

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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BAPTIST CARE (SA) INCORPORATED
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STATEMENT BY THE BOARD OF GOVERNORS

The Board of Governors have determined that Baptist Care (SA) Incorporated is a reporting entity.

The Board of Governors declares that, in the Board's opinion:

1. The financial statements and notes, as set out on pages 6 to 22 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:

a. Comply with Australian Accounting Standards.

b. Presents fairly the financial position of Baptist Care (SA) Incorporated as at 30 June 2017 and its performance for the year ended on that date.

c. Give a true and fair view of the financial position of the association as at 30 June 2017 and of its performance for the year ended on that date.

2. At the date of this statement, there are reasonable grounds to believe that Baptist Care (SA) Incorporated will be able to pay its debts as and when they fall due.

3. No officer or no firm of which an officer is a member or no corporation in which an officer has a substantial financial interest has received or become entitled to receive a benefit as a result of a contract between the officer, firm or corporation and Baptist Care (SA) Incorporated.

4. No officer has received directly or indirectly any payment or other benefit of a pecuniary value other than remuneration payments to employees and reimbursements of out-of-pocket expenses in relation to Baptist Care (SA) Incorporated.

Signed in accordance with a resolution of the Members of the Board of Governors made on the 25 September 2017 and signed for and on behalf of the Board of Governors by:



Mr Tim Johnson
Chairperson


Mr Michael Hynes
Acting Chief Executive Officer

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF

BAPTIST CARE (SA) INCORPORATED

A.B.N. 81 257 754 846

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Baptist Care (SA) Incorporated (the Association), which comprises the statement of financial position as at 30 June 2017, and the statement of 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 statement by the Board.

In our opinion, the financial report of Baptist Care (SA) Incorporated is 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 Baptist Care (SA) Incorporated's financial position as at 30 June 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Association in accordance with the auditor independence requirements of *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Board for the Financial Report

The Board of the Association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, 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 Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

The Board is responsible for overseeing the Association'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.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF

BAPTIST CARE (SA) INCORPORATED

A.B.N. 81 257 754 846

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Boards' 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 Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board 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.



Mark LeCornu
Registered Company Auditor

Adelaide
25th September 2017

BAPTIST CARE (SA) INCORPORATED
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Income			
Revenue	2	67,549,685	46,249,079
Expense			
Employee benefit expense		51,863,585	36,545,611
Depreciation and Amortisation expense		823,996	698,072
Other expenses from ordinary activities	3	7,168,723	4,843,965
Operating Surplus (Deficit)		7,693,381	4,161,431
Gain (Loss) on Disposal of Assets		427	32,713
Net Donation from (to) Baptist Care (SA) Foundation	1c	642,690	625,463
Income (Deficit) for the year		8,336,498	4,819,607
Transfer (to) from Spina Bifida Hydrocephalus Services Reserve		0	70,500
Transfer (to) from Special Projects Reserve		0	278,200
Transfer (to) from Individualised Services Project Reserve		0	125,000
Transfer (to) from St Lukes Distribution Reserve		0	213,163
Revaluation Reserve		3,535,964	0
Total Comprehensive Income (Deficit) for the year		11,872,462	5,506,470

The accompanying notes form part of these financial statements

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	18,170,964	13,736,455
Trade and other receivables	5	9,356,209	6,631,544
Other current assets	6	79,289	61,254
Total current assets		27,606,462	20,429,253
Non-current assets			
Property, plant and equipment	7	16,917,636	11,636,610
Total non-current assets		16,917,636	11,636,610
Total assets		44,524,098	32,065,863
LIABILITIES			
Current liabilities			
Trade and other payables	8	2,706,770	3,035,539
Borrowings	9	500,000	0
Provisions	10	1,506,883	1,199,779
Other current liabilities	11	1,607,430	1,493,484
Total current liabilities		6,321,083	5,728,802
Non-current liabilities			
Other non-current liabilities	11	0	6,508
Total non-current liabilities		0	6,508
Total liabilities		6,321,083	5,735,310
Net assets		38,203,015	26,330,553
EQUITY			
Retained surpluses		34,667,051	26,330,553
Reserves	12	3,535,964	0
Total equity		38,203,015	26,330,553

The accompanying notes form part of these financial statements

BAPTIST CARE (SA) INCORPORATED
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Retained Surplus	Asset Revaluation Reserve	St Lukes Distribution Reserve	Baptist Care (SA) Foundation	Spina Bifida Hydrocephalus Services Reserve	Special Projects Reserve	Individual Services Project Reserve	Total
Balance as at 30 June 2015	20,824,083	0	213,163	0	70,500	278,200	125,000	21,510,946
Surplus (Deficit)	4,819,607	0	0	0	0	0	0	4,819,607
Transfer to Reserves	0	0	0	0	0	0	0	0
Transfer to Retained Surpluses	686,863	0	(213,163)	0	(70,500)	(278,200)	(125,000)	0
Impairment (decrement)	0	0	0	0	0	0	0	0
Balance as at 30 June 2016	26,330,553	0	0	0	0	0	0	26,330,553
Surplus (Deficit)	8,336,498	0	0	0	0	0	0	8,336,498
Transfer to Reserves	0	0	0	0	0	0	0	0
Transfer to Retained Surpluses	0	0	0	0	0	0	0	0
Revaluation	0	3,535,964	0	0	0	0	0	3,535,964
Impairment (decrement)	0	0	0	0	0	0	0	0
Balance as at 30 June 2017	34,667,051	3,535,964	0	0	0	0	0	38,203,015

The accompanying notes form part of these financial statements

BAPTIST CARE (SA) INCORPORATED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from government, customers and supporters		72,415,588	49,768,369
Payments to suppliers and employees		(66,401,136)	(45,019,360)
Interest received		488,688	370,136
Net cash inflow(outflow) from operating activities	14	<u>6,503,140</u>	<u>5,119,145</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		159,438	163,927
Purchase of property, plant and equipment		(2,728,069)	(896,683)
Net cash inflow(outflow) from investing activities		<u>(2,568,631)</u>	<u>(732,756)</u>
Cash flows from financing activities			
Repayment of borrowings		0	(3,000)
Proceeds obtained from borrowings		500,000	0
Net cash inflow(outflow) from financing activities		<u>500,000</u>	<u>(3,000)</u>
Net increase in cash and cash equivalents		4,434,509	4,383,389
Cash and cash equivalents at beginning of period		13,736,455	9,353,066
Cash and cash equivalents at end of period	4	<u>18,170,964</u>	<u>13,736,455</u>

The accompanying notes form part of these financial statements

BAPTIST CARE (SA) INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

The financial statements cover Baptist Care (SA) Incorporated as an individual entity. Baptist Care (SA) Incorporated is an Association incorporated in South Australia under the Associations Incorporation Act 1985.

The financial statements were authorised for issue on 25th September 2017 by Baptist Care (SA) Incorporated.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Accounting Standards and Interpretations, the requirements of the Associations Incorporation Act 1985 South Australia and with the Australian Charities and Not-for-profits Commission Act 2012. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, 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.

(a) Income Tax

Baptist Care (SA) Incorporated is registered as a Public Benevolent Institution and is therefore exempt from income tax.

(b) Properties, furnishings, equipment and vehicles

Property

Freehold land and buildings are shown at their fair value, based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

In the periods when the freehold land and buildings are not subject to an independent valuation, the Board conduct Board valuations to ensure the land and buildings' carrying amount is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Revaluation decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are recognised in income and expenditure.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All property was revalued as at 30 June 2017 by licensed valuers. The basis of valuation was dependent upon the nature of the property valued and included "written down current cost" for specialised assets and a "highest and best use" basis for non-specialised assets.

Leasehold Improvements

Leasehold Improvements were valued as part of the valuation process as at 30 June 2017 by licensed valuers. Leasehold improvements are recognised as assets of Baptist Care (SA) Incorporated where Baptist Care (SA) Incorporated has contributed to the value of the assets and where the economic benefits of the assets is contractually certain under lease arrangements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increase of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of income and expenditure.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in a profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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 Association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the Statement of Comprehensive Income in the financial period in which they are incurred.

Plant and equipment that have been contributed at no cost or for nominated cost are recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on both a straight line and diminishing value basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

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

<u>Class of fixed asset</u>	<u>Depreciation rate</u>
Buildings	2.50%
Furniture and fittings	10-20%
Plant and equipment	7.5 - 33.3%
Motor vehicles	17%

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(c) Baptist Care (SA) Foundation

Baptist Care (SA) Foundation was formed by the Baptist Churches of South Australia as a public ancillary fund. The objects of Baptist Care (SA) Foundation are 'to provide money, property or benefits' exclusively to Baptist Care (SA) Incorporated.

Since its formation, the Association has both donated to and received from the Baptist Care (SA) Foundation as permanent contributions.

	2017	2016
	\$	\$
Donation to Baptist Care (SA) Inc.	642,690	656,440
Donation from Baptist Care (SA) Inc.	0	30,977
Total Net Donation from (to) Baptist Care (SA) Foundation	<u>642,690</u>	<u>625,463</u>

These amounts have been brought to account by the Association in the Statement of Comprehensive Income.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs.

Classification and subsequent measurement

Financial instruments are subsequently measured at 'amortised cost' using the effective interest rate method or 'cost'.

Amortised cost is calculated as:

- (i) the amount at which the financial asset or financial liability is measured at initial recognition;
- (ii) less principal repayments;
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- (iv) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in income and expenditure.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in income and expenditure through the amortisation process and when the financial asset is derecognised.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Association's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in income and expenditure through the amortisation process and when the financial asset is derecognised.

Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in income and expenditure through the amortisation process and when the financial asset is derecognised.

Impairment

At the end of each reporting period, the Association assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a loss 'event'), which has an impact on the estimated future cash flows of the financial assets.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(e) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. These cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available at-call with banks and other financial institutions, other short-term highly liquid investments with original maturities of three months or less, and overdraft facilities held with financial institutions. Overdrafts held with financial institutions are shown within borrowings in current liabilities on the balance sheet.

(g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Association are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Association will obtain ownership of the asset or ownership over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(h) Revenue

Where conditions are attached to grant revenue which must be satisfied before the entity is eligible to recognise the grant as revenue, all grants collected will be held as a liability until those conditions are met.

Donations are recognised as revenue upon receipt whereas revenue from the rendering of a service is recognised upon delivery of the service.

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

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

(i) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement 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
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(j) Impairment of assets

At the end of each reporting period, the Association reviews the carrying amounts 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 of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where it is not possible to estimate the recoverable amount of an asset's class, the Association estimates the recoverable amount of the cash generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(k) Comparative figures

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

(l) Fair value of assets and liabilities

The Association measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing participants at the measurement date.

As fair value is a market-based measurement, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

(m) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the entity. The entity has decided not to early adopt any of the new and amended pronouncements. The entity's assessment of the new and amended pronouncements that are relevant to the entity but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments and associated amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the entity on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. The Board anticipates that the adoption of AASB 9 will not have a material impact on the entity's financial instruments.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2	REVENUE	2017	2016
		\$	\$
	Government funding and fees	63,306,154	42,078,235
	Fees and rents	2,721,474	2,432,930
	Fundraising, bequests and donations	387,366	441,945
	Interest	488,688	370,135
	Meals and catering receipts	557,656	560,545
	Sundry Income	85,022	365,289
	Distribution on liquidation of Spina Bifida Hydrocephalus Association Inc.	3,325	0
	Total Revenue	67,549,685	46,249,079
NOTE 3	OTHER EXPENSES FROM ORDINARY ACTIVITIES	2017	2016
	includes:	\$	\$
	Bad and doubtful debts	0	37,650
	Interest expense and other finance charges	14,504	13,650
	Payments to Auditors for Audit Fees	48,000	40,000
	Payments to Auditors for Consultancy	25,024	16,500
	Building rent, cleaning and utilities	612,846	501,818
NOTE 4	CASH AND CASH EQUIVALENTS	2017	2016
		\$	\$
	Cash on hand	12,120	9,126
	Moneys on deposit	7,482,002	12,603,398
	Cash at bank and other financial	10,676,842	1,123,931
	Cash at Bank and In Hand	18,170,964	13,736,455
NOTE 5	TRADE AND OTHER RECEIVABLES	2017	2016
		\$	\$
	Service charges, rent receivable and other	333,828	317,450
	Less: Provision for doubtful debts	(11,846)	(37,650)
		321,982	279,800
	Government funding and fees	8,713,862	6,097,597
	Workers' compensation payments recoverable	16,912	57,662
	Other amounts receivable	303,453	196,485
	Total trade and other receivables	9,356,209	6,631,544
NOTE 6	OTHER ASSETS	2017	2016
		\$	\$
	Prepayments	79,289	61,254
	Total other assets	79,289	61,254

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 7 PROPERTY, PLANT AND EQUIPMENT	2017 \$	2016 \$
Freehold Land		
Independent valuation	4,425,000	2,944,450
<i>Total Land</i>	<u>4,425,000</u>	<u>2,944,450</u>
Buildings		
Independent valuation	6,930,000	5,049,865
Less accumulated depreciation	<u>0</u>	<u>(246,027)</u>
	6,930,000	4,803,838
Buildings Work In Progress	<u>0</u>	<u>25,834</u>
<i>Total Buildings</i>	<u>6,930,000</u>	<u>4,829,672</u>
Leasehold Improvements		
Independent valuation	3,061,000	1,688,000
Less accumulated depreciation	<u>0</u>	<u>(84,400)</u>
	3,061,000	1,603,600
Leasehold Improvements Work In Progress	204,786	182,087
Less accumulated depreciation	<u>0</u>	<u>(40,011)</u>
	204,786	142,076
<i>Total Leasehold Improvements</i>	<u>3,265,786</u>	<u>1,745,676</u>
<i>Total Land and Buildings</i>	<u>14,620,786</u>	<u>9,519,798</u>
Plant and Equipment		
Motor Vehicles	1,726,695	1,312,488
Less accumulated depreciation	<u>(556,728)</u>	<u>(474,321)</u>
	1,169,967	838,167
Equipment	3,609,810	3,541,174
Less accumulated depreciation	<u>(2,482,927)</u>	<u>(2,262,529)</u>
	1,126,883	1,278,645
<i>Total Plant and Equipment</i>	<u>2,296,850</u>	<u>2,116,812</u>
Total property, plant and equipment	<u>16,917,636</u>	<u>11,636,610</u>

Revaluation

Land, buildings and leasehold improvements were revalued by licensed valuers as at 30 June 2017. These valuations were adopted as at 30 June 2017.

Movements in carrying amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land \$	Buildings \$	Leasehold \$	Motor Vehicles \$	Equipment \$	Total \$
Balance at 1 July 2016	2,944,450	4,829,672	1,745,676	838,167	1,278,645	11,636,610
Additions	1,000,000	224,165	264,456	708,650	504,741	2,702,012
Disposals				(132,955)		(132,955)
Depreciation expense		(151,135)	(60,907)	(243,895)	(368,059)	(823,996)
Transfer			(26,419)		26,419	0
Revaluation	480,550	2,027,297	1,342,980		(314,863)	3,535,964
Balance at 30 June 2017	<u>4,425,000</u>	<u>6,930,000</u>	<u>3,265,786</u>	<u>1,169,967</u>	<u>1,126,883</u>	<u>16,917,636</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE	8	TRADE AND OTHER PAYABLES	2017 \$	2016 \$
		Trade creditors	1,384,942	2,244,938
		Other creditors and accruals	1,321,828	790,601
		Total trade and other payables	<u>2,706,770</u>	<u>3,035,539</u>

NOTE	9	BORROWINGS	2017 \$	2016 \$
		CURRENT		
		Unsecured Liabilities		
		Loan	500,000	0
		Total current borrowings	<u>500,000</u>	<u>0</u>

NOTE	10	PROVISIONS	2017 \$	2016 \$
		Employee benefits - annual leave	1,174,511	866,991
		Employee benefits - long service leave	332,372	332,788
		Total provisions	<u>1,506,883</u>	<u>1,199,779</u>
		Analysis of provisions		
		Settled within 12 months	1,181,511	873,991
		Settled greater than 12 months	325,372	325,788
		Total provisions	<u>1,506,883</u>	<u>1,199,779</u>

NOTE	11	OTHER LIABILITIES	2017 \$	2016 \$
		CURRENT		
		Revenue received in advance	1,607,430	1,493,484
		Total current other liabilities	<u>1,607,430</u>	<u>1,493,484</u>
		NON-CURRENT		
		Property security bonds	0	6,508
		Total non-current other liabilities	<u>0</u>	<u>6,508</u>

NOTE	12	RESERVES	2017 \$	2016 \$
		Revaluation Reserve	3,535,964	0
		Total reserves	<u>3,535,964</u>	<u>0</u>

Revaluation Reserve

The revaluation reserve records revaluations of non-current assets.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE	13	CAPITAL AND LEASING COMMITMENTS	2017	2016
			\$	\$
		Operating Lease Commitments		
		Operating leases contracted for but not capitalised in the financial statements.		
		Payable - minimum lease payments		
		- no later than 12 months	22,544	21,289
		- between 12 months and 5 years	8,420	26,893
		- greater than 5 years	0	0
			30,964	48,182
NOTE	14	CASH FLOW INFORMATION	2017	2016
			\$	\$
		Reconciliation of Cash Flow from operations with surplus from operations		
		Surplus (Deficit) from operations	8,336,498	4,819,607
		Cash flows excluded from surplus attributable to operations		
		Non cash flows excluded in surplus		
		- Depreciation	823,996	698,072
		- Gain (Loss) on sale of property, plant and equipment	(427)	(32,713)
		- Acquiring assets for zero consideration	0	(464,315)
		Change in assets and liabilities		
		- (Increase) in trade and other receivables	(2,724,664)	(1,205,344)
		- (Increase) in other current assets	(18,035)	(3,300)
		- (Decrease) Increase in trade payables and accruals	(328,770)	1,010,459
		- Increase in employee benefits	307,104	271,605
		- Increase in Unearnt Revenue	113,946	25,074
		- (Decrease) in Other Liabilities	(6,508)	0
		Cash flow from operations	6,503,140	5,119,145

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FOR THE YEAR ENDED 30 JUNE 2017

NOTE 15 STATEMENT OF DONATIONS AND FUNDRAISING

DONATIONS AND FUNDRAISING REPORTED IN OPERATING RESULTS

	Income	Direct Expenditure	Net Income
	\$	\$	\$
Donations - General	180,757	0	180,757
Donations - Churches	29,971	0	29,971
Donations - Seasonal appeals and sponsors	113,160	(7,633)	105,527
Total donations and fundraising	323,888	(7,633)	316,255
Bequests	63,478	0	63,478
Indirect costs associated with fundraising			
Salaries and on-costs			(83,018)
Office			(34,625)
NET FUNDRAISING AVAILABLE FOR ALLOCATION			<u>262,090</u>

Net fundraising was allocated to the following purposes in accordance with donor requests. Non-specified fundraising is allocated on the basis of program need:

DIRECT SERVICES

WestCare Day Centre - general operations	217,543
WestCare Day Centre - pastoral care	7,550
WestCare Day Centre - welfare food purchases	0
WestCare Day Centre - Christmas gifts	1,482
Youth services	9,147
Youth services - general operations	0
Refugee services - general operations	14,568
WestCare Day <i>Carols in the Square</i>	0
Prison Chaplaincy	11,800

CAPITAL DEVELOPMENTS

Capital Developments	0
Bequests transferred to Baptist Care (SA)	0
	<u>262,090</u>

NOTE 16 FINANCIAL INSTRUMENTS

Assets

- (i) at call and term deposits with banks and other financial institutions
- (ii) accounts receivable

Liabilities

- (iii) loans from financial institutions
- (iv) hire purchase arrangements with financial institutions
- (v) accounts payable

The totals for each category of financial instruments, measured in accordance with AASB139 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets		2017 \$	2016 \$
Cash and cash equivalents	4	18,170,964	13,736,455
Trade and other receivables	5	9,356,209	6,631,544
		<u>27,527,173</u>	<u>20,367,999</u>
Financial liabilities			
Financial liabilities at amortised cost			
- trade and other payables	8	2,706,770	3,035,539
- borrowings	9	500,000	0
		<u>3,206,770</u>	<u>3,035,539</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Financial Risk Management Policies

The Board of Governors together with the Chief Executive Officer and Chief Financial Officer are responsible for, among other issues, monitoring and managing financial risk exposures of the entity. Discussions on monitoring and managing financial risk also occur at a governance level as part of regular meetings of the Board of Governors.

The potential risks Baptist Care (SA) Incorporated is exposed to through its financial instruments are interest rate risk and liquidity risk.

Financial Risks

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The table below details the categories of financial instruments disclosed in the financial accounts, the interest rate assessed risk level and the reasoning.

Financial	Assessed risk	Reasoning
Financial Assets		
Cash and cash equivalents	Low	Cash is maintained at variable interest rates
Receivables	Low	Short term assets - not affected by changes in interest rates.
Financial Liabilities at amortised cost		
- trade and other payables	Low	Current liabilities are not affected by changes in interest rates.
- borrowings	Low	All loans are at variable interest rates. All hire purchase arrangements are at fixed rates set at the time of entering the contract arrangements.

Sensitivity

The following table illustrates sensitivities to the association's exposures to changes in interest rates. The table indicates the impact on how surplus and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Surplus	Equity
	\$	\$
Year ended 30 June 2017		
+ 0.50 in interest rates	16,729	16,729
- 0.50% in interest rates	(16,729)	(16,729)
Year ended 30 June 2016		
+ 0.50 in interest rates	7,912	7,912
- 0.50% in interest rates	(7,912)	(7,912)

Liquidity risk

Liquidity risk arises from the possibility that Baptist Care (SA) Incorporated might encounter difficulty in settling its debts or otherwise meeting its obligation related to financial liabilities. Baptist Care (SA) Incorporated manages this risk through the following mechanisms:

- Maintenance of constant information systems and daily monitoring of cash flows
- Preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets;
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table on the next page details the maturity analysis for the financial liabilities.

Net fair values

No financial assets or liabilities are readily traded on organised markets in standardised form. All other net fair values of financial instruments are materially in line with carrying values.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Note 16
FINANCIAL INSTRUMENTS (continued)

	Within 1 Year		1 to 5 Years		Over 5 Years		Total
	2017	2016	2017	2016	2017	2016	
	\$	\$	\$	\$	\$	\$	\$
Financial Liabilities							
Trade and other payables	2,706,770	3,035,539	0	0	0	0	3,035,539
Borrowings	500,000	0	0	0	0	0	0
Total Financial Liabilities	3,206,770	3,035,539	0	0	0	0	3,206,770
							3,035,539

The accompanying notes form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 17 CAPITAL

The Board of Governors and Senior Management Team manage the capital of Baptist Care (SA) Incorporated. The primary objective of capital management is to ensure that government grant contracts and integrity of funding sources are honoured while ensuring the pursuit of the constitutional objects of the organisation through ethical Christian service and prudent stewardship.

Baptist Care (SA) Incorporated adheres to a strong and responsible management policy in relation to capital management of funds including regular assessment of liquidity, strict adherence to prudential standards and principles, and conservative protection over cash and physical assets.

Baptist Care (SA) Incorporated management guidelines ensure minimisation of credit risk and maximisation of capital preservation.

NOTE 18 ASSOCIATION DETAILS

The registered office of the association is:

Baptist Care (SA) Incorporated
130 Rose Terrace
Wayville SA 5034

The principal place of business is:

Baptist Care (SA) Incorporated
130 Rose Terrace
Wayville SA 5034