LUTHERAN EDUCATION SA, NT & WA INC.

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

LUTHERAN EDUCATION SA, NT & WA INC.

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

CONTENTS	PAGE NO(S)
Report of the Board Members	2
Auditor's Independence Declaration	3
Income and Expenditure Statement	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to and forming part of the Financial Statements	8
Board Members Declaration	20
Independent Auditor's Report	21
Detailed Statement of Income and Expenditure	24

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 2020.

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

Darryl Trigg (Chair)
Matt Schmidt
John Proeve
Heather Vogt
Genevieve Freund
Emily Haar
Fin Klein
Paul Bert
Heather Briggs

ACTIVITIES

The principle 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 $239,829 (2019 surplus of $47,886).

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 28 day of ~~May~~ April 2021, in accordance with a resolution of Board Members.

..... Board Member

..... Board Member

Nexia Edwards Marshall

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 2020 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

Jamie Dreckow
Partner

Adelaide
South Australia

28 April 2021

Nexia Edwards Marshall
ABN 38 238 591 759
Level 3
153 Flinders Street
Adelaide SA 5000
GPO Box 2163
Adelaide SA 5001
p +61 8 8139 1111
f +61 8 8139 1100
w nexiaem.com.au

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LUTHERAN EDUCATION SA, NT & WA INC.

INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 $	2019 $
Revenue from Ordinary Activities	2	3,127,932	3,133,314
Employee Expenses		(2,155,148)	(2,054,057)
Depreciation Expenses		(55,911)	(53,635)
Finance Expenses		(358,795)	(560,750)
Other Expenses from Ordinary Activities		(318,249)	(416,986)
Net Surplus / (Deficit) from Ordinary Activities		239,829	47,886
Government grants received	2	191,677,061	182,046,461
Government grants distributed	2	(191,677,061)	(182,046,461)
Net Surplus / (Deficit) Attributable to the association		239,829	47,886
Accumulated Surplus at the beginning of the financial year		978,154	930,268
ACCUMULATED SURPLUS AT THE END OF THE FINANCIAL YEAR		$ 1,217,983	$ 978,154
Revaluation of Assets		-	-
TOTAL ACCUMULATED FUNDS AT THE END OF THE FINANCIAL YEAR		$ 1,217,983	$ 978,154

The accompanying notes form part of these financial statements.

LUTHERAN EDUCATION SA, NT & WA INC.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash on Hand	3	1,110,052	990,348
Accounts Receivable and Other Debtors	4	1,538,083	1,672,145
Other Current Assets	5	51,146	100,714
TOTAL CURRENT ASSETS		2,699,281	2,763,207
NON CURRENT ASSETS			
Accounts Receivable and Other Debtors	4	10,448,557	12,374,603
Property, Plant & Equipment	6	1,318,289	1,352,246
TOTAL NON CURRENT ASSETS		11,766,846	13,726,849
TOTAL ASSETS		14,466,127	16,490,056
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Other Payables	7	2,196,139	1,622,066
Financial Liabilities	8	1,520,000	4,031,949
Short Term Employee Provisions	9	500,437	476,545
TOTAL CURRENT LIABILITIES		4,216,576	6,130,560
NON CURRENT LIABILITIES			
Financial Liabilities	8	8,720,286	9,088,206
Long Term Employee Provisions	9	52,131	33,985
TOTAL NON CURRENT LIABILITIES		8,772,417	9,122,191
TOTAL LIABILITIES		12,988,993	15,252,751
NET ASSETS		$ 1,477,134	$ 1,237,305
ACCUMULATED FUNDS			
Accumulated Surplus		1,217,983	978,154
Reserves	19	259,151	259,151
TOTAL ACCUMULATED FUNDS		$ 1,477,134	$ 1,237,305

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 2020

	Note	Accumulated Surplus $	Reserves	2019 Total Accumulated Funds $
Balance as at 1 January 2019		930,268	259,151	1,189,419
Net Surplus / (Deficit) from Association's Activities		47,886	-	47,886
Increase / (Decrease) in Reserves		-	-	-
Balance as at 31 December 2019		$ 978,154	259,151	$ 1,237,305

	Accumulated Surplus $	Reserves	2020 Total Accumulated Funds $
Balance as at 1 January 2020	978,154	259,151	1,237,305
Net Surplus / (Deficit) from Association's Activities	239,829	-	239,829
Increase / (Decrease) in Reserves	-	-	-
Balance as at 31 December 2020	$ 1,217,983	259,151	$ 1,477,134

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 2020

Cash flows from Operating Activities:	Note	2020 $ Inflows (Outflows)	2019 $ Inflows (Outflows)
Receipts			
Levies		2,292,221	2,321,880
Interest Received		725,538	785,483
Conference income		6,362	3,990
Sundry income		103,811	21,961
SDF receipts		3,008,769	4,258,213
Receipts from Government Grants			
Commonwealth Government Recurrent Grants		154,184,273	146,190,933
State Government Recurrent Grants		35,211,391	33,629,777
DECD Kindy Grants		2,281,397	2,225,751
Payments			
Wages & Salaries and Salary Related Charges		(2,155,148)	(2,054,057)
Suppliers and SDF Associated Charges		(601,231)	(2,690,331)
Government grant distributions		(191,677,061)	(182,046,461)
Interest & Bank Charges		(358,795)	(560,750)
Net Cash flows provided by (used in) Operating Activities	11	3,021,527	2,086,389
Cash flows from Investing Activities:			
Payments for Property, Furniture, Plant and Equipment		(21,954)	(45,212)
Proceeds from Sale of Property, Furniture, Plant and Equipment		-	3,800
Net Cash flows provided by (used in) Investing Activities		(21,954)	(41,412)
Cash flows from Financing Activities:			
Loan Repayments		(977,949)	(2,458,805)
Net Cash flows provided by (used in) Financing Activities		(977,949)	(2,458,805)
Net Increase/(Decrease) in cash held		2,021,624	(413,828)
Cash at the Beginning of the year		(911,572)	(497,744)
Cash at the end of the year	11	1,110,052	(911,572)

The accompanying notes form part of these financial statements.

LUTHERAN EDUCATION SA, NT & WA INC.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 2013*. The Board Members have determined that the Association is not a reporting entity.

The financial statements have been prepared in accordance with the Australian Accounting Standards to the extent described in Note 1 and the Australian Charities and Not-for-Profits Commission Act 2012 to the extent it applies to the Association under the transitional reporting arrangement for the non-government schools

(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.

(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 Income and Expenditure Statement.

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.

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%

LUTHERAN EDUCATION SA, NT & WA INC.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(d) Property, Plant and Equipment (Cont)

Valuation of Land

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 continued use of the property whilst it continues to comply with the terms of the agreement with the Church. No valuation for the land is shown in the financial statements.

Buildings and improvements are shown at cost less, where applicable, any accumulated depreciation.

It is the association's policy to revalue buildings and improvements when appropriate.
A valuation was conducted in 2018.

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 income and expenditure statement.

(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 2020 the Association has long service leave entitlements for employees with 7 or more years of service totalling $298,778 (2019 $302,636).

The long service leave provision includes 10.5% 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 2020 is $350,909 (2019: $336,621).

Under Clause 23.3 of the Lutheran Schools Enterprise Agreement 2015, an eligible employee commencing maternity leave is entitled to a Maternity Leave Payment equal to 14 weeks pay at her substantive rate (including PAR Allowance). In addition, the employee will accrue entitlements of Long Service Leave (2 days), Annual Leave (3 days) and superannuation (9.5%).

The association has not recognised a provision for maternity leave at 31 December 2020.

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 net 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 net 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 been provided financial support by the LESNW to ensure their continued operation or meet creditor obligations in the event that the school has closed.
These receivables will generally be recovered through:

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

	2020 $	2019 $
Ocean Forest Lutheran College	10,154,215	11,469,913
Lobethal Lutheran School	457,365	371,879
Spring Head Lutheran School	294,342	904,690
Living Waters Lutheran College	-	600,000
	$ 10,905,922	$ 13,346,482

In respect of the Ocean Forest Lutheran College (WA) 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.

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 Forrest 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 Forrest 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.

2 SURPLUS (DEFICIT) FOR THE YEAR

	Note	2020 $	2019 $
(a) Revenue			
(i) The surplus (deficit) for the year is arrived at after crediting the following revenue items:			
Crediting Revenue :			
Revenue			
Levy income		2,292,221	2,321,880
		2,292,221	2,321,880
Other revenue:			
Interest		725,538	785,483
Conference income		6,362	3,990
Other Income		103,811	21,961
		835,711	811,434
Total Operating Revenue from Ordinary Activities		$ 3,127,932	$ 3,133,314
(b) Expenditure			
(i) The surplus (deficit) for the year is arrived at after charging the following expenditure items:			
Charging Expenses :			
Auditors Remuneration			
- Audit		15,100	16,465
Depreciation		55,911	53,635
Interest on Borrowings		358,795	560,750
(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		2,292,221	2,321,880
Government Grants received		191,677,061	182,046,461
Total Significant Revenue		193,969,282	184,368,341
Significant Expenses :			
Salaries and related expenses		2,155,148	2,054,057
Government Grants distributed		191,677,061	182,046,461
Total Significant Expenses		193,832,209	184,100,518
Net Significant Revenue/(Expenses)		$137,073	$267,823

LUTHERAN EDUCATION SA, NT & WA INC.

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

FOR THE YEAR ENDED 31 DECEMBER 2020

3 CASH ON HAND	Note	2020 $	2019 $
Petty cash		300	300
LLL General Account		47,825	-
Westpac Term Deposit		50,500	50,958
LLL Long Service Leave Account		423,768	417,376
LLL Sabbatical Leave Account		587,659	521,714
	11	1,110,052	990,348

4 ACCOUNTS RECEIVABLE AND OTHER DEBTORS	2020 $	2019 $
Current		
Trade Receivables :		
Trade Debtors	1,047,810	648,934
Total Trade Receivables	1,047,810	648,934
Other Receivables :		
Accrued Income - Interest	32,908	51,332
Loans to Schools	457,365	971,879
Total Current Other Receivables	490,273	1,023,211
Non Current		
Other Receivables :		
Loans to Schools	10,448,557	12,374,603
Total Non Current Other Receivables	10,448,557	12,374,603
Total Accounts Receivable and Other Debtors	$ 11,986,640	$ 14,046,748

5 OTHER CURRENT ASSETS	2020 $	2019 $
Prepayments	$ 51,146	100,714
Total Other Current Assets	$ 51,146	$ 100,714

LUTHERAN EDUCATION SA, NT & WA INC.

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

FOR THE YEAR ENDED 31 DECEMBER 2020

6 PROPERTY, PLANT AND EQUIPMENT	2020 $	2019 $
Buildings and Improvements at Cost	1,119,646	1,107,250
2012 Internal Renovations	167,750	167,750
	1,287,396	1,275,000
Less Accumulated Depreciation	(46,320)	(20,779)
	1,241,076	1,254,221
Furniture, Plant & Equipment and Motor Vehicles :		
Furniture, Plant & Equipment at cost	345,496	335,940
Accumulated Depreciation	(286,908)	(261,879)
	58,588	74,061
Motor Vehicles at cost	42,717	42,717
Accumulated Depreciation	(24,092)	(18,753)
	18,625	23,964
Total Furniture, Plant & Equipment and Motor Vehicles	77,213	98,025
Total Property, Furniture, Plant and Equipment	$ 1,318,289	$ 1,352,246

7 ACCOUNTS PAYABLE AND OTHER PAYABLES	2020 $	2019 $
Current		
Sundry Creditors	151,224	135,352
System Development Fund (SDF)	-	(198,019)
Sabbatical Contributions	579,110	521,715
FBT Payable	1,598	2,833
GST Payable	1,093,201	986,456
Accrued Expenses	371,006	173,729
	$ 2,196,139	$ 1,622,066

8 FINANCIAL LIABILITIES	Note	2020 $	2019 $
Borrowings:			
Current			
Lutheran Laypeople's League of Australia Inc. Overdraft		-	1,901,920
Lutheran Laypeople's League of Australia Inc. Loans - Secured		1,520,000	2,130,029
Total Current Borrowings		$ 1,520,000	$ 4,031,949
Non Current			
Lutheran Laypeople's League of Australia Inc. Loans - secured		8,720,286	9,088,206
Total Non Current Borrowings		$ 8,720,286	$ 9,088,206
Total Current and Non Current Borrowings - Secured		$ 10,240,286	$ 13,120,155

9 EMPLOYEE PROVISIONS	2020 $	2019 $
Current		
Employee Annual Leave Entitlements	182,494	154,745
Employee Long Service Leave Entitlements	298,779	302,636
Provision for Study Leave - Principal	19,164	19,164
Total Current Leave Entitlement	$ 500,437	$ 476,545
Non Current		
Employee Long Service Leave Entitlement	52,131	33,985
Total Employee's Leave Entitlements	$ 552,568	$ 510,530

10 CAPITAL AND LEASING COMMITMENTS	Note	2020 $	2019 $
(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 (2019: $Nil).

LUTHERAN EDUCATION SA, NT & WA INC.

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

FOR THE YEAR ENDED 31 DECEMBER 2020

11 CASH FLOW INFORMATION	Note	2020 $	2019 $
(a) Reconciliation of Cash :			
Cash on Hand	3	1,110,052	990,348
Lutheran Laypeople's League of Australia Inc. Overdraft	8	-	(1,901,920)
Total Cash and Cash Equivalents		1,110,052	(911,572)
(b) Reconciliation of Surplus / (Deficit) for year to Net Cash flows from Operating Activities:			
Surplus / (Deficit) for year		239,829	47,886
Non-cash Flows in Current Year Surplus / (Deficit) :			
Depreciation of Property, Furniture, Plant and Equipment		55,911	53,635
(Gain)/ Loss on Sale of Fixed Assets			(605)
Changes in Assets and Liabilities :			
(Increase)/Decrease in Accounts Receivable and Other Debtors		134,062	(83,495)
(Increase)/Decrease in Prepayments - Other Current Assets		49,568	21,905
Increase/(Decrease) in Accounts Payable, Other Payables and Other Loans		2,500,119	2,091,178
Increase/(Decrease) in Provision for Employee Leave Entitlements		42,038	(44,115)
Net cash flows provided by (used in) Operating Activities		3,021,527	2,086,389

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 guarantee 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 $39,500 (2019 $39,500). As at 31 December 2020 the association had used $1,782 (2019 $4,881) of this facility and had available an unused credit facility of $37,718 (2019: $34,619). This facility is secured by a Westpac term deposit.

There were no other contingent liabilities at 31 December 2020 (2019: $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.

Significant donation - on the 27th June 2013 the LESNW School Building Fund received a donation of a 12.13 hectare parcel of land at Mt Barker. This land was valued in 2019 by Jones Lang LaSalle Infrastructure Advisory Pty Ltd and determined to have a carrying value of $4,000,000.
It is anticipated that ownership of this property will be transferred in 2021 to Cornerstone College Inc.

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

	2020 $	2019 $
Interest received	177	39
Loss on Revaluation of Land	-	(250,000)
Surplus (Deficit) for the year	177	(249,961)
Opening accumulated funds	4,001,737	5,331,698
Building Fund Revaluation Reserve	-	(1,080,000)
Closing accumulated funds	4,001,914	4,001,737
LESNW School Building Fund - LLL Account	1,914	1,737
Mt Barker land - at donated value	4,000,000	4,000,000
Total Assets	4,001,914	4,001,737

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:

Darryl Trigg (Chair)
Matt Schmidt
John Proeve
Heather Vogt
Genevieve Freund
Emily Haar
Fin Klein
Paul Bert
Heather Briggs

16 REMUNERATION OF BOARD MEMBERS

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 2020 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 primary 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

	2020 $	2019 $
Asset Revaluation Reserve		
Balance at beginning of year	(259,151)	(259,151)
Revaluation increment / (decrement)	-	-
Balance at end of year	(259,151)	(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.

	2020 $	2019 $
Opening Balance	(198,019)	462,516
RECEIPTS		
Levies received from schools	2,947,411	2,784,405
System Weighted Average Funding	-	1,405,739
Transition Funding	61,358	68,069
PAYMENTS		
Expenses	14,336	19,973
System Initiatives	287,070	488,169
School Development Projects	70,203	182,009
School Assistance	133,073	533,214
Loan Recovery	610,350	684,769
Loan Repayments and Interest	1,695,719	3,010,614
Balance SDF	-	(198,019)

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:

(a) 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

(b) 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.

Signed in accordance with a resolution of the Board Members pursuant to Regulation 60-15 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

On behalf of the Board Members :

..... Board Member ..... Board Member

Signed at Adelaide this 28 day of ~~May~~ April 2021.

Nexia Edwards Marshall

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 The Lutheran Education SA, NT & WA Inc ('the Association'), which comprises, Statement of Financial Position as at 31 December 2020, Income and Expenditure Statement, Statement of Changes in 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 Board Members Declaration.

In our opinion, the accompanying financial report of the Association is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*; to the extent it applies to the Association under the transitional reporting arrangements for non-government schools including:

(i) giving a true and fair view of the entity's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards to the extent described in Note 1 to the financial report and the *Australian Charities and Not-for-profits Commission Regulations 2013* to the extent they apply to the Association under the transitional reporting arrangements for non-government schools.

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 *Australian Charities and Not-for-profits Commission Act 2012* and ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Association's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012* to the extent it applies to the Association under the transitional reporting arrangements for non-government schools. 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 the Association's Annual Report for the year ended 31 December 2020, but does not include the financial report and the auditor's report thereon.

Nexia Edwards Marshall
ABN 38 238 591 759
Level 3
153 Flinders Street
Adelaide SA 5000
GPO Box 2163
Adelaide SA 5001
p +61 8 8139 1111
f +61 8 8139 1100
w nexiaem.com.au

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

Other Information (cont)

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

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.

Board Members' Responsibility for the Financial Report

The Board Members of the Association 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 statements is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* to the extent it applies to the Association under the transitional reporting arrangements for non-government schools. The Board Members are also responsible for such internal control as they 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 Association'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 Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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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Nexia Edwards Marshall

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

Auditor's Responsibilities 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 Association'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 Members' 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 Association'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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nexia Edwards Marshall
Chartered Accountants

Jamie Dreckow
Partner

Adelaide
South Australia

28 April 2021

Nexia Edwards Marshall
ABN 38 238 591 759
Level 3
153 Flinders Street
Adelaide SA 5000
GPO Box 2163
Adelaide SA 5001
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LUTHERAN EDUCATION SA, NT & WA INC.

DETAILED STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 DECEMBER 2020

INCOME	2020 $	2019 $
LESNW Levy	2,292,221	2,321,880
Interest	725,538	785,483
Conference Income	6,362	3,990
Sundry Income	103,811	21,961
Total Income	3,127,932	3,133,314

EXPENSES	2020 $	2019 $
Audit fees	7,870	23,555
Depreciation expense	55,911	53,635
Legal Fees	20,311	6,813
Interest Expense	358,795	560,750
Conference Expenses	5,348	5,647
Insurance	2,571	1,990
Other Expenses	282,149	378,981
Salaries and Wages		
Professional Staff	1,661,569	1,546,610
Administration Staff	185,504	247,082
Professional development	83,330	20,701
Superannuation Expenses	185,656	175,624
Workcover	11,340	10,660
Long Service Leave	27,749	53,380
TOTAL EXPENSES	2,888,103	3,085,428
SURPLUS / (DEFICIT) FROM ORDINARY ACTIVITIES	239,829	47,886

GOVERNMENT GRANTS	2020 $	2019 $
Government Grants Received		
Commonwealth General Recurrent Grants	154,184,273	146,190,933
State General Recurrent Grants	35,211,391	33,629,777
DECD Kindy Grants	2,281,397	2,225,751
Total Government Grants Received	191,677,061	182,046,461
Government Grants Distributed		
Commonwealth General Recurrent Grant Distribution	154,184,273	146,190,933
State General Recurrent Grants Distribution	35,211,391	33,629,777
DECD Kindy Grants Distribution	2,281,397	2,225,751
Total Government Grants Distributed	191,677,061	182,046,461
SURPLUS (DEFICIT) ATTRIBUTABLE TO THE ASSOCIATION	239,829	47,886