

AGENDA 14.2

Financial Report: Lutheran Church of Australia Inc

SPECIAL PURPOSE FINANCIAL REPORT

FOR THE PERIODS ENDED 31 DECEMBER 2015 to 2017

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STATEMENT BY THE GENERAL CHURCH COUNCIL

The General Church Council has determined that the association is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the policies outlined in Note 1.

In the opinion of the members of the General Church Council of Lutheran Church of Australia Incorporated:

- a. The accompanying Income and Expenditure Statement, Balance Sheet and Notes to the financial statements present fairly the financial position of the Lutheran Church of Australia Incorporated as at 31 December 2017 and its performance for the year ended on that date.
- b. At the date of this statement there are reasonable grounds to believe that the Lutheran Church of Australia Incorporated will be able to pay its debts as and when they fall due.
- c. No officer or no firm of which an officer is a member or no corporation in which an officer has a substantial financial interest has received or become entitled to receive a benefit as a result of a contract between the officer, firm or corporation and the Lutheran Church of Australia Incorporated.
- d. No officer has received directly or indirectly any payment or other benefit of a pecuniary value other than regular remuneration payments to employees.
- e. The financial statements satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012.

Signed in accordance with a resolution of the General Church Council and subsection 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

By Bishop John Henderson and Mel Zerner, as Members of General Church Council on 15 June 2018

INDEPENDENT AUDITORS REPORT

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Lutheran Church of Australia Incorporated, which comprises the balance sheet as at 31 December 2017, and the consolidated income and expenditure statement, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the statement by the General Church Council.

In my opinion the financial report of the Lutheran Church of Australia Incorporated is in accordance with Division 60 of the Australian Charities and Not-for-Profits Commission Act 2012, including:

- giving a true and fair view of Lutheran Church of Australia Incorporated's financial position as at 31 December 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 the Australian Charities and Not-for-profits Commission Regulation 2013.

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

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

Responsibilities of the General Church Council for the Financial Report

The General 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 1 to the financial report is appropriate to meet the requirements of the ACNC Act. The members' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the General Church Council 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 General Church Council 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.
- 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 the members.
- Conclude on the appropriateness of the 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 the General Church Council 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.

MRL GROUP PTY LTD Chartered Accountants (Adelaide)

Mark LeCornu - Director

15th day of June 2018

**LCA CONSOLIDATED
INCOME AND EXPENDITURE STATEMENT
FOR THE PERIODS ENDING 31 DECEMBER**

	Note	2017	2016	2015
		\$	\$	\$
INCOME				
Appeals, donations and bequests		1,342,935	2,127,133	1,435,392
Investment and rental income		722,915	415,775	548,120
Lutheran Church group income	1(B)	8,752,467	9,511,193	7,416,801
Reimbursements		203,474	278,504	320,117
Trading income		588,128	454,867	540,459
TOTAL INCOME		11,609,919	12,787,472	10,260,889
LESS: EXPENDITURE				
Administration costs		561,225	487,074	435,906
Asset costs		213,375	238,863	353,582
Australian Lutheran College subsidies		1,425,000	1,400,000	1,400,000
Consulting expenses		520,700	484,237	440,361
Depreciation expense		100,564	105,742	40,218
Employee expenses		4,137,739	4,010,067	3,230,381
Governance costs		335,853	221,237	219,987
Ministry expenses		2,188,769	2,252,431	1,460,792
Project costs		1,648,515	1,101,955	1,825,982
Promotion and marketing		324,762	373,305	314,022
Travelling expenses		341,304	441,248	470,451
TOTAL EXPENDITURE		11,797,806	11,116,159	10,151,464
SURPLUS (DEFICIT) FOR THE YEAR PRIOR TO RESERVE & EQUITY TRANSFERS		(187,887)	1,671,313	109,425
Less: Transfers to equity and reserves		73,847	(1,765,672)	(180,958)
NET (DEFICIT) FOR THE YEAR		\$(114,040)	\$ (94,359)	\$(71,533)

The accompanying notes form part of these financial statements.

**BALANCE SHEET
FOR THE PERIODS ENDING 31 DECEMBER**

	Note	2017	2016	2015
CURRENT ASSETS				
Cash assets	2	13,664,077	12,946,871	11,338,783
Trade and other receivables	3	227,710	552,239	233,332

Other assets	4	218,618	204,400	237,793
TOTAL CURRENT ASSETS		14,110,405	13,703,510	11,809,908
NON-CURRENT ASSETS				
Financial assets	5	3,514	3,514	3,514
Property, plant and equipment	6	2,183,807	2,700,492	3,510,155
TOTAL NON-CURRENT ASSETS		2,187,321	2,704,006	3,513,669
TOTAL ASSETS		\$16,297,726	\$16,407,516	15,323,577
CURRENT LIABILITIES				
Trade and other payables	7	271,494	415,903	161,064
TOTAL CURRENT LIABILITIES		271,494	415,903	161,064
NON-CURRENT LIABILITIES				
Specific funds held	8	1,698,175	1,461,542	1,580,694
Provisions	9	759,954	686,142	640,645
Borrowings	10	88,682	82,500	100,000
TOTAL NON-CURRENT LIABILITIES		2,546,811	2,230,184	2,321,339
TOTAL LIABILITIES		2,818,305	2,646,087	2,482,403
NET ASSETS		\$13,479,421	\$13,761,429	12,841,174
EQUITY				
Accumulated Funds	11	3,498,987	4,082,328	3,581,164
Reserves	12	9,980,434	9,679,101	3,581,164
TOTAL EQUITY		\$13,479,421	\$13,761,429	\$12,841,174

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2017

	Accumulated Funds \$	Reserves \$	Total Funds \$
Balance as at 1 January 2015	3,250,637	10,489,047	13,739,684
Surplus (deficit)	(71,533)	0	(71,533)
Net transfers between accumulated funds and reserve accounts	(3,069)	(3,069)	
Movement in reserve accounts	0	(1,232,106)	(1,232,106)
Gain on recognition of fixed assets	405,129	0	405,129
Balance as at 31 December 2015	\$3,581,164	\$9,260,010	\$12,841,174
Surplus (deficit)	(94,359)	0	(94,359)
Net transfers between accumulated funds and reserve accounts	(75,687)	75,687	0
Movement in reserve accounts	0	1,014,614	1,014,614
Revaluation restatement upon asset sales	671,210	(671,210)	0
Balance as at 31 December 2016	\$4,082,328	\$9,679,101	\$13,761,429
Surplus (deficit)	(114,040)	0	(114,040)
Net transfers between accumulated funds and reserve accounts			
Direct transactions through reserve accounts	28,699	(28,699)	0
Movement in reserve accounts	0	330,032	330,032
Transfer of property at cost to LCA Property Ltd	(498,000)	0	(498,000)
Balance as at 31 December 2017	\$3,498,987	\$9,980,434	\$13,479,421

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE PERIODS ENDING 31 DECEMBER

	Note	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from ordinary activities		9,371,315	9,477,070	8,061,470
Donations and legacies received		1,342,935	2,127,133	1,435,392

Investment income received	722,915	415,775	545,120
Other income	791,602	733,371	857,576
Payments to suppliers and employees	(11,839,743)	(11,080,624)	(10,911,471)
Net cash (used) provided by operating activities 11	389,024	1,672,725	(11,913)

CASH FLOW FROM INVESTING ACTIVITIES

Payment for property, plant and equipment	(85,386)	(61,283)	(113,001)
Proceeds from sale of property	0	765,204	0
Net cash (used in) investing activities	(85,386)	703,921	(113,001)

CASH FLOW FROM FINANCING ACTIVITIES

Injection of cash funds to (from) reserve accounts	423,568	(56,817)	0
Transfers to LCA Property	0	(694,241)	(755,644)
Proceeds (Repayment) of borrowings	(10,000)	(17,500)	100,000
Net cash provided by financing activities	413,568	768,558	(655,644)

Net increase in cash and cash equivalents held	717,206	1,608,088	(780,558)
Cash and cash equivalents at beginning of year	12,946,871	11,338,783	12,119,341
Cash and cash equivalents at end of year 2	13,664,077	12,946,871	11,338,783

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement on Significant Accounting Policies

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Australian Charities and Not-for-Profits Commission Act 2012 and the specific needs of the members of Lutheran Church of Australia Incorporated ('the Church'). The General Church Council has determined that the Church is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the Australian Charities and Not-for-Profits Commission Act (2012) and the following Australian Accounting Standards:

AASB 1031 Materiality

AASB 110 Events after the Balance date

No other applicable Accounting Standards, Urgent Issues Group Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specially stated, current valuations of non-current assets.

The significant accounting policies adopted by the church are stated in order to assist in a general understanding of the financial statements.

The following material accounting policies and information, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

Scope of the financial accounts

The financial statements report the income and expenditure of the church pertaining to its core objects and ministries. The financial accounts also include the assets, liabilities and equity of various boards, Departments and activities of the church including the following:

- International Mission
- Local Mission
- Lutheran Media Ministry
- Lutheran Archives

- Church Worker Support Department
- Child, Youth & Family Ministry
- Lutheran Bible Translators Australia
- LCA Subscriptions.

The financial accounts do not report on activity of the church that is outside of the scope of the above ministries and core budget. This includes some specific funds and un-incorporated entities such as the LCA Insurance, Pension Fund, various gift funds, Finke River Mission and Australian Lutheran World Service. Separate financial reporting takes place for these activities outside of these financial accounts and is subject to independent audit.

The LCA has a constitutional linkage to a range of organisations and entities that are separate legal entities. Separate financial reports are prepared for these legal entities at law and no consolidation with the LCA is required. This includes Australian Lutheran College Limited and Lutheran Education Australia Limited.

Lutheran Church group income

The label given to 'Lutheran Church group income' in the income and expenditure statement comprises the following:

	Note	2017	2016	2015
Income from Districts		2,251,996	2,496,903	1,687,143
General convention		5,233	2,095	591,272
LCA Levy Fund Grants		321,200	318,000	309,000
LCA Insurance Grants		623,104	608,800	494,000
LLL Grants and allocations		3,844,141	4,150,037	3,039,252
Transfer Fund		961,215	790,524	179,458
All other income		745,578	1,144,834	216,377
		\$8,752,467	\$9,511,193	\$7,416,801

Income tax

The church is exempt from income tax under the Income Tax Assessment Act, 1936 and Income Tax Assessment Act, 1997 as amended.

Cash assets

The church holds its cash assets in a cheque account with ANZ Bank Ltd together with numerous accounts with the Lutheran Laypeople's League of Australia Incorporated. These moneys are largely committed for specified purposes including provisions, special funds, borrowings and reserves of the church as disclosed at notes 8, 9, 10 and 12 (refer also paragraph (e) and (f) below).

The church discloses its cash assets as 'committed' and 'uncommitted'. Committed cash assets represent those moneys that support special funds and reserves of the church as noted above. Refer Note 2 in relation to these disclosures.

Provisions and specific funds held

Moneys held on behalf of associated groups and for specific purposes are disclosed at note 8, while provisions pertaining to employee benefits are disclosed at Note 9. These moneys represent future commitments and obligations and are accordingly disclosed as liabilities of the church.

Reserves

Reserve balances as at 31 December 2017 are disclosed at Note 12. Reserves represent moneys set aside by General Church Council for future purposes over which it has discretion together with the equity balances of specific departments and auspices of the church.

Property, plant and equipment

Property

The properties of the church disclosed in these accounts are those held in the name of the church and are used for specific ministry purposes of the church. Other property occupied by the church is held by the LCA Property Limited, a public company limited by guarantee, and are disclosed in the financial accounts of that entity.

Gains and losses on disposals of property are determined by comparing proceeds with the carrying amount. These gains or losses are included in income and expenditure. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surpluses.

During the year ended 31 December 2017, the LCA transferred property at 53A Livingston Avenue, Prospect to LCA Property Limited. This transfer was made for \$498,000.

Plant and equipment

The LCA undertook a complete stocktake of its fixed asset as at 31 December 2015 by way of a formal review conducted by BMT Quantity Surveyors.

The LCA has adopted a policy for recognising depreciable assets whereby individual assets of \$500 or more are subject to depreciation, apart from art works which are not depreciated.

Acquisitions of assets below \$500 are expensed.

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

Class of fixed asset	Depreciation rate
Plant and equipment	10.0%
Furniture and fittings	10.0%

Comparative information

Where necessary, comparative figures have been adjusted to confirm with changes in presentation in the current year.

	Note	2017	2016	2015
Note 2: Cash Assets				
Funds held as:				
Cash on hand		300	100	100
Cash at bank		63,974	34,442	49,236
Cash on deposit at the LLL		13,599,803	12,912,329	11,289,447
TOTAL CASH ASSETS		\$13,664,077	\$12,946,871	\$11,338,783
Disclosed as:				
CASH ASSETS – UNCOMMITTED		1,530,715	1,431,469	822,527
CASH ASSETS – COMMITTED		12,133,362	11,515,402	10,516,256
TOTAL CASH ASSETS		\$13,664,077	\$12,946,871	\$11,338,783
Note 3: Trade and Other receivables				
LCA Levies receivable		0	318,000	0
Trade and sundry debtors		204,434	215,155	197,490
Tax receivables		23,276	19,084	35,842
TOTAL TRADE AND OTHER RECEIVABLES		\$227,710	\$552,239	\$233,332

Note 4: Other Assets

Inventory	57,154	56,659	80,724
Prepayments	77,598	98,884	157,069
Loans to LCA Property Ltd	78,666	45,857	0
Loan to LCA Archives Ltd	1,500	1,500	0
Loan to ALC Land Ltd	3,700	1,500	0
TOTAL OTHER ASSETS	\$218,618	\$204,400	\$237,793

Note 5: Financial Assets

Shares in listed companies	3,514	3,514	3,514
TOTAL FINANCIAL ASSETS	\$3,514	\$3,514	\$3,514

Note 6: Property, Plant and Equipment**Property**

Property at valuation	1,635,000	1,635,000	1,635,000
Property at cost	480,714	978,714	978,714
Property improvements at cost	146,232	130,192	130,912
Less accumulated depreciation	(66,579)	(53,560)	26,780
TOTAL PROPERTY	1,445,367	1,940,346	2,717,126

Plant and equipment

Furniture and fittings	485,283	481,841	451,213
Less accumulated depreciation	(93,521)	(45,304)	0
	391,762	436,537	485,213
Computer and office machinery	414,728	352,668	302,950
Less accumulated depreciation	(72,950)	(33,659)	0
	341,778	319,009	302,950

Artwork, at valuation

	4,900	4,600	4,600
Motor Vehicles at cost	0	0	83,879
Less Accumulated depreciation	0	0	(49,613)
	0	0	34,266

TOTAL PLANT AND EQUIPMENT

	738,440	760,146	793,029
TOTAL PROPERTY, PLANT AND EQUIPMENT	\$2,183,807	\$2,700,492	\$3,510,155

Note 7: Trade and Other Payables

HRS amounts held	33,301	44,942	0
Trade and sundry creditors	238,193	370,961	161,064
TOTAL TRADE AND OTHER PAYABLES	\$271,494	\$415,903	\$161,064

Note 8: Specific Funds Held

Aboriginal training fund	20,847	19,985	19,428
ALC succession planning fund	26,303	(9,350)	63,262
Child, Youth & Family Ministry leadership training fund	20,828	20,860	28,694
Child, Youth & Family Ministry permanent fund	45,745	45,745	45,745
Church Worker Support Department – Training grants	39,240	39,240	39,240
Contribution for legal costs	10,000	10,000	10,000
Disaster welfare fund	569,505	553,922	601,938
Finke River mission funds ex appeal	91,489	91,489	91,489
Jordan Vicar Fund	3,773	3,773	6,032
Lutheran Archives fund	268,687	245,538	239,055
Lutheran Archives trust account	2,326	209	(1,077)
Pastor's conference provision	52,000	26,000	0
Scholarship fund	407,306	277,716	245,536
Vicarage permanent fund	140,126	136,415	132,452
TOTAL SPECIFIC FUNDS HELD	\$1,698,175	\$1,461,542	\$1,589,694

Note 9: Provisions

Annual leave provision	302,583	264,856	225,897
Long service leave provision	457,371	421,286	414,748
TOTAL PROVISIONS	\$759,954	\$686,142	\$640,645

Note 10: Borrowings

Long Term Borrowings	88,682	82,500	100,000
TOTAL BORROWINGS	\$88,682	\$82,500	\$100,000

Note 11: Accumulated funds

Opening accumulated funds	4,082,328	3,581,164	3,250,637
Net surplus (deficit) for the year - national budget	(206,364)	(190,255)	(4,142)
Net surplus for the year - departments	92,324	95,896	(67,391)
Net transfers from (to) reserve accounts	28,699	(75,687)	(3,069)
Gain on recognition of fixed assets	0	0	405,129
Transfer from revaluation reserve upon sale of property 1(g)	0	671,210	0
Transfer of property at cost to LCA Property Ltd	(498,000)	0	0
TOTAL ACCUMULATED FUNDS	\$3,498,987	\$4,082,328	\$3,581,164

Comprised of:

LCA National Office	1,219,533	1,923,897	2,191,911
Church Worker Support Department	398,293	321,742	282,230
Lutheran Archives	374,870	391,143	374,870
Child, Youth and Family Ministry	178,054	93,819	172,215
Lutheran Media Ministry	(195,454)	(44,972)	(6,313)
LCA Subscriptions	219,187	214,107	211,304
Lutheran Bible Translators Australia	(90,058)	(56,950)	(33,857)
Local Mission	312,715	139,592	134,793
International Mission	1,081,847	1,099,950	254,011
TOTAL ACCUMULATED FUNDS	\$3,498,987	\$4,082,328	\$3,581,164

Note 12: Reserves

Asset revaluation	393,883	393,883	1,065,093
Executive Officers allocation	309,972	447,739	412,188
Graduates fund	36,290	36,290	36,290
Interim Pastors fund	(85,917)	(51,772)	14,170
Klemzig cemetery memorial	0	1,793	1,885
LCA Mission fund	525,944	488,604	368,670
Professional standards department allocation	198,682	210,607	314,563
Special gifts for special purposes	3,470,309	3,599,739	2,691,032
LCA Pastors Transfer and Support Fund	1,976,306	1,778,958	1,033,692
50.500 Project fund	183,482	0	0
Ministry with the Ageing	10,062	0	0
Aged Care Scholarship	(2,186)	0	0
Suomi Conference fund	10,510	10,510	10,510
Borgfeldt Estate Legacy reserves	740,047	704,353	684,616
Local Mission fund	200,000	200,000	200,000
Specific Legacy reserves	1,806,392	1,765,157	1,742,138
General Legacy reserves	206,658	93,240	93,240
TOTAL RESERVES	\$9,980,434	\$ 9,679,101	\$9,260,010

Note 13: Reconciliation of Cash Flows from Operations to Surplus

(Deficit) Surplus from operations	(187,887)	1,671,313	(71,533)
Non-cash flows in surplus			
- Depreciation	100,564	105,742	40,218
Changes in assets and liabilities			
- Decrease (Increase) in trade and other receivables	324,529	(318,907)	313,651
- (Increase) Decrease in prepayments	(14,218)	33,393	(82,809)
- (Decrease) Increase in trade payables and accruals	(144,409)	254,839	28,225
- Increase (Decrease) in provisions and special purpose funds	310,445	(73,655)	236,797
- Operational cash flows through reserve accounts	0	0	(476,462)
Cash flows from operations	\$389,024	\$1,672,725	\$(11,913)

Note 14: Contingent Liabilities

The Lutheran Laypeople's League of Australia Incorporated (LLL) provides financial support to the LCA and its umbrella entities through the provision of finance and services. The LCA provides a general guarantee of repayment and indemnity against loss to the LLL in relation to all borrowings provided to the LCA and its related bodies.

The primary responsibility for repayment of loans rests with the borrowing entities of the LCA as authorised by each District of the church. This responsibility is supported by significant property assets and other moneys together with a hierarchal guarantee for which each District of the church takes responsibility.

In some instances, the LCA has a primary guarantee of repayment to the LLL in relation to some borrowings. As at the time of signing the audit report, the church had provided guarantees to the LLL in respect of loans provided by LLL for:

LCA Pensions Fund	3,054,044	3,421,667	3,632,735
LCA Car Loans	557,743	667,630	773,668
Total Contingent liabilities	\$3,611,787	\$4,089,297	\$4,406,403

As at the time of signing the audit report, the LCA is not aware of any circumstance that would require it to meet any material liability to the LLL under its guarantee of repayment and indemnity against loss provided.

The LCA also acts as guarantor for certain borrowings of Lutheran Schools and Colleges which are provided by Westpac Banking Corporation Limited. These borrowings are supported by first mortgages provided by each Lutheran School or College under the auspices of Lutheran Education Australia Limited and its state based affiliates. As at the time of signing the audit report there are no grounds to believe that any guarantee provided by the LCA to Westpac Banking Corporation is in anyway likely to result in financial loss to the LCA.

Note 15: Segment Reports
For year ending 31 December 2017

	LCA National	LCA Departments	Internal Funding	LCA Consolidated
Income	\$	\$	\$	\$
Appeals, donations and bequests	273,427	1,069,508	0	1,342,935
Investment and rental income	605,090	117,825	0	722,915
LCA allocations and internal income	71,878	1,375,108	(1,446,986)	0
Lutheran Church group income	7,322,934	1,429,533	0	8,752,467
Reimbursements	78,879	181,975	(57,380)	203,474
Trading Income	398,031	190,097	0	588,128
Total income	8,750,239	4,364,046	(1,504,366)	11,609,919
Expenditure				
Administration costs	317,707	243,518	0	561,225
Asset costs	169,012	44,363	0	213,375
Australian Lutheran College funding	1,425,000	0	0	1,425,000
Consulting expenses	400,490	120,210	0	520,700
Depreciation expense	50,223	50,341	0	100,564
Employee expenses	2,010,490	2,127,249	0	4,137,739
Governance costs	295,846	40,007	0	335,853
LCA allocations and departmental costs	1,398,771	48,215	(1,446,986)	0
Ministry expenses	1,547,696	641,073	0	2,188,769
Project costs	1,063,528	584,987	0	1,648,515
Promotion and marketing	39,790	284,972	0	324,762
Reimbursements – Departments	14,550	42,830	(57,380)	0
Travelling expenses	148,376	192,928	0	341,304
Total expenditure	8,881,479	4,420,693	(1,504,366)	11,797,806
Operating Surplus (Deficit) prior to reserve and equity transfers	(131,240)	(56,647)	0	(187,887)
Transfer (to) from equity and reserves	(75,124)	148,971	0	73,847
Net (Deficit) Surplus	\$(206,364)	\$92,324	0	\$(114,040)

For year ending 31 December 2016

	LCA National	LCA Departments	Internal Funding	LCA Consolidated
Income	\$	\$	\$	\$
Appeals, donations and bequests	600,487	1,526,646	0	2,127,133
Investment and rental income	285,102	130,673	0	415,775
LCA allocations and internal income	51,325	1,288,466	(1,339,791)	0
Lutheran Church group income	8,309,786	1,201,407	0	9,511,193
Reimbursements	114,120	167,384	(3,000)	278,504
Trading Income	332,738	122,129	0	454,867
Total income	9,693,558	4,436,705	(1,342,791)	12,787,472
Expenditure				
Administration costs	261,577	225,497	0	487,074
Asset costs	165,654	73,209	0	238,863
Australian Lutheran College funding	1,400,000	0	0	1,400,000
Consulting expenses	388,465	95,772	0	484,237
Depreciation expense	63,816	41,926	0	105,742
Employee expenses	1,877,295	2,132,772	0	4,010,067
Governance costs	194,874	26,363	0	221,237
LCA allocations and departmental costs	1,287,586	52,205	(1,339,791)	0
Ministry expenses	1,667,573	584,858	0	2,252,431
Project costs	456,759	645,196	0	1,101,955

Promotion and marketing	34,678	338,627	0	373,305
Reimbursements – departments	3,000	0	(3,000)	0
Travelling expenses	183,709	257,539	0	441,248
Total expenditure	7,984,986	4,473,964	(1,342,791)	11,116,159
Operating Surplus prior to reserve and equity transfers	1,708,572	(37,259)	0	1,671,313
Transfer (to) from equity & reserves	(1,898,827)	133,155	0	(1,765,672)
Net (Deficit) Surplus	(190,255)	95,896	0	(94,359)

For year ending 31 December 2015

	LCA National	LCA Departments	Internal Funding	LCA Consolidated
Income	\$	\$	\$	\$
Appeals, donations and bequests	498,474	936,918	0	1,435,392
Investment and rental income	379,819	168,301	0	548,120
LCA allocations and internal income	38,164	1,359,300	(1,397,464)	0
Lutheran Church group income	6,155,822	1,260,979	0	7,416,801
Reimbursements	118,091	205,026	(3,000)	320,117
Trading Income	328,464	211,995	0	540,459
Total income	7,518,834	4,142,519	(1,400,464)	10,260,889
Expenditure				
Administration costs	190,359	245,547	0	435,906
Asset costs	266,539	87,043	0	353,582
Australian Lutheran College funding	1,400,000	0	0	1,400,000
Consulting expenses	286,341	154,020	0	440,361
Employee expenses	1,347,786	1,882,595	0	3,230,381
Governance costs	183,910	36,077	0	219,987
LCA allocations & department costs	1,348,300	49,164	(1,397,464)	0
Ministry expenses	872,177	588,615	0	1,460,792
Project costs	1,317,850	508,132	0	1,825,982
Promotion and marketing	38,289	275,733	0	314,022
Reimbursements – departments	3,000	0	(3,000)	0
Travelling expenses	193,589	276,862	0	470,451
Total expenditure	7,448,140	4,103,788	(1,400,464)	10,151,464
Operating Surplus prior to reserve and equity transfers	70,694	38,731	0	109,425
Transfer to equity and reserves	(74,836)	(106,122)	0	(180,958)
Net (Deficit)	(4,142)	(67,391)	0	(71,533)