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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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BAPTIST CARE (SA) INCORPORATED
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STATEMENT BY THE BOARD

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

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

1. The financial statements and notes, as set out on pages 6 to 23 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 2019 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 2019 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 made on the 30 September 2019 and signed for and on behalf of the Board by:

Ms Julie Lawrie
Chair

Mr Graham Brown
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 2019, 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 2019 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
30th September 2019

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Income			
Revenue	2	61,036,503	73,173,628
Expense			
Employee benefit expense		53,755,456	62,196,633
Depreciation		909,523	567,412
Amortisation expense		59,105	348,205
Other expenses from ordinary activities	3	6,762,428	7,605,524
Operating surplus / (deficit)		(450,009)	2,455,854
Gain / (loss) on disposal of assets		(21,154)	4,018
Net donation from Baptist Care (SA) Foundation	1d	680,584	658,345
Income for the year		209,421	3,118,217
Transfer (to) from Community Collaborative Projects Fund		45,650	(250,000)
Total comprehensive income for the year		255,071	2,868,217

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 2019

	Note	2019	2018
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	4	23,275,030	22,885,317
Trade and other receivables	5	5,534,381	6,262,532
Other current assets	6	231,999	70,812
Total current assets		**29,041,410**	**29,218,661**
Non-current assets			
Property, plant and equipment	7	18,666,436	17,662,153
Intangibles	8	1,269,352	197,256
Total non-current assets		**19,935,788**	**17,859,409**
Total assets		**48,977,198**	**47,078,070**
LIABILITIES			
Current liabilities			
Trade and other payables	9	2,233,724	1,992,473
Provisions	10	2,775,907	2,236,853
Other current liabilities	11	2,436,912	1,527,510
Total current liabilities		**7,446,543**	**5,756,836**
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		**7,446,543**	**5,756,836**
Net assets		**41,530,655**	**41,321,234**
EQUITY			
Retained surpluses		37,790,341	37,535,270
Reserves	12	3,740,314	3,785,964
Total equity		**41,530,655**	**41,321,234**

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 2019

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Retained Surplus	Asset Revaluation Reserve	Collaborative Community Projects Fund	Total
Balance as at 30 June 2017	34,667,053	3,535,964	-	38,203,017
Surplus (deficit)	3,118,217	-	-	3,118,217
Transfer to reserves	(250,000)	-	250,000	-
Transfer to retained surpluses	-	-	-	-
Revaluation	-	-	-	-
Impairment (decrement)	-	-	-	-
Balance as at 30 June 2018	37,535,270	3,535,964	250,000	41,321,234
Surplus (deficit)	209,421	-	-	209,421
Transfer to reserves	45,650	-	(45,650)	-
Transfer to retained surpluses	-	-	-	-
Revaluation	-	-	-	-
Impairment (decrement)	-	-	-	-
Balance as at 30 June 2019	37,790,341	3,535,964	204,350	41,530,655

The accompanying notes form part of these financial statements

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from government, customers and supporters		69,034,070	84,511,799
Payments to suppliers and employees		(66,153,375)	(78,254,666)
Interest received		570,058	778,343
Net cash inflow from operating activities	14	3,450,753	7,035,476
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		130,373	32,249
Purchase of property, plant and equipment, inventory		(3,191,413)	(1,853,372)
Net cash (outflow) from investing activities		(3,061,040)	(1,821,123)
Cash flows from financing activities			
Repayment of borrowings		-	(500,000)
Net cash (outflow)inflow from financing activities		-	(500,000)
Net increase in cash and cash equivalents		389,713	4,714,353
Cash and cash equivalents at beginning of period		22,885,317	18,170,964
Cash and cash equivalents at end of period	4	23,275,030	22,885,317

The accompanying notes form part of these financial statements

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 30 September 2019 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) Intangibles

Software is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between 5 and 10 years. It is assessed annually for impairment.

(c) 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 review Board valuations to ensure the land and buildings' carrying amount is not materially different to the fair value in response to material events that are considered to be reasonably known.

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.

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 comprehensive income.

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.

(c) Properties, furnishings, equipment and vehicles (cont)

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:

Class of fixed asset	Depreciation rate
Buildings	2.50%
Furniture and fittings & leasehold improvements	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 comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained surpluses.

(d) 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.

	2019 $	2018 $
Donation to Baptist Care (SA) Inc.	680,584	658,345
Donation from Baptist Care (SA) Inc.	-	-
Total Net donation from Baptist Care (SA) Foundation	680,584	658,345

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

(e) Estate of the late FTT Fricker

Baptist Care (SA) Inc acts as the Trustee of the Estate of FTT Fricker pursuant to a Trust Variation Scheme executed in October 2017. The financial statements of the Estate of FTT Fricker are presented independently to these financial statements and subject to independent audit. The amount held in Trust does not impact upon the net asset position disclosure by Baptist Care (SA) Inc.

(f) Financial instruments

Changes in accounting policy – Adoption of AASB 9 Financial Instruments

The Association has adopted AASB 9: Financial Instruments with a date of initial application of 1 July 2018. As a result, the Association has changed its financial instruments accounting policies as detailed in this note.

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' (ECL) model for impairment of financial assets.

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. This remained unchanged from the year ended 30 June 2018 under AASB 139.

Classification and subsequent measurement

During the year ended 30 June 2018, the Association's financial assets were classified as Loans and receivables under AASB 139. 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.

Subsequent to adoption of AASB 9 during the year ended 30 June 2019, the Association's financial assets were subsequently measured at amortised cost. The Association holds its financial assets under a business model of holding financial assets with the objective of collecting contractual cash flows, where the contractual terms give rise to cash flows that are solely payments of principal and interest.

On the application of AASB 9 the financial instruments of the Association were re-classified as follows:

(f) Financial instruments (cont)

	Original classification	New classification	Closing balance	Adoption of AASB 9 -	Opening balance
	AASB 139	AASB 9	30 June 2018 (AASB 139)	additional loss allowance	1 July 2018 (AASB 9)
			$	$	$
Financial assets					
Cash and cash equivalents	Loans and receivables	Amortised cost	22,885,317	-	22,885,317
Trade and other receivables	Loans and receivables	Amortised cost	6,262,532	(4,573)	6,257,959
Financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	1,992,473	-	1,992,473

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

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. This remained unchanged from the year ended 30 June 2018 under AASB 139.

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. This remained unchanged from the year ended 30 June 2018 under AASB 139.

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 when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate.

Financial assets measured at amortised cost are assessed for indicators of impairment at the end of each reporting period.

Allowance for expected credit losses
During the year ended 30 June 2018, the Association recorded impairment losses where a loss event had occurred, in accordance with AASB 139.

During the year ended 30 June 2019, the Association was required to apply an 'expected credit losses' model for recognising impairment loss allowances, under AASB 9. Expected credit losses are a probability-weighted estimate of credit losses over the expected life of a financial instrument.

The Association has applied the 'simplified approach' under AASB 9 to its trade and other receivables. In measuring the expected credit loss, a provision matrix for trade and other receivables was used, taking into consideration various data to calculate an expected credit loss (including diversity of the Association's customer base, historical loss experience and other factors). Under the simplified approach, the Association has recognised lifetime expected credit losses in relation to its trade and other receivables.

Impairment losses and expected credit losses in relation to financial assets measured at amortised cost have been recognised as an allowance for expected credit losses. At each reporting date, the Association recognises the movement in the loss allowance as an impairment gain or loss in the statement of comprehensive income.

The impact of the initial application of AASB 9 on the measurement of loss allowances for financial assets was as follows:

(f) Financial instruments (cont)

	Closing impairment allowance 30 June 2018 (AASB 139) $	Adoption of AASB 9 Reclassification $	Adoption of AASB 9 Increase in ECL $	Opening impairment allowance 1 July 2018 (AASB 9) $
Financial assets at amortised cost				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	11,846	-	(4,573)	7,273

Write-off
A financial asset is written off when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition
Financial assets are derecognised when the holder's contractual rights to its cash flows expire, or the asset is transferred in such a way that the all the risks and rewards of ownership are substantially transferred. The difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

A financial liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled, or expires). The difference between the carrying amount and consideration paid and payable is recognised in profit or loss.

(g) 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.

The current accounting policy recognises a provision in addition to those seven completed years of service for those having completed four to six years of service adjusted by the probability factor to recognise that not all of those employees will reach seven completed years, as required by legislation. This accounting policy has been adopted on the basis that it more accurately allocates the likelihood of long service leave liability over the qualifying period for employees in accord with modern employment patterns of Baptist Care (SA) Incorporated.

(h) 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.

(i) 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.

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.

(j) 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).

(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 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.

(l) 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.

(m) Comparative figures

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

(n) 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.

(o) New accounting standards for application in future periods

Accounting Standard	Operative date	Planned date of adoption	Nature of change	Impact on initial adoption
AASB 15 *Revenue from Contracts with Customers*	Periods beginning on or after 1 January 2019 (Not-for-profit entities)	1-Jul-19	The new standard establishes a five-step model for assessing and recording revenue from cash flows arising from a contract with a customer. Revenue is recognised when control of a good or service is transferred to the customer.	The Association receives significant grant funding for the purposes of providing a range of services. Under the Association's current accounting policies, where grant funding is received in advance, revenue is recognised only once conditions attached to the grant have been satisfied. All grant funding is recognised as a liability until those conditions are satisfied. Management has reviewed all grant contracts to which it is a party and has determined that they fall within the scope of AASB 15. There is unlikely to be a material change to the Association's policies for recognising grant revenue as a result of the adoption of AASB 15. The adoption of AASB 15 is not expected to have a material impact on the financial statements of the Association.
AASB 1058 *Income of Not-for-Profit Entities*	Periods beginning on or after 1 January 2019	1-Jul-19	The new standard clarifies and simplifies the income recognition requirements that apply to not-for-profit entities, in conjunction with AASB 15. The standard applies where a not-for-profit entity receives volunteer services or enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.	While the Association benefits from substantial volunteer services, it is likely that these services would be difficult to measure reliably. It is in any case unlikely that the Association would elect to recognise the services of volunteers as income in accordance with the standard. The Association rarely acquires assets for significantly less than fair value. The adoption of AASB 1058 is not expected to have a material impact on the financial statements of the Association.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(o) New accounting standards for application in future periods (cont)

AASB 16 *Leases*	Periods beginning on or after 1 January 2019	1-Jul-19	The new standard requires all leases to be recorded 'on-balance sheet', with the exception of leases with a term of less than 12 months and low value leases. Right-of-use assets are to be recognised, with a corresponding lease liability for lease payment obligations.	The Association is a party to a number of lease contracts as lessee of real property. This includes short-term leases and 'peppercorn' leases at below-market terms principally to enable the Association to further its objectives. The Association is also party to a number of equipment lease contracts as lessee. The adoption of AASB 16 is expected to result in the recognition of a number of right-of-use and equipment assets and corresponding lease liabilities. These leases were previously classified as operating leases under AASB 117. The adoption of AASB 16 is expected to result in the recognition of approximately $1,000,000 in right-of-use real property assets and $70,000 of equipment assets, as well as corresponding lease liabilities. This is not expected to have a material impact on the net assets of the Association. The Association expects to record 'peppercorn' leases at cost.

NOTE 2 REVENUE

	2019 $	2018 $
Government funding and fees	55,716,632	68,581,472
Fees and rents	4,249,939	3,644,987
Fundraising, bequests and donations	314,844	283,821
Interest	612,916	529,911
Meals and catering receipts	51,145	63,465
Sundry income	91,027	69,972
Total revenue	**61,036,503**	**73,173,628**

NOTE 3 OTHER EXPENSES FROM ORDINARY ACTIVITIES

includes:

	2019 $	2018 $
Bad and doubtful debts	4,622	1,739
Interest expense and other finance charges	16,847	24,326
Payments to auditors for audit fees	52,600	53,201
Building rent, cleaning and utilities	739,083	639,330

NOTE 4 CASH AND CASH EQUIVALENTS

	2019 $	2018 $
Cash on hand	15,197	15,190
Moneys on deposit	10,636,745	10,633,871
Cash at bank and other financial institutions	12,623,088	12,236,256
Cash at bank and on hand	**23,275,030**	**22,885,317**

NOTE 5 TRADE AND OTHER RECEIVABLES

	2019 $	2018 $
Service charges, rent receivable and other	806,650	331,307
Less: Provision for doubtful debts	(10,338)	(11,846)
	796,312	319,461
Government funding and fees receivable	4,356,146	5,777,296
Workers' compensation payments recoverable	198,090	88,832
Other amounts receivable	183,833	76,943
Total trade and other receivables	**5,534,381**	**6,262,532**

NOTE 6 OTHER ASSETS

	2019 $	2018 $
Prepayments	223,724	70,812
Inventory	8,275	-
Total other assets	**231,999**	**70,812**

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

	2019 $	2018 $
Freehold Land		
Independent valuation (2017)	4,425,000	4,425,000
Land at cost	565,000	565,000
Total Land	4,990,000	4,990,000
Buildings		
Independent valuation (2017)	6,930,000	6,930,000
Buildings at cost	867,051	645,281
Less accumulated depreciation	(403,253)	(184,824)
	7,393,798	7,390,457
Total Buildings	7,393,798	7,390,457
Leasehold Improvements		
Independent valuation (2017)	3,061,000	3,061,000
Less accumulated depreciation	(153,050)	(76,525)
	2,907,950	2,984,475
Leasehold improvements work in progress	1,448,631	292,785
Total Leasehold Improvements	4,356,581	3,277,260
Total Land and Buildings	16,740,379	15,657,717
Plant and Equipment		
Motor Vehicles	1,963,407	1,961,435
Less accumulated depreciation	(879,654)	(767,277)
	1,083,753	1,194,158
Equipment	3,856,697	3,285,498
Less accumulated depreciation	(3,014,393)	(2,475,220)
	842,304	810,278
Total Plant and Equipment	1,926,057	2,004,436
Total property, plant, and equipment	18,666,436	17,662,153

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 2018	4,990,000	7,390,457	3,277,260	1,194,158	810,278	17,662,153
Additions	-	221,771	1,155,846	358,622	336,043	2,072,282
Disposals	-	-	-	(145,617)	(12,859)	(158,476)
Depreciation	-	(218,430)	(76,525)	(323,410)	(291,158)	(909,523)
Balance at 30 June 2019	4,990,000	7,393,798	4,356,581	1,083,753	842,304	18,666,436

NOTE 8 Intangible Assets

	2019 $	2018 $
Intangible assets	573,885	545,461
Less amortisation	(407,310)	(348,205)
Software under development	1,102,777	-
Total intangible assets	1,269,352	197,256

Movements in carrying amounts

Movements in carrying amounts for intangible assets between the beginning and the end of the current financial year.

	Acquired computer software $	Internally developed computer software $	Total $
Balance at 1 July 2018	197,256	-	197,256
Additions	-	1,156,857	1,156,857
Disposals	(25,656)	-	(25,656)
Amortisation expense	(59,105)	-	(59,105)
Balance at 30 June 2019	112,495	1,156,857	1,269,352

NOTE 9 TRADE AND OTHER PAYABLES

	2019 $	2018 $
Trade creditors	1,012,026	577,354
Other creditors and accruals	1,221,698	1,415,119
Total trade and other payables	2,233,724	1,992,473

NOTE 10 PROVISIONS

	2019 $	2018 $
Employee benefits - annual leave	1,429,754	1,293,887
Employee benefits - long service leave	1,346,153	942,966
Total provisions	2,775,907	2,236,853
Analysis of provisions		
Settled within 12 months	1,436,754	1,300,887
Settled greater than 12 months	1,339,153	935,966
Total provisions	2,775,907	2,236,853

NOTE 11 OTHER LIABILITIES

	2019 $	2018 $
CURRENT		
Revenue received in advance	2,436,912	1,527,510
Total current other liabilities	2,436,912	1,527,510

NOTE 12 RESERVES

	2019 $	2018 $
Revaluation Reserve	3,535,964	3,535,964
Community Collaborative Projects Fund Reserve	204,350	250,000
Total reserves	3,740,314	3,785,964

Revaluation Reserve

The revaluation reserve records revaluations of non-current assets.

NOTE 13 CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments
Operating leases contracted for but not capitalised in the financial statements.

	2019 $	2018 $
Payable - minimum lease payments		
- no later than 12 months	38,960	23,427
- between 12 months and 5 years	34,149	22,326
- greater than 5 years	-	-
	73,109	45,753

NOTE 14 CASH FLOW INFORMATION

Reconciliation of Cash Flow from operations with surplus from operations

	2019 $	2018 $
Surplus from operations	209,421	3,118,217
Cash flows excluded from surplus attributable to operations		
Non cash flows excluded in surplus		
- Depreciation & Amortisation	968,628	915,617
- Loss (Gain) on sale of property, plant and equipment	15,348	(4,018)
- Acquiring assets for zero consideration	-	(32,249)
Change in assets and liabilities		
- Decrease (Increase) in trade and other receivables	728,836	3,093,677
- Decrease (Increase) in other current assets	(161,187)	8,479
- (Decrease) in trade and other payables	241,251	(714,298)
- Increase in employee benefits	539,054	729,971
- (Decrease) Increase in Unearned Revenue	909,404	(79,920)
- (Decrease) in other current liabilities	-	-
Cash flow from operations	3,450,755	7,035,476

NOTE 15 STATEMENT OF DONATIONS AND FUNDRAISING

Donations and fundraising reported in operating results

	Income $	Direct Expenditure $	Net Income $
Donations - General	174,009	-	174,009
Donations - Churches	34,811	-	34,811
Donations - Seasonal appeals and sponsors	106,024	(13,884)	92,140
Total donations and fundraising	314,844	(13,884)	300,960
Bequests	-	-	-
Indirect costs associated with fundraising			
Salaries and on-costs			(90,386)
Office			(75,155)
Net fundraising available for allocation			**135,419**

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	76,946
WestCare Day Centre - pastoral care	7,750
WestCare Day Centre - Christmas gifts	1,745
Youth services	680
Refugee services - general operations	17,589
Prison Chaplaincy	15,000
Other	15,709
	135,419

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 (year ended 30 June 2018) and AASB 9 (year ended 30 June 2019) as detailed in the accounting policies to these financial statements, are as follows:

		2019 $	2018 $
Financial assets			
Cash and cash equivalents	4	23,275,030	22,885,317
Trade and other receivables	5	5,534,381	6,262,532
Total		28,809,411	29,147,849
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	9	2,233,724	1,992,473
Total		2,233,724	1,992,473

NOTE 16 FINANCIAL INSTRUMENTS (cont)

The following table details the movement of the allowance for expected credit losses on trade and other receivables to which the simplified approach has been applied under AASB 9.

	2019 $	2018 $
Loss allowance – Trade and other receivables		
Opening balance	11,846	11,846
Impact of adoption of AASB 9	(4,573)	-
Charges for the period	3,065	-
Amounts written off	-	-
Closing balance	**10,338**	**11,846**

The following table provides information regarding the Association's credit risk exposures in relation to trade and other receivables.

30-June-2019	Expected credit loss rate	Gross carrying amount $	Expected credit loss $
Days past due			
Current	0%	270,892	-
< 30 days	1%	566,345	5,663
30 - 60 days	2%	34,836	697
61 - 90 days	3%	75,840	2,275
> 91 days	4%	42,570	1,703
Government Funding	0%	4,554,236	-
Total		5,544,719	10,338

30-June-2018	Expected credit loss rate	Gross carrying amount $	Expected credit loss $
Days past due			
Current	0%	60,744	-
< 30 days	1%	90,533	905
30 - 60 days	2%	193,042	3,861
61 - 90 days	3%	5,080	152
> 91 days	4%	58,851	2,355
Government Funding	0%	5,866,128	-
Total		6,274,378	7,273

Financial Risk Management Policies

The Board together with the Chief Executive Officer and Executive Leader - Corporate Services 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 Board meetings.

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		
Financial Liabilities at amortised cost		
- trade and other payables	Low	Current liabilities are not affected by changes in interest rates.
- borrowings	Low	There are no current borrowings. 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.

NOTE 16 FINANCIAL INSTRUMENTS (cont)

	Surplus $	Equity $
Year ended 30 June 2019		
+ 0.50 in interest rates	96,983	188,952
- 0.50% in interest rates	(96,983)	(188,952)
Year ended 30 June 2018		
+ 0.50 in interest rates	19,319	19,319
- 0.50% in interest rates	(19,319)	(19,319)

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.

Note 16
FINANCIAL INSTRUMENTS (continued)

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$	$	$
Financial								
Trade and other payables	2,233,724	1,992,473	-	-	-	-	2,233,724	1,992,473
Total Financial	2,233,724	1,992,473	-	-	-	-	2,233,724	1,992,473

NOTE 17 CAPITAL MANAGEMENT

The Board 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