

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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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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 4 to 19 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:

a. Comply with Australian Accounting Standards - Reduced Disclosure Requirements.

b. Give a true and fair view of Baptist Care (SA) Incorporated's position as at 30 June 2021 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. Disclosures relating to key management personnel are set out in note 27.

Signed in accordance with a resolution of the Members of the Board made on the 5th day of October 2021 and signed for and on behalf of the Board by:


Ms Julie Lawrie
Chair


Mr Graham Brown
Chief Executive Officer

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Income			
Revenue	3	62,959,003	61,704,906
Other Income	4	776,654	403,209
Expense			
Employee benefit expense		55,815,051	54,708,930
Depreciation		1,613,753	1,546,095
Amortisation expense		160,690	123,075
Direct expenses for client support		2,831,516	3,109,939
Other expenses from ordinary activities	5	3,607,094	3,343,630
Operating surplus / (deficit)		<u>(292,447)</u>	<u>(723,554)</u>
Gain / (loss) on disposal of assets		133,594	43,162
Gain / (loss) on acquisition of business	25	1,492,649	-
Net donation (to)/from Baptist Care (SA) Foundation	1e	688,811	722,223
Income for the year		<u>2,022,607</u>	<u>41,831</u>
Other comprehensive income			
Items that will not be reclassified subsequently to surplus or deficit			
Revaluation land and building		-	512,848
Total comprehensive income for the year		<u>2,022,607</u>	<u>554,679</u>

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 2021

	Note	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	12,266,263	16,310,763
Other financial assets	7	4,155,390	4,136,746
Trade and other receivables	8	5,466,480	6,127,418
Financial assets at fair value through P&L	9	5,489,651	-
Other current assets	10	344,526	267,791
Total current assets		27,722,310	26,842,718
Non-current assets			
Right of use assets	11	1,584,577	921,846
Property, plant and equipment	12	25,086,119	22,485,261
Intangibles	13	1,906,847	1,610,855
Total non-current assets		28,577,543	25,017,962
Total assets		56,299,853	51,860,680
LIABILITIES			
Current liabilities			
Trade and other payables	14	2,961,876	2,515,187
Right of use lease liabilities	15	468,419	364,193
Provisions	16	3,580,333	1,124,026
Other current liabilities	17	3,454,958	2,689,432
Total current liabilities		10,465,586	6,692,838
Non-current liabilities			
Non-current provisions	18	576,500	2,496,765
Right of use lease liabilities	19	1,149,826	585,743
Total non-current liabilities		1,726,326	3,082,508
Total liabilities		12,191,912	9,775,346
Net assets		44,107,941	42,085,334
EQUITY			
Retained surpluses		39,726,514	37,890,247
Reserves	20	4,381,427	4,195,087
Total equity		44,107,941	42,085,334

The accompanying notes form part of these financial statements

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Retained Surplus	Asset Revaluation Reserve	WestCare Site Development Capital Campaign Reserve	Collaborative Community Projects Fund	Total
Balance as at 30 June 2019	37,790,341	3,535,964	-	204,350	41,530,655
Surplus (deficit)	41,831	-	-	-	41,831
Other comprehensive income	-	512,848	-	-	512,848
Total comprehensive income	41,831	512,848	-	-	534,679
Transfer to reserves	58,075	-	-	(58,075)	-
Balance as at 30 June 2020	37,890,247	4,048,812	-	146,275	42,085,334
Surplus (deficit)	2,022,607	-	-	-	2,022,607
Other comprehensive income	-	-	-	-	-
Total comprehensive income	2,022,607	-	-	-	2,022,607
Transfer to reserves	(186,340)	-	279,105	(92,765)	-
Balance as at 30 June 2021	39,726,514	4,048,812	279,105	53,510	44,107,941

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 2021

	2021	2020
Note	\$	\$
Cash flows from operating activities		
Receipts from government, customers and supporters	64,913,326	62,119,038
Payments to suppliers and employees	(61,347,665)	(59,875,624)
Net cash inflow (outflow) from operating activities	21 <u>3,565,661</u>	<u>2,243,414</u>
Cash flows from investing activities		
Interest received	219,134	403,209
Dividends received	160,951	-
Proceeds from sale of property, plant and equipment	205,202	101,148
Purchase of Financial Assets	(4,950,774)	-
Purchase of property, plant and equipment	(2,720,298)	(4,989,952)
Net cash inflow (outflow) from investing activities	<u>(7,085,785)</u>	<u>(4,485,595)</u>
Cash flows from financing activities		
Repayment of lease liabilities	(524,376)	(585,340)
Net cash inflow (outflow) from financing activities	<u>(524,376)</u>	<u>(585,340)</u>
Net increase in cash and cash equivalents	(4,044,500)	(2,827,521)
Cash and cash equivalents at beginning of period	16,310,763	19,138,284
Cash and cash equivalents at end of period	6 <u>12,266,263</u>	<u>16,310,763</u>

The accompanying notes form part of these financial statements

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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. Baptist Care (SA) Incorporated is referred to as the Association in these financial statements.

The financial statements were authorised for issue on 27 September 2021 by Baptist Care (SA) Incorporated.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), 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 are presented in Australian dollars.

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.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(a) Income Tax

The Association 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) Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

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

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

(d) 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.

BAPTIST CARE (SA) INCORPORATED
A.B.N. 81 257 754 846
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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

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 2020 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 2020 by licensed valuers. Leasehold improvements are recognised as assets of the Association where the Association 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.

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 & 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 statement of financial position 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.

(e) 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 the Association.

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

	2021	2020
	\$	\$
Donation to the Association	693,811	722,223
Donation from Baptist Care (SA) Incorporated	5,000	-
Total Net donation (to)/from Baptist Care (SA) Foundation	688,811	722,223

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

(f) Estate of the late FTT Fricker

The Association acts as the Trustee of the Estate of FIT Fricker pursuant to a Trust Variation Scheme executed in October 2017. The financial statements of the Estate of FIT 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 the Association.

Since its formation, the Association has received from Baptist Care (SA) Incorporated as Trustee For The Fricker Trust revenue in accordance to the trust variation scheme.

	2021	2020
	\$	\$
Revenue from Baptist Care (SA) Incorporated as Trustee For The Fricker Trust	164,251	155,505

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

BAPTIST CARE (SA) INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(g) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and overdraft facilities held with financial institutions. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(i) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Association's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The Association has eight peppercorn leases that are recognised at cost value. Restrictions to the usage of the properties are outlined in the deed arrangements and extend to the usage to support community services and to support those in need of housing. In addition to those properties there is short term arrangements for temporary housing accommodation, until housing arrangements have been established.

(j) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Fees and Services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Payment terms for services provide are based on the client and services provide and range from payment at the time of service to net 30 days.

Grant Revenue

Grant revenue is recognised in income for the year when the Association satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the Association is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Grant revenue is received through funding arrangements with Commonwealth, State and Local government organisations to support client services and or government programs as delivered by the Association.

Payment terms for grant revenue is quarterly, in advance or inline with an established arrangements, as outlined in the funding agreement.

Events, fundraising and raffles are recognised when received or receivable.

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

Rent revenue

Rent revenue is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Payment terms for rent revenue is fortnightly, in advance or inline with Centrelink payments.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(j) Revenue recognition (cont)

Interest income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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

The Association has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

(k) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Tax Office. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Tax Office is included in other receivables or other payables in the statement of financial position.

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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(l) Impairment of non-financial 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) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Association's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Association's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(p) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Association has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

BAPTIST CARE (SA) INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(r) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Association expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Association has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(s) Investments and other financial assets

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

(t) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(t) Business combinations (cont)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

(u) New accounting standards for application from 1 July 2021

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Association for the annual reporting period ended 30 June 2021. The Association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(a) Estimation of useful lives of assets

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

(b) Impairment of non-financial assets

The Association assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Association and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

(c) Employee benefits provision

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

(d) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Association's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Association reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(e) Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Association estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

BAPTIST CARE (SA) INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 3 REVENUE

	2021	2020
	\$	\$
<i>Revenue from contracts with customers</i>		
Government funding and fees	54,292,006	54,663,480
Fees and rents	5,592,912	4,758,691
	<u>59,884,918</u>	<u>59,422,171</u>
<i>Other revenue</i>		
Fundraising, bequests and donations	715,221	393,225
Meals and catering receipts	37,960	34,698
Sundry income	464,762	134,955
Jobkeeper support	1,856,142	1,719,857
	<u>3,074,085</u>	<u>2,282,735</u>
Total revenue	<u>62,959,003</u>	<u>61,704,906</u>

Disaggregation of revenue	2021	2020
The disaggregation of revenue from contracts with customers is as follows:	\$	\$

<i>Major contracts with customers</i>		
Government contracts	40,745,356	43,413,377
NDIS provider contracts	13,546,650	11,250,103
Mentoring and youth services contracts	2,888,561	2,122,524
Housing support services contracts	354,118	385,461
Adventure services contracts	2,049,047	2,175,645
Other program support service contracts	301,186	75,061
	<u>59,884,918</u>	<u>59,422,171</u>
<i>Geographical regions</i>		
South Australia	59,884,918	59,422,171
<i>Timing of revenue recognition</i>		
Services transferred over time	59,884,918	59,422,171

NOTE 4 OTHER INCOME

	2021	2020
	\$	\$
Interest	219,134	403,209
Fair value movement of financial assets	557,520	-
	<u>776,654</u>	<u>403,209</u>

NOTE 5 OTHER EXPENSES FROM ORDINARY ACTIVITIES

	2021	2020
	\$	\$
includes:		
Bad and doubtful debts	4,894	33,028
Interest expense and other finance charges	27,000	15,646
Interest - right-of-use lease liabilities	46,347	48,109
Building rent, cleaning and utilities	332,991	198,462
Short term lease payments	303,212	228,181
Low value lease payments	3,220	21,277
Depreciation - ROU assets - Buildings	543,486	567,574
Depreciation - ROU assets - Plant & Equipment	17,766	17,766

NOTE 6 CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Cash on hand	58,916	17,661
Moneys on deposit - Less than 90 days	4,682,169	7,109,465
Cash at bank and other financial institutions	7,525,178	9,183,637
Cash at bank and on hand	<u>12,266,263</u>	<u>16,310,763</u>

NOTE 7 OTHER FINANCIAL ASSETS

	2021	2020
	\$	\$
Moneys on deposit - Greater than 90 days	4,155,390	4,136,746
Other financial assets	<u>4,155,390</u>	<u>4,136,746</u>

BAPTIST CARE (SA) INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 8 TRADE AND OTHER RECEIVABLES

	2021	2020
	\$	\$
Service charges, rent receivable and other	1,475,470	472,064
Less: Allowance for credit losses	(12,703)	(8,742)
	<u>1,462,767</u>	<u>463,322</u>
Government funding and fees receivable	3,672,323	5,373,437
Workers' compensation payments recoverable	149,571	160,098
Other amounts receivable	181,819	130,560
Total trade and other receivables	<u>5,466,480</u>	<u>6,127,418</u>

NOTE 9 FINANCIAL ASSETS AT FAIR VALUE THROUGH P&L

	2021	2020
	\$	\$
Financial assets at fair value	5,489,651	-
Total Financial assets at fair value	<u>5,489,651</u>	<u>0</u>

NOTE 10 OTHER ASSETS

	2021	2020
	\$	\$
Prepayments	269,424	218,450
Inventory	75,102	49,343
Total other assets	<u>344,526</u>	<u>267,793</u>

NOTE 11 RIGHT OF USE ASSETS

	2021	2020
	\$	\$
Right of use assets - Buildings	1,576,669	896,172
Right of use assets - Plant & Equipment	7,908	25,674
Total right of use assets	<u>1,584,577</u>	<u>921,846</u>
Additions to Right of use assets	1,192,685	1,507,186

The Association has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred. The Association leases land and buildings for its offices, and client housing under agreements between two to fifteen years with, in some cases options to extend. The leases have various escalation clauses. On renewal, the terms of the lease are renegotiated. The Association also leases plant and equipment under agreement of between three to seven years.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

	2021	2020
	\$	\$
Freehold Land		
Independent valuation (2020)	6,380,000	6,380,000
Land at cost	1,235,000	-
Land improvements	30,000	30,000
Total Land	<u>7,645,000</u>	<u>6,410,000</u>
Buildings		
Independent valuation (2020)	12,594,868	12,594,868
Buildings at cost	1,391,523	-
Less accumulated depreciation	(438,942)	(107,453)
Total Buildings	<u>13,547,449</u>	<u>12,487,415</u>
Buildings Work In Progress	22,637	-
	<u>13,570,086</u>	<u>12,487,415</u>
Leasehold Improvements		
Independent valuation (2020)	1,337,558	1,337,558
Leasehold improvements at cost	-	-
Less accumulated depreciation	(47,851)	(11,237)
	<u>1,289,707</u>	<u>1,326,321</u>
Leasehold improvements work in progress	2,712	-
Total Leasehold Improvements	<u>1,292,419</u>	<u>1,326,321</u>
Total Land and Buildings	<u>22,507,505</u>	<u>20,223,736</u>
Plant and Equipment		
Motor Vehicles	2,341,608	2,074,057
Less accumulated depreciation	(1,063,941)	(1,017,204)
	<u>1,277,667</u>	<u>1,056,853</u>
Equipment	4,482,244	4,109,249
Less accumulated depreciation	(3,181,297)	(2,904,577)
	<u>1,300,947</u>	<u>1,204,672</u>
Total Plant and Equipment	<u>2,578,614</u>	<u>2,261,525</u>
Total property, plant, and equipment	<u>25,086,119</u>	<u>22,485,261</u>

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FOR THE YEAR ENDED 30 JUNE 2021

NOTE 12 (cont)

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 2020	6,410,000	12,487,415	1,326,321	1,056,854	1,204,671	22,485,261
Additions	395,000	654,160	2,712	625,600	347,721	2,025,193
Disposals	-	-	-	(65,259)	(6,349)	(71,608)
Acquisitions through business combinations	840,000	760,000	-	-	129,810	1,729,810
Depreciation	-	(331,489)	(36,614)	(339,528)	(374,906)	(1,082,537)
Balance at 30 June 2021	<u>7,645,000</u>	<u>13,570,086</u>	<u>1,292,419</u>	<u>1,277,667</u>	<u>1,300,947</u>	<u>25,086,119</u>

NOTE 13 INTANGIBLE ASSETS

2021
\$

2020
\$

Intangible assets	1,185,758	1,131,066
Less amortisation	(672,599)	(511,909)
Software under development	1,393,688	991,698
Total intangible assets	<u>1,906,847</u>	<u>1,610,855</u>

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 2020	656,381	954,474	1,610,855
Additions	54,692	401,990	456,682
Transfers	-	-	-
Amortisation expense	(85,057)	(75,633)	(160,690)
Balance at 30 June 2021	<u>626,016</u>	<u>1,280,831</u>	<u>1,906,847</u>

NOTE 14 TRADE AND OTHER PAYABLES

2021

2020

Trade creditors	381,248	936,713
Other creditors and accruals	2,580,628	1,578,474
Total trade and other payables	<u>2,961,876</u>	<u>2,515,187</u>

NOTE 15 CURRENT LIABILITIES - LEASE LIABILITIES

2021

2020

Right of use lease liabilities	468,419	364,193
Total right of use lease liabilities	<u>468,419</u>	<u>364,193</u>

NOTE 16 PROVISIONS

2021

2020

Employee benefits	3,580,333	1,124,026
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Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Association does not have an unconditional right to defer settlement. However, based on past experience, the Association does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

NOTE 17 OTHER LIABILITIES

2021

2020

CURRENT	\$	\$
Revenue received in advance	3,454,958	2,689,432
Total current other liabilities	<u>3,454,958</u>	<u>2,689,432</u>

NOTE 18 NON-CURRENT LIABILITIES - EMPLOYEE BENEFITS

2021

2020

Employee Benefits	576,500	2,496,765
Total non-current employee benefits	<u>576,500</u>	<u>2,496,765</u>

NOTE 19 NON-CURRENT LIABILITIES - LEASE LIABILITIES

Right of use lease liabilities	1,149,826	585,743
Total non-current other liabilities	<u>1,149,826</u>	<u>585,743</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 20 RESERVES

	2021	2020
	\$	\$
Revaluation reserve	4,048,812	4,048,812
Collaborative community projects fund reserve	53,510	146,275
WestCare Site Development Capital Campaign Reserve	279,105	-
Total reserves	4,381,427	4,195,087

Revaluation Reserve

The reserve is used to recognise increments and decrements in the fair value of land and buildings. Land and building valuation is undertaken every three years, with the most recent valuation being completed February 2020.

Collaborative Community Projects Fund Reserve

This project funding exists to facilitate partnerships between the Association and local Baptist churches; assisting them by providing resources and greater access to the Association staff expertise to work with vulnerable people in their local community in a creative, community informed, collaborative, participant-led and ongoing manner.

WestCare Site Development Capital Campaign Reserve

This reserve reflects the balance of unspent funds generated and donated for the specific purpose of future re-development of the Westcare site.

NOTE 21 CASH FLOW INFORMATION

	2021	2020
	\$	\$
Reconciliation of Cash Flow from operations with surplus from operations		
Surplus (deficit) from operations	2,022,607	41,831
Cash flows excluded from surplus attributable to operations		
- Interest Received	(219,134)	(403,209)
- Dividends Received	(160,950)	-
Non cash flows excluded in surplus		
- Depreciation & Amortisation	1,774,443	1,669,170
- Loss (Gain) on sale/purchase of property, plant and equipment	(133,594)	162,969
- Loss (Gain) on acquisition of business	(1,729,810)	-
- Forgiveness of debt on acquisition of business	237,161	-
- Net fair value gain on other financial assets	(557,521)	22,615
Change in assets and liabilities		
- Decrease (Increase) in trade and other receivables	660,938	(593,037)
- Decrease (Increase) in other current assets	(76,735)	(35,792)
- (Decrease) Increase in trade and other payables	446,689	281,463
- (Decrease) Increase in employee benefits	536,042	844,884
- (Decrease) Increase in Unearned Revenue	765,525	252,520
Cash flow from operations	3,565,661	2,243,414

NOTE 22 NON-CASH INVESTING AND FINANCING ACTIVITIES

	2021	2020
	\$	\$
Additions to the right-of-use assets	1,192,685	1,507,186

NOTE 23 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2021
	\$
Balance at 30 June 2020	949,936
Acquisition of new leases	1,192,685
Net cash from/(used in) financing activities	(524,376)
Balance at 30 June 2021	1,618,245

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 24 STATEMENT OF DONATIONS AND FUNDRAISING

Donations and fundraising reported in operating results

	Income	Direct Expenditure	Net Income
	\$	\$	\$
Donations - General	515,091	-	515,091
Donations - Churches	56,117	-	56,117
Donations - Seasonal appeals and sponsors	147,489	(14,602)	132,887
Total donations and fundraising	718,697	(14,602)	704,095
Bequests	7,000	-	7,000
Indirect costs associated with fundraising			
Salaries and on-costs			(155,274)
Office			(68,535)
Net fundraising available for allocation			487,286

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	137,431
WestCare Day Centre - pastoral care	7,750
WestCare Day Centre - Christmas gifts	3,390
Youth services	16,545
Refugee services - general operations	15,140
Prison Chaplaincy	4,020
Homeless respite Centre	7,000
Other	16,904
CAPITAL DEVELOPMENTS	
Inner City Capital Campaign	279,105
	487,285

BAPTIST CARE (SA) INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 25 BUSINESS COMBINATION

On 3 May 2021 Baptist Care (SA) Incorporated acquired 100% of the business of Wirraway Homestead Ltd for the total consideration of \$237,161. The business operates a school and holiday campsite offering a range of outdoor activities. Details of the acquisition are as follows:

	Fair Value \$
Land and Buildings	1,600,000
Equipment	129,810
Net Assets acquired	1,729,810
Gain on acquisition	<u>1,492,649</u>
Acquisition date fair value of the total consideration transferred	<u>237,161</u>
Representing:	
Loan Forgiveness	237,161
Acquisition costs expenses to profit or loss	12,711

NOTE 26 CAPITAL MANAGEMENT

The Board and Senior Management Team manage the capital of the Association. 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.

The Association 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.

The Association management guidelines ensure minimisation of credit risk and maximisation of capital preservation.

NOTE 27 RELATED PARTY TRANSACTIONS

Compensation

The aggregate compensation made to officers and other members of key management personnel of the Association is \$1,028,188 (2020 \$944,260).

Transactions with related parties

There were transactions with related parties during the current and previous financial year with Baptist Care (SA) Foundation, with one board member serving as director on, Baptist Care (SA) Foundation Nominees Pty Ltd the Trustee for Baptist Care (SA) Foundation and transaction amounts are detailed in 1(e). In addition there were transaction with Baptist Care (SA) Incorporated as Trustee For The Fricker Trust, and transaction amounts are detail in 1(f).

Receivable from and payable to related parties

In the current reporting period Baptist Care (SA) Incorporated as Trustee For The Fricker Trust was owing to the Association \$30 507, there were no trade payable to related parties at the current and previous reporting date. There were no trade receivables from or trade payables to related parties at the previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

NOTE 28 EVENTS AFTER THE REPORTING DATE

No matter or circumstance has arisen since 1 July 2021 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

NOTE 29 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