



ANNUAL FINANCIAL REPORT

1 October 2015 – 30 September 2016

City on a Hill

An Authorised Anglican Congregation of the Anglican Diocese of Melbourne

ABN: 43 292 063 559

FINANCIAL DECLARATION

The finance committee - comprised of the Church Wardens and the Executive Pastor – Operations - have determined that City on a Hill is not a reporting entity, and that this special purpose financial report should be prepared in accordance with the significant accounting policies outlined in Note 1 to the financial statements. City on a Hill is an Authorised Anglican Congregation in the Anglican Diocese of Melbourne. This financial report is presented in accordance with the Anglican Diocese of Melbourne Parish Governance Act.

The finance committee of the church declare that:

The financial statements and notes, as set out herein present fairly the church's financial position as at 30 September 2016 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

This declaration is made in accordance with a resolution of the Finance Committee.



Ryan Hansen – Church Warden



Ian Scarborough – Executive Pastor (Operations)



Craig Mawdsley – Church Warden



Alison Enticott – Church Warden

PROFIT & LOSS REPORT

	30-Sept-16	30-Sept-15
Income		
Giving	\$1,997,751.38	\$1,787,504.66
Donations (Gospel Patrons)	\$213,000.00	-
Grants	\$141,192.63	\$232,083.83
Other Income	\$59,890.59	\$36,358.90
Total Income	\$2,411,834.60	\$2,055,947.39
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Gross Profit	\$2,411,834.60	\$2,055,947.39
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Less Operating Expenses		
General Operating Expenses (Cash)		
Many Rooms	\$45,264.96	\$85,015.36
Ministry	\$207,073.64	\$140,336.95
Occupancy	\$551,623.17	\$412,937.45
Operations	\$74,983.99	\$45,053.90
Partnerships	\$57,333.19	\$54,020.48
Staffing	\$1,186,631.24	\$1,049,440.27
Total General Operating Expenses (Cash)	\$2,122,910.19	\$1,786,804.41
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Non Cash Expenses		
Leave Liability	\$29,998.51	(\$17,784.00)
Asset Depreciation	\$40,252.00	\$47,890.21
Total Non Cash Expenses	\$70,250.51	\$30,106.21
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Total Operating Expenses	\$2,193,160.70	\$1,816,910.62
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Net Profit	\$218,673.90	\$239,036.77
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BALANCE SHEET

	30-Sept-16	30-Sept-15
Assets		
Current Assets		
COAH Cash and Cash Equivalents	\$496,413.27	\$385,904.27
Many Rooms Cash	\$108,885.31	\$72,520.18
Other Current Assets	\$64,603.59	\$4,346.07
Total Current Assets	\$669,902.17	\$462,770.52
Fixed Assets		
Equipment	\$63,931.86	\$44,982.70
Total Fixed Assets	\$63,931.86	\$44,982.70
Non-Current Assets		
Lease Bond	\$19,250.00	\$17,000.00
Total Non-Current Assets	\$19,250.00	\$17,000.00
Total Assets	\$753,084.03	\$524,753.22
Liabilities		
Current Liabilities		
Employment Provisions	\$107,616.64	\$75,282.99
Grant - GFS Children's ministry	\$2,728.32	\$5,091.28
GST Payable / (Receivable)	(\$21,415.21)	(\$16,952.22)
Trade and Other Payables	\$4,036.02	\$19,886.81
Total Current Liabilities	\$92,965.77	\$83,308.86
Total Liabilities	\$92,965.77	\$83,308.86
Net Assets	\$660,118.26	\$441,444.36
Equity		
Current Year Earnings	\$218,673.90	\$239,036.77
Retained Earnings	(\$28,724.44)	\$202,407.59
Church Planting Fund	\$252,799.90	-
Kingdom Funds	\$195,670.72	-
Other Project Savings	\$21,698.18	-
Total Equity	\$660,118.26	\$441,444.36

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Significant Policies

The financial report has been prepared in accordance with the significant accounting policies disclosed below, which the financial committee have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise, and are in accordance with the Parish Governance Act.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

a) Equipment

Equipment is carried at cost. All assets are depreciated over their useful lives to the church. The carrying amount equipment is reviewed annually by finance committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

b) Employee Benefits

Provision is made for the church's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled. Provisions include any Annual Leave Liability for all staff, and Long Service Leave Liability for non-clergy staff with over 7 years service.

c) Provisions

Provisions are recognised when the church has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

d) Cash and Cash Equivalents

Cash and cash equivalents 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.

e) Trade and other payables

Trade creditors and other payables, including bank borrowings and distributions payable, are recognised at the nominal transaction value without taking into account the time value of money.

f) Revenue and other income

Giving Revenue, Grant Revenue and other Income is measured at the value of the consideration received. All revenue is stated net of the amount of any goods and services tax (GST).

g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

2. Nature and purpose of Church Funds

a) General Income

General church income, received through Giving Revenue, is used for general church expenditure, as per the annual operating budget. The Profit and Loss Report shows the total church income and expenditure for all City on a Hill churches and ministries.

b) Many Rooms

All Many Rooms Income (including Donations, Grants, and other Fundraising Income) is allocated for use only by Many Rooms, in accordance with the purpose and aims of the Many Rooms mercy ministry.

c) Other Ministry Grants

Grant money received from GFS Melbourne Inc. has been used solely for the employment of a Children's Ministry Coordinator at the Geelong Church.

d) Church Planting Fund

Income received into the Church Planting Fund, via Giving Revenue, Donations (Gospel Patrons) or Grant Revenue, is set aside from general church use, and used only for those activities approved and outlined in the City on a Hill Church Planting Fund Policy.

e) Kingdom Funds

Cash surplus for the respective City on a Hill churches and ministries for FY2014/15 and FY2015/16 has been allocated to Kingdom Funds, for future use in accordance with the City on a Hill Kingdom Fund Policy.

3. Further explanatory notes to the Financial Statements

a) Profit & Loss – Income

Total Income increased by 17% compared to FY2014/15. This was reflective of an increase in church member giving across all churches and ministries, as well as the addition of giving towards City on a Hill Brisbane.

Previously External Grant Income and Gospel Patron Donations were reported in a single consolidated line. Total Grant and Gospel Patron giving increased by 52%, made up predominantly by new donations towards the Church Planting Fund.

Other Income includes significant funds raised locally at City on a Hill Geelong for the new Venue project, and special Youth ministry appeal.

b) Profit & Loss – Expenses

Staffing costs made up 54% of the total operating expenditure. The annual increase in staffing (cf. 2014/15) was associated with budgeted staffing expansions and the full year costs for expansions made during 2014/15.

Occupancy costs (26% of total Operating Expenditure) include Lease and Rental expenses for all Sunday Service locations, church offices, and Pastor Housing. City on a Hill does not own any property.

Operations expenses are Movement-wide activities, and include financial and accounting costs, compliance and legal, IT and licensing fees.

Ministry expenses includes all non-staffing costs associated with the various ministry departments at each church site, including Generations (Children & Youth), Biblical Counselling, Community, Music, Services, Events, and

Leadership development. The apparent reduction in Many Rooms expenditure is reflective of a reclassification of Many Rooms Staffing expenses to General Staffing.

Partnership expenses include partners and networks such as overseas mission support and church planting networks.

c) Balance Sheet – Equity / Kingdom Funds

The Total Kingdom Fund balance is made up of the following local church / department balances:

Kingdom Funds	
Church Kingdom Fund - Brisbane	\$88,807.05
Church Kingdom Fund - Geelong	\$17,129.64
Church Kingdom Fund - Melbourne	\$45,222.89
Church Kingdom Fund - Melbourne West	\$27,432.02
Church Kingdom Fund - Central	\$17,079.12
Total Kingdom Funds	\$195,670.72

d) Balance Sheet – Equity / Other Project Savings

Other Project savings include funds raised at City on a Hill Geelong for specific local projects:

Other Project Savings	
Geelong Mercy Fund	\$7,218.18
Geelong Youth Fund	\$14,480.00
Total Other Church Savings	\$21,698.18

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY ON A HILL

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of City On A Hill (the church), which comprises the balance sheet as at 30 September 2016, the profit and loss report, notes comprising a summary of significant accounting policies and other explanatory information, and the financial declaration by the members of the finance committee.

Church Wardens' Responsibility for the Financial Report

The church wardens of City On A Hill is responsible for the preparation of the financial report, and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements the Parish Governance Act and is appropriate to meet the need of the members. The church wardens' responsibility also includes such internal control as the church wardens determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation of the financial report that gives a true and fair view, 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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the church wardens, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of City On A Hill as at 30 September 2016 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist City On A Hill to meet the requirements of members and the Parish Governance Act. As a result, the financial report may not be suitable for another purpose.

A handwritten signature in black ink, appearing to read 'Matthew Hung', with a long horizontal stroke extending to the right.

Matthew Hung, CA
rdl.accountants

18 November 2016
Blackburn, Victoria

APPENDIX

PROFIT & LOSS REPORT – ALL CHURCHES & MINISTRIES

1 October 2015 – 30 September 2016

	Brisbane	Central	Church Planting	Geelong	Many Rooms	Melbourne	West	Total
Income								
Giving	123,591	415	96,932	224,023	35,091	1,233,132	284,566	1,997,751
Donations (Gospel Patrons)	-	-	213,000	-	-	-	-	213,000
Grants	-	-	71,729	-	68,939	525	-	141,193
Other Income	1,428	1,942	1,014	40,803	13,605	1,100	-	59,891
Total Income	125,019	2,357	382,674	264,826	117,635	1,234,757	284,566	2,411,835
Gross Profit	125,019	2,357	382,674	264,826	117,635	1,234,757	284,566	2,411,835
Plus Other Income								
Central Funding	-	522,085	-	(72,777)	-	(357,324)	(91,984)	0
Church Planting Fund Support	83,000	-	(134,492)	20,000	-	-	31,492	(0)
CPF Contributions	(10,000)	-	20,000	(10,000)	-	-	-	-
Many Rooms Support	-	(10,000)	-	-	10,000	-	-	-
Total Other Income	73,000	512,085	(114,492)	(62,777)	10,000	(357,324)	(60,491)	0
Less Operating Expenses								
General Operating Expenses (Cash)								
Many Rooms	-	-	-	-	45,265	-	-	45,265
Ministry	7,192	71,795	15,548	7,173	31	76,033	29,302	207,074
Occupancy	40,922	69,691	23,501	78,930	-	274,043	64,536	551,623
Operations	3,819	50,120	16,139	544	-	4,307	55	74,984
Partnerships	-	900	41,471	1,206	-	5,967	7,789	57,333
Staffing	53,853	305,971	106,168	88,908	53,743	468,947	109,041	1,186,631
Total General Operating Expenses	105,786	498,477	202,827	176,760	99,039	829,298	210,723	2,122,910
Non Cash Expenses								
Asset Depreciation	364	28,587	-	5,617	-	3,317	2,367	40,252
Leave Liability	3,860	4,979	-	(2,534)	3,534	3,633	16,526	29,999
Total Non Cash Expenses	4,224	33,566	-	3,083	3,534	6,950	18,893	70,251
Total Operating Expenses	110,010	532,043	202,827	179,843	102,574	836,248	229,616	2,193,161
Net Profit	88,009	(17,601)	65,355	22,206	25,061	41,185	(5,541)	218,674