



**LUTHERAN
CHURCH**
OF AUSTRALIA

NSW and ACT DISTRICT



COLOSSIANS 2:6-7

LCA NSW and ACT District
40th Convention of Synod

8-10 March 2024
Wagga Wagga

Book of Reports - Appendix 1
District Financial Reports

Lutheran Church of Australia, NSW District

Trading as Lutheran Church of Australia, NSW and ACT District

ABN 55 137 191 133

Financial Statements - 31 December 2022

Lutheran Church of Australia, NSW District
Trading as Lutheran Church of Australia, NSW and ACT District
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31 December 2022

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Lutheran Church of Australia, NSW District
Trading as Lutheran Church of Australia, NSW and ACT District
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	2022 \$	2021 \$
Revenue			
Operating income	4	312,617	248,712
Earmarked grants and donations	5	9,039	28,016
Investment income	6	952,475	701,094
Warrambui (loss)/profit accounted for using equity method	15	(442,766)	21,987
Government grant		3,000	71,113
Total income		<u>834,365</u>	<u>1,070,922</u>
Expenses			
Operating expenses			
Contribution to the Lutheran Church of Australia		(214,355)	(210,779)
Employee benefits expense		(331,858)	(320,522)
Turning Point Ministries camp expense		(78,152)	(45,052)
Frontier School of Mission expense		(51,631)	-
Depreciation and amortisation expense		(180,928)	(183,275)
Other Expenses	7	<u>(223,739)</u>	<u>(231,004)</u>
Total operating expenses		<u>(1,080,663)</u>	<u>(990,632)</u>
Operating (deficit)/surplus		(246,298)	80,290
Mission development expense	8	<u>(435,560)</u>	<u>(424,228)</u>
Deficit for the year		(681,858)	(343,938)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Revaluation of land	13,14	1,094,000	-
Revaluation of investment funds	12	<u>(2,039,076)</u>	<u>1,384,423</u>
Other comprehensive (loss)/income for the year		<u>(945,076)</u>	<u>1,384,423</u>
Total comprehensive (loss)/income for the year		<u><u>(1,626,934)</u></u>	<u><u>1,040,485</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Lutheran Church of Australia, NSW District
Trading as Lutheran Church of Australia, NSW and ACT District
Statement of financial position
As at 31 December 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	9	1,324,479	1,837,084
Loans to District entities	10	130,379	166,411
Receivables	11	177,128	187,882
Total current assets		<u>1,631,986</u>	<u>2,191,377</u>
Non-current assets			
Loans to District entities	10	3,879,787	3,985,113
Financial assets	12	11,605,642	13,644,718
Investment properties	13	1,262,109	1,073,158
Property, plant and equipment	14	4,712,398	3,987,461
Investment in Warrambui using the equity method	15	4,581,521	4,439,375
Other investment	16	34,400	17,200
Total non-current assets		<u>26,075,857</u>	<u>27,147,025</u>
Total assets		<u>27,707,843</u>	<u>29,338,402</u>
Liabilities			
Current liabilities			
Amounts held on behalf of LCA Entities and other payables	17	83,607	76,688
Provision for employee benefits	18	79,441	80,944
Total current liabilities		<u>163,048</u>	<u>157,632</u>
Total liabilities		<u>163,048</u>	<u>157,632</u>
Net assets		<u>27,544,795</u>	<u>29,180,770</u>
Equity			
Rural Congregational Support Fund	19	93,300	94,360
James Haak Memorial Fund	20	450,471	457,910
LLL Grants Fund	21	8,969	9,511
Revaluation reserves		439,347	1,384,423
Initial contribution and retained surplus		<u>26,552,708</u>	<u>27,234,566</u>
Total equity		<u>27,544,795</u>	<u>29,180,770</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Lutheran Church of Australia, NSW District
Trading as Lutheran Church of Australia, NSW and ACT District
Statement of changes in equity
For the year ended 31 December 2022

	Rural Congregation Support Fund \$	James Haak Memorial Fund \$	LLL Grants Fund \$	Revaluation reserve \$	Initial contribution and retained surplus \$	Total equity \$
Balance at 1 January 2021	102,523	464,370	13,600	-	27,579,810	28,160,303
Deficit for the year	-	-	-	-	(343,938)	(343,938)
Other comprehensive income for the year	-	-	-	1,384,423	-	1,384,423
Total comprehensive (loss)/income for the year	-	-	-	1,384,423	(343,938)	1,040,485
Bequest received	-	-	8,000	-	-	8,000
Bequest transferred to retained surplus	(8,163)	(6,460)	(12,089)	-	26,712	-
Bequest spent from retained surplus	-	-	-	-	(28,018)	(28,018)
Balance at 31 December 2021	<u>94,360</u>	<u>457,910</u>	<u>9,511</u>	<u>1,384,423</u>	<u>27,234,566</u>	<u>29,180,770</u>

	Rural Congregation Support Fund \$	James Haak Memorial Fund \$	LLL Grants Fund \$	Revaluation reserve \$	Initial contribution and retained surplus \$	Total equity \$
Balance at 1 January 2022	94,360	457,910	9,511	1,384,423	27,234,566	29,180,770
Deficit for the year	-	-	-	-	(681,858)	(681,858)
Other comprehensive loss for the year	-	-	-	(945,076)	-	(945,076)
Total comprehensive loss for the year	-	-	-	(945,076)	(681,858)	(1,626,934)
Bequest received	-	-	8,000	-	-	8,000
Bequest transferred to retained surplus	(1,060)	(7,439)	(8,542)	-	17,041	-
Bequest spent from retained surplus	-	-	-	-	(17,041)	(17,041)
Balance at 31 December 2022	<u>93,300</u>	<u>450,471</u>	<u>8,969</u>	<u>439,347</u>	<u>26,552,708</u>	<u>27,544,795</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Lutheran Church of Australia, NSW District
Trading as Lutheran Church of Australia, NSW and ACT District
Statement of cash flows
For the year ended 31 December 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Contributions		342,399	177,613
Distributions received (interest and dividends)		945,425	775,249
Payments to suppliers and employees		(906,298)	(723,787)
Government grant		3,000	71,113
		<u>384,526</u>	<u>300,188</u>
Net cash from operating activities			
Cash flows from investing activities			
Payments for investments		-	(4,000,000)
Net movement of loans to district entities		141,358	(2,732,783)
Payments for investment properties		-	(1,104,744)
Contributions to capital, Warrambui		(584,912)	(339,836)
Payments for other investments	16	(17,200)	-
Payments for property, plant and equipment	14	(817)	(3,853)
Proceeds from disposal of office, manse and equipment		-	13,762
		<u>(461,571)</u>	<u>(8,167,454)</u>
Net cash used in investing activities			
Cash flows from mission development activities			
Payments for grants		(435,560)	(424,228)
		<u>(435,560)</u>	<u>(424,228)</u>
Net cash used in mission development activities	8		
		<u>(435,560)</u>	<u>(424,228)</u>
Net decrease in cash and cash equivalents		(512,605)	(8,291,494)
Cash and cash equivalents at the beginning of the financial year		1,837,084	10,128,578
		<u>1,837,084</u>	<u>10,128,578</u>
Cash and cash equivalents at the end of the financial year	9	<u>1,324,479</u>	<u>1,837,084</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Lutheran Church of Australia, NSW District
Trading as Lutheran Church of Australia, NSW and ACT District
Notes to the financial statements
31 December 2022

Note 1. General information

The financial statements cover Lutheran Church of Australia, NSW District as an individual entity. The Lutheran Church of Australia, NSW District is a not-for-profit entity.

The principal activities of Lutheran Church of Australia, NSW District for the year ended 31 December 2022 were to fulfil the Objects of the Lutheran Church of Australia (see LCA NSW District Constitution Article III).

The functional and presentation currency of Lutheran Church of Australia, NSW District is Australian dollars.

The financial statements cover the business of Lutheran Church of Australia, NSW District and have been prepared to meet the needs of stakeholders.

The financial statements were authorised for issue on 10th July 2023.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

The entity is non-reporting since there are unlikely to be any users who would rely on the general purpose financial statements.

The special purpose financial statements have been prepared in accordance with the significant accounting policies described below and do not comply with any Australian Accounting Standards unless otherwise stated.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Note 2. Significant accounting policies (continued)

Basis for consolidation

The District has four associated entities: Warrambui Retreat and Conference Centre ("Warrambui"), incorporated association, Lutheran Aged Care Albury and St Paul's College, both Australian public companies, limited by guarantee, and Lutheran Church of Australia (New South Wales District) Property Trust, a New South Wales statutory trust. The District has control over the four entities by virtue of the exclusive power to nominate their directors (in the case of the companies) or trustees (in the case of the Property Trust).

In respect of Lutheran Aged Care Albury and St Paul's College, the companies have separate boards, operate independently, and produce audited financial statements on a standalone basis. The District has never received dividends, and because of statutory and regulatory constraints, there are no circumstances in which the Council can foresee that the net assets of the companies could be made available to the District or its creditors. Accordingly, the Council has decided that Lutheran Aged Care Albury and St Paul's College will not be consolidated, but will be reflected in the District's accounts at a nominal value only.

The Warrambui Retreat and Conference Centre also has a separate board, operates independently, and produces audited financial statements. Given the nature of Warrambui's business activities, the Council has decided not to consolidate Warrambui. However, the Council can foresee circumstances in which the District would receive the benefit of Warrambui's net assets. Accordingly, the Council has decided to record its interest in Warrambui as an associate over which the District has a significant influence, using the equity method in accordance with AASB 128 Investments in Associates and Joint Ventures. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee.

The real property and certain other assets of the District, its associated companies, and member congregations of the District are vested in the Property Trust. The trustees of the Property Trust record the beneficial owner of each trust asset, and the beneficial owners (including the District and its associates) record the assets in their own financial statements. The Property Trust has no residual. Accordingly, the Council has decided not to consolidate the Property Trust, nor to include it in the District's financial statements in any way.

Revenue recognition

The entity recognises revenue as follows:

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable.

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

Grant income

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Contributions from congregations

Contributions from congregations are recognised as revenue in the year designated by the congregation.

Donations

Donations and bequests are recognised as revenue when received.

Lutheran Church of Australia, NSW District
Trading as Lutheran Church of Australia, NSW and ACT District
Notes to the financial statements
31 December 2022

Note 2. Significant accounting policies (continued)

Distributions from investment funds

Distributions from investment funds revenue is recognised when the right to receive a dividend or distribution has been established.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Rental income

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

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the district intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Income tax

The entity is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Financial instruments

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to congregations and district ministries but also incorporate other types of contractual monetary assets.

Note 2. Significant accounting policies (continued)

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment.

The entity's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the entity renegotiates repayment terms with borrowers which may lead to changes in the timing of the payments, the entity does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The entity's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the entity assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Investment properties

Investment properties principally comprise of freehold land, buildings and machinery held for long-term rental and capital appreciation that are not occupied by the entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently stated at historical cost less accumulated depreciation and impairment.

Depreciation is calculated the same way as property, plant and equipment.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The carrying amount on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Property, plant and equipment

Land are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Note 2. Significant accounting policies (continued)

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

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Buildings are measured using the cost model.

Plant and equipment are measured using the cost model.

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

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

Buildings	2.5% - 15%
Motor vehicles	20%
Office equipment	5% - 50%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Impairment of non-financial assets

At the end of each reporting period the entity determines whether there is an evidence of an impairment indicator for non-financial assets.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Lutheran Church of Australia, NSW District
Trading as Lutheran Church of Australia, NSW and ACT District
Notes to the financial statements
31 December 2022

Note 2. Significant accounting policies (continued)

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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 entity for the annual reporting period ended 31 December 2022. The entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Reclassification of comparative figures

Comparative figures of revenue and expenses have been reclassified to conform with the changes in presentation for the current financial year. The reclassifications are made within one revenue classification to another, and within one expense classification to another, thus there are no impact to profit or loss and equity.

Note 3. Critical accounting judgements, estimates and assumptions

The Council makes estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement by the Council on a case by case basis.

Note 4. Operating income

	2022	2021
	\$	\$
Contributions from congregations	163,200	140,150
Contributions from individuals including LLL interest foregone	3,969	22,546
Turning Point Ministries camp revenues	75,149	48,214
Other District revenues	70,299	37,802
	<u>312,617</u>	<u>248,712</u>

Note 5. Earmarked grants and donations

	2022	2021
	\$	\$
LLL Grants	541	12,089
Rural Congregation Support fund	1,060	8,438
James Haak Study Fund	7,438	7,489
Earmarked grants and donations	<u>9,039</u>	<u>28,016</u>

Lutheran Church of Australia, NSW District
Trading as Lutheran Church of Australia, NSW and ACT District
Notes to the financial statements
31 December 2022

Note 6. Investment income

	2022	2021
	\$	\$
Interest	14,910	7,938
Investment income	17,020	13,835
Distributions from investment funds inclusive of franking credits	920,545	679,321
	<u>952,475</u>	<u>701,094</u>

Note 7. Other Expenses

	2022	2021
	\$	\$
Office expense	65,212	67,527
Ministry support expenses	37,993	39,072
Property expenses	7,548	21,841
Event expenses	47,153	16,194
Legal/Audit expenses	28,918	20,305
Travel expenses	18,206	9,007
Grants expended	9,039	19,567
Other expenses	9,670	37,491
	<u>223,739</u>	<u>231,004</u>

Note 8. Mission development expense

	2022	2021
	\$	\$
Lifeway Lutheran Church (Western Sydney church planter)	87,012	86,272
St Pauls Sydney (community outreach)	77,564	-
Jindera Church (church planter)	74,562	-
Woden Valley Lutheran Church (church planter)	57,197	52,500
Tuggeranong Community Development Coordinator (community outreach)	40,123	-
Wollongong Lutheran Church (pastoral support)	34,794	46,467
Turning Point Ministries (CYFM support)	20,000	20,000
Lifeway Lutheran Church (Asian ministry church planter)	-	66,000
Various congregations (Covid-19 support grants)	-	50,000
LCA new and renewing (pastoral support)	-	20,000
Other grants and pastoral support	44,308	82,989
	<u>435,560</u>	<u>424,228</u>

Note 9. Cash and cash equivalents

	2022	2021
	\$	\$
<i>Current assets</i>		
Cash at bank	<u>1,324,479</u>	<u>1,837,084</u>

Lutheran Church of Australia, NSW District
Trading as Lutheran Church of Australia, NSW and ACT District
Notes to the financial statements
31 December 2022

Note 10. Loans to District entities

	2022	2021
	\$	\$
<i>Current assets</i>		
Loans to congregations	24,336	26,336
Loans to St Paul's College Walla Walla	-	34,032
Loans to Warrambui Retreat and Conference Centre	106,043	106,043
	<u>130,379</u>	<u>166,411</u>
<i>Non-current assets</i>		
Loans to congregations	141,424	162,760
Loans to St Paul's College Walla Walla	1,000,000	1,125,570
Loans to Warrambui Retreat and Conference Centre	2,738,363	2,696,783
	<u>3,879,787</u>	<u>3,985,113</u>

a) Summary

	2022	2021
	\$	\$
Current loans	130,379	166,411
Non-current loans	3,879,787	3,985,113
Total loans to District entities	<u>4,010,166</u>	<u>4,151,524</u>

b) Reconciliation of loans to District entities

	2022	2021
	\$	\$
Opening balance	4,151,524	1,418,741
Loans issued during the year	41,580	2,789,790
Loans repayment received	(182,938)	(57,007)
Closing balance	<u>4,010,166</u>	<u>4,151,524</u>

Note 11. Receivables

	2022	2021
	\$	\$
<i>Current assets</i>		
Accrued interest	10,195	3,144
Accounts receivable (including investment distribution declared but not yet paid)	137,787	160,363
Payroll clearing account	15,880	21,933
ATO receivables	3,494	2,442
LCA Disaster Relief Fund	9,772	-
	<u>177,128</u>	<u>187,882</u>

Lutheran Church of Australia, NSW District
Trading as Lutheran Church of Australia, NSW and ACT District
Notes to the financial statements
31 December 2022

Note 12. Financial assets

	2022	2021
	\$	\$
<i>Non-current assets</i>		
Australian Ethical Shares Index Fund	3,580,781	4,658,415
Vanguard Australian Shares Index Fund	3,653,509	4,027,231
Vanguard International Select Exclusions Index Fund	2,335,804	2,863,615
Vanguard Global Value Equity Fund	2,035,548	2,095,457
	<u>11,605,642</u>	<u>13,644,718</u>

Reconciliation of managed funds

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	13,644,718	8,260,295
Additions	-	4,000,000
Disposals	-	-
Revaluation	<u>(2,039,076)</u>	<u>1,384,423</u>
Closing fair value	<u>11,605,642</u>	<u>13,644,718</u>

The revaluation is held as a reserve until such time as the gain or loss is realised.

Note 13. Investment properties

The District purchased a residence to serve as the Glenmore Park Mission House in Western Sydney. It is leased to the mission worker at a rate comparable to the allowance for manses.

	2022	2021
	\$	\$
<i>Non-current assets</i>		
Land	<u>663,000</u>	<u>439,000</u>
Building	663,299	663,299
Less: Accumulated depreciation	<u>(65,374)</u>	<u>(31,010)</u>
	597,925	632,289
Equipment	2,445	2,445
Less: Accumulated depreciation	<u>(1,261)</u>	<u>(576)</u>
	1,184	1,869
	<u>1,262,109</u>	<u>1,073,158</u>

	Land	Building	Equipment	Total
	\$	\$	\$	\$
Balance at 1 January 2022	439,000	632,288	1,869	1,073,157
Revaluation	224,000	-	-	224,000
Depreciation expense	<u>-</u>	<u>(34,363)</u>	<u>(685)</u>	<u>(35,048)</u>
Balance at 31 December 2022	<u>663,000</u>	<u>597,925</u>	<u>1,184</u>	<u>1,262,109</u>

The valuation of land was done by NSW Government Valuer General on 1 July 2022.

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Note 14. Property, plant and equipment

	2022	2021
	\$	\$
<i>Non-current assets</i>		
Land - at fair value	2,412,868	1,542,868
Buildings - at cost	2,711,083	2,711,083
Less: Accumulated depreciation	(451,488)	(320,069)
	<u>2,259,595</u>	<u>2,391,014</u>
Office equipment - at cost	98,869	98,052
Less: Accumulated depreciation	(58,934)	(44,473)
	<u>39,935</u>	<u>53,579</u>
	<u><u>4,712,398</u></u>	<u><u>3,987,461</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land	Buildings	Motor Vehicles	Office Equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2021	1,542,868	2,572,322	15,198	56,160	4,186,548
Additions	-	-	-	3,853	3,853
Disposals	-	-	(13,762)	-	(13,762)
Other adjustments	-	(47,692)	-	10,204	(37,488)
Depreciation expense	-	(133,616)	(1,436)	(16,638)	(151,690)
	<u>1,542,868</u>	<u>2,391,014</u>	<u>-</u>	<u>53,579</u>	<u>3,987,461</u>
Balance at 31 December 2021	1,542,868	2,391,014	-	53,579	3,987,461
Additions	-	-	-	817	817
Revaluation	870,000	-	-	-	870,000
Depreciation expense	-	(131,419)	-	(14,461)	(145,880)
	<u>2,412,868</u>	<u>2,259,595</u>	<u>-</u>	<u>39,935</u>	<u>4,712,398</u>
Balance at 31 December 2022	<u><u>2,412,868</u></u>	<u><u>2,259,595</u></u>	<u><u>-</u></u>	<u><u>39,935</u></u>	<u><u>4,712,398</u></u>

The valuation of land was done by NSW Government Valuer General on 1 July 2022.

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Note 15. Investment in Warrambui using the equity method

Warrambui has the same year end as Lutheran Church of Australia, NSW District.

For the reasons set out in Note 2, the Council considers that Lutheran Church of Australia, NSW District has an investment in Warrambui. The annual surplus or deficit of Warrambui is shown as an income or expense of Lutheran Church of Australia, NSW District, such that the investment in Warrambui is equal to net assets of Warrambui.

No adjustments are made for differences in accounting policies between Lutheran Church of Australia, NSW District and Warrambui

	2022	2021
	\$	\$
<i>Non-current assets</i>		
Investment in Warrambui	<u>4,581,521</u>	<u>4,439,375</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Balance of investment at beginning of the year	4,439,375	4,077,552
Net profit/(loss) for the year	(442,766)	21,987
Additional investment during the year	<u>584,912</u>	<u>339,836</u>
Closing fair value	<u>4,581,521</u>	<u>4,439,375</u>

Note 16. Other investment

The Investment in Bass Hill Manse is to assist the Southern Cross Sydney Finnish congregation with its cash flow over the remaining 10 years of its existence as it serves the Finnish people of Sydney. This is achieved by selling a percentage of the property to the district for a fixed cash amount as required by the Finnish congregation.

	2022	2021
	\$	\$
<i>Non-current assets</i>		
Investment in Bass Hill	<u>34,400</u>	<u>17,200</u>

Note 17. Amounts held on behalf of LCA Entities and other payables

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Amounts held on behalf of LCA entities	46,619	43,149
Accounts Payables	23,200	958
PAYG and Other Payables	<u>13,788</u>	<u>32,581</u>
	<u>83,607</u>	<u>76,688</u>

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Note 18. Provision for employee benefits

	2022 \$	2021 \$
<i>Current liabilities</i>		
Employee benefits	79,441	80,944

Note 19. Rural Congregational Support Fund

	2022 \$	2021 \$
Rural Congregation Support Fund	93,300	94,360

The rural congregation support fund is funds donated by the Anna Bay congregation specifically to assist and support struggling congregations of the Church, especially those in rural communities.

Note 20. James Haak Memorial Fund

	2022 \$	2021 \$
James Haak Memorial fund	450,471	457,910

The James Haak Memorial Fund is for the purpose of professional development for pastors and paid lay workers, in theology, governance, leadership, counselling, training and support, and any other training and mentoring as deemed fit by the Bishop.

Note 21. LLL Grants Fund

	2022 \$	2021 \$
LLL Grants Fund	8,969	9,511

Note 22. Contingent liabilities

The Lutheran Church of Australia, NSW District guaranteed the loans of various member congregations. The loans guaranteed at year end were:

	2022 \$	2021 \$
Jindera St Johns Lutheran School	1,331,300	1,480,634
Wagga Wagga Lutheran School	434,805	587,893
Walla Walla St Pauls College Ltd	1,033,687	1,154,180
Woden Valley Immanuel Lutheran Church	140,454	179,182
Pastors Car Loans	-	28,354
	2,940,246	3,430,243

Guarantees for pastor car loans have now been assumed by the Lutheran Church of Australia.

Note 23. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

Lutheran Church of Australia, NSW District
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Notes to the financial statements
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Note 24. Entity details

The registered office of and principal place of business is:
Lutheran Church of Australia, NSW District
215/20B Lexington Drive
Bella Vista NSW 2153
02 8660 1200

Lutheran Church of Australia, NSW District
Trading as Lutheran Church of Australia, NSW and ACT District
Statement by members of the NSW and ACT District Church Council
31 December 2022

The member of the District Church Council have determined that the entity is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

The members of the District Church Council declare that:

- (1) The financial statements and notes, as set out on pages 2 to 18, present fairly the entity's financial position as at 31 December 2022 and its performance at year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements; and
- (2) In the member's opinion, there are reasonable grounds to believe that the entity 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 members of the District Church Council.



Chairman



Treasurer

10th July 2023

R E MAYBERRY
CHARTERED ACCOUNTANT AND BUSINESS ADVISOR

Principal: Robert Mayberry FCA

ABN 56 211 539 109



7 July 2023

Dr Bruce Arnold
Treasurer
Lutheran Church of Australia, NSW District
215/ 20B Lexington Drive
Bella Vista NSW 2153

Dear Bruce,

In accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Members of the NSW District Church Council of the Lutheran Church of Australia, NSW District.

As auditor for the audit of the financial statements of the Lutheran Church of Australia, NSW District for the financial year ended 31 December 2022, I declare that to the best of my knowledge and belief, 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.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R Mayberry', with a long horizontal flourish extending to the right.

Robert Mayberry
Chartered Accountant
Registered Company Auditor No. 185903

R E MAYBERRY
CHARTERED ACCOUNTANT AND BUSINESS ADVISOR

Principal: Robert Mayberry FCA

ABN 56 211 539 109



Independent Auditor's Report to the Members of Lutheran Church of Australia, NSW District

Opinion

We have audited the financial report, being a special purpose financial report, of Lutheran Church of Australia, NSW District (the Entity), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the NSW District Church Council.

In our opinion, the accompanying financial report of the Entity is in accordance with 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 2022 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards to the extent described in Note 2, and *Division 60 of the Australian Charities and Not-for-profits Commission Regulation 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 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 confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the members of the NSW District Church Council, would be in the same terms if given to the members as at the time of this auditor's report.

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

Emphasis of matter regarding basis of accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the NSW District Church Council'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.

NSW District Church Council's responsibility for the financial report

The members of NSW District Church Council 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 2 to the financial statements is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The members of the NSW District Church Council are also responsible for such internal control as the NSW District Church Council 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 members of the NSW District Church Council 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 NSW District Church Council either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility 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.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

We also provide the NSW District Church Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Robert Mayberry

Registered Company Auditor No. 185903

Chartered Accountant

Level 16, 1 Market Street

Sydney NSW 2000

11 July 2023