

Melbourne Church of Christ

ACN 111 933 325

Annual Report 2017 to Members

including Financial Statements

From the Directors

It's our pleasure as directors to present to you the 13th Annual Report including the financial statements of the Melbourne Church of Christ.

This year we've had great growth in our staff numbers across our Australian churches. It's super encouraging to be financially able to support churches like Adelaide and Perth so they are more able to serve God in these places! And to grow our staff in Melbourne! As we reflect on this past year we're reminded of how important it is to serve God with every aspect of our lives, as Abraham left everything to follow God he also tithed.

This Melchizedek was king of Salem and priest of God Most High. He met Abraham returning from the defeat of the kings and blessed him, and Abraham gave him a tenth of everything. First, the name Melchizedek means "king of righteousness"; then also, "king of Salem" means "king of peace." Without father or mother, without genealogy, without beginning of days or end of life, resembling the Son of God, he remains a priest forever. Just think how great he was: Even the patriarch Abraham gave him a tenth of the plunder! Now the law requires the descendants of Levi who become priests to collect a tenth from the people—that is, from their fellow Israelites—even though they also are descended from Abraham.

Hebrews 7:1-5 (NIV)

How much more should we be careful to serve God with every aspect of our lives as we have seen the fullness of God's grace through Jesus!

Now there have been many of those priests, since death prevented them from continuing in office; but because Jesus lives forever, he has a permanent priesthood. Therefore he is able to save completely those who come to God through him, because he always lives to intercede for them.

Hebrews 7:23-25 (NIV)

Let's serve God with every aspect of our lives, giving to God as we should, acknowledging his sovereignty. Your giving will further God's work not only in Melbourne but right across Australia. Look forward to God building strong vibrant churches in every region of this nation as we work to lay solid foundations.

Your brother in Christ,

Sam Percy

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1 Staff Report

The Melbourne staff would like to share some of the events that have happened so far this year.

We would like to welcome those born again into our family since the last AGM: OJ Briones, Grace Veenman, Matthew Lawrence, Baron Zhao, Tyson Nguyen, Chantel Delos Santos, David Rivett, Lauren Song, George Dundas, Bryan Anderson, Sophie McBride, Aisha Timlin, Gina Berdux, Jerry Huang, Ruby Briones, Amy Martinez, Jane Wang, Aleks Ceran & Jasmin Whytlaw.

We would also like to welcome the following who have moved in from other churches: Jordan King, Johnn Esper Pimental, Arlene Alvarez, Defodji & Jackie Sogbohossou, Maite Curtain, Kelly & Victor Quek, Jack Whytlaw, Megan Chisholm, Simba & Zanale Chikanya, Jackie Wong, Alexis Lion, Moe Chanpreda and Jon & Dani Lucas.

It's exciting to have the following restored to our fellowship: Robin & Rebecca Sparks.

The church has been delighted to celebrate in the birth of Eva Lee, Arthur Benjamin Boardman Sorocuk, Victor Zhu and Daniella Man.

George Dundas, Shareen Foo, and Gabriel Gabralidis passed away this year, but remained faithful and reached the heavenly goal. Our condolences to their families but we know we will be with them one day at the great banquet.

There has been a succession of three Women's nights this year hosted at Kensington Town Hall entitled "Filled up, Poured out". They were held on the 28th of July, 8th of September and 20th of October. The staff would like to thank the hard work and messages given by Megan Chisholm, Dani Lucas, Gayle Boardman, Esther Arcilla, Pamela Lam, Michelle Cameron & Caron Vassallo. Thank you to all the members who have also made this an incredible success.

Sam & Michelle Cameron left to serve the Perth Church of Christ on the 1st of October. The staff would like to thank them for all the hard work they have done with the Campus, Yo Pros and West region. God has used them powerfully to inspire others wherever they served and are sure they will do the same in their future adventures.

Pamela Lam departs the 15th of October to serve the Perth Church. She has given her heart to both the Campus and Teen ministry her whole time here. She will be sorely missed but the Church is grateful for her positive outlook and faithful service.

We are excited to have new staff members, Dani & Jon Lucas who will serve the Campus and West Region. Aaron & Esther Arcilla have also been asked to serve the Teen Ministry full time. This is the first time the Church has had full time Teen Leaders which is an exciting new chapter for us. We are looking forward to working with all of them and being stirred by their faith and vision for the Melbourne Church of Christ.

The staff would like to sincerely thank the hard work & dedication of the Manalastas & Beanlands for running the Kids Kingdom ministry.

Our thanks to the Directors who assure the church is above reproach legally and assist with many issues and areas. They work hard behind the scenes and the Staff is thankful for the sacrifices they make.

The staff are truly honoured to serve God's Church in Melbourne.

Thank you for supporting us.

On behalf of the Staff.

2 Budget and Financial Analysis

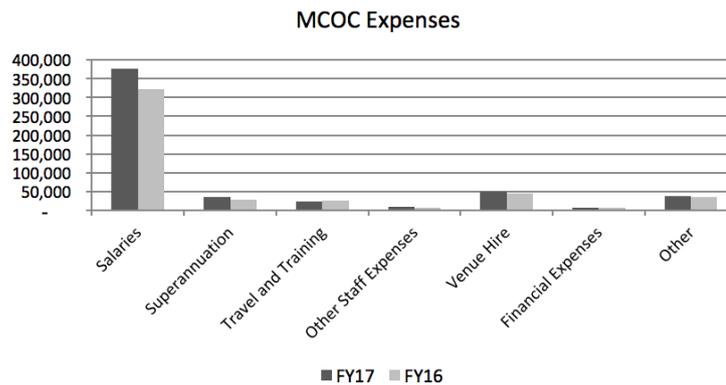
2.1 Statements

Shown below is our traditional presentation of the non-audited informal income and expense statement for the Melbourne Church of Christ with the 2016/17 and 2017/18 budgets.

Melbourne Church of Christ				
Non-audited Informal Income and Expenses Statement and Budget comparison				
	Actual FY17	Budget FY17	Variance	Budget FY18
	\$	\$	\$	\$
Income				
Ordinary Contribution	589,869	492,000	97,869	520,000
Benevolence	3,964	-	3,964	4,800
Interest	13,247	-	13,247	13,000
Other	21,591	15,769	5,823	22,000
Total Income	628,670	507,769	120,902	559,800
Expenses				
Salaries	377,024	348,892	-28,132	477,011
Superannuation	34,741	33,145	-1,597	55,386
Administration	7,800	5,700	-2,100	8,000
Car Allowances	-	999	999	-
Audit & Statements	6,436	6,723	287	6,723
Insurance	1,357	2,969	1,612	3,411
Travel & Training	22,581	30,924	8,343	27,636
Venue Hire	48,725	54,210	5,485	68,210
Events	6,382	9,231	2,849	5,323
Telephone & Communication	8,814	7,419	-1,395	9,496
Postage	425	1,001	576	442
Office Expenses	3,227	3,928	701	3,856
Fees	929	243	-686	966
Gifts	1,550	2,007	457	1,862
Kids Kingdom & Teens	4,014	-	-4,014	4,174
Benevolence	12,020	15,000	2,980	12,000
Repairs & Maintenance	-	-	-	-
Depreciation	537	-	-537	933
Other	1,530	-	-1,530	500
Total Expenses	538,089	522,390	-15,699	685,929
Surplus/-Deficit	90,581	-14,621	105,203	-126,129

This report is not prepared in accordance with the Accounting Standards in accordance with the Corporations Act. Please refer to section 8 on page 9 for accounting statements that satisfy the requirement of the Australian Charities and Not-For-Profit Commission Act 2012. Benevolence has been included on this report. Missions activities have been excluded from this statement, but are disclosed separately in this report.

2.2 Analysis



“Other Staff Expenses” includes car allowances; telephone & communication.

“Other” expenses includes all other expenses not separately identified.

“Financial Expenses” includes administration and audit.

Fig. 1: Budget Analysis

The analysis which follows is based in the Non-audited Informal Income and Expenses statement.

Contributions for 2016/17 were above the expected budgeted amount. The surplus shown at the end of the table correlates to these additional contributions that were above the budgeted amount.

As in previous years, staff salaries, benefits and expenses accounted for a significant vast majority (82%) of expenses in 2016-17 (70% salaries; 13% other staff benefits and expenses such as travel, car allowances and telecommunications). Venue hire expenses are another significant item, at 9% of total expenses in 2016/17 (9% in 2015/16), and cost pressure in this area is likely to continue.

Travel costs were lower than the prior year, and it is worth noting that travel costs are often influenced by the timing, scheduling and frequency of regional and international events. Administration costs have continued to be relatively low due to the combination of outsourcing and utilisation of a part-time administrator.

Staffing levels in the Melbourne church have recently risen, and the retained surplus will be used if required to fund the associated increase in expenses. In addition, the church is committed to providing support towards some of the staffing costs of the Adelaide and Perth churches. The church remains committed to identifying and bringing onto staff appropriate ministry people to build for the future.

Consideration of the statutory accounts

The surplus of \$90,581 shown in the Non-audited Informal Income and Expenses statement differs from the statutory “surplus from ordinary activities” of \$179,570 in the Statutory Accounts due to the inclusion of missions activity. If the church receives more missions monies than spent in a given year, then the practical net effect is to increase the reported surplus of the church. This year the missions contribution also included missions contributions from other churches in the SPA region. This was due to the Melbourne church providing a centralised role for distributing missions contributions to growing churches in the SPA region. This surplus of missions monies is taken to a missions reserve.

The statutory accounts also show positive change in the value of investments held by the church, which is not shown here. The prior year had a negative change to the investments held by the church.

The responsible entity’s declaration, directors report and auditors report cover only the statutory reports and financial statements.

Financial Assets and Investments

The directors have endeavoured to invest cash held by the church in low risk manner and to ensure that cash requirements can be met quickly. Most of the investible cash of the church is required to fund operating

expenditure, either now or over the next few years. While the church currently has a large amount of surplus funds, it is expected that a significant portion of these retained funds will be spent over the next few years for ministry purposes.

- Most investible monies are held in term deposits. The church uses a mix of month based term deposits for the majority of invested money.
- A portion of the assets of the church are required to be held to support long term liabilities and contingent liabilities of the church. The directors have sought to increase the rate of return on assets held against these, in equity linked investments and convertible notes and similar investments. Currently the church holds four investments: Macquarie Bank Income Securities, Suncorp Income Securities, interests in a Hunter Hall value investment fund and an Aurora absolute return fund.

3 Travel, Events and Training

The Travel & Training and Events funding is determined by the annual budget process.

The Church understands the importance of remaining inter-dependent with like-minded churches and that recognise that travel is a key enabler. Within these limits and the guidelines below the use of the travel and training funds is at the discretion of the Board of Governance. Travel includes tolls, staff travel outside of Melbourne, and expenses related to invited ministry visitors, although some invited ministry visitors elect to pay some or all of their expenses.

Training includes course fees for staff training, as well as materials for staff or church related training.

Travel and Training funding is dominated by travel expenses, which in turn is dominated by international then domestic airfares.

Any Travel and Training expense under budget is carried over into the next year, increasing the funds available. As mentioned there was a lower travel spend in 2017 than in the prior year as these costs can be dependant on scheduling of regional and international events. Travel costs are driven by the need to build relationships with other churches throughout the world and Mike Vassallo's position as a delegate in the region to International Leader's Conferences.

	2017	2016
	\$	\$
Total Travel and Training Open Balance	9,446	5,776
Travel and Training Budget	30,924	30,315
Travel Spending	21,008	25,641
Training Spending	1,573	1,004
Total Travel and Training Spending	22,581	26,645
Total Travel/Training Closing Balance	17,789	9,446

4 Missions and Special Contribution

Missions and Special Contribution income was gifted by members direct to the missions account.

Missions and Special Contribution were used to support:

- Port Moresby COC: \$30,000 monetary contributions to Port Moresby church, used principally for support of ministry staff and church running expenses. This support is expected to continue.
- Fiji COC: this support was monetary contributions to the Fiji Church (\$3,000) and travel support (\$3,425).

- Adelaide travel support \$2,828.

We note that in 2016/17 the members have continued to actively support the missions objectives of the church. This has permitted the planning of other missions objectives, such as the planting of Adelaide. The directors urge all members to give sacrificially to missions, so that the gospel can be extended throughout the world. Anyone wishing to support this work may directly deposit into the missions bank account at any time.

	2017	2016
	\$	\$
Missions Open Balance (Reserve)	169,348	119,130
Missions Members Contribution	77,601	78,495
Specific Members Contribution	11,000	28,500
	0	-5,232
	88,601	101,763
Total funds available for missions	257,949	220,893
Distribution to Port Moresby COC	30,000	30,000
Distribution to Fiji COC	3,000	0
Fiji COC Support	3,425	0
Adelaide Church Support	2,828	21,545
Total Missions Distributions	39,253	51,545
Total Missions Closing Balance (Reserve)	218,696	169,348

Australian Missions Society (AMS): In 2015/16 the Directors undertook to provide centralised administrative support to facilitate to collection and distribution of funds from churches in the SPA region to related churches requiring missions support. It was agreed between all parties in mid-2017 to wind up this arrangement with the balances of these funds specifically directed towards supporting staff costs in Adelaide.

	2017	2016
	\$	\$
AMS Missions Open Balance (Reserve)	80,000	
AMS Missions Contribution	85,097	80,000
Total funds available for missions	165,097	80,000
Distribution to Port Moresby COC	45,030	
Distribution to Fiji COC	6,030	
Adelaide Church Support	49,607	
Total Missions Distributions	100,667	
Total AMS Missions Closing Balance (Reserve)	64,430	80,000

As noted in the Statutory Accounts there was a \$110 000 support payment made to the PNG church in April 2017.

5 Benevolence

Benevolence income is funded by direct contribution by members to the benevolence bank account. For 2016/17, the directors undertook to provide up to \$20,000 for benevolence, if required. As the benevolence needs were above the contributions for benevolence, the balance was taken from ordinary funds.

Benevolence outgoings supported church members in dire financial need, as identified by church staff and supervised by the Board of Governance.

	2017	2016
	\$	\$
Benevolence Open (Reserve)	15,816	15,816
Benevolence funds collected	3,964	4,945
Ordinary funds reclassified	0	5,135
Total Benevolence Contribution	3,964	10,080
Local Benevolence work costs	12,020	10,080
Total Benevolence Distribution	12,020	15,816
Benevolence Closing (Reserve)	7,760	15,816

Currently Specific Benevolence collections are below what the church is distributing.

Monies were also gifted by members to HOPE worldwide (Australia) as part of the regular Sunday envelope collections. HOPE worldwide (Australia) is a separate entity to the church and these items do not appear on the Church accounts.

The directors urge all members to excel in benevolence, so the world can see the nature of Christ. Members can directly deposit into the benevolence bank account and are also encouraged to actively support HOPE worldwide (Australia).

6 Melbourne Church of Christ Miscellaneous Trust

Throughout this section Melbourne Church of Christ Miscellaneous Trust will be abbreviated MCOCMT. The MCOCMT has the Church as its corporate trustee.

In accordance with the Trust Deed of the MCOCMT, the activities of the MCOCMT outlined below actively promoted the fellowship of the Christian religion, and the MCOCMT did not employ staff or hold church worship services.

The MCOCMT is not registered for the GST, so does not charge or claim GST.

6.1 Events

Events run by the MCOCMT typically include various types of church events. In FY17 these included the a leaders retreat, a singles retreat, Melbourne teen camp Womens High Tea and Father Daughter Dance.

Church events use the “events account” for which the banking details are:

Name: Melbourne Church of Christ Miscellaneous Trust Events

BSB: 633-000

Account No: 146174982

The directors continue to encourage all members to deposit regular contribution into the MCOC main operating account at Bendigo Bank. These account details are:

Name: Melbourne Church of Christ

BSB: 633-000

Account No: 146173406

Leader Retreat - 2017

- Total income received: \$4,075
- Total expenses incurred: \$7,716
- Deficit: \$3,641

Singles Retreat - 2016

- Total income received: \$11,088
- Total expenses incurred: \$12,260
- Deficit: \$1,472

Womens High Tea - 2016

- Total income received: \$5,904
- Total expenses incurred: \$3,487
- Surplus: \$2,417

Father Daughter Dance - 2016

- Total income received: \$370
- Total expenses incurred: \$265
- Surplus: \$105

Church

No other movements of money between the MCOCMT and the church took place during the year.

Position

- The balance of the MCOCMT events account on 1 April 2016 was \$9,878
- The balance of the MCOCMT events account on 31 Mar 2017 was \$7,587
- Over FY17 the MCOCMT events account decreased by \$2,291

6.2 Teens

The MCOCMT teens account is typically used for receiving and dispersing funds for teen retreats. Typically funds received come through parent deposits and teen fundraising.

Teen fund-raising is done through a specific Bendigo account:

Name: Melbourne Church of Christ Miscellaneous Trust Teens
BSB: 633-000
Account No: 146174446

Melbourne Teen Retreat 2017

The Directors wish to thank those who contributed their time and effort to allow the Melbourne Church to host the Teen Retreat in 2017.

- Total income: \$61,167
- Total expenses: \$50,785
- Surplus: \$10,382

Church

The church did not make payments to the trust in relation to teens events during the year.

Position

- The balance of the MCOCMT teens account on 1 April 2016 was \$2,511
- The balance of the MCOCMT teens account on 31 Mar 2017 was \$12,793
- Over FY17, the MCOCMT teens account increased by \$10,282

The entire balance of the MCOCMT teens account is available to be used for future teen events.

6.3 Teens and Events Declaration

There are two divisions of the MCOCMT that operate separate bank accounts that can be operated by Authorised Officers in addition to the directors. These are the Teens and Events. Refer to section 6.1 on page 6 and section 6.2 on the previous page for detail regarding the activities of these divisions.

The Authorised Officers of the MCOCMT in FY17 were Michael Vassallo (Events) and Michael Vassallo on behalf of Aaron Arcilla.

Declaration of the Authorised Officers of the Trust

In accordance with the trust deed of the MCOCMT, the division of the MCOCMT for which I am the responsible Authorised Officer:

- actively promoted the fellowship of the Christian religion, and
- did not employ staff or hold church worship services.

Authorised Officer (Events)



Authorised Officer (Teens)



7 Cash Collections

The directors wish to make clear the usage of funds given in collections normally taken up on Sundays.

- Amounts placed in the collection bag, but NOT IN the HOPE Worldwide envelope are received by the Church for the work of the church and for benevolence, but not currently used for HOPE Worldwide.
- Amounts placed in the collection bag, AND IN the HOPE Worldwide envelope are given fully to HOPE Worldwide.

8 Statutory Reports and Financial Statements

8.1 Directors Report

Melbourne Church of Christ

ABN: 24 111 933 325

Directors' Report

31 March 2017

Your directors present their report on the Church for the financial year ended 31 March 2017.

1. Directors

The names of each person who has been a director during the year and to date of this report are:

Sam John Percy
Ray Cheng
Louise Veenman
Paul Kohler

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The principal activities of the church during the financial year were to provide religious services.

The church's short term objectives are to:

- Conduct a religious organisation consistent with the church's purpose

The church's long term objectives are to:

- Conduct a religious organisation consistent with the church's purpose

To achieve these objectives, the church has adopted the following strategies:

- To implement the goals and strategies as developed by the eldership from time to time

Key Performance Measures

The Church measures its actual financial performance against budgeted financial performance.

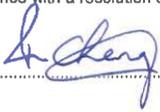
Members' Guarantee

The church is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the church is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the church.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 March 2017 has been received and can be found on page 16 of the financial report.

Signed in accordance with a resolution of the Board of Directors by:

Director: 

Director: 

Dated: 11th September 2017

8.2 Auditor's Independence Declaration



Melbourne Church of Christ

ABN: 24 111 933 325

Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2017 there have been no contraventions of:

- (i) 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) any applicable code of professional conduct in relation to the audit.

Saward Dawson

Saward Dawson

Jeffrey Tulk

Jeffrey Tulk
Partner

Dated: 11 September 2017

Blackburn

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Directors: Cathy Braun CA Jeff Davey FCA
Marie Ickeringill SSA Matthew Stokes CA
Murray Nicholls CA Vicki Adams CA CPA CFP®

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8.3 Responsible Entities' Declaration

Melbourne Church of Christ

ABN: 24 111 933 325

Directors' Declaration

In accordance with a resolution of the directors of Melbourne Church of Christ, the directors declare that:

1. The financial statements and notes, as set out on pages 2 to 14, are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards applicable to the Church; and
 - (b) give a true and fair view of the financial position of the company for the year ended 31 March 2017 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.
2. In the directors' opinion, there are reasonable grounds to believe that the Church will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 

Director 

Dated:



The accompanying notes form part of these financial statements.

8.4 Independent Audit Report



Melbourne Church of Christ

ABN: 24 111 933 325

Independent Audit Report to the members of Melbourne Church of Christ

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Melbourne Church of Christ, which comprises the statement of financial position as at 31 March 2017, 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 directors' declaration.

In our opinion, the accompanying financial report of Church is 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 Church's financial position as at 31 March 2017 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis of 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 Church in accordance with the auditor independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* 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 for the purpose of fulfilling the directors' financial reporting responsibilities under the *Australian Charities and Not-for-Profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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Melbourne Church of Christ

ABN: 24 111 933 325

Independent Audit Report to the members of Melbourne Church of Christ

Responsibilities of Directors for the Financial Report

The directors of the Church are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-For-Profit Commission Act 2012* and the *Australian Charities and Not-For-Profit Commission Regulation 2013* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors 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 directors are responsible for assessing the Church'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 directors either intend to liquidate the Church 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 Church's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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18



Melbourne Church of Christ

ABN: 24 111 933 325

Independent Audit Report to the members of Melbourne Church of Christ

- Conclude on the appropriateness of the directors' 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 Church'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 Church 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 the directors 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

Dated: 11 September 2017

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Joshua Morse CA Jeff Tulk CA
Directors: Cathy Braun CA Jeff Davey FCA
Marie Ickeringill SSA Matthew Stokes CA
Murray Nicholls CA Vicki Adams CA CPA CFP®

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A Financial Statements – SAWARD DAWSON

This section includes the entire document prepared by Saward Dawson entitled “2017 Audit Financial Statements” (pages 1-19).

This document (2017_annual_report.pdf) is also available via the church website at the following location:

<http://www.melbournecoc.org/members.html>



Melbourne Church of Christ
ABN: 24 111 933 325

Financial Statements for the year ended
31 March 2017

Melbourne Church of Christ

ABN: 24 111 933 325

For the Year Ended 31 March 2017

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Melbourne Church of Christ

ABN: 24 111 933 325

Directors' Report

31 March 2017

Your directors present their report on the Church for the financial year ended 31 March 2017.

1. Directors

The names of each person who has been a director during the year and to date of this report are:

Sam John Percy
Ray Cheng
Louise Veenman
Paul Kohler

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The principal activities of the church during the financial year were to provide religious services.

The church's short term objectives are to:

- Conduct a religious organisation consistent with the church's purpose

The church's long term objectives are to:

- Conduct a religious organisation consistent with the church's purpose

To achieve these objectives, the church has adopted the following strategies:

- To implement the goals and strategies as developed by the eldership from time to time

Key Performance Measures

The Church measures its actual financial performance against budgeted financial performance.

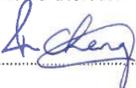
Members' Guarantee

The church is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the church is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the church.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 March 2017 has been received and can be found on page 16 of the financial report.

Signed in accordance with a resolution of the Board of Directors by:

Director: 

Director: 

Dated: 11th September 2017

Melbourne Church of Christ

ABN: 24 111 933 325

Statement of Income and Expenditure and Other Comprehensive Income

For the Year Ended 31 March 2017

	2017	2016
Note	\$	\$
Ordinary revenue	2 717,272	649,335
AMS collections	85,097	80,000
Employee benefits expense	(413,486)	(351,657)
Donations	3 (52,023)	(61,625)
Rental expense	(48,725)	(44,619)
AMS distribution	(48,000)	-
Sundry expenses	(25,881)	(16,752)
Travel - domestic	(14,467)	(25,444)
Consulting and professional fees	(12,230)	(11,813)
Telephone and fax	(8,784)	(7,072)
Insurance	(1,209)	(1,347)
Depreciation	3 (537)	(933)
Amortisation	3 -	(1,401)
Net Surplus for the year	<u>177,027</u>	<u>206,672</u>
Other comprehensive income		
Items that will be reclassified subsequently to surplus or deficit		
Unrealised gain/(loss) on financial assets	2,543	(5,361)
Other comprehensive income for the year	<u>2,543</u>	<u>(5,361)</u>
Total comprehensive income attributable to members of the entity	<u>179,570</u>	<u>201,311</u>

The accompanying notes form part of these financial statements.

Melbourne Church of Christ

ABN: 24 111 933 325

Statement of Financial Position

As at 31 March 2017

	Note	2017 \$	2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	595,918	444,420
Trade and other receivables	5	18,278	4,818
Financial assets	6	473,867	461,777
Other assets	7	6,525	1,566
Total current assets		1,094,588	912,581
Non-current assets			
Financial assets	6	78,961	76,417
Plant and equipment	8	1,022	510
Total non-current assets		79,983	76,927
TOTAL ASSETS		1,174,571	989,508
LIABILITIES			
Current liabilities			
Trade and other payables	9	20,485	26,316
Short-term provisions	10	43,041	31,717
Total current liabilities		63,526	58,033
TOTAL LIABILITIES		63,526	58,033
NET ASSETS		1,111,045	931,475
EQUITY			
Reserves	11	335,804	303,752
Retained surpluses		775,241	627,723
TOTAL EQUITY		1,111,045	931,475

The accompanying notes form part of these financial statements.

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Melbourne Church of Christ

ABN: 24 111 933 325

Statement of Changes in Equity

For the Year Ended 31 March 2017

2017

	Retained Surpluses	Benevolence Reserve	Missions Reserve	Asset Revaluation Reserve	Australian Missions Society Reserve	Workcover Reserve	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 April 2016	627,723	15,816	169,348	14,187	80,000	24,401	931,475
Surplus for the year	177,027	-	-	-	-	-	177,027
Revaluation increment (decrement)	-	-	-	2,543	-	-	2,543
Transfers to and from reserves	(29,509)	(8,056)	49,348	-	(15,570)	3,787	-
Balance at 31 March 2017	775,241	7,760	218,696	16,730	64,430	28,188	1,111,045

2016

	Retained Surpluses	Benevolence Reserve	Missions Reserve	Asset Revaluation Reserve	Australian Missions Society Reserve	Workcover Reserve	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 April 2015	554,516	15,816	119,130	19,548	-	21,154	730,164
Surplus for the year	206,672	-	-	-	-	-	206,672
Revaluation increment (decrement)	-	-	-	(5,361)	-	-	(5,361)
Transfers to and from reserves	(133,465)	-	50,218	-	80,000	3,247	-
Balance at 31 March 2016	627,723	15,816	169,348	14,187	80,000	24,401	931,475

The accompanying notes form part of these financial statements.

Melbourne Church of Christ

ABN: 24 111 933 325

Statement of Cash Flows

For the Year Ended 31 March 2017

	2017	2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members and other partners	792,940	729,401
Payments to suppliers and employees	(645,702)	(525,109)
Investment income including dividends	4,154	4,080
Interest received	13,247	14,743
Net cash provided by/(used in) operating activities	12 <u>164,639</u>	<u>223,115</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption/(Placement) of term deposits	(12,091)	(12,987)
Payment for plant and equipment	(1,050)	-
Net cash used by investing activities	<u>(13,141)</u>	<u>(12,987)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase/(decrease) in cash held	151,498	210,128
Cash and cash equivalents at beginning of year	444,420	234,292
Cash and cash equivalents at end of financial year	4 <u>595,918</u>	<u>444,420</u>

The accompanying notes form part of these financial statements.

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Melbourne Church of Christ

ABN: 24 111 933 325

Notes to the Financial Statements

For the Year Ended 31 March 2017

1 Summary of Significant Accounting policies

(a) General information

The financial statements cover Melbourne Church of Christ as an individual entity, incorporated and domiciled in Australia. Melbourne Church of Christ is a company limited by guarantee.

(b) Basis of preparation

Reporting basis

The directors have prepared the special purpose financial statements on the basis that the church is a non-reporting entity because there are no users who are dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-For-Profit Commission Regulations 2013*. The church is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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-Profit Commission Act 2012* and the *Australian Charities and Not-For-Profit Commission Regulations 2013* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods 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 unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

(c) Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. In the event the carrying amount of plant and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the church commencing from the time the asset is held ready for use.

Melbourne Church of Christ

ABN: 24 111 933 325

Notes to the Financial Statements

For the Year Ended 31 March 2017

1 Summary of Significant Accounting policies continued

(c) Plant and equipment continued

Depreciation continued

The depreciation rates used for each class of depreciable asset are:

Fixed asset class	Depreciation rate
Computer Equipment	25% - 33%
Other Plant and Equipment	20%

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in the statement of income and expenditure and other comprehensive income in the period in which they arise.

(d) Impairment

At the end of each reporting period, the church reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in the statement of income and expenditure and other comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

(e) Financial instruments

Initial recognition and measurement

Financial assets are recognised when the church becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the church commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Fair value is determined based on current bid prices for all quoted investments.

Melbourne Church of Christ

ABN: 24 111 933 325

Notes to the Financial Statements

For the Year Ended 31 March 2017

1 Summary of Significant Accounting policies continued

(e) Financial instruments continued

Classification and subsequent measurement continued

(i) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the church's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(ii) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into income and expenditure.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

Impairment

At the end of each reporting period, the church assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in the statement of income and expenditure. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into income or expenditure at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the church no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Melbourne Church of Christ

ABN: 24 111 933 325

Notes to the Financial Statements

For the Year Ended 31 March 2017

1 Summary of Significant Accounting policies continued

(f) **Employee provisions**

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the amounts expected to be paid when the obligation is settled.

Long service leave is accrued for staff when they reach 5 years of service.

Contributions are made by the church to an employee superannuation fund and are charged as expenses when incurred.

(g) **Cash and cash equivalents**

Cash on hand includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(h) **Trade and other receivables**

Trade and other receivables include franking credits claimable and amounts due from member trust distributions. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(i) **Trade and other payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the church during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(j) **Income taxes**

No current or deferred income tax assets or liabilities have been raised by the Church as it is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

The church is registered with the Australian Charities and Not-For-Profits Commission as a religious charity.

Melbourne Church of Christ

ABN: 24 111 933 325

Notes to the Financial Statements

For the Year Ended 31 March 2017

1 Summary of Significant Accounting policies continued

(k) Revenue

Tithes, offerings and other gifts are recognised as revenue when they are received. Where funds have been received for a specific ministry or project, they will be allocated to the specific ministry, department or project to be held in trust until such time as they are expended.

Interest revenue is recognised as it accrues using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend and trust distribution revenue is recognised when the right to receive a dividend or distribution has been established.

Trust distributions are recognised as revenue when distributions are declared.

Investment income is recognised on receipt.

All revenue is stated net of the amount of goods and services tax (GST).

(l) Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(m) Melbourne Church of Christ Trust

All of the assets and liabilities of the Melbourne Church of Christ Trust were transferred to the church as at 1 January 2005, when the company was incorporated and took over control of the church.

(n) New Accounting Standards for Application in Future Periods

The church does not anticipate any change in accounting policy in the future that will have any material effect on the church's financial statements.

Melbourne Church of Christ

ABN: 24 111 933 325

Notes to the Financial Statements

For the Year Ended 31 March 2017

2 Revenue

	2017	2016
	\$	\$
- Tithes and offerings	671,434	602,014
- Trust distribution income	17,437	-
- Interest income	13,247	14,742
- Specific collections	11,000	28,500
- Investment income	4,154	4,079
	<u>717,272</u>	<u>649,335</u>

3 Surplus from Ordinary Activities**Expenses from Ordinary Activities**

Depreciation of plant and equipment	537	933
Amortisation	-	1,401
Remuneration of auditor		
Auditing or reviewing the financial report	5,250	5,000
Other services	1,000	1,000
	<u>6,250</u>	<u>6,000</u>
Donations expense		
Missions donations	40,003	51,545
Benevolent donations	12,020	10,080
	<u>52,023</u>	<u>61,625</u>

4 Cash and cash equivalents

Cash at bank	595,918	444,420
	<u>595,918</u>	<u>444,420</u>

5 Trade and other receivables

CURRENT		
GST receivable	17,704	4,159
Other receivables	574	659
	<u>18,278</u>	<u>4,818</u>

Melbourne Church of Christ

ABN: 24 111 933 325

Notes to the Financial Statements

For the Year Ended 31 March 2017

6 Financial assets

	2017	2016
	\$	\$
CURRENT		
Held-to-maturity financial assets	473,867	461,777
Total current assets	<u>473,867</u>	<u>461,777</u>
NON-CURRENT		
Available for sale financial assets	78,961	76,417
Total non-current assets	<u>78,961</u>	<u>76,417</u>

7 Other assets

CURRENT		
Loan receivable and prepayments	765	826
Other deposits	5,760	740
	<u>6,525</u>	<u>1,566</u>

8 Property plant and equipment**Computer Equipment**

At cost	4,852	3,802
Accumulated depreciation	(3,880)	(3,585)
Total computer equipment	<u>972</u>	<u>217</u>

Audio visual equipment

At cost	1,148	1,148
Accumulated depreciation	(1,148)	(1,033)
Total audio visual equipment	<u>-</u>	<u>115</u>

Other equipment

At cost	509	509
Accumulated depreciation	(459)	(331)
Total other equipment	<u>50</u>	<u>178</u>
	<u>1,022</u>	<u>510</u>

Melbourne Church of Christ

ABN: 24 111 933 325

Notes to the Financial Statements

For the Year Ended 31 March 2017

9 Trade and other payables

	2017	2016
	\$	\$
CURRENT		
Trade payables	20,180	26,011
Other payables	305	305
	<u>20,485</u>	<u>26,316</u>

10 Provisions

CURRENT		
Employee provisions	43,041	31,717
	<u>43,041</u>	<u>31,717</u>

11 Reserves

Workcover Reserve

This reserve represents funds that the church has put aside to fund fringe benefits payable to employees if an employee claims workcover. The workcover insurance does not cover the fringe benefit portion of the employee salary during a workcover claim period.

Benevolence Reserve

This reserve represents funds that the church has put aside to fund donations.

Missions Reserve

This reserve represents funds that the church has put aside to fund donations for missions.

Asset Revaluation Reserve

This reserve records revaluations of financial assets.

Aust Missions Society Reserve

This reserve represent funds that have been specifically set aside for the purpose of providing benevolence and support to sister churches within the SPA network.

Melbourne Church of Christ

ABN: 24 111 933 325

Notes to the Financial Statements

For the Year Ended 31 March 2017

12 Cash Flow Information

Reconciliation of cashflow from operations with surplus for the period

	2017	2016
	\$	\$
Net surplus for the period	177,027	206,672
Non-cash flows in surplus		
Amortisation	-	1,401
Depreciation	538	933
Changes in assets and liabilities		
(Increase)/decrease in receivables	(13,460)	4,126
(Increase)/decrease in current assets	(4,959)	(124)
Increase/(decrease) in current payables	(5,831)	(4,008)
Increase/(decrease) in current provisions	11,324	14,115
	<u>164,639</u>	<u>223,115</u>

13 Contingent Liabilities

Amounts payable under employee agreements	104,111	91,656
---	---------	--------

Where employment is terminated by the employer, employees are entitled to payments upon termination as per employment agreement (Section 7.3(c)). The number of weeks payable is determined by the length of the employee's employment period.

14 Subsequent events note

On 21 April 2017, Melbourne Church of Christ made a distribution payment of \$110,030 to Port Moresby Church of Christ as part of 2017 program support.

15 Church's Details

The registered office of the church is:
 Melbourne Church of Christ
 54 Centre Dandenong Road
 Cheltenham, VIC 3192

Melbourne Church of Christ

ABN: 24 111 933 325

Directors' Declaration

In accordance with a resolution of the directors of Melbourne Church of Christ, the directors declare that:

1. The financial statements and notes, as set out on pages 2 to 14, are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards applicable to the Church; and
 - (b) give a true and fair view of the financial position of the company for the year ended 31 March 2017 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.
2. In the directors' opinion, there are reasonable grounds to believe that the Church will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 

Director 

Dated: 11th September 2017

The accompanying notes form part of these financial statements.

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Melbourne Church of Christ

ABN: 24 111 933 325

Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2017 there have been no contraventions of:

- (i) 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) any applicable code of professional conduct in relation to the audit.

Saward Dawson

Jeffrey Tulk
Partner

Dated: 11 September 2017

Blackburn

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Melbourne Church of Christ

ABN: 24 111 933 325

Independent Audit Report to the members of Melbourne Church of Christ

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Melbourne Church of Christ, which comprises the statement of financial position as at 31 March 2017, 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 directors' declaration.

In our opinion, the accompanying financial report of Church is 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 Church's financial position as at 31 March 2017 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis of 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 Church in accordance with the auditor independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* 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 for the purpose of fulfilling the directors' financial reporting responsibilities under the *Australian Charities and Not-for-Profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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Melbourne Church of Christ

ABN: 24 111 933 325

Independent Audit Report to the members of Melbourne Church of Christ

Responsibilities of Directors for the Financial Report

The directors of the Church are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-For-Profit Commission Act 2012* and the *Australian Charities and Not-For-Profit Commission Regulation 2013* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors 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 directors are responsible for assessing the Church'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 directors either intend to liquidate the Church 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 Church's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Joshua Morse CA Jeff Tulk CA
Directors: Cathy Braun CA Jeff Davey FCA
Marie Ickeringill SSA Matthew Stokes CA
Murray Nicholls CA Vicki Adams CA CPA CFP®

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Melbourne Church of Christ

ABN: 24 111 933 325

Independent Audit Report to the members of Melbourne Church of Christ

- Conclude on the appropriateness of the directors' 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 Church'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 Church 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 the directors 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

Dated: 11 September 2017

Blackburn

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