

LUTHERAN EDUCATION SA, NT & WA INC.

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

LUTHERAN EDUCATION SA, NT & WA INC.

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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LUTHERAN EDUCATION SA, NT & WA INC.

REPORT OF THE BOARD MEMBERS

The Board members present their report on the financial statements of the Association for the year ended 31 December 2023.

The following persons hold office as Board Members as at the date of this report:

Paul Bert (Chair)
Alan Connah
Emily Haar
Fin Klein
Kaye Mathwin-Cox
Fiona Castle-Schmidt
Heather Vogt
Craig Fielke

ACTIVITIES

The principal continuing activities of the association during the financial year were to provide support, encouragement and leadership for Lutheran Learning Communities as they fulfil their educational responsibilities within the context of the ministry of the Lutheran Church of Australia.

RESULTS

The net result attributable to the association was a surplus of $449,995 (2022 surplus of $326,358).

SIGNIFICANT CHANGES

There were no significant changes in the state of affairs of the association which occurred during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There were no matters subsequent to the end of financial year.

BOARD MEMBERS' BENEFITS

During the financial year:

(i) no officer of the association;
(ii) no firm in which an officer was a member; and
(iii) no body corporate in which an officer has a substantial interest,

has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate and the association and no officer has received either directly or indirectly from the association any payment or other benefit of a pecuniary value with the exception of a Board Member who received a salary as an employee of the association and a Board Member whose business may provide services to the association, at normal commercial rates and terms.

Signed at Adelaide this 22 day of April 2024, in accordance with a resolution of Board Members.

..... Board Member

..... Board Member

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SUBDIVISION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE BOARD MEMBERS OF LUTHERAN EDUCATION SA, NT & WA INC

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2023 there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.

Nexia Edwards Marshall
Chartered Accountants

Damien Pozza
Partner

Adelaide
South Australia

22 April 2024

Advisory. Tax. Audit.

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LUTHERAN EDUCATION SA, NT & WA INC.

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 $	2022 $
Revenue from Ordinary Activities	2	3,466,172	3,128,572
Employee Expenses		(1,980,943)	(2,159,520)
Depreciation Expenses		(158,408)	(70,816)
Finance Expenses		(308,348)	(169,278)
Other Expenses from Ordinary Activities		(568,478)	(402,600)
Net Surplus / (Deficit) from Ordinary Activities		449,995	326,358
Government grants received	2	237,126,673	221,710,254
Government grants distributed	2	(237,126,673)	(221,710,254)
Net Surplus / (Deficit) Attributable to the association		449,995	326,358
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		449,995	326,358

The accompanying notes form part of these financial statements.

LUTHERAN EDUCATION SA, NT & WA INC.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 $	2022 $
ASSETS			
CURRENT ASSETS			
Cash on Hand	3	3,914,303	1,590,079
Accounts Receivable and Other Debtors	4	1,109,004	1,191,224
Other Current Assets	5	46,131	252,735
TOTAL CURRENT ASSETS		5,069,438	3,034,038
NON CURRENT ASSETS			
Accounts Receivable and Other Debtors	4	6,259,535	8,013,021
Property, Plant & Equipment	6	1,271,238	1,358,433
TOTAL NON CURRENT ASSETS		7,530,773	9,371,454
TOTAL ASSETS		12,600,211	12,405,492
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Other Payables	7	2,803,132	2,084,739
Financial Liabilities	8	1,695,800	1,581,200
Short Term Employee Provisions	9	505,042	516,073
TOTAL CURRENT LIABILITIES		5,003,974	4,182,012
NON CURRENT LIABILITIES			
Financial Liabilities	8	5,063,570	6,091,790
Long Term Employee Provisions	9	48,739	64,702
TOTAL NON CURRENT LIABILITIES		5,112,309	6,156,492
TOTAL LIABILITIES		10,116,283	10,338,504
NET ASSETS		$ 2,483,928	$ 2,066,988
ACCUMULATED FUNDS			
Accumulated Surplus		2,257,832	1,807,837
Reserves	19	226,096	259,151
TOTAL ACCUMULATED FUNDS		$ 2,483,928	$ 2,066,988

The accompanying notes for part of these financial statements.

LUTHERAN EDUCATION SA, NT & WA INC.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Accumulated Surplus $	Reserves	2022 Total Accumulated Funds $
Balance as at 1 January 2022		1,481,479	259,151	1,740,630
Net Surplus / (Deficit) from Association's Activities		326,358	-	326,358
Balance as at 31 December 2022		$ 1,807,837	259,151	$ 2,066,988

	Accumulated Surplus $	Reserves	2023 Total Accumulated Funds $
Balance as at 1 January 2023	1,807,837	259,151	2,066,988
Net Surplus / (Deficit) from Association's Activities	449,995	(33,055)	416,940
Balance as at 31 December 2023	$ 2,257,832	226,096	$ 2,483,928

The accompanying notes form part of these financial statements.

LUTHERAN EDUCATION SA, NT & WA INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

Cash flows from Operating Activities:	Note	2023 $ Inflows (Outflows)	2022 $ Inflows (Outflows)
Receipts			
Levies		2,573,368	2,438,504
Interest Received		861,292	688,738
Conference income		4,076	630
Sundry income		27,436	700
SDF receipts		3,673,359	4,260,905
Receipts from Government Grants			
Commonwealth Government Recurrent Grants		190,506,371	178,237,972
State Government Recurrent Grants		44,235,106	41,245,799
DECD Kindy Grants		2,385,196	2,226,483
Payments			
Wages & Salaries and Salary Related Charges		(1,980,943)	(2,159,520)
Suppliers and SDF Associated Charges		(1,515,901)	(3,000,957)
Government grant distributions		(237,126,673)	(221,710,254)
Interest & Bank Charges		(308,348)	(169,278)
Net Cash flows provided by (used in) Operating Activities	11	3,334,339	2,059,722
Cash flows from Investing Activities:			
Payments for Property, Furniture, Plant and Equipment		(111,950)	(96,466)
Proceeds from disposal of asset		15,454	
Net Cash flows provided by (used in) Investing Activities		(96,496)	(96,466)
Cash flows from Financing Activities:			
Loan Repayments		(913,620)	(1,308,107)
Net Cash flows provided by (used in) Financing Activities		(913,620)	(1,308,107)
Net Increase/(Decrease) in cash held		2,324,223	655,149
Cash at the Beginning of the year		1,590,080	934,931
Cash at the end of the year	11	3,914,303	1,590,080

The accompanying notes form part of these financial statements.

1 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The financial statements are special purpose financial statements that have been prepared for distribution to the Board Members to fulfil the Board Members' financial accountability requirements under the Association's Constitution, the Associations Incorporation Act, 1985 (SA), the Australian Charities and *Not-for-profits Commisison Act 2012 and the Australian Charities and Not-for-profits Commision Regulation 2022.* The Board Members have determined that the Association is not a reporting entity.

(a) Basis of Accounting

The financial statements, except for the cash flow information, have been prepared on an accruals basis of accounting including the historical cost convention and the going concern assumption and do not take into account changing money values or, except where specifically stated, current valuations of non - current assets.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the disclosure requirements of AASB 101 "Presentation of Financial Statements", AASB 107 "Statement of Cash Flows", AASB 108 "Accounting Policies, Changes in Accounting Estimates and Errors", AASB 1048 "Interpretation of Standards" and AASB 1054 "Australian Additional Disclosures", as appropriate for not-for-profit oriented entities.

(b) Cash on Hand

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.
Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

(c) Inventories on Hand

The association does not have any inventories.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation.

Cost and Valuation

Leasehold improvements, furniture, plant and equipment are recorded at cost and or Board Members' valuation.
Any surplus on revaluation is credited directly to the asset revaluation reserve and excluded from the Statement of Profit or Loss & Other Comprehensive Income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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.

Any gain or loss on the disposal of revalued assets is determined as the difference between the carrying value of the asset at the time of disposal and the proceeds from disposal, and is included in the results of the association in the year of disposal.

LUTHERAN EDUCATION SA, NT & WA INC.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(d) Property, Plant and Equipment (Cont)

Depreciation

All assets, excluding leashold improvements, are depreciated over their useful lives to the association, commencing from the time the asset is held ready for use.

Depreciation value is provided on a straight line basis on all items of plant, equipment and motor vehicles at rates calculated to allocate the cost, less estimated residual value at the end of the useful lives of the assets, against revenue over their estimated useful lives.

Major depreciation periods are:	Term :	Rate :
- Furniture, plant and equipment	5 to 10 years	10% to 20%
- Computers	3 years	33.33%
- Motor Vehicles	10 years	10%
- Buildings	50 years	2%

Valuation of Land and Buildings

The Land at 137 Archer Street, North Adelaide, on which the association buildings and improvements are located, is owned by the Lutheran Church of Australia, SA & NT District Incorporated.
The association has been granted an equity share in and continued use of the property by the Lutheran Church of Australia, SA & NT District Incorporated.
Buildings and improvements are shown at cost less, where applicable, any accumulated depreciation.
It is the association's policy to revalue buildings and improvements on a five year cycle or when appropriate.
A valuation was conducted in 2023.

Insurance

All property, plant and equipment is insured with the LCA Insurance Fund.

(e) Impairment of assets

At each reporting date the Board reviews the carrying value of tangible & intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over it's recoverable amount is expensed to the Statement of Profit or Loss & Other Comprehensive Income.

(f) Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight - line basis over their estimated useful lives where it is likely that the Association will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating lease payments, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are included in the determination of the operating result in equal installments over the lease term.

(g) Income Tax

The Association is exempt from income tax under the provisions of Section 50-5 of the Income Tax Assessment Act 1997.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(h) Employee Entitlements

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured including their related on costs.

Annual leave for staff due at 31 December, where unpaid, is reflected in the financial statements as a provision.

Sick leave taken by employees is charged as an expense when incurred.

Provision is made for long service leave entitlement estimated to be payable to employees on the basis of statutory and contractual requirements. Long service leave entitlements are recognised from the commencement of employment and a provision is made for 100% of this cost.
Vested entitlements (employees with more than 7 years service), are classified as current liabilities.

As at 31 December 2023 the Association has long service leave entitlements for employees with 7 or more years of service totalling $343,717 (2022 $278,653).

The long service leave provision includes 11.82% on-costs for superannuation and workcover.

Within the Lutheran System of Schools there is full portability of leave entitlements for employees transferring from one Lutheran School entity to another Lutheran School entity.
The total amount of portable long service leave at 31 December 2023 is $392,456 (2022: $343,355).

Under Clause 23.3 of the Lutheran Schools SA Enterprise Agreement 2020, an eligible employee commencing parental leave is entitled to a Parental Leave Payment equal to 14 weeks pay at their substantive rate (including PAR Allowance). In addition, the employee will accrue entitlements of Long Service Leave (2 days), Annual Leave (3 days) and superannuation (Superannuation Guarantee Contribution Rate).

The association has not recognised a provision for parental leave at 31 December 2023.

Sabbatical leave is provided by the association in accordance with employees' salary and condition guidelines

The contributions made to superannuation funds by the Association are charged as an expense.

(i) Revenue and Other Income

The nature of the assoiation's activities allows it to raise funds from operations, principally from levies and income on investments.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

The association recognises levies income on an accruals basis. Under the accruals basis of accounting, levies represented by outstanding debts have been brought to account as trade debtors.

Grant income is brought to account in the association's Income and Expenditure Statement in the period to which the income relates.

Interest revenue is recognised on an entitlement or accruals basis and using the rate inherent in the financial instrument.
Dividend revenue is recognised upon receipt of the distribution.

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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 Statement of Financial Position are shown inclusive of GST.
The amount of GST recoverable from 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 other receipts from customers or payments to suppliers.

(k) Provisions

Provisions are recognised when the association 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 are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year, where required by accounting standards, or, as a result of changes in accounting policy.

(m) Critical Accounting Estimates and Judgements

The Board Members evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

(n) Economic Dependency

The future operations of the association are dependent upon member schools achieving & maintaining appropriate student enrolment numbers, the continuation af adequate funding from Australian & South Australian Governments in respect of operation & capital grants and the achievement of operating surpluses and positive operating cash flows.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(o) Receivables

A number of schools within the LESNW system have historically been provided financial support by the LESNW to ensure their continued operation or in the event of closure to meet statuatory obligations.
These receivables will generally be recovered through:

1. The retention of SDF levies from each of the participating member schools; and / or
2. The sale of property

	2023 $	2022 $
Receivables relating to current schools		
Lobethal Lutheran School	215,875	431,751
	215,875	431,751
Receivables relating to closed schools		
Ocean Forest Lutheran College	6,259,535	7,813,021
Vineyard Lutheran School	-	200,000
	$ 6,259,535	$ 8,013,021

In respect of the Ocean Forest Lutheran College receivable, the land and buildings of the College were sold to Baptists Education Resources Inc (BER) in 2017 for $12.5M. Under the terms of the sale LESNW provided vendor finance to BER and took a mortgage over the property to secure LESNW position under the sale agreement.
The BER is underwritten by Quinns Baptist College Inc and Australian Baptist Education Inc.

Repayment of the vendor finance is managed in accordance with the vendor finance agreement terms.
LESNW is entitled to recover interest on the outstanding vendor finance from January 2019.

Should BER generate a surplus, it is also required to pay LESNW an amount equal to the operating surplus towards repayment of the outstanding vendor finance.

The receivable shown above in respect of the Ocean Forest Lutheran College is thus supported by not only the retention of SDF levies, and the mortgage held over the land and buildings, but also the recovery of the vendor finance provided to BER when and if repayment of that amount should occur. Any principal repayments by BER of the vendor finance will be taken to reduce the amount outstanding from the Ocean Forest Lutheran College receivable at the time of receipt. Any amount over and above the amount outstanding will be taken to income of LESNW at that time and quarantined in the association's Future Fund.

(p) New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Association for the annual reporting period ended 31 December 2023. The Association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

LUTHERAN EDUCATION SA, NT & WA INC.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2023

2 SURPLUS (DEFICIT) FOR THE YEAR

	Note	2023 $	2022 $
(a) Revenue			
(i) The surplus (deficit) for the year is arrived at after crediting the following revenue items:			
Crediting Revenue :			
Revenue			
Levy income		2,573,368	2,438,504
		2,573,368	2,438,504
Other revenue:			
Interest		861,292	688,738
Conference income		4,076	630
Other Income		27,436	700
		892,804	690,068
Total Operating Revenue from Ordinary Activities		$ 3,466,172	$ 3,128,572
(b) Expenditure			
(i) The surplus (deficit) for the year is arrived at after charging the following expenditure items:			
Charging Expenses :			
Auditors Remuneration			
- Audit		24,227	20,000
Depreciation		158,408	70,816
Interest on Borrowings		308,348	169,278
(c) Significant Revenue and Expenses			
The following significant revenue and expense items are relevant in explaining the financial performance of the association.			
Significant Revenue :			
Levies		2,573,368	2,438,504
Government Grants received		237,126,673	221,710,254
Total Significant Revenue		239,700,041	224,148,758
Significant Expenses :			
Salaries and related expenses		1,980,943	2,159,520
Government Grants distributed		237,126,673	221,710,254
Total Significant Expenses		239,107,616	223,869,774
Net Significant Revenue/(Expenses)		$592,425	$278,984

LUTHERAN EDUCATION SA, NT & WA INC.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2023

3 CASH ON HAND	Note	2023 $	2022 $
Petty cash		300	300
LLL General Account		1,626,611	912,215
LLL Long Service Leave Account		431,433	426,683
LLL Sabbatical Leave Account		267,262	200,881
LLL Future Fund Account		38,697	-
Westpac Term Deposit		50,000	50,000
Westpac Term Deposit Future Fund		1,500,000	-
	11	3,914,303	1,590,079

4 ACCOUNTS RECEIVABLE AND OTHER DEBTORS		2023 $	2022 $
Current			
Trade Receivables :			
Trade Debtors		765,048	711,969
Total Trade Receivables		765,048	711,969
Other Receivables :			
Accrued Income - Interest		128,081	47,504
Loans to Schools	1(o)	215,875	431,751
Total Current Other Receivables		343,956	479,255
Non Current			
Other Receivables :			
Loans to Schools	1(o)	6,259,535	8,013,021
Total Non Current Other Receivables		6,259,535	8,013,021
Total Accounts Receivable and Other Debtors		$ 7,368,539	$ 9,204,245

5 OTHER CURRENT ASSETS	2023 $	2022 $
Prepayments	$ 46,131	252,735
Total Other Current Assets	$ 46,131	$ 252,735

6 PROPERTY, PLANT AND EQUIPMENT	2023 $	2022 $
Land at valuation	840,678	-
Land at valuation (2018)	-	986,400
Buildings and Improvements at valuation	288,984	-
Buildings and Improvements at valuation (2018)	-	288,600
Buildings at cost	-	86,340
	1,129,662	1,361,340
Less Accumulated Depreciation		(98,560)
	1,129,662	1,262,780
Furniture, Plant & Equipment and Motor Vehicles :		
Furniture, Plant & Equipment at cost	528,620	445,671
Accumulated Depreciation	(412,431)	(357,964)
	116,189	87,707
Motor Vehicles at cost	29,000	42,717
Accumulated Depreciation	(3,613)	(34,771)
	25,387	7,946
Total Furniture, Plant & Equipment and Motor Vehicles	141,576	95,653
Total Property, Furniture, Plant and Equipment	$ 1,271,238	$ 1,358,433

7 ACCOUNTS PAYABLE AND OTHER PAYABLES	2023 $	2022 $
Current		
Sundry Creditors	68,063	611,526
Sabbatical Contributions	267,262	200,880
FBT Payable	(918)	(4,150)
GST Payable	(13,639)	1,266,483
Accrued Expenses	222,055	10,000
Total Current Payables	542,823	2,084,739
Non Current		
Future Fund Liability	2,260,309	-
Total Accounts Payable and Other Payables	$ 2,803,132	$ 2,084,739

8 FINANCIAL LIABILITIES	Note	2023 $	2022 $
Borrowings:			
Current			
Lutheran Laypeople's League of Australia Inc. Loans - Secured		1,695,800	1,581,200
Total Current Borrowings		$ 1,695,800	$ 1,581,200
Non Current			
Lutheran Laypeople's League of Australia Inc. Loans - secured		5,063,570	6,091,790
Total Non Current Borrowings		$ 5,063,570	$ 6,091,790
Total Current and Non Current Borrowings - Secured		$ 6,759,370	$ 7,672,990

9 EMPLOYEE PROVISIONS	2023 $	2022 $
Current		
Employee Annual Leave Entitlements	161,325	218,255
Employee Long Service Leave Entitlements	343,717	278,654
Provision for Study Leave - Principal	-	19,164
Total Current Leave Entitlement	$ 505,042	$ 516,073
Non Current		
Employee Long Service Leave Entitlement	48,739	64,702
Total Employee's Leave Entitlements	$ 553,781	$ 580,775

10 CAPITAL AND LEASING COMMITMENTS	Note	2023 $	2022 $
(a) Operating Lease Commitments			
Non-cancellable operating leases contracted for, but not capitalised in the financial statements			
Operating Leases due:			
not later than 12 months		-	-
between 12 months and 5 years		-	-
greater than 5 years		-	-
		$ -	$ -

(b) Capital Commitments

The association has commitments for capital expenditure, which at reporting date have not been recognised as liabilities of $Nil (2022: $Nil).

LUTHERAN EDUCATION SA, NT & WA INC.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2023

11 CASH FLOW INFORMATION	Note	2023 $	2022 $
(a) Reconciliation of Cash :			
Cash on Hand	3	3,914,303	1,590,079
Total Cash and Cash Equivalents		3,914,303	1,590,079
(b) Reconciliation of Surplus / (Deficit) for year to Net Cash flows from Operating Activities:			
Surplus / (Deficit) for year		449,995	326,358
Non-cash Flows in Current Year Surplus / (Deficit) :			
Depreciation of Property, Furniture, Plant and Equipment		158,408	70,816
(Gain)/ Loss on Sale of Fixed Assets		(7,773)	
Changes in Assets and Liabilities :			
(Increase)/Decrease in Accounts Receivable and Other Debtors		82,220	262,770
(Increase)/Decrease in Prepayments - Other Current Assets		206,604	(224,379)
Increase/(Decrease) in Accounts Payable, Other Payables and Other Loans		2,471,879	1,564,955
Increase/(Decrease) in Provision for Employee Leave Entitlements		(26,994)	59,202
Net cash flows provided by (used in) Operating Activities		3,334,339	2,059,722

12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Lutheran Education SA NT & WA

Lutheran Education SA NT & WA Inc. has undertaken to financially back the loans made by the Lutheran Laypeople's League of Australia Inc. (LLL) to all Lutheran Learning Communities, through either the SA/NT or WA District Church Councils, up to the net assets of all LESNW association members.

The combined asset values of all Lutheran Education SA NT & WA Inc. member Learning Communities, are utilised by Lutheran Education SA NT & WA Inc. to underwrite the loans made by the LLL to member communities.

It will be the responsibility of all member communities working together to discharge these LLL loan liabilities in the unlikely event of a learning communities failure. Schools may be called upon for a special contribution or part of their future Commonwealth funding to allocate against LLL loans of a failed learning community.

(b) Other

(i) Credit Card

The association has a credit card facility limit of $49,500 (2022 $39,500). As at 31 December 2023 the association had used $8,105 (2022 $8,902) of this facility and had available an unused credit facility of $41,395 (2022: $30,598). This facility is secured by a Westpac term deposit.

There were no other contingent liabilities at 31 December 2023 (2022: $Nil).

13 LESNW SCHOOL BUILDING FUND

Lutheran Education SA, NT & WA Inc has established a registered school building fund called the LESNW School Building Fund. The Association is the trustee of this fund. The rules of the fund allow it to receive tax deductible cash and property donations. The fund can provide money to eligible school building projects - any property held by the fund would need to be converted to cash prior to use for such projects.

Summary of LESNW School Building Fund
The Association has building fund donations made up as follows:

	2023 $	2022 $
Interest received	22	-
Ownership Transfer of Land		-
Surplus (Deficit) for the year	22	-
Opening accumulated funds	1,926	1,926
Building Fund Revaluation Reserve	-	-
Closing accumulated funds	1,948	1,926
LESNW School Building Fund - LLL Account	1,948	1,927
Mt Barker land - at donated value	-	-
Total Assets	1,948	1,927

14 EVENTS AFTER THE REPORTING PERIOD

There were no matters subsequent to the end of financial year.

15 RELATED PARTY DISCLOSURES

The following persons were members of the LESNW Board during the year:

Paul Bert (Chair)
Fiona Castle-Schmidt
Emily Haar
Fin Klein
Kaye Mathwin-Cox
Alan Connah
Matt Schmidt
Heather Vogt
Craig Fielke

16 KEY MANAGEMENT PERSONNEL REMUNERATION

No amounts were received or are due and receivable by the Board Members of Lutheran Education SA, NT & WA Inc. during the year ended 31 December 2023 with the exception of Executive Director who received a salary as an employee of the Association.

17 SEGMENT REPORTING

The Association operates within the education industry providing education to students in South Australia.

18 ASSOCIATION DETAILS

The principal place of business of the association is:

137 Archer Street
North Adelaide SA 5006

19 RESERVES

	2023 $	2022 $
Asset Revaluation Reserve		
Balance at beginning of year	259,151	259,151
Revaluation increment / (decrement)	(33,055)	-
Balance at end of year	226,096	259,151

20 SYSTEM DEVELOPMENT FUND

The LESNW System Development Fund (SDF) provides a cost recovery mechanism for Lutheran Education SA,NT & WA Inc. system wide initiatives and identified financial development for member communities presenting signs of financial distress.

	2023 $	2022 $
Opening Balance	-	-
RECEIPTS		
Levies received from schools	3,673,359	4,240,905
AISSA CAF	-	20,000
PAYMENTS		
System Initiatives	445,552	437,202
School Development Projects	79,224	385,370
School Assistance	587,494	1,696,362
Loan Recovery	265,876	447,237
Loan Repayments and Interest	1,553,486	1,294,734
Transfer to Future Fund	741,727	-
Balance SDF	-	-

LUTHERAN EDUCATION SA, NT & WA INC.

BOARD MEMBERS DECLARATION

The Board Members of Lutheran Education SA, NT & WA Inc have determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Board Members of Lutheran Education Association SA, NT & WA Inc declare that, in their opinion:

There are reasonable grounds to believe the registered entity is able to pay all of its debts, as and when they become due and payable; and

The attached financial statements and notes thereto satisfy the requirements of the Associations Incorporation Act, 1985 and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

i) giving a true and fair view of the financial position and performance of the registered entity in accordance with the accounting policies described in Note 1 to the financial statements; and

ii) complying with Australian Accounting Standards to the extent described in Note 1 to the financial statements.

Signed in accordance with a resolution of the Board Members pursuant to Regulation 60-15 of the *Australian Charities and Not-for-profits Commission Regulations 2022.*

On behalf of the Board Members :

..... Board Member

..... Board Member

Signed at Adelaide this 22 day of April 2024.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUTHERAN EDUCATION SA, NT & WA INC

Opinion

We have audited the financial report, being a special purpose financial report, of Lutheran Education SA, NT & WA Inc (the Association), which comprises the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the board members' declaration.

In our opinion, the accompanying financial report of Lutheran Education SA, NT & WA Inc, 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 the entity's financial position as at 31 December 2023 and of its financial performance for the year then 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 Regulations 2022*.

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 entity in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 Association's 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.

Other information

The Board Members are responsible for the other information. The other information comprises the information in Association's annual report and report of the board members for the year ended 31 December 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

Nexia Edwards Marshall (ABN 38 238 591 759) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com. au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUTHERAN EDUCATION SA, NT & WA INC (CONT)

Other information (cont)

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board members for the financial report

The Board Members of Lutheran Education SA, NT & WA Inc 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-profits Commission Act 2012.* The Board Members' responsibility also includes such internal control as the Board Members determine is necessary to enable the preparation of the 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 Board Members are responsible for assessing the entity'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 members either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

The Board Members are responsible for overseeing the entity's financial reporting process.

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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUTHERAN EDUCATION SA, NT & WA INC (CONT)

Auditor's responsibility for the audit of the financial report (cont)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of the Board Member's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board Members 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.

Nexia Edwards Marshall
Chartered Accountants

Damien Pozza
Partner

Adelaide
South Australia

22 April 2024

Advisory. Tax. Audit.

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LUTHERAN EDUCATION SA, NT & WA INC.

DETAILED STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 DECEMBER 2023

INCOME	2023 $	2022 $
LESNW Levy	2,573,368	2,438,504
Interest	861,292	688,738
Conference Income	4,076	630
Sundry Income	27,436	700
Total Income	3,466,172	3,128,572

EXPENSES	2023 $	2022 $
Audit fees	24,227	20,000
Depreciation expense	158,408	70,816
Legal Fees	122,535	35,942
Interest Expense	308,348	169,278
Conference Expenses	2,462	255
Insurance	6,922	6,045
Other Expenses	412,332	340,358
Salaries and Wages		
Professional Staff	1,387,164	1,466,632
Administration Staff	327,396	387,784
Professional development	31,646	27,173
Superannuation Expenses	190,242	190,318
Workcover	14,709	13,839
Long Service Leave	29,786	73,774
TOTAL EXPENSES	3,016,177	2,802,214
SURPLUS / (DEFICIT) FROM ORDINARY ACTIVITIES	449,995	326,358

GOVERNMENT GRANTS	2023 $	2022 $
Government Grants Received		
Commonwealth General Recurrent Grants	190,506,371	178,237,972
State General Recurrent Grants	44,235,106	41,245,799
DECD Kindy Grants	2,385,196	2,226,483
Total Government Grants Received	237,126,673	221,710,254
Government Grants Distributed		
Commonwealth General Recurrent Grant Distribution	190,506,371	178,237,972
State General Recurrent Grants Distribution	44,235,106	41,245,799
DECD Kindy Grants Distribution	2,385,196	2,226,483
Total Government Grants Distributed	237,126,673	221,710,254
SURPLUS (DEFICIT) ATTRIBUTABLE TO THE ASSOCIATION	449,995	326,358