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 that 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 2020

2 Cash and Cash Equivalents

| | 2020 | 2019 |
|---------------------|------------------|------------------|
| | \$ | \$ |
| Bank balances | 7,384,543 | 4,016,132 |
| Short-term deposits | 50,000 | 1,352,523 |
| | <u>7,434,543</u> | <u>5,368,655</u> |

3 Trade and Other Receivables

CURRENT

| | | |
|--|----------------|------------------|
| Trade receivables | 276,178 | 730,911 |
| Provision for doubtful debts | (40,001) | (20,000) |
| | <u>236,177</u> | <u>710,911</u> |
| Other debtors and prepayments | 189,616 | 303,318 |
| Interest and imputation credits receivable | 150,562 | 65,509 |
| | <u>576,355</u> | <u>1,079,738</u> |

4 Other Financial Assets

CURRENT

| | | |
|---|-------------------|-------------------|
| Unsecured loans | 37,049 | 37,100 |
| Bank bills and term deposits | 18,467,155 | 23,250,599 |
| First mortgages | 571,415 | 571,415 |
| Provision for impairment of first mortgages | (571,415) | (571,415) |
| | <u>18,504,204</u> | <u>23,287,699</u> |

NON-CURRENT

| | | |
|---|-------------------|-------------------|
| Unsecured loans | 287,645 | 269,871 |
| Equity investments - FVOCI | 10,595,472 | 10,528,091 |
| Other investments - FVTPL | 9,891,530 | 4,507,210 |
| Capital contribution - Baptist Financial Services | 3,250,000 | 3,250,000 |
| | <u>24,024,647</u> | <u>18,555,172</u> |
| | <u>42,528,851</u> | <u>41,842,871</u> |

Baptist Union of Victoria

ABN: 67 934 884 236

Notes to the Financial Statements

For the Year Ended 31 December 2020

5 Investment Properties

| | 2020 | 2019 |
|-------------------------------|-------------------|-------------------|
| | \$ | \$ |
| NON-CURRENT | | |
| Balance at beginning of year | 48,223,146 | 40,962,656 |
| Additions | - | 3,500,000 |
| Disposals | (1,209,530) | - |
| Fair value adjustments | - | 3,760,490 |
| Balance at end of year | 47,013,616 | 48,223,146 |

6 Property, plant and equipment

LAND AND BUILDINGS

| | | |
|--------------------------------|------------|------------|
| Freehold land | | |
| At Executive Council valuation | 9,489,982 | 9,266,732 |
| Buildings | | |
| At Executive Council valuation | 5,040,832 | 3,196,600 |
| Accumulated depreciation | (78,931) | - |
| Total buildings | 4,961,901 | 3,196,600 |
| Total land and buildings | 14,451,883 | 12,463,332 |

PLANT AND EQUIPMENT

| | | |
|--|-------------------|-------------------|
| Plant and equipment | | |
| At cost | 2,333,171 | 1,955,399 |
| Accumulated depreciation | (557,699) | (416,748) |
| Total plant and equipment | 1,775,472 | 1,538,651 |
| Motor vehicles | | |
| At cost | 300,163 | 299,439 |
| Accumulated depreciation | (104,069) | (66,838) |
| Total motor vehicles | 196,094 | 232,601 |
| Total plant and equipment | 1,971,566 | 1,771,252 |
| Total property, plant and equipment | 16,423,449 | 14,234,584 |

Baptist Union of Victoria

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Notes to the Financial Statements

For the Year Ended 31 December 2020

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 2020 | | | | | |
| Balance at the beginning of year | 9,266,732 | 3,196,600 | 1,538,651 | 232,601 | 14,234,584 |
| Additions | 223,250 | 1,726,897 | 495,107 | 21,812 | 2,467,066 |
| Disposals | - | - | - | (18,449) | (18,449) |
| Transfers | - | 117,335 | (117,335) | - | - |
| Depreciation expense | - | (78,931) | (140,951) | (39,870) | (259,752) |
| Balance at the end of the year | 9,489,982 | 4,961,901 | 1,775,472 | 196,094 | 16,423,449 |
| 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 |

Baptist Union of Victoria

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Notes to the Financial Statements

For the Year Ended 31 December 2020

7 Trade and Other Payables

| | 2020 | 2019 |
|----------------------------------|-------------------|-------------------|
| | \$ | \$ |
| CURRENT | | |
| Trade payables | 218,308 | 300,634 |
| Unearned income | 296,459 | 421,317 |
| Accrued expense | 113,262 | 94,721 |
| The BUV LSL Savings Scheme | 1,915,915 | 1,831,572 |
| Funds held in trust for churches | 25,811,690 | 23,290,171 |
| | <u>28,355,634</u> | <u>25,938,415</u> |

8 Provisions

| | | |
|--|------------------|------------------|
| CURRENT | | |
| Annual leave | 321,671 | 243,715 |
| Long service leave | 75,274 | 77,677 |
| | <u>396,945</u> | <u>321,392</u> |
| NON-CURRENT | | |
| Provision for self-funded insurance claims/(recoverable) | - | (21,090) |
| Provision for unreported liability claims | 1,130,479 | 1,152,260 |
| Provision for unknown litigation costs | 100,000 | 100,000 |
| Long service leave | 25,024 | 10,981 |
| | <u>1,255,503</u> | <u>1,242,151</u> |

Baptist Union of Victoria

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Notes to the Financial Statements

For the Year Ended 31 December 2020

9 Cash Flow Information

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

| | 2020 | 2019 |
|--|------------------|----------------|
| | \$ | \$ |
| Surplus for the year | 748,405 | 7,899,137 |
| Non-cash flows in surplus: | | |
| - depreciation | 259,752 | 250,604 |
| - net loss/(gain) on disposal of non current asset | - | 14,740 |
| - impairment of receivables | 20,001 | - |
| - net (gain)/loss on disposal of investments | 67,787 | (17,765) |
| - movement in fair value of financial assets | (30,470) | (528,038) |
| - (gain)/loss on revaluation of investment property | - | (3,760,490) |
| - investment properties contribution | - | (3,500,000) |
| Changes in assets and liabilities: | | |
| - (increase)/decrease in trade and other receivables | 446,333 | 346,633 |
| - increase/(decrease) in trade and other payables | (104,300) | (64,238) |
| - increase/(decrease) in provisions | 88,905 | (51,823) |
| Cashflows from operations | <u>1,496,413</u> | <u>588,760</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 on trust and funds on behalf of its member churches for certain purposes.

Agencies:

- Baptcare 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

Baptist Union of Victoria

ABN: 67 934 884 236

Notes to the Financial Statements

For the Year Ended 31 December 2020

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 \$1,499,975 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

In the 2019 year, 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 \$9,500,000 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.

The Union has also provided a guarantee in relation to an overdraft of \$300,000 provided by Baptist Financial Services Australia Ltd to Baptist Camping Victoria Inc.

Baptist Union of Victoria

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Notes to the Financial Statements

For the Year Ended 31 December 2020

13 Events after the end of the Reporting Period

The financial position of the company was not adversely impacted in the 2020 year as a result of the global pandemic, due to the stimulus grants received from the state and federal government and strong support from churches. Whilst the pandemic is still on going, the financial impact to the company in 2021 is unknown however the council members do not believe that the pandemic will prevent the company from being a going concern.

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

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 26 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and *The Baptist Union of Victoria Incorporation Act 1930*;
2. The financial statements give a true and fair view of the financial position of the Union as at 31 December 2020 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
3. 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
Daniel Bullock
Rev Daniel Bullock
Director of Ministries

Digitally signed by Daniel Bullock
Date: 2021.07.07 11:50:41 +1000

Responsible person

Mr Mick Turnbull
Chair of Audit & Risk Committee

Dated 7 July 2021

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 2020, 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 2020 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

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

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

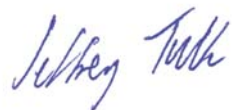
Independent Audit Report to the members of Baptist Union of Victoria

- 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



Jeffrey Tulk
Partner

Blackburn VIC
Dated: 21 July 2021