

Greater Sydney Conference of the Seventh-day Adventist Church

Financial Statements

For the Year Ended 31 December 2023

Greater Sydney Conference of the Seventh-day Adventist Church

For the Year Ended 31 December 2023

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Greater Sydney Conference of the Seventh-day Adventist Church

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2023

	Note	2023 \$	2022 \$
Revenue recognised under AASB 15			
Property usage fee income		5,046,007	5,135,706
Rental income		653,099	679,828
Gain on disposal of assets	6	23,018,021	11,527,858
Total revenue recognised under AASB 15		28,717,127	17,343,392
Revenue recognised under AASB 1058			
Appropriations received	7	2,418,186	687,421
Deductible gift recipient income		346,771	200,039
Total revenue recognised under AASB 1058		2,764,957	887,460
Investment income	5	1,536,417	397,273
Investment earnings		280,465	34,370
Net gain arising on investment at fair value through profit or loss		161,939	-
Other income		10,623	26,435
Total revenue		33,471,528	18,688,930
Expense			
Appropriations given		(4,329,980)	(3,879,374)
Deductible gift recipient expenses		(297,824)	(72,747)
Session expenses		-	(43,087)
Property expenses		(5,484,700)	(5,798,643)
Finance costs		(1,086,587)	(686,206)
Other expenses	8	(94,616)	(60,205)
Total expense		(11,293,707)	(10,540,262)
Surplus before income tax		22,177,821	8,148,668
Income tax	4	-	-
Net surplus after income tax		22,177,821	8,148,668
Other comprehensive income		-	-
Total comprehensive income for the year		22,177,821	8,148,668

The financial statements should be read in conjunction with the accompanying notes.

Greater Sydney Conference of the Seventh-day Adventist Church

Statement of Financial Position

As At 31 December 2023

	Note	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	10	43,102,689	18,032,636
Trade and other receivables	11	2,334,206	2,437,722
Other assets	13	40,460	52,660
Assets held for sale	14	-	4,913,311
Total current assets		45,477,355	25,436,329
Non-current assets			
Trade and other receivables	11	17,663,714	20,322,237
Investment property	15	5,433,711	4,230,821
Financial instruments	12	8,447,198	8,034,369
Land, improvements and buildings	16	175,251,757	173,721,730
Right of use assets	17	58,307	121,915
Total non-current assets		206,854,687	206,431,072
TOTAL ASSETS		252,332,042	231,867,401
LIABILITIES			
Current liabilities			
Trade and other payables	18	1,264,934	587,552
Financial liabilities	19	2,083,176	2,074,111
Other liabilities	20	4,526,824	4,529,083
Total current liabilities		7,874,934	7,190,746
Non-current liabilities			
Trade and other payables	18	96,374,708	96,658,249
Financial liabilities	19	15,534,926	17,648,753
Total non-current liabilities		111,909,634	114,307,002
TOTAL LIABILITIES		119,784,568	121,497,748
NET ASSETS		132,547,474	110,369,653
EQUITY			
Reserves	21	5,858,666	5,729,192
Denominational equity	22	126,688,808	104,640,461
TOTAL EQUITY		132,547,474	110,369,653

The financial statements should be read in conjunction with the accompanying notes.

Greater Sydney Conference of the Seventh-day Adventist Church

Statement of Changes in Equity For the Year Ended 31 December 2023

	Denominational equity \$	Fixed Assets Replacement Reserve \$	Deductible Gifts Reserve \$	Total \$
Balance at 1 January 2023	104,640,463	5,153,949	575,241	110,369,653
Total comprehensive income for the year	22,177,821	-	-	22,177,821
Transfers to and from reserves	(129,476)	80,530	48,946	-
Balance at 31 December 2023	126,688,808	5,234,479	624,187	132,547,474

	Denominational equity \$	Fixed Assets Replacement Reserve \$	Deductible Gifts Reserve \$	Total \$
Balance at 1 January 2022	96,723,317	5,049,718	447,950	102,220,985
Total comprehensive income for the year	8,148,668	-	-	8,148,668
Transfers to and from reserves	(231,522)	104,231	127,291	-
Balance at 31 December 2022	104,640,463	5,153,949	575,241	110,369,653

The financial statements should be read in conjunction with the accompanying notes.

Greater Sydney Conference of the Seventh-day Adventist Church

Statement of Cash Flows

For the Year Ended 31 December 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities:			
Receipts from donors, customers and others		19,591,847	18,975,409
Payments to suppliers and others		(13,947,037)	(11,484,996)
Interest received		1,978,821	431,643
Finance costs		(1,086,587)	(686,206)
Net cash provided by operating activities		6,537,044	7,235,850
Cash flows from investing activities:			
Proceeds from sale of land, improvements and buildings		23,018,021	-
Payments to acquire land, improvements and buildings		(2,867,881)	(6,844,106)
Proceeds for land, improvements and buildings		-	1,875,000
Payment to acquire financial assets		(250,890)	(8,034,369)
Loan repayments received		1,024,321	1,024,321
Net cash provided by/(used in) investing activities		20,923,571	(11,979,154)
Cash flows from financing activities:			
Repayment of borrowings		(2,113,827)	(1,973,288)
Additions to borrowings		(274,476)	1,002,292
Net cash (used in)/provided by financing activities		(2,388,303)	(970,996)
Net cash increase in cash and cash equivalents		25,072,312	(5,714,300)
Cash and cash equivalents at beginning of year		18,032,636	23,742,453
Movements in trust funds		(2,259)	4,483
Cash and cash equivalents at end of year	10(b)	43,102,689	18,032,636

The financial statements should be read in conjunction with the accompanying notes.

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

1 Scope of activities

These financial statements reflect property and activities which have not been delegated by the Executive Committee of the Greater Sydney Conference of the Seventh-day Adventist Church ("the Conference") to any of its affiliated entities. Legal title to such property is held by Australasian Conference Association Limited (ACA) on behalf of the Conference. These financial statements cover properties held by the Conference pertaining to Aged Care, Church and School activities.

These financial statements are General Purpose - Simplified Disclosures financial statements that have been prepared in accordance with Australian Charities and Not-for-profits Commission Act 2012, Australian Accounting Standards – Simplified Disclosures and the interpretations of the Australian Accounting Standards Board.

The Greater Sydney Conference of the Seventh-day Adventist Church is a not-for-profit entity for the purpose of preparing the financial statements and domiciled in Australia.

The financial report is presented in Australian currency.

2 Change in accounting policies

New and amended standards adopted

The Conference has adopted all of the new, revised or amended accounting standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Conference in either the current or prior financial reporting periods.

New and revised standards and interpretations that are issued but not yet effective

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 January 2024. New and revised standards and interpretations that are issued but not yet effective are not expected to have any significant impact on the financial performance or position of the Conference.

Statement of compliance

The Conference does not have 'public accountability' as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

3 Accounting policies

(a) General information

The financial statements have been prepared on an accruals 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.

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Accounting policies (continued)

(a) General information (continued)

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

(b) Going Concern

The financial report has been prepared on the going concern basis.

(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) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call, 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.

(e) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Conference becomes party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised costs
- fair value through profit or loss (FVPL);

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Accounting policies (continued)

(e) Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued)

- equity instruments at fair value through other comprehensive income (FVOCI); and
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

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

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Conference's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as government bonds that are classified under AASB 9.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss unless the

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Accounting policies (continued)

(e) Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued)

dividend clearly represents return of capital.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

Any gains or losses recognised in Other Comprehensive Income will be reclassified to profit or loss upon derecognition of the asset. This category includes corporate bonds that are classified as 'available-for-sale' under AASB 9.

Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Conference considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Conference makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Conference uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Conference assesses impairment of trade receivables on a collective basis as they

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Accounting policies (continued)

(e) Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued)

possess credit risk characteristics based on age of the debt.

Classification and measurement of financial liabilities

The Conference's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Conference designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(f) Investment property

Recognition, initial measurement and derecognition

Investment Property is recognised initially at its cost. After initial recognition, the Conference has applied the cost model.

Subsequent costs

Costs incurred on investment properties subsequent to initial acquisition are capitalised when it is probable that the future economic benefits in excess of the original assessed performance will flow to the Conference and the cost of the item can be measured reliably. All other costs are recognised in the Statement of profit or loss and other comprehensive income as an expense as incurred.

(g) Land, improvements and buildings

Each class of land, improvements and buildings are carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Items of land, improvements and buildings are not capitalised unless their values exceed \$1,000 per item or \$1,000 per sub-class.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Conference 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 lives of the improvements.

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Accounting policies (continued)

(g) Land, improvements and buildings (continued)

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

Class of Asset	Depreciation Rates
Buildings	2 - 50%
Improvements	2 - 15%

(h) Impairment of assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the Conference estimates the recoverable amount of the cash-generating unit to which the asset belongs or the depreciable replacement cost thereof.

(i) Leases

At the lease commencement, the Conference recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Conference believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Conference's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Conference's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Accounting policies (continued)

(j) Revenue

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Conference expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Conference have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

In cases where there is an "enforceable" contract with a customer with "sufficiently specific" performance obligations, the transaction is accounted for under AASB 15 where income is recognised as or when the performance obligations are satisfied. In all other cases, the transaction is accounted for under AASB 1058 where income is recognised upon receipt.

The recognition of the revenue types are as follows:

Revenue recognised under AASB 15

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from rendering of services is recognised upon the delivery of the service to the customers.

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

Grant income arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when each performance obligation is satisfied.

Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the revenue is recognised based on either cost or time incurred which best reflects the transfer of control.

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Accounting policies (continued)

(j) Revenue (continued)

Revenue recognised under AASB 1058

Other grant income

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the Conference at significantly below its fair value.

Once the asset has been recognised, the Conference recognises any related liability amounts (e.g. provisions, financial liabilities).

Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

Donations and bequests

Donations and bequests collected are recognised as revenue when the Conference gains control of the asset. Revenue from bequests comprising shares or other property are recognised at fair value, being the market value of the shares or property at the date the Conference becomes legally entitled to the shares or property. Subsequently these assets are measured in accordance with the accounting policies adopted by the Conference for that type of asset.

In-kind donations

Services donated by volunteers, goods and facilities donated are included at the fair value to the Conference where this can be quantified, and a third party is bearing the cost. No amounts have been recognised in the current year as the fair value was not reasonably determinable.

(k) 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.

(l) Critical accounting estimates and judgments

The management 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 based on current trends and economic data, obtained both externally and within the Conference.

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

4 Tax

Greater Sydney Conference of the Seventh-day Adventist Church, a Charitable Institution, is endorsed to access the following tax concessions:

Tax Concession	From
GST Concession	1 July 2005
FBT Rebate	1 July 2005
Income Tax Exemption	1 July 2000

The Conference operates the following Deductible Gift Recipient funds:

Name	From
Seventh-day Adventist schools building and maintenance fund	1 July 2000
Greater Sydney Conference fund for needy persons	1 July 2000
Greater Sydney Conference fund for religious instruction in government schools	1 July 2000
Sydney Adventist Schools library fund	1 July 2000

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

5 Investment income

	2023	2022
	\$	\$
CMF distribution	1,525,830	391,647
Bank interest	10,587	5,626
	<u>1,536,417</u>	<u>397,273</u>

6 Gain on sale of assets

	2023	2022
	\$	\$
Gain on disposal of assets	23,018,021	11,527,858
	<u>23,018,021</u>	<u>11,527,858</u>

In 2023 the gain on disposal of assets is related to the sale of Lots 91-96 Mile End Road, Rouse Hill. The final settlement of the Rouse Hill properties occurred between April & May 2023 for \$28,592,823 (excl. GST). The total gain on sale includes the disposal of the land value, which is \$1,080,568 minus the remainder of other costs related to the Assets held for sale last year.

In 2022 the gain on disposal of assets is related to the sale of 4 Cambridge St, Epping and 8 Yiremba Pl, Forestville. The final settlement of the Epping property occurred on the 21 January 2022 for \$15,400,000 (excl. GST) and final settlement of the Forestville property occurred on the 11 July 2022 for \$1,875,000 (excl. GST). The total gain on sale includes the disposal of the land value, which is \$3,234,174 and minus the remainder of other costs related to the sale of both properties.

7 Appropriations received

	2023	2022
	\$	\$
Appropriations for capital funding	1,334,555	658
Schools recovery	1,083,631	686,763
	<u>2,418,186</u>	<u>687,421</u>

8 Other expenses

	2023	2022
	\$	\$
Administrative expenses	98,616	56,393
Bad and doubtful debts	(4,000)	(4,000)
	<u>94,616</u>	<u>52,393</u>

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

9 Other information relevant to operating activities

Expense	2023	2022
	\$	\$
Depreciation of improvements and buildings	5,170,871	5,154,296
Fees paid to auditor		
GCAS - Auditing or reviewing the financial report	7,145	7,814
Grant Thornton - Auditing financial report	32,960	-
Hayes Knight - Auditing of BGA Acquittal	4,000	-
	<u>44,105</u>	<u>7,814</u>

10 Cash and cash equivalents

	Note	2023	2022
		\$	\$
Cash at bank		655,463	543,035
Cash Management Facility	10(a)	42,447,226	17,489,601
		<u>43,102,689</u>	<u>18,032,636</u>

(a). Cash Management Facility

In order to ensure that denominational funds in hand are always fully utilised, the South Pacific Division of the Seventh-day Adventist Church has established Division CCMF Limited to provide facilities for their pooling. Funds deposited in the Cash Management Facility operated by that company are unsecured but are available at call. Distributions, paid quarterly to participating denominational entities, are disclosed with other investment income.

(b). Reconciliation of cash

	2023	2022
	\$	\$
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	43,102,689	18,032,636
	<u>43,102,689</u>	<u>18,032,636</u>

Part of the total cash held by the Cash Management Facility a portion of \$509,717 is held as trust funds with restrictive use. The purpose of these funds is to provide Fund for Needy, Religious Instruction for Government Schools and Sydney Adventist Schools Building and Maintenance Fund (SASBMF).

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

11 Trade and other receivables

Current

	2023	2022
	\$	\$
Denominational entities	-	2,068
Returnable bonds	43,307	94,455
Seventh-day Adventist Schools (Greater Sydney) Limited	2,234,811	2,275,186
Loans to churches	34,936	22,936
Other receivables	21,152	43,077
	<u>2,334,206</u>	<u>2,437,722</u>

Non-current

	2023	2022
	\$	\$
Seventh-day Adventist Schools (Greater Sydney) Limited	17,040,943	19,662,623
Loans to churches	686,974	727,817
Expected credit losses	(64,203)	(68,203)
	<u>17,663,714</u>	<u>20,322,237</u>

Seventh-day Adventist Schools (Greater Sydney) Limited

The loan receivable from Seventh-day Adventist Schools (Greater Sydney) Limited represents the value of the bank loans on the buildings which are held in the Conference books. The loan to Seventh-day Adventist Schools (Greater Sydney) Limited is non – interest bearing.

Expected credit losses

All of the Conference's trade and other receivables have been reviewed for indicators of impairment. Certain non-current receivables were found to be impaired and an allowance for credit losses of \$64,203 (2022: \$68,203) has been recorded accordingly within other expenses.

There were no other movements in the expected credit losses during the current year. A review by management of all accounts at the end of 2023 indicated that no other adjustment to the allowance was considered necessary.

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

12 Financial instruments

Non-current

	2023	2022
	\$	\$
Amortised costs		
Investment	8,285,259	4,537,327
	8,285,259	4,537,327
Fair value through Profit and Loss		
Investment	161,939	3,497,042
	161,939	3,497,042
	8,447,198	8,034,369

Financial instruments include investments in term deposits and government bonds.

13 Other assets

	2023	2022
	\$	\$
Prepayments	40,460	42,275
Accrued income	-	10,385
	40,460	52,660

14 Assets held for sale

	2023	2022
	\$	\$
Current		
Land held for sale	-	1,080,295
Improvements	-	3,833,016
	-	4,913,311

15 Investment Properties

	2023	2022
	\$	\$
At cost		
Dapto land	3,904,391	3,904,391
Rouse Hill land	1,529,320	326,430

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

15 Investment Properties (continued)

2023	2022
\$	\$
5,433,711	4,230,821

16 Land, improvements and buildings

Australasian Conference Association Limited holds legal title to land and buildings used by the Conference in its capacity as Property Trustee for the entity. Except as outlined below such property is recorded by this entity rather than by the Property Trustee.

In its responsibility for the "sisterhood" of churches, this entity holds property for use by local congregations. Legal title to such property is held by the Property Trustee. The cost of these properties has not been recorded by this entity as such property is paid for and operated by those congregations.

	2023	2022
	\$	\$
Land	25,553,141	25,553,141
Land improvements	17,093,093	16,460,115
Accumulated depreciation land improvements	(6,128,517)	(5,378,579)
Total land improvements	10,964,576	11,081,536
Buildings	180,631,133	180,340,773
Accumulated depreciation buildings	(49,870,849)	(45,451,123)
Total buildings	130,760,284	134,889,650
Total land, improvements and buildings	167,278,001	171,524,327
Capital Works in Progress	7,973,756	2,197,403
Total land, improvements, buildings and works in progress	175,251,757	173,721,730

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

16 Land, improvements and buildings (continued)

Movements in carrying amounts

	Capital Works in Progress	Land	Land Improvements	Buildings	Total
	\$	\$	\$	\$	\$
Cost					
Balance at 1 January 2023	6,030,419	25,553,141	16,460,115	180,340,773	228,384,448
Additions	7,738,515	-	282,740	61,216	8,082,471
Disposals	-	-	(1,206)	-	(1,206)
Transfers	(5,795,179)	-	351,444	229,145	(5,214,590)
Balance at 31 December 2023	7,973,755	25,553,141	17,093,093	180,631,134	231,251,123
Depreciation and impairment losses					
Balance at 1 January 2023	-	-	(5,378,579)	(45,451,123)	(50,829,702)
Additions	-	-	(751,144)	(4,419,726)	(5,170,870)
Disposals	-	-	1,206	-	1,206
Balance at 31 December 2023	-	-	(6,128,517)	(49,870,849)	(55,999,366)
Carrying amount	7,973,755	25,553,141	10,964,576	130,760,285	175,251,757

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

17 Leases

The Conference has applied AASB 16 using the retrospective approach and all periods are presented using the same lease accounting policies.

Right-of-use assets

The Conference has lease contracts for various items of plant and equipment and buildings used in its operations. Leases of plant and equipment generally have short-term lease terms or leases of low-value assets. Adventist Book Centre store is being leased by Greater Sydney Conference of the Seventh-day Adventist Church on a short-term lease with a third party.

Right-of-use assets

	2023	2022
	\$	\$
At deemed cost	159,020	159,020
Accumulated depreciation	(100,713)	(37,105)
Total	58,307	121,915

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Right of use	Total
	\$	\$
As at 1 January 2023	159,020	159,020
Depreciation expense	(100,713)	(100,713)
As at 31 December 2023	58,307	58,307

Lease liabilities

Lease liabilities are reported part of financial liabilities under note 19.

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities
	\$	\$	\$	\$
2023				
Lease payments	57,830	-	-	57,830

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

18 Trade and other payables

Current

	2023	2022
	\$	\$
Denominational entities	935,081	467,430
Accrued expenses	287,017	52,590
Trade creditors	28,561	13,492
Other payables	14,275	54,040
	<u>1,264,934</u>	<u>587,552</u>

Non-current

	2023	2022
	\$	\$
Loan payable Adventist Aged Care (Greater Sydney) Ltd	43,264,501	45,451,977
Loan payable Division CCMF Ltd	2,074,986	2,314,567
Seventh-day Adventist Schools (Greater Sydney) Ltd	51,035,221	48,891,705
	<u>96,374,708</u>	<u>96,658,249</u>

Seventh-day Adventist Aged Care (Greater Sydney) Limited

The loan payable from Seventh-day Adventist Aged Care (Greater Sydney) Limited represents the value of the bank loans on the buildings which are held in the Conference books. The loan to Seventh-day Adventist Aged Care (Greater Sydney) Limited is non-interest bearing.

Seventh-day Adventist Schools (Greater Sydney) Limited

The loan payable from Seventh-day Adventist Schools (Greater Sydney) Limited represents the value of the bank loans on the buildings which are held in the Conference books. The loan to Seventh-day Adventist Schools (Greater Sydney) Limited is non – interest bearing. .

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

19 Financial liabilities

Current

	2023	2022
	\$	\$
Bank loan National Australia Bank	428,380	399,982
Bank loan Westpac	1,596,966	1,610,716
Finance lease obligation	57,830	63,413
	<u>2,083,176</u>	<u>2,074,111</u>

Non-current

	2023	2022
	\$	\$
Bank loan National Australia Bank	225,772	654,152
Bank loan Westpac	15,309,154	16,935,462
Finance lease obligation	-	59,139
	<u>15,534,926</u>	<u>17,648,753</u>

Bank loans are secured against land and buildings as per Note 16.

20 Other liabilities

	2023	2022
	\$	\$
Trust accounts	4,526,824	4,529,083
	<u>4,526,824</u>	<u>4,529,083</u>

21 Reserves

Asset replacement reserve

The asset replacement reserve records funds to be used for the future purchase of buildings and land improvements.

Deductible gift recipient reserve

The donations reserve records deductible gift recipient funds set aside for specified projects.

22 Denominational equity

The concept of ownership is not appropriate as all dispositions received by this entity are to be applied to the charitable purposes set out in its constitution. All such dispositions received have been recorded as revenue regardless of intended use whether stipulated by the donor or not.

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

22 Denominational equity (continued)

Consequently equity has been classified as retained earnings rather than as contributed equity and is termed Denominational Equity.

Analysis of denominational equity

	2023	2022
	\$	\$
Allocated equity	870,765	823,223
Unallocated equity	125,818,042	103,817,238
	<u>126,688,807</u>	<u>104,640,461</u>

When managing capital, management's objective is to ensure the Conference continues as a going concern. Management also aims to maintain a cost structure that ensures the lowest cost of capital available to the Conference.

Management also monitors working capital and liquidity in accordance with the recommendations as outlined in the South Pacific Division Working Policy FIN.10.10 *Working Capital*.

When the available working capital is less than 100% of the requirement and/or the liquid assets on hand are inadequate to cover current liabilities and allocated funds, the Conference will make provision for covering such deficiencies in ensuing years in accordance with South Pacific Division Working Policy FIN.10.50 *Financial Control*.

The Conference has no other externally imposed capital management requirements.

There were no changes in the Conference's approach to capital management during the year.

SPD Working Policy Fin 10.10 Working Capital set out the need for denomination entites to build up reasonable reserves of working capital in preparation for unfavourable times, including holding a significant portion of available working capital in liquid assets.

A revised policy has been adopted resulting in the Conference needing to prepare a Working Capital and Liquid Asset Report instead of the Statement of Working Capital & Liquidity as reported in prior periods. The report includes an expanded table with a revised measurement in terms of core expenses, the financial impact on available working capital, and an expression of the recommended minimum working capital in terms of months.

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

22 Denominational equity (continued)

Working Capital and Liquid Asset Report

	2023	2022
	\$	\$
Core Expenses:		
Operating expenses	6,059,228	5,385,966
Net Outgoing appropriations	<u>1,911,794</u>	<u>3,191,953</u>
Total Core Expenses	<u>7,971,022</u>	<u>8,577,919</u>
Available Working Capital:		
Current assets	45,477,355	25,436,329
Minus: Current liabilities	<u>(7,874,937)</u>	<u>(7,190,746)</u>
Working Capital	37,602,418	18,245,583
Minus: Current assets held for donor restrictions	<u>(5,227,455)</u>	<u>(4,934,192)</u>
Available Working Capital	<u>32,374,963</u>	<u>13,311,391</u>
Recommended Minimum Available Working Capital:		
Six months of Core expenses (50% of Core Expenses)	3,985,511	4,288,960
Surplus/(shortfall) in Recommended Minimum Available Working Capital	28,389,452	9,022,431
<i>Available Working Capital in Months</i> (A minimum of 6 months is recommended)	49 Months	19 Months
Available Liquid Assets:		
Cash and cash equivalents	43,102,689	18,032,636
Receivable from Higher Organisations	-	-
Total Liquid Assets	43,102,689	18,032,636
Minus: Current Liabilities	<u>(7,874,937)</u>	<u>(7,190,746)</u>
Minus: Current Assets held to safeguard employee entitlements	<u>(5,227,455)</u>	<u>(4,934,192)</u>
Available Liquid Assets	<u>30,000,297</u>	<u>5,907,698</u>
<i>Recommended Minimum Available Liquid Assets:</i>		
<i>Three months of Core Expenses (25% of Core Expenses)</i>	1,992,756	2,144,480
Surplus/(shortfall) in Recommended Minimum Available Liquid Assets	28,007,541	3,763,218
<i>Available Liquid Assets in Months</i> (A minimum of 3 months is recommended)	45 Months	8 Months

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

23 Capital expenditure commitments

	2023	2022
	\$	\$
Capital expenditure commitments contracted for: Seventh-day Adventist Schools (Greater Sydney) Limited	<u>6,631,670</u>	<u>4,402,410</u>
	<u>6,631,670</u>	<u>4,402,410</u>

24 Contingent liabilities

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

	2023	2022
	\$	\$
ACA Revolving Loans - Churches	<u>566,436</u>	<u>685,249</u>
Total Contingent Liability	<u>566,436</u>	<u>685,249</u>

Local churches within the Conference may have additional building projects that are funded by their own reserves, in excess of loans which are listed above. These projects may include contractual arrangements with third parties for delivery of goods and services which would have a potential exposure for the Conference, in the event of default.

25 Related party transactions

The Conference's related parties include its key management personnel, employees and related entities.

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

As the Conference does not have any employees, it has incurred no cost in respect of key management personnel.

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

25 Related party transactions (continued)

(continued)

During the financial period, the Conference entered the following trading transactions with related parties. For loans please see notes 11 & 18:

Nature of transactions		2023
		\$
Seventh-day Adventist Church (Greater Sydney Conference) Trust	Appropriations for property usage & Evangelism	(479,403)
Seventh-day Adventist Church (Greater Sydney Conference) Trust	Property usage expenses & SASBMF offerings	456,213
Seventh-day Adventist Schools (Greater Sydney) Trust	Internal Loan Interest	(18,192)
Seventh-day Adventist Schools (Greater Sydney) Trust	E-tolls for Food Trucks	6,076
Seventh-day Adventist Aged Care (Greater Sydney) Trust	GST Return	892

The following balances were outstanding with related parties at the end of the financial period.

	Amounts owed by related parties	Amounts owed to related parties
December 2023	\$	\$
Seventh-day Adventist Church (Greater Sydney Conference) Trust	-	862,983
Seventh-day Adventist Schools (Greater Sydney) Trust	-	44,883
Seventh-day Adventist Aged Care (Greater Sydney Trust)	-	27,215
	-	935,081

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

25 Related party transactions (continued)

(continued)

December 2022

Seventh-day Adventist Church (Greater Sydney Conference) Trust
Seventh-day Adventist Schools (Greater Sydney) Trust
Seventh-day Adventist Aged Care (Greater Sydney Trust)

Amounts owed by related parties	Amounts owed to related parties
\$	\$
\$ -	\$ 439,323
-	2,068
-	28,107
\$ -	\$ 469,498

Greater Sydney Conference of the Seventh-day Adventist Church

Notes to the Financial Statements

For the Year Ended 31 December 2023

26 Key Management Personnel Compensation

No remuneration has been paid for Key Management Personnel as personnel are employed by Seventh-day Adventist Church (Greater Sydney Conference) Ltd.

27 Events after the balance sheet date

The financial report was authorised for issue on 24 June 2024 by the Responsible Entities.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Conference, the results of those operations or state of affairs of the Conference in future financial years.

Greater Sydney Conference of the Seventh-day Adventist Church

Responsible Entities' Declaration

The Responsible Entities of the Conference, being the members of the Executive Committee, declare that:

1. The financial statements and notes, as set out on pages 1 to 29, are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - (a) complying with Australian Accounting Standards - Simplified Disclosures including the Australian Accounting interpretations and the Australian Charities and Not-for-Profits Commission Regulation 2022; and
 - (b) giving a true and fair view of the financial position as at 31 December 2023 and of its performance of the year ended on that date.
2. In the Responsible Entities' opinion, there are reasonable grounds to believe that the Conference will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Responsible Entities of the Conference.

Chief Financial Officer  Nadelle Manners (CFO)

Dated 24/06/2024

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW
1230
T +61 2 8297 2400

Independent Auditor's Report

To the Responsible Entities of Greater Sydney Conference of the Seventh-day Adventist Church

Report on the audit of the financial report

Qualified Opinion

We have audited the financial report of Greater Sydney Conference of the Seventh-day Adventist Church (the "Registered Entity"), which comprises the statement of financial position as at 31 December 2023, 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, and notes to the financial statements, including a summary of significant accounting policies and the Responsible Entities' declaration.

In our opinion, except for the effects of the matter described in the *Basis of Qualified Opinion* section of our report, the financial report of Greater Sydney Conference of the Seventh-day Adventist Church has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a. giving a true and fair view of the Registered Entity's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- b. complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

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Basis for Qualified Opinion

The financial report for the year ended 31 December 2022 has not been audited, and we were unable to obtain sufficient appropriate audit evidence for certain amounts included in the opening balances at 1 January 2023. Accordingly, we are not in a position to and do not express an opinion on the comparatives for 31 December 2022 or the opening balances as at 1 January 2023. As opening balances enter into the determination of financial performance and cash flows, we were unable to determine the effect of such adjustments, if any, as might have been determined to be necessary had this limitation in scope not existed.

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 Conference in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Responsible Entities for the financial report

The Responsible Entities of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures, and for such internal control as the Responsible Entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Responsible Entities are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Responsible Entities either intend to liquidate the Registered Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Responsible Entities.

- Conclude on the appropriateness of the Responsible Entities' 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 Registered Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



A G Rigele
Partner – Audit & Assurance

Sydney, 24 June 2024