

Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Services

ABN: 47 291 464 804

Financial Statements

For the Year Ended 30 June 2025

LCAQD - Lutheran Services

ABN: 47 291 464 804

For the Year Ended 30 June 2025

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LCAQD - Lutheran Services

ABN: 47 291 464 804

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2025

| | Note | 2025 \$ | 2024 \$ |
|---------------------------------------|------|------------------|------------------|
| Revenue & other income | 3 | 206,569,815 | 192,268,203 |
| Employee benefits expense | | (147,056,868) | (136,784,349) |
| Depreciation and amortisation | | (12,775,360) | (12,189,870) |
| Consultancy/Contractors Expense | | (5,539,511) | (1,878,931) |
| Lutheran Services SC Levies | | (1,682,887) | (459,495) |
| Catering & Groceries Expense | | (5,671,793) | (5,099,873) |
| Insurance Expense | | (1,192,936) | (1,127,119) |
| Repairs and Maintenance expense | | (3,346,827) | (2,522,885) |
| Subscriptions and Membership Expense | | (1,526,699) | (1,111,816) |
| Maintenance Reserve Fund Contribution | | (59,382) | (49,998) |
| General Services Charge Contribution | | (189,082) | (155,322) |
| Capital Replacement Fund Contribution | | (2,055,328) | (2,080,720) |
| Utilities Expense | | (2,865,647) | (2,428,864) |
| Other operating expenses | | (18,813,609) | (17,339,060) |
| Finance costs | | (528,359) | (610,288) |
| Surplus/(Deficit) for the Year | | 3,265,527 | 8,429,614 |

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

LCAQD - Lutheran Services
 ABN: 47 291 464 804
 Statement of Financial Position
 As At 30 June 2025

| | Note | 2025 | 2024 |
|--------------------------------------|------|--------------------|--------------------|
| | | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 84,076,973 | 81,028,881 |
| Trade and other receivables | 6 | 3,664,714 | 27,918 |
| Financial Assets | | 50,542,645 | 47,122,605 |
| Other current assets | | 182,624 | 1,017,592 |
| Total current assets | | 138,466,956 | 129,196,996 |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 133,440,303 | 126,171,912 |
| Investment properties | 8 | 53,676,727 | 54,031,636 |
| Intangible assets | 9 | 10,629 | 142,021 |
| Total non-current assets | | 187,127,659 | 180,345,569 |
| TOTAL ASSETS | | 325,594,615 | 309,542,565 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 10 | 8,524,467 | 11,277,050 |
| Financial liabilities | 11 | 490,820 | 287,623 |
| Other current liabilities | 12 | 240,472,559 | 223,223,326 |
| Short-term provisions | 13 | 15,218,545 | 14,444,973 |
| Total current liabilities | | 264,706,391 | 249,232,972 |
| Non-current liabilities | | | |
| Financial liabilities | 11 | - | 2,898,568 |
| Other long-term provisions | 13 | 2,080,485 | 1,798,771 |
| Other non-current liabilities | 12 | 633,894 | 703,936 |
| Total non-current liabilities | | 2,714,379 | 5,401,275 |
| TOTAL LIABILITIES | | 267,420,770 | 254,634,247 |
| NET ASSETS | | 58,173,845 | 54,908,318 |
| EQUITY | | | |
| Accumulated funds | | 58,173,845 | 54,908,318 |
| TOTAL EQUITY | | 58,173,845 | 54,908,318 |

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

LCAQD - Lutheran Services
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 Statement of Changes in Equity
 For the Year Ended 30 June 2025

2025

| | Accumulated funds \$ | Total \$ |
|---|----------------------------|-------------------|
| Balance at 1 July 2024 | 54,908,318 | 54,908,318 |
| Surplus after income tax expense for the year | 3,265,527 | 3,265,527 |
| Other comprehensive income for the year, net of tax | - | - |
| Total comprehensive income for the year | <u>3,265,527</u> | <u>3,265,527</u> |
| Balance at 30 June 2025 | <u>58,173,845</u> | <u>58,173,845</u> |

2024

| | Accumulated funds \$ | Total \$ |
|---|----------------------------|-------------------|
| Balance at 1 July 2023 | 46,478,704 | 46,478,704 |
| Deficit after income tax expense for the year | 8,429,614 | 8,429,614 |
| Other comprehensive income for the year, net of tax | - | - |
| Total comprehensive income for the year | <u>8,429,614</u> | <u>8,429,614</u> |
| Balance at 30 June 2024 | <u>54,908,318</u> | <u>54,908,318</u> |

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

LCAQD - Lutheran Services
ABN: 47 291 464 804
Statement of Cash Flows
For the Year Ended 30 June 2025

| | Note | 2025 \$ | 2024 \$ |
|--|------|---------------------|--------------------|
| Cash from operating activities: | | | |
| Receipts from residents, funding and others | | 191,943,406 | 180,430,836 |
| Payments to suppliers and employees | | (190,758,238) | (167,302,876) |
| Interest received | | 3,958,082 | 3,012,094 |
| Interest paid | | (528,359) | (489,697) |
| Net cash provided by (used in) operating activities | | 4,614,891 | 15,650,357 |
| Cash flows from investing activities: | | | |
| Proceeds from sale of property, plant and equipment | | 49,107 | 108,309 |
| Acquisition of property, plant and equipment | | (18,901,588) | (8,111,747) |
| Funds invested in Macquarie portfolio | | - | - |
| Withdrawal of funds from investment portfolio | | - | 1,500,000 |
| Payments for intangibles | | - | - |
| Cash acquired in a business combination | | - | - |
| Net cash provided by (used in) investing activities | | (18,852,481) | (6,503,438) |
| Cash flows from financing activities: | | | |
| Proceeds from residents contributions | | 56,707,910 | 60,248,817 |
| Repayment of residents contributions | | (43,120,323) | (44,187,076) |
| Proceeds from ILU contributions | | 11,243,900 | 9,425,400 |
| Repayment of ILU contributions | | (4,139,197) | (5,101,541) |
| Repayment of leases | | (711,237) | (375,539) |
| Proceeds from (repayment of) borrowings | | (2,695,371) | (216,906) |
| Net cash provided by (used in) financing activities | | 17,285,682 | 19,793,155 |
| Net increase (decreases) in cash held | | 3,048,092 | 28,940,074 |
| Cash at beginning of financial year | | 81,028,881 | 52,088,807 |
| Cash at end of financial year | 5 | 84,076,973 | 81,028,881 |

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

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Notes to the Financial Statements

For the Year Ended 30 June 2025

1 Statement of Significant Accounting Policies

(a) General information

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, the Australian Charities and Not-for-profits Commission Act 2012, the Aged Care Act 1997 and associated regulations as appropriate for not-for-profit oriented entities.

The financial report covers the entity of Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Services. Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Services consists of registered aged care facilities, retirement villages, disability, family and community services and the LCC Support Centre, all established and domiciled in Australia.

The entity has also assessed applicable Accounting Standards which have been issued or amended but not yet effective, and do not believe any of them to have a material impact if they were to be adopted for the period ending 30 June 2025.

(b) Basis of preparation

Reporting basis and conventions

The Financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The entity is a not-for-profit entity for financial reporting purposes.

After considering all available current information, those charged with governance have concluded there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due and payable and preparation of the financial statements on a going concern basis is appropriate.

(c) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(d) Fair value

Fair value is the price that would be received on the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the entity. Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

Fair value is applied to:

-The Financial Assets as disclosed on the Statement of Financial Position: this consists of investments in listed securities, cash and fixed-interest securities, managed by a broker. Fair values are obtained on advice of the external broker, using a direct-comparison market approach of quoted prices in an active market. Gains and losses are accounted for through profit or loss within other finance income or expenses.

-Land and buildings acquired as part of the Business Combination: The entity's policy is to account for land and buildings at cost, but for land and buildings acquired through a business combination, accounting standard AASB 3 requires that any goodwill or discount on acquisition be accounted for based on fair values. As such, the entity obtained an external valuation of the land and buildings acquired. The external valuer used a combination of income/going concern basis, and direct comparison. The amounts determined by the external valuer will be used as 'deemed cost' going forward.

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For the Year Ended 30 June 2025

(e) Investment properties

Land and Buildings have the function of investments and are regarded as composite assets. In accordance with applicable accounting standard, the buildings, including plant and equipment are depreciated.

Investments property is measured at cost, including transaction costs.

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

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised as profit or loss.

(f) Property, plant and equipment

Classes of property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation and impairment losses. Where required under the terms of government funding agreements, purchases of capital items to the value of \$5,000 have been expensed in the period purchased. All capital items with a purchase value of less than \$1,000 are immediately expensed.

Property

All freehold land is shown at cost. Freehold buildings are shown at cost less accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of Property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amounts are assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the entity includes the cost of the material, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets held at cost including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

| | | | |
|-----------------------|---------|----------------------|--------|
| Buildings - general | 2.5% | Buildings - other | 5-20% |
| Investment Properties | 2.5-25% | Furniture & Fittings | 15-20% |
| Plant and Equipment | 2.5-25% | Computer Equipment | 10-33% |
| Motor Vehicles | 7.5-25% | | |

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

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. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

(g) Financial Instruments

Recognition & Measurements

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted). Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price as the trade receivables do not contain a significant financing component.

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Notes to the Financial Statements

For the Year Ended 30 June 2025

(g) Financial Instruments (Continued)

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

The entity has no material financial liabilities measured at fair value through profit or loss.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through profit or loss; or
- fair value through other comprehensive income, not applicable to this entity

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

The contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and

The business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the entity's intentions is documented appropriately, so the performance of the financial liability that is part of a entity of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

(h) Cash and Cash Equivalents

Cash and cash equivalents include 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.

(i) 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 within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and 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 recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(j) Provisions

Provisions are recognised when the entity 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.

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Notes to the Financial Statements
For the Year Ended 30 June 2025

(k) Borrowing Costs

Borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(l) Income Tax

Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Services consists of registered charitable organisations and is therefore exempt from Income Tax under Sect 50-5 of the Income Tax Assessment Act 1997 except for income tax payable on interest earned in the Retirement Village Maintenance Reserve Funds which is recognised as an expense of the Retirement Village Scheme Operator where applicable.

(m) Revenue

Revenue is recognised using a 5-step recognition process that identifies the contract with the customer, identifies the separate performance obligations, determines the transaction price, allocates the transaction price between performance obligations and recognises revenue when the performance obligations are met (either over time or at a point in time).

The entity generates revenue from rendering of services. Revenue from rendering of services is recognized when performance obligations are met under contracts with customers.

The nature of customers in the industry is such that revenue is recognised over time as services are delivered to customers and clients over a period of time, usually under a contract or agreement.

Fees obtained from government agencies and residents typically include components for both care services and accommodation. In accordance with industry standards, fees relating to care services are considered to be revenue and are accounted for using the approach described above.

Fees for accommodation are included as "Other income". Accommodation income is recognised on an accruals basis as the accommodation is provided to the resident.

Other income not arising under a contract with a customer is recognised when the entity obtains control over a future economic inflow.

Investment income arises from funds invested with an external broker that generates dividends and capital gains. Dividends are recognised when declared, as advised on statements provided by the external broker. The broker also provides regular portfolio valuations advising of any realised or unrealised gains on the investments held.

Rental income is recognised in relation to properties owned by the entity that are utilised by external parties under an operating lease arrangement. Income is recognised on a straight-line basis in accordance with the terms of the operating lease.

Interest income is recognised when it is received or when the right to receive payment is established.

Deferred management fee (DMF) revenue on retirement village assets is earned while the resident occupies the independent living unit and is recognised as income over the residents expected tenure. The expected tenure is calculated using historical trends of rollovers within the entity. DMF revenue is not discounted to present value, as the income is earned by reducing the existing resident loan.

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

(n) Government Grants

When funding is received from government, the entity determines whether it is to be accounted for under AASB 15 Revenue from Contracts With Customers, using the criteria described in the "Revenue" note above. For funds that do meet the recognition criteria of AASB 15, they are accounted for in the same manner as revenue from rendering of services. Where funds received from government do not meet the criteria for recognition under AASB 15, or where they are for the construction of capital assets, they are accounted for under AASB 1058 Income of Not-for-Profit Entities. This standard requires an entity to recognise a liability for the excess of the initial carrying amount of a financial asset received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset, and then to recognise income in profit or loss when (or as) the entity satisfies its obligations under the transfer. Where there is no requirement to construct a non-current asset, amounts received are recognised as income immediately upon receipt.

(o) Trade and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the entity during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(p) 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 Taxation 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. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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Notes to the Financial Statements
For the Year Ended 30 June 2025

(a) Leases

All contracts are reviewed for existence of a lease contract. Where a lease contract exists, the Trust applies AASB 16 Leases.

On initial recognition of a lease contract, lease liabilities and Right-of-Use ("ROU") assets are calculated based on the present value of future lease payments, discounted using an incremental borrowing rate. Subsequently, lease liabilities are amortised as repayments are made. ROU assets are depreciated over the term of the lease.

Leases that are low-value or short-term in nature are expensed directly to profit or loss.

The Entity leases retail and office facilities. The leases typically run for a period of 1-3 years, with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on fixed increases. For certain leases, the Entity is restricted from entering into any sub-lease arrangements, but in any case has no plans to do so.

(r) Aged care Residents Liabilities and ILU License to Reside

Entry Contributions / Accommodation Bonds and RADS that represent a liability at balance date are classified as current liabilities in the statement of financial position. Based on historical trends and experience it is likely that the majority of the liability recognised will not be payable within 12 months, however there is no unconditional right to defer settlement of the liability for more than 12 months and, therefore, the liability is recognised as current in its entirety.

2 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires those charged with governance to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Those charged with governance continually evaluate judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Those charged with governance base these judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, believed to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of assets

The entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Retirement villages residents tenure

An estimate has been made of the tenure of retirement village residents for the purpose of recognising the Deferred Management Fee (DMF) revenue relating to residents occupancy of the retirement village units. This estimate has been made with reference to the historical tenure period of residents and industry norms.

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 Notes to the Financial Statements
 For the Year Ended 30 June 2025

| 3 Revenue | 2025 | 2024 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Revenue from Contracts with Customers | | |
| Government revenue | | |
| Department of Health Funding | 104,390,307 | 92,147,077 |
| Other Government Funding | <u>10,892,144</u> | <u>11,453,693</u> |
| <i>Total government revenue</i> | <u>115,282,451</u> | <u>103,600,770</u> |
| Resident and client revenue | | |
| Basic daily fees | 23,463,813 | 22,387,327 |
| Other resident fees | 2,617,701 | 2,191,402 |
| Other client fees | <u>30,406,448</u> | <u>29,313,966</u> |
| <i>Total resident and client revenue</i> | <u>56,487,962</u> | <u>53,892,695</u> |
| Total revenue from contracts with customers | <u>171,770,413</u> | <u>157,493,465</u> |
| Other Income | | |
| Accommodation income from government | 12,773,946 | 12,154,971 |
| Accommodation income from residents | 11,207,253 | 10,963,007 |
| Interest income | 3,958,082 | 3,012,094 |
| Investment property rental income | 1,889,817 | 1,581,578 |
| Dividends received | 1,617,115 | 825,801 |
| Other finance income | 2,063,797 | 5,561,947 |
| Sundry income | <u>1,289,392</u> | <u>675,340</u> |
| <i>Total other income</i> | <u>34,799,402</u> | <u>34,774,738</u> |
| TOTAL REVENUE AND OTHER INCOME | <u>206,569,815</u> | <u>192,268,203</u> |
| <i>Disaggregation of revenue</i> | | |
| <i>By Geographic region</i> | | |
| All revenue is from Australia | | |
| <i>By major product line</i> | | |
| All revenue is earned from providing services relating to aged care | | |
| <i>Timing of revenue recognition</i> | | |
| Transferred at a point in time | - | - |
| Transferred over time | <u>171,770,413</u> | <u>157,493,465</u> |
| | <u>171,770,413</u> | <u>157,493,465</u> |

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Notes to the Financial Statements

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4 Surplus before income tax includes the following specific expenses

(a) Deficit for the Year includes the following items:

| | 2025 | 2024 |
|--|-----------|-----------|
| | \$ | \$ |
| Depreciation of investment properties | 3,194,364 | 3,098,202 |
| Depreciation of property, plant and equipment | 9,449,602 | 8,856,767 |
| Amortisation of intangible assets | 131,394 | 234,901 |
| Gain/(Loss) on disposal of property, plant and equipment | 28,327 | 108,309 |
| Short-term and low value lease payments | 798,118 | 1,012,615 |
| Remuneration of auditors: | | |
| Audit of the financial report | 133,000 | 120,500 |
| Other services | - | - |

5 Cash and Cash Equivalents

| | 2025 | 2024 |
|--------------------------|-------------------|-------------------|
| | \$ | \$ |
| Cash in hand | 21,540 | 36,240 |
| Cash at Bank | 46,909,074 | 44,406,485 |
| Cash Held with Broker | 2,569,006 | 2,456,953 |
| Short-term bank deposits | 34,577,353 | 34,129,203 |
| | <u>84,076,973</u> | <u>81,028,881</u> |

Included in Cash at Bank are certain amounts that are restricted for use due to the capital replacement fund which is \$7,015,615 for FY2025 and \$5,859,083 for FY2024, established under section 91 and 92 of the Retirement Villages Act 1999 which cannot be used by the entity in its ordinary activities.

6 Trade and Other Receivables

| | 2025 | 2024 |
|---|------------------|---------------|
| | \$ | \$ |
| Current | | |
| Trade receivables | 1,372,782 | (441,983) |
| Net Home Care Packages unspent funds / (receivable) | 1,330,629 | - |
| Other receivables | 961,303 | 469,901 |
| | <u>3,664,714</u> | <u>27,918</u> |

LCAQD - Lutheran Services
 ABN: 47 291 464 804
 Notes to the Financial Statements
 For the Year Ended 30 June 2025

7 Property Plant and Equipment

| | 2025 | 2024 |
|---|---------------------|---------------------|
| | \$ | \$ |
| Freehold land at cost | 26,437,817 | 25,807,392 |
| Buildings | | |
| At cost | 136,474,338 | 134,197,369 |
| Accumulated depreciation | <u>(61,521,870)</u> | <u>(56,794,984)</u> |
| Total buildings | <u>74,952,468</u> | <u>77,402,385</u> |
| Plant and equipment | | |
| At cost | 14,847,061 | 15,099,405 |
| Accumulated depreciation | <u>(5,719,832)</u> | <u>(7,115,868)</u> |
| Total plant and equipment | <u>9,127,229</u> | <u>7,983,537</u> |
| Furniture, fixtures and fittings | | |
| At cost | 9,150,016 | 10,682,762 |
| Accumulated depreciation | <u>(4,007,724)</u> | <u>(5,729,850)</u> |
| Total furniture, fixtures and fittings | <u>5,142,292</u> | <u>4,952,912</u> |
| Motor vehicles | | |
| At cost | 4,723,119 | 4,380,822 |
| Accumulated depreciation | <u>(2,792,032)</u> | <u>(2,521,966)</u> |
| Total motor vehicles | <u>1,931,087</u> | <u>1,858,856</u> |
| Computer equipment | | |
| At cost | 4,488,553 | 4,337,530 |
| Accumulated depreciation | <u>(2,567,407)</u> | <u>(2,032,303)</u> |
| Total computer equipment | <u>1,921,146</u> | <u>2,305,227</u> |
| Right to use - Lease Assets | | |
| At Cost | 2,201,158 | 1,524,518 |
| Accumulated depreciation | <u>(1,282,733)</u> | <u>(556,719)</u> |
| Total Right to use - Lease Assets | <u>918,425</u> | <u>967,799</u> |
| Improvements | | |
| Capital works in progress | <u>13,009,839</u> | <u>4,893,804</u> |
| Total property, plant and equipment | <u>133,440,303</u> | <u>126,171,912</u> |

7 Property Plant and Equipment (Continued)

Movements in carrying amounts

| 2025 | Capital Works in Progress \$ | Land \$ | Buildings \$ | Plant and Equipment \$ | Furniture, Fixtures and Fittings \$ |
|---|---------------------------------|------------|-----------------|---------------------------|--|
| Balance at the beginning of year | 4,893,804 | 25,807,392 | 77,402,385 | 7,983,537 | 4,952,912 |
| Additions | 19,084,407 | - | - | - | - |
| Disposals | - | - | (641) | (816) | (53) |
| Transfer from capital works in progress | (10,968,372) | 643,333 | 2,957,898 | 2,535,008 | 1,111,787 |
| Depreciation expense | - | (12,908) | (5,407,174) | (1,390,500) | (922,354) |
| Carrying amount at the end of year | 13,009,839 | 26,437,817 | 74,952,468 | 9,127,229 | 5,142,292 |

| | Motor Vehicles \$ | Computer Equipment \$ | Right to use - Lease Assets \$ | Total \$ |
|---|----------------------------------|--------------------------|--------------------------------------|-------------|
| | Balance at the beginning of year | 1,858,856 | 2,305,227 | 967,799 |
| Additions | - | - | 676,638 | 19,761,045 |
| Disposals | - | - | - | (1,510) |
| Transfer from capital works in progress | 400,399 | 278,405 | - | (3,041,542) |
| Depreciation expense | (328,168) | (662,486) | (726,012) | (9,449,602) |
| Carrying amount at the end of year | 1,931,087 | 1,921,146 | 918,425 | 133,440,304 |

LCAQD - Lutheran Services
 ABN: 47 291 464 804
 Notes to the Financial Statements
 For the Year Ended 30 June 2025

8 Investment Properties

| | 2025 | 2024 |
|----------------------------------|-------------------|-------------------|
| | \$ | \$ |
| At cost | 86,508,928 | 85,177,214 |
| Accumulated depreciation | (32,832,201) | (31,145,578) |
| Total investment property | 53,676,727 | 54,031,636 |

Movements In Carrying Amounts

| | 2025 | 2024 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Balance at the beginning of year as previously reported | 54,031,636 | 56,256,324 |
| Additions | - | - |
| Disposals | (18,391) | (39,871) |
| Transfer from Capital Work in Progress | 2,857,846 | 913,385 |
| Reclassification (to)/from investment properties | - | - |
| Depreciation Expense | (3,194,364) | (3,098,202) |
| Carrying amount at the end of year | 53,676,727 | 54,031,636 |

9 Intangible Assets

| | 2025 | 2024 |
|--------------------------------|---------------|----------------|
| | \$ | \$ |
| Intangible Assets | | |
| At Cost | 709,491 | 930,467 |
| Accumulated Amortisation | (698,862) | (788,446) |
| Total Intangible assets | 10,629 | 142,021 |

Movements in Carrying Amounts
 2025

| | Computer Software | Total |
|---|-------------------|---------------|
| | \$ | \$ |
| Balance at the beginning of year | 142,021 | 142,021 |
| Additions | - | - |
| Transfer from plant & equipment | - | - |
| Disposals | - | - |
| Amortisation Expense | (131,394) | (131,394) |
| Carrying amount at the end of year | 10,627 | 10,627 |

10 Trade and Other Payables

| | 2025 | 2024 |
|-----------------------|------------------|-------------------|
| | \$ | \$ |
| Current | | |
| Unsecured liabilities | | |
| Trade payables | 1,913,476 | 3,491,167 |
| Other payables | 417,694 | 193,203 |
| Accrued expenses | 6,193,297 | 7,592,680 |
| Total | 8,524,467 | 11,277,050 |

LCAQD - Lutheran Services
 ABN: 47 291 464 804
 Notes to the Financial Statements
 For the Year Ended 30 June 2025

| 11 Financial Liabilities | 2025 | 2024 |
|--------------------------|----------------|------------------|
| Current | \$ | \$ |
| Loan - Related Party | 490,820 | 17,989 |
| Loan - Other | - | 269,634 |
| Total | 490,820 | 287,623 |
| Non-Current | \$ | \$ |
| Loan - Other | - | 2,898,568 |
| Total | - | 2,898,568 |

The Loan-Other was owing to the Department of Health and Aged Care and was acquired by the Entity as part of a business combination in the FY23 year.

The loan was payable in monthly instalments over a 13-year period. Interest was varied according to the Consumer Price Index.
 This loan was repaid in full in February of FY25

| 12 Other Liabilities | 2025 | 2024 |
|---|--------------------|--------------------|
| Current | \$ | \$ |
| Income in advance | 10,638,646 | 10,004,062 |
| Net Home Care Packages unspent funds / (receivable) | - | (1,202,743) |
| ILU Licences to Reside | 75,413,083 | 74,110,215 |
| Lease Liabilities | 335,800 | 300,355 |
| Aged care resident Liability/ | 154,085,030 | 140,011,437 |
| Total | 240,472,559 | 223,223,326 |
| Non-Current | | |
| Lease Liabilities | 633,894 | 703,936 |
| Total | 633,894 | 703,936 |

The carrying amounts of other liabilities are assumed to approximate the fair values. The impact of discounting has been determined not to be significant.
 The amount includes balances for Accommodations bonds, Entry contribution and Refundable Accommodation deposits

| 13 Provisions | 2025 | 2024 |
|--------------------------|-------------------|-------------------|
| Employee Benefits | \$ | \$ |
| Current | 15,218,545 | 14,444,973 |
| Non-current | 2,080,485 | 1,798,771 |
| Total | 17,299,030 | 16,243,744 |

14 Key Management Personnel Compensation

Any person having an authority & responsibility for planning, directing & controlling the activities, directly or indirectly included any director of the entity is considered Key Management Personnel.

The totals of remuneration paid to key management personnel of the association during the year are as follows:

| | 2025 | 2024 |
|---------------------------|------------------|------------------|
| | \$ | \$ |
| Total Compensation | 3,272,243 | 2,521,818 |

(a) Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

| | 2025 | 2024 |
|----------------------------------|----------------|------------------|
| | \$ | \$ |
| Payable - minimum lease payments | | |
| - not later than 12 months | 780,966 | 300,355 |
| - between 12 months and 5 years | <u>188,743</u> | <u>703,935</u> |
| | <u>969,709</u> | <u>1,004,290</u> |

(b) Capital Expenditure Commitments

Capital expenditure commitments contracted for:

| | 2025 | 2024 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| Plant and equipment purchases | 1,240,455 | 1,475,915 |
| Capital expenditure projects | <u>240,565</u> | <u>244,354</u> |
| | <u>1,481,020</u> | <u>1,720,269</u> |

Payable:

| | | |
|----------------------------|------------------|------------------|
| - not later than 12 months | <u>1,481,020</u> | <u>1,720,269</u> |
| | <u>1,481,020</u> | <u>1,720,269</u> |

16 Contingent Liabilities and Contingent Assets

Estimates of the potential financial effect of contingent liabilities that may become payable:

(a) Government Capital Grants

Pursuant to the conditions attached to Government Capital Grants, the entity is contingently liable to repay, based on a formula, all or part of the grants received if the project to which the funds applied ceases to be used for the purpose approved, or is sold or otherwise disposed of within fifteen years of the completion of the project.

The maximum contingent liability as at 30 June 2025 is \$3,783,000 (2024: \$3,783,000).

(b) Funding Surpluses

The entities within the Community Services division of LCAQD - Lutheran Services Consolidated receive funding from various government agencies which include the Department of Health, Department of Communities, Child Safety and Disability Services, Queensland Health, Department of Education and Training, Department of Justice, Gambling Community Benefit Fund & Department of Housing and Public Works. A condition of the funding is that any allocated funding not expended in carrying out the specified services will be refunded or repaid by reduction of next year's grant. At 30 June 2025 the entity had prior year surpluses of \$469,005 (2024: \$534,702) carried forward.

(c) Compensation relating to Compulsory Acquisition of Land

During the financial year an land area amounting to 9,406 square metres was acquired by the Department of Transport and Main Roads for the construction of the Logan and Gold Coast Faster Rail Project. While the provisions of the Acquisition of Land Act 1967 include compensation provisions, and this process is underway, the potential inflow of economic benefits cannot be measured with sufficient reliability at reporting date.

In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the Group has not recognised any asset in relation to this matter in the financial statements.

17 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Detailed table

The effective controlling body of Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Services is the Lutheran Church of Australia QLD District (LCAQD). The effective controlling body of LCAQD is the Lutheran Church of Australia (LCA) and all transactions between LCAQD - Lutheran Services and entities under the control of the LCA, including LCAQD and the LCA's internal charitable investment institution the Lutheran Laypeople's League, are considered related party transactions. The following related party transactions are included in the reported results:

| | 2025 \$ | 2024 \$ |
|---|------------|------------|
| a) Rent and outgoings paid to LCAQD | 529,445 | 393,051 |
| b) Governance contribution paid to LCAQD | 480,000 | 440,000 |
| c) Staff salaries & wages paid to LCAQD | 848,019 | 954,618 |
| At balance date the following related party balances are included in the reported position: | | |
| d) Payable from LCAQD - Lutheran Services to LCAQD | - | - |

18 Events After the Balance Sheet Date

New Strategic Plan – New Horizons

On 9th December, 2024 the Council approved a new five year strategic plan for Lutheran Services. The plan outlines key initiatives intended to

- Align Lutheran Services structure and leadership to enable better support for frontline teams and deliver on our mission together.
- Improve role clarity, collaboration, and workflows across all teams, particularly within the new Corporate Support Services branch.
- Strengthen Corporate Support Services to enable high-quality service delivery to sites.
- Streamline the Executive team and optimise leadership to drive transformation, culture, and sustainable growth.
- Further embed our Lutheran Identity across the organisation to drive enhancements in our model of care and service, employee engagement and customer experience.

The implementation of the strategic plan was commenced after the reporting date and does not adjust the amounts recognised in the financial statements as at 30 June 2025. While it is expected to have a significant impact on the future direction and operations of the Lutheran Services, the financial effect of this new plan cannot be reliably estimated at this stage.

19 Economic Dependence

The entity is dependent on the continued use and availability of property owned by the Lutheran Church of Australia QLD District (LCAQD).

The entity's ability to continue to operate in its current capacity is dependent upon receipt of ongoing operational funding from the Federal and State Government. Those charged with governance are confident, based on historical information and governmental policy, that this funding support will continue to be provided.

20 Financial Risk Management

The Entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments held with a broker, accounts receivable and payable, loans from other entities and leases.

The Entity faces credit risk, market risk, interest rate risk and liquidity risk in the management of its financial instruments.

Credit risk exists in relation to Cash and Cash Equivalents, and Receivables. The entity manages risk by investing with reputable institutions, reconciling receivable accounts, obtaining written contracts for fees to be received and monitoring ageing statistics of all debts. There are no significant concentrations of credit risk.

Liquidity risk is the risk that debts will not be able to be paid as and when they fall due. The entity manages this risk through rolling cashflow forecasts and minimising external debt.

Market risk exists in relation to interest rates and the performance of the Australian share market, in which the entity has invested funds through a broker.

Changes in interest rates would impact income earned from resident accommodation deposits and cash at bank, as well as interest payable on refunded resident contributions and the loan, however the impacts are not likely to be significant to the entity as a whole.

Changes in the Australian share market would impact investment income. The entity manages this risk by investing with an experienced broker and having an Investment Management Strategy.

LCAQD - Lutheran Services
ABN: 47 291 464 804
Notes to the Financial Statements
For the Year Ended 30 June 2025

21. Entity Details

The principal places of business of the entity are:

Support Centre: Lutheran Services - 24 McDougall Street, Milton, QLD 4064

Aged Care Services (including Retirement Villages):

Alondra Residences - 19 Union Street, Nundah, QLD 4012
Cooinda - 2 Cooinda Street, Gympie, QLD 4570
Immanuel Gardens Retirement Village - 10 Magnetic Drive, Buderim, QLD 4556
Orana Lutheran Complex - MacDiarmid Street, Kingaroy QLD 4610
Salem Lutheran Rest Home - 280 Hume Street, Toowoomba, QLD 4350
St Andrews Lutheran Aged Care - 2 Sullivan Road, Tallebudgera, QLD 4228
St Pauls Lutheran Aged Care - Tomlinson Road, Caboolture, QLD 4510
Tabeel Lutheran Home - 27 Ambrose Street, Laidley, QLD 4341
Teviot Villas Boonah - 16 Church Street, Boonah, QLD 4310
Trinder Park Rest Home - 10 Laurel Avenue, Woodridge, QLD 4114
Wahroonga Retirement Village - Wahroonga Street, Biloela, QLD 4715
Zion Lutheran Home - 24 Union Street, Nundah, QLD 4012
Zion Retirement Village - 10 O'Connell Street, Gympie, QLD 4570

Community Services:

Central Queensland and Wide Bay
Graceville Centre, Nambour
Keystone Disability Centre, Woodridge Trinity Disability Support Service, Southport
Bridges Reconnect, Woodridge Good Shepherd Emergency Relief Services, Brisbane
Intercept Family & Community Services, Caboolture Somerset Community Services, Lowood
Mary & Martha's Women's Refuge, c/- Milton

The registered office of the controlling entity is:

Lutheran Services
24 McDougall Street
Milton QLD 4064

LCAQD - Lutheran Services

ABN: 47 291 464 804

Declaration By Those Charged With Governance

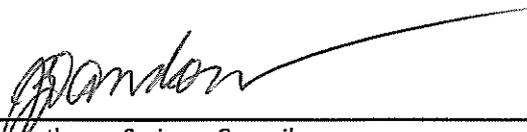
Those Charged with Governance of Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Community Care declare that:

1. The financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, as set out on pages 7 to 20, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, the Aged Care Act 1997 and:

- a. comply with Australian Accounting Standards - Simplified Disclosures and the Australian Charities and Not-for-profits Commission Regulations 2022; and
- b. give a true and fair view of the entity's financial position as at 30 June 2025 and of its performance for the year ended on that date.

2. In the opinion of Those Charged with Governance, 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 Those Charged with Governance.



Chair, Lutheran Services Council
Jenny Danslow
Date: 8-9-2025



CEO - LCAQD - Lutheran Services
Nick Ryan
Date: 8-SEP-2025

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 60.40 OF THE AUSTRALIAN CHARITIES
AND NOT-FOR-PROFITS COMMISSION ACT 2012**

**TO THE MEMBERS OF THE COUNCIL OF LUTHERAN CHURCH OF AUSTRALIA QUEENSLAND
DISTRICT (LCAQD) – LUTHERAN SERVICES**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

Ashley Carle

Ashley Carle
Director
Brisbane
08 September 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUTHERAN SERVICES

Opinion

We have audited the financial report of Lutheran Services, which comprises the statement of financial position as at 30 June 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration by Council.

In our opinion the financial report of Lutheran Services is in accordance with Division 60 of the *Australian Charities and Not-for-Profit Commission Act 2012*, including:

- (i) giving a true and fair view of Lutheran Services' financial position as at 30 June 2025 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-Profits Commission Regulations 2022*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of Lutheran Services in accordance with the ethical requirements of the Australian 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 Council for the Financial Report

The Council for Lutheran Services is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Australian Charities and Non-for-Profits Commission Act 2012* and for such internal control as the Council for Lutheran Services 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 responsible entity is responsible for assessing the ability of Lutheran Services to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate Lutheran Services or to cease operations, or has no realistic alternative but to do so.

The Council is responsible for overseeing Lutheran Services' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LUTHERAN SERVICES
(CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism 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 Lutheran Services' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Lutheran Services' 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 Lutheran Services 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.

Bentleys

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

Ashley Carle

Ashley Carle
Director
Brisbane
08 September 2025