



**BaptistCare**



**FINANCIAL  
REPORT  
2022**

*Because  
we care*



# FINANCIAL REPORT 2022

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# Directors' report

The Directors present their report together with the financial statements of BaptistCare NSW & ACT (BaptistCare) for the financial year ended 30 June 2022 and the auditor's report thereon.

BaptistCare NSW & ACT is a public company incorporated under the Corporations Act 2001, is limited by guarantee, is registered as a charity with the Australian Charities and Not-for-profits Commission, is endorsed as an Income Tax Exempt Charity by the Australian Taxation Office and recognised as a Public Benevolent Institution.

## 1. Objectives and Strategies

The purpose of the BaptistCare is 'Transforming Lives by Expressing the Love of Christ'.

BaptistCare's vision is to see 'Every Individual Living Well'. To achieve this vision, BaptistCare will continue to deepen, strengthen and grow its areas of service so that more people in more places can experience loving care.

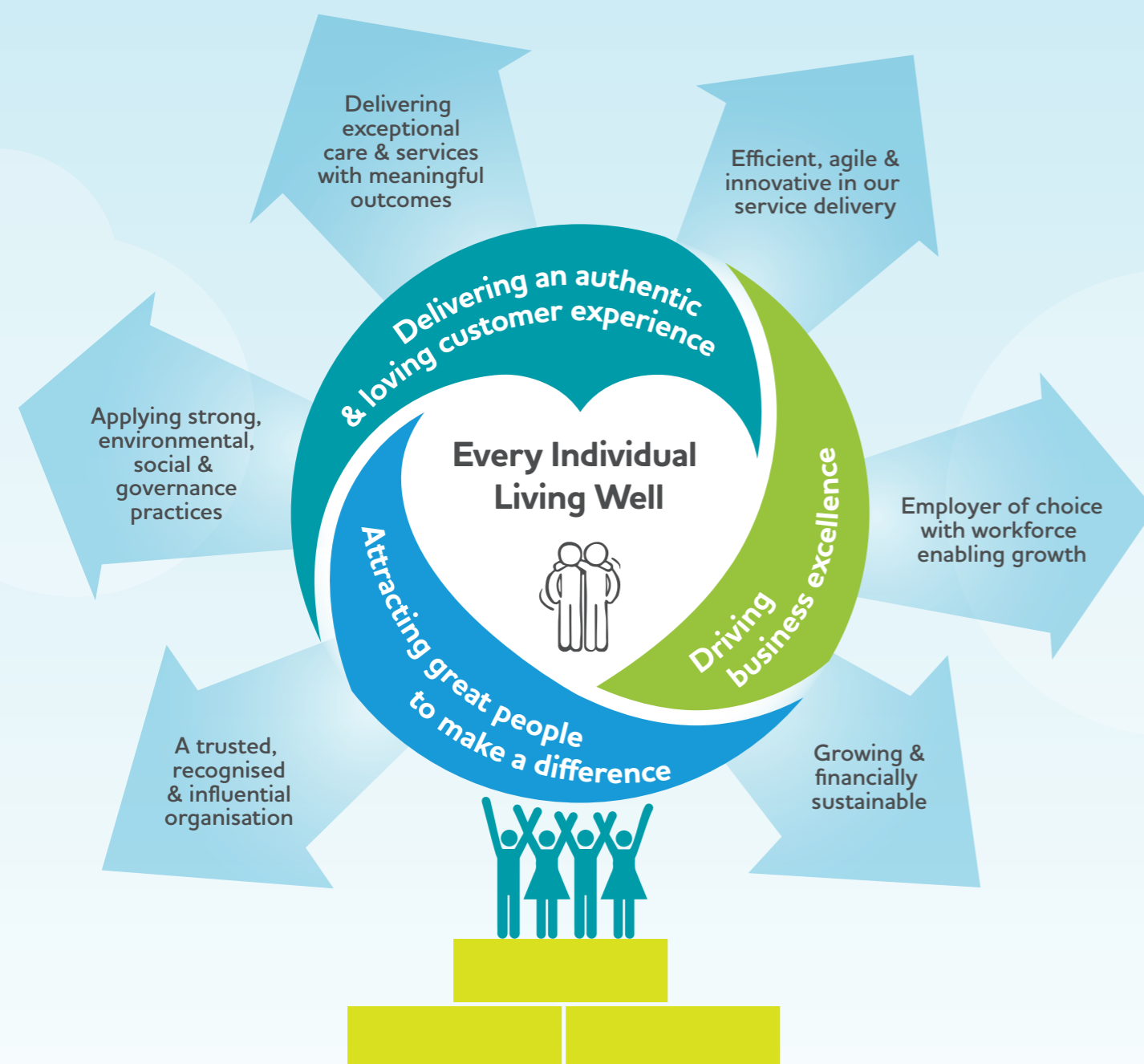
BaptistCare's 2022-2026 Strategic Plan captures the fundamental strategic approaches and high level initiatives BaptistCare will undertake for this period as it strives to deliver on its purpose and vision. The focus is on having clarity about what matters most in order for BaptistCare to bring loving care into the lives of the individuals and communities it serves.

This strategy underlies BaptistCare's customer promise *Because we care* and supports BaptistCare's belief that when services are delivered with love and care, BaptistCare's customers will know that BaptistCare is providing that service, because we care.

Our approach to strategy is to be agile, re-evaluate and refine as needed. Our senior leadership group are active participants in ensuring our strategy is taking the organisation in the right direction.

BaptistCare's Business Plan for 2022/23 identifies six strategic outcomes that together deliver success. Each area is and will be supported by strategic milestones that drive the strategy for the next five years as BaptistCare aspires to see 'every individual living well'. The six focus areas and strategic milestones for the first year are shown here on page 2.

Further information is available in the Strategic Plan and Annual Report, which are available for public distribution and can be accessed on the website, [www.baptistcare.org.au/publications](http://www.baptistcare.org.au/publications).



## 2. Principal activities

BaptistCare has three primary divisions which work together to achieve the objectives of BaptistCare. These divisions are as follows:

- Residential Services and Retirement Living – includes Residential Aged Care Homes
- BaptistCare at home – supporting seniors and their carers to live independently at home
- Community Services and Housing – includes Social and Affordable Housing, HopeStreet locations and services, Counselling and Family Services and Domestic and Family Violence transitional accommodation.

BaptistCare also delivers Chaplaincy Services across its divisions. These are managed centrally through Support Services.

## 3. Financial Position, Operational Highlights and Significant Changes in State of Affairs

The operating deficit of BaptistCare for the year ended 30 June 2022 was \$8,001,000 (2021: Deficit of \$5,481,000).

Before noting a number of operational highlights for the 2021/2022 year, the Directors would like to note a number of important matters:

- We were saddened to hear of the passing of Roger Pepper in May 2022. Roger was the inaugural chair of BaptistCare (then Baptist Community Services) when it converted from the Baptist Homes Trust in 1992. He held this position until 2001 and we are indebted to his contribution to BaptistCare's legacy.
- This year again saw COVID-19 requiring management across our organisation, primarily focusing on our aged care homes going in and out of exposure and outbreak modes. The December/January wave significantly impacted our staff, customers and families, with many homes locked down over the festive period and staff unable to take planned leave. While homes can now operate with fewer visitor restrictions, this has needed to be balanced with keeping COVID-19 out of homes as best as possible to protect vulnerable residents and ensure adequate staffing levels. Vaccination has proven to offer great protection for our residents. Staffing has continued to be our biggest challenge across our aged care services, with COVID-19, reduced skilled migration, unsustainable aged care funding and low wages combining to make this an ongoing issue.
- In early 2022, flooding across Northern NSW also significantly impacted our services, customers and staff, with many losing their homes or experiencing significant damage. Food, essential supplies and a surge workforce were helicoptered into our services cut off by flood waters, and the organisation launched a Flood Appeal, raising \$255,000. Funds were initially used to support our emergency response and then distributed to our residents, clients, tenants and staff as they begin the long road of recovery.
- In January 2022, BaptistCare wrote an open letter to the then Prime Minister Scott Morrison, after two years of battling the COVID-19 pandemic, advocating for

immediate support for the aged care sector. The letter was picked up by multiple mainstream outlets resulting in more than 60 pieces of coverage, with a combined reach of 45 million viewers, and began key advocacy activity for the year ahead. Before the Federal Election, BaptistCare released polling showing aged care policy was an 'important issue' for the majority (83%) of Australian voters deciding how they would cast their ballot at the upcoming federal election. With a new Federal Government elected in May, this has been an opportunity for BaptistCare to continue advocating for key challenges the aged care sector is facing, including the need to increase wages for our staff, sourcing an appropriate workforce through skilled migration channels, and sustainable funding for the sector.

- In May 2022, an unannounced audit by the Aged Care Quality and Safety Commission of BaptistCare Orana Centre occurred. The Commission identified multiple areas of concern about the care and services provided by BaptistCare at Orana Centre and BaptistCare was issued a Notice of Decision to Impose Sanctions and Notice of Requirement to Agree to Certain Matters under sections 63N and 63U of the Aged Care Quality and Safety Commission Act 2018. BaptistCare took immediate steps to respond to each point of non-compliance and has placed a team of experienced leaders from across BaptistCare, and externally into the home to bring the home back up to the standards expected.
- Finally, two new retirement communities became part of the BaptistCare footprint over the year. In March 2022, BaptistCare acquired The Grange Lifestyle Village in Wagga Wagga. The Grange is set on 20.51 hectares and features 159 independent living villas with 13 unique floor plan designs. Significant work was invested in acquiring this property, and residents were welcomed during several events. In June 2022, after ten years of preparation and development, the organisation celebrated the completion of Yarra Rossa, in Red Hill. The community includes 100 apartments and a range of amenities to facilitate outdoor living and social connections. It is located on the former Morling Lodge site, an aged care home that BaptistCare opened in 1968.

### Operational highlights for the 2021/2022 year are as follows:

- August 2021: BaptistCare Watermark Village in Wagga Wagga won the Excellence in Business Ethics Award as part of the Wagga Wagga Business Chamber Golden Crow Awards. The accolade recognises businesses that are implementing ethical practices, creating a positive work culture and environment and building business success.
- September 2021: BaptistCare was announced as a research partner in a national aged care medication round table project with Macquarie University and other aged care providers. This highly collaborative project will devise innovative and practical IT-based solutions to improve medication management processes which was the topic of more than one-third of issues reported to the Royal Commission into Aged Care Quality and Safety.
- November 2021: Work commenced on the redevelopment of Caloola Centre in Wagga Wagga. 86-year-old Caloola resident Louis de Kort turned the first sod alongside Wagga Wagga City Council Mayor Councilor Greg Conkey. The home will feature 80 single rooms divided into five households, and a new café.

- November 2021: Kilometres for Kids was launched across BaptistCare, asking staff to walk, run, swim or ride and raise funds for HopeStreet's programs supporting children. After two years of lock downs, the wellbeing initiative encouraged staff to keep moving. Staff could also seek sponsorship for hitting their active goals.
- November 2021: Community Housing location Kitty Doyle Apartments (Five Dock) was a finalist in the Urban Development Institute of Australia (UDIA) Development Awards for Excellence in the Excellence in Affordable Development category. The redevelopment of this social and affordable housing location commenced in 2018 and involved a complex relocation of residents. Opening in 2020, it included upgrades to utility services, a strong focus on community engagement, retaining well-established native trees, alongside a design that delivered 79 social and affordable apartments, a community centre and a green open space.
- February 2022: Parkes-based aged care home Niola Centre welcomed the support of the Australian Defence Force after the home and weary staff battled a COVID-19 outbreak. Nine defence force personnel attended the home for a week, assisting exhausted staff and lifting residents' spirits. We were grateful for their support at this difficult time.
- March 2022: A new purpose-renovated cottage opened for HopeStreet Women's Space in St Marys. The welcoming space for women facing challenges and at risk of marginalisation operates as a day refuge and includes showers, laundry facilities, emergency food and toiletries, as well as case management support.
- March 2022: A team of eight riders representing BaptistCare rode in the Chain Reaction Cycling Challenge, raising \$250,000 for HopeStreet's children's programs. The event covered 1000km in seven days and was an opportunity to create further awareness and fundraising for our HopeStreet programs.
- March 2022: BaptistCare's latest community housing development at Carlingford reached the halfway mark of construction, with guests gathering at the construction site and a tree ceremoniously placed on the highest point of the build. The 162-much needed social and affordable housing units will be ready for occupation in early 2023.
- April 2022: The official opening of the new Towner House, an overnight respite centre in Wagga Wagga took place with local dignitaries attending the celebration. With the redevelopment of BaptistCare Caloola Centre well underway, the relocation of BaptistCare Towner House from the Caloola site enabled BaptistCare to purchase a residential home in mid-2021 and renovate it to be the new home for Towner House.
- April 2022: BaptistCare was acknowledged in the 2022 AFR BOSS Best Places to Work List, ranking tenth in the Government, Education and Not for Profit list, from over 750 nominated organisations across Australia and New Zealand. The organisation was recognised for its achievements and practices including its employee assistance program, Flourish, and its response during COVID-19 in supporting staff across the organisation.
- April 2022: BaptistCare helped to launch Vertical Villages: Community, Place and Urban Density Pilot, a report developed in partnership with Macquarie University and Faith Housing Alliance. The report outlines key considerations and improvements

to resident experiences that will help to promote overall wellbeing and community connection in cities, particularly in the context of high density living.

- May 2022: The development of the organisation's first Reconciliation Action Plan (RAP) commenced in partnership with Reconciliation Australia. BaptistCare's RAP is a collective journey for us as an organisation that will provide a meaningful road map towards greater respect and stronger relationships with First Nations people. The destination is a commitment and a practical plan driving positive change and improved opportunity for our Aboriginal and Torres Strait Islander colleagues in our organisation and in the communities we work in.
- May 2022: BaptistCare at home successfully recruited Health and Well-Living Consultants across 70% of the locations we operate in. The Health and Well-Living Consultants contribute clinical expertise and assist in ensuring that the home care team proactively identify and address issues that may escalate without management.
- June 2022: BaptistCare's health and safety management system successfully underwent a third-party re-certification audit against AS/NZS:4801 (Work Health and Safety Management Systems). The criteria required to meet certification underpins BaptistCare's approach to health and safety and enables us to move beyond compliance toward best practice. BaptistCare is the only aged care provider in NSW with a certified health and safety management system.
- More information is contained at [baptistcare.org.au/annual-report-2022](https://baptistcare.org.au/annual-report-2022)

#### 4. Measurement of Performance & Compliance with Standards

BaptistCare measures its performance through the establishment and monitoring of indicators and benchmarks, which are regularly reviewed by the Board and Senior Management. These include:

- Customer Satisfaction Surveys
- Staff turnover
- Staff Satisfaction Survey
- Work, Health and Safety measurements
- Fundraising metrics
- Occupancy Rates
- Number of Home Care Packages
- Progress on major capital projects
- Growth in Community Services
- Returns on financial investments
- Various financial indicators, including performance against the Board-approved budget for the year

BaptistCare also takes steps to ensure compliance with all relevant industry standards.

## 5. Board of Directors

The Members of BaptistCare NSW & ACT elect the Board.

During the last financial year, Ian Wilson retired from the Board. At the 2021 Annual General Meeting, we thanked Ian for his service and acknowledge his significant contribution to the organisation over more than 30 years.

We also welcomed Doug Sotheren to the Board and note confirmation of his appointment by Members at the 2021 Annual General Meeting.

The Board currently comprises 9 Directors (the maximum number is 11) who serve in accordance with BaptistCare's Constitution. Since 1 June 2022 the Directors are remunerated in accordance with BaptistCare's Director Remuneration Policy following approval by the Members at the 2021 Annual General Meeting and authorisation from the Minister for Fair Trading under the Section 48 of the Charitable Fundraising Act 1991 (NSW).

Details of the Directors of BaptistCare at any time during or since the end of the financial year are:

Name	Qualifications & Experience	Appointed / Retired	Special Responsibilities at Balance Date
<b>Robert Dunn</b>	BA (Hons) GAICD, CA (ANZ) Company Director	November 2018	<p>Chair from November 2019</p> <p>Member of the Care &amp; Clinical Governance Committee from January 2020 and Chair from April 2020 to November 2020</p> <p>Member of Governance &amp; Nominations Committee since November 2018</p> <p>Member of the Audit &amp; Risk Committee since March 2019</p> <p>Member of the Acquisitions Committee since 29 November 2021</p> <p>Member of Castle Hill Baptist Church</p>
<b>Corinne Glasby</b>	BEC FIAA Actuary Financial Services Executive	November 2019	<p>Vice Chair from November 2019</p> <p>Chair of the People &amp; Culture Committee from January 2020</p> <p>Member of Audit &amp; Risk Committee from November 2019</p> <p>Member of the Acquisitions Committee since 29 November 2021</p> <p>Member of Epping Baptist Church</p>

Name	Qualifications & Experience	Appointed / Retired	Special Responsibilities at Balance Date
<b>Owen Chew Lee</b>	BCA BSc FCA GAICD Banker and Company Director	June 2017	<p>Member of the Audit &amp; Risk Committee from June 2017 and Committee Chair from March 2019</p> <p>Member of the People &amp; Culture Committee from June 2017</p> <p>Trustee of BCS Foundation from November 2019</p> <p>Director of B.C.S. Foundation Pty Limited from November 2019</p> <p>Chair of the Acquisitions Committee since 29 November 2021</p> <p>Member of Gordon Baptist Church</p>
<b>Craig Collins</b>	BBus (Land Economics) Chief Executive Officer, Hospitality Sector Company	November 2012	<p>Member of Property Committee from May 2017</p> <p>Member of the Acquisitions Committee since 29 November 2021</p> <p>Member of Epping Baptist Church</p>
<b>Peter Murphy</b>	BBus MCom MA (Christian Studies) FCPA GAICD Management Consultant	April 2016	<p>Member of the Royal Commission Committee from January 2020 to June 2021</p> <p>Member of the Property Committee since January 2020</p> <p>Member of the Governance &amp; Nominations Committee since January 2021</p> <p>Member of Blakehurst Baptist Church</p>

Name	Qualifications & Experience	Appointed / Retired	Special Responsibilities at Balance Date
<b>Anna Phan</b>	BA (Hons) GAICD Executive Officer	November 2018	Member of People & Culture Committee since November 2018.  Member of the Care & Clinical Governance Committee since March 2019.  Member of the Governance & Nominations Committee since January 2020 and Chair from November 2021  Member of Erina Community Baptist Church
<b>Cameron Webb</b>	BBus (Retail Management), MBA GAICD EGM and IT Executive, Manufacturing	November 2016	Chair of Property Committee from May 2017  Member of the Audit & Risk Committee from March 2019 until November 2019  Member of the Care & Clinical Governance Committee since January 2020  Member of the Acquisitions Committee since 29 November 2021  Member of Dural Baptist Church
<b>Professor Clifford Hughes</b>	D.sc, MBBS, Ad DipMgt, FRACS, FACS, FACC, FIACS (hon), FCSANZ, FAAQHC, FISQa, FRACMA(hon)	November 2021	Chair of Care & Clinical Governance Committee from November 2020  Member of Gordon Baptist Church
<b>Doug Sotheren</b>	M.Th., B.A., Dip.R.E., L.Th., Dip. Company Director	November 2021	Member of Governance & Nominations Committee from November 2021  Member of Erina Community Baptist Church
<b>Ian Wilson OAM</b>	BHealthScience(Mgt) Dip Health Admin Retired Chief Executive Officer, Aged Care/Community Services	March 2010 (retired November 2021)	Chair of Governance & Nominations Committee from November 2010  Member of Kiama Baptist Church

## 6. Directors' meetings

The number of meetings of the Board of Directors (including meetings of Committees of Directors) and the number of meetings attended by each of the Directors during the financial year is as follows:

Director	Board	Audit & Risk Committee	People & Culture Committee	Governance & Nomination Committee	Care & Clinical Governance Committee	Property Committee	Acquisitions Committee
<b>Robert Dunn</b>	6	4	1	4	4	3	5
<b>Owen Chew Lee</b>	5	4	3				5
<b>Craig Collins</b>	5					3	4
<b>Corinne Glasby</b>	6	4	3				3
<b>Peter Murphy</b>	6			4		4	
<b>Anna Phan</b>	6		3	4	4		
<b>Cameron Webb</b>	6				3	4	5
<b>Clifford Hughes</b>	5				4		
<b>Doug Sotheren (Appointed 11 November 2021)</b>	4			4			1
<b>Ian Wilson (Retired 11 November 2021)</b>	2			2			
<b>Total number of meetings</b>	6	4	3	4	4	4	5

## 7. BaptistCare Members

Membership of BaptistCare is available to all Members of Churches affiliated with The Association of Baptist Churches of NSW & ACT in the following ways:

- Each Church may nominate one person as their representative for Membership
- Individual Church Members may apply for Membership
- A member of the Assembly Council of The Association of Baptist Churches of NSW & ACT may apply for Membership (which would apply during the term of their respective office)

In addition, the Directors may appoint Honorary Life Members in recognition of their outstanding service to the BaptistCare. At any time there can be a maximum of 30 Honorary Life Members (unless otherwise approved by BaptistCare in general meeting).

At the date of this report there are 105 Members (2021: 111 Members) including 17 Honorary Life Members (2021: 17 Honorary Life Members). Each Member has a liability in the case of a winding-up. The extent of the liability of any Member under the guarantee is \$0.10

The total amount that Members of the BaptistCare are liable to contribute as at 30 June 2022 is \$10.50 (2021: \$10,500.60). The change in the liability of members came into effect at the 2021 Annual General Meeting as part of amendments to the Constitution approved by the members. Amendments to the Corporations Act 2001 prohibits a change to the original amount of the member’s guarantee from when a Company was first registered, which at the time of incorporation was \$0.10.

8. Events subsequent to reporting date

There have been no events subsequent to the balance date which would have a material effect on BaptistCare’s financial statements at 30 June 2022.

9. Government funding

BaptistCare would like to acknowledge the following Government Departments which fund programmes that BaptistCare operates or conducts:

- Australian Government: Department of Social Services and Department of Health and Aged Care.
- New South Wales Government: Department of Communities and Justice, NSW Health (through various Local Health Districts), Transport for NSW, Corrective Services NSW, NSW Fair Trading and NSW Department of Planning, Industry and Environment
- Australian Capital Territory Government: ACT Government Health and ACT Government Community Services.


10. Lead auditor’s independence declaration

The lead auditor’s independence declaration is set out on page 13 and forms part of the Directors’ report for the financial year ended 30 June 2022.

11. Rounding off

BaptistCare is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors’ Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the financial report and Directors’ report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This Directors’ report is made out in accordance with a resolution of the Directors:



Robert Dunn  
Chair

Dated at Sydney, this 26th day of September 2022

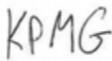


Auditor’s Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To the Directors of BaptistCare NSW & ACT

I declare that, to the best of my knowledge and belief, in relation to the audit of BaptistCare NSW & ACT for the financial year ended 30 June 2022 there have been:

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



KPMG



Stephen Isaac

Partner

Sydney

26 September 2022

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# Statement of profit or loss and other comprehensive income

<i>In thousands of AUD</i>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Revenue	4	328,670	303,104
Other income	4	8,023	38,548
<b>Revenue and other income</b>		<b>336,693</b>	<b>341,652</b>
Employee expenses	5	(239,186)	(232,574)
Property expenses		(15,964)	(19,554)
Depreciation and amortisation expenses	10,11	(32,296)	(32,913)
Impairment of assets		-	(9,499)
Service delivery expenses		(41,096)	(37,057)
Business support expenses		(24,386)	(21,494)
<b>Expenses</b>		<b>(352,928)</b>	<b>(353,091)</b>
<b>Deficit before net finance income</b>		<b>(16,235)</b>	<b>(11,439)</b>
Finance income		11,517	8,733
Finance costs		(3,283)	(2,775)
<b>Net finance income</b>	6	<b>8,234</b>	<b>5,958</b>
<b>Deficit for the year</b>		<b>(8,001)</b>	<b>(5,481)</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Investment portfolio at FVOCI		(3,687)	6,039
– net change in fair value			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Investment portfolio at FVOCI		(24,486)	15,543
– net change in fair value			
<b>Total comprehensive (loss) / income for the year</b>		<b>(36,174)</b>	<b>16,101</b>

The notes on pages 19 to 39 are an integral part of these financial statements.

# Statement of financial position

<i>In thousands of AUD</i>	<i>Note</i>	<b>2022</b>	<b>2021</b>
<b>Assets</b>			
Cash and cash equivalents	7	80,609	119,108
Receivables	8	49,942	46,042
Inventories		29	28
Investments	9	19,000	29,000
<b>Total current assets</b>		<b>149,580</b>	<b>194,178</b>
Investments	9	242,005	267,527
Property, plant and equipment	10	771,920	669,029
Intangible assets	11	527	648
<b>Total non-current assets</b>		<b>1,014,452</b>	<b>937,204</b>
<b>Total assets</b>		<b>1,164,032</b>	<b>1,131,382</b>
<b>Liabilities</b>			
Payables	12	743,889	669,888
Loans and borrowings	13	2,114	2,230
Employee benefits	14	37,590	35,331
Provisions		7,400	1,952
Contract liabilities	15	31,625	45,432
<b>Total current liabilities</b>		<b>822,618</b>	<b>754,833</b>
Loans and borrowings	13	156,097	154,792
Employee benefits	14	3,109	4,128
Contract liabilities	15	12,378	11,625
<b>Total non-current liabilities</b>		<b>171,584</b>	<b>170,545</b>
<b>Total liabilities</b>		<b>994,202</b>	<b>925,378</b>
<b>Net assets</b>		<b>169,830</b>	<b>206,004</b>
<b>Accumulated funds</b>			
Reserves		(6,082)	22,091
Retained earnings		175,912	183,913
<b>Total accumulated funds</b>		<b>169,830</b>	<b>206,004</b>

The notes on pages 19 to 39 are an integral part of these financial statements.

# Statement of changes in funds

<i>In thousands of AUD</i>	<b>Fair value reserve</b>	<b>Retained earnings</b>	<b>Total funds</b>
<b>Balance as at 1 July 2020</b>	509	189,394	189,903
Deficit for the year	-	(5,481)	(5,481)
Other comprehensive income			
Investment portfolio at FVOCI – net change in fair value	21,582	-	21,582
<b>Total comprehensive income / (loss) for the year</b>	<b>21,582</b>	<b>(5,481)</b>	<b>16,101</b>
<b>Balance as at 30 June 2021</b>	<b>22,091</b>	<b>183,913</b>	<b>206,004</b>
Deficit for the year	-	(8,001)	(8,001)
Other comprehensive income			
Investment portfolio at FVOCI – net change in fair value	(28,173)	-	(28,173)
<b>Total comprehensive loss for the year</b>	<b>(28,173)</b>	<b>(8,001)</b>	<b>(36,174)</b>
<b>Balance as at 30 June 2022</b>	<b>(6,082)</b>	<b>175,912</b>	<b>169,830</b>

The notes on pages 19 to 39 are an integral part of these financial statements.

# Statement of cash flows

<i>In thousands of AUD</i>	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>			
Cash receipts from residents, clients, government subsidies and other income		308,671	310,679
Cash paid to suppliers, residents and employees		(315,473)	(317,504)
Cash generated from operations		(6,802)	(6,825)
JobKeeper payments received		-	55,286
Dividends received		9,444	6,119
Interest received/(paid)		1,330	(1,473)
<b>Net cash from operating activities</b>		<b>3,972</b>	<b>53,107</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(93,815)	(67,107)
Payments for intangible assets		-	(285)
Withdrawal of/ (investment in) interest-bearing deposits		10,000	(15,000)
Investment into investment portfolio		(2,412)	(50,057)
Proceeds from disposal of property, plant and equipment		1,645	2,249
<b>Net cash used in investing activities</b>		<b>(84,582)</b>	<b>(130,200)</b>
<b>Cash flows from financing activities</b>			
Net cash (outflow)/inflow from residential aged care accommodation bonds		(9,412)	20,417
Net cash inflow from retirement village ingoing contributions		53,479	82,202
Payment of lease liabilities		(1,956)	(1,826)
<b>Net cash from financing activities</b>		<b>42,111</b>	<b>100,793</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(38,499)</b>	<b>23,700</b>
Cash and cash equivalents at beginning of year		119,108	95,408
<b>Cash and cash equivalents at end of year</b>	<b>7</b>	<b>80,609</b>	<b>119,108</b>

The notes on pages 19 to 39 are an integral part of these financial statements.

# Notes to the financial statements

## 1. Reporting entity

BaptistCare NSW & ACT ("BaptistCare") is a public company limited by guarantee and is recognised as a Public Benevolent Institution domiciled in Australia. The address of BaptistCare's registered office is 22 Brookhollow Avenue, Norwest, NSW 2153. The financial statements are as at and for the year ended 30 June 2022.

BaptistCare is a not-for-profit entity and is primarily involved in the provision of aged and community care services.

## 2. Basis of preparation

### (a) Statement of compliance

In the opinion of the Directors, BaptistCare is not publicly accountable. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-profit Commission Act 2012.

The financial statements are the first general purpose financial statement prepared in accordance with Australian Accounting Standard – Simplified Disclosures. In the prior year the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit or loss and other comprehensive income, changes in funds and cash flows of BaptistCare as a result of the change in the basis of preparation.

The financial statements were approved by the Board of Directors on 26 September 2022.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for equity securities and managed funds, which are measured at fair value.

### (c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is BaptistCare's functional currency.

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 all financial information presented in Australian dollars has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Revenue recognition policy

Aged care, home care and other service revenue

BaptistCare recognises revenue from aged care, home care and other services over time as performance obligations are satisfied, which is as the services are rendered, primarily on a daily or monthly basis. Revenue arises from discretionary and non-discretionary services as agreed in contractual agreements with residents and clients. Fees received in advance of services performed are recognised as contract liabilities are included within Payables.

Recurrent grants

Where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is recognised over time as the performance obligations to the grant agreement are fulfilled.

Nature of revenue and cash flows

Further detail on the nature of revenue and cash flows is included in the table below.

Type of revenue	Description
Government revenue – aged care and home care	Government revenue reflects BaptistCare’s entitlement to revenue from the Australian Government under the Aged Care Act 1997 based upon the specific care needs of residents and clients. Revenue is recognised over time as services are provided. Funding claims are submitted to the Government and are usually payable within one month of services being performed.
Government revenue –recurrent grants	Recurrent grants are received from the State and Federal Government to deliver outcome based services on a range of programs to provide support to those most vulnerable in the community. Revenue is recognised over time as performance obligations are met. Funding is usually received in advance with a contract liability recorded for unspent funds.
Resident and client income	Residents and clients are charged a basic daily fee as a contribution to the provision of care. The quantum of resident and client fees is regulated by the Government. Basic daily fees are invoiced on a monthly basis and revenue is usually payable within 30 days.

Income of not-for-profit entities (AASB 1058)

Grants - capital

Capital grants received under an enforceable agreement to enable BaptistCare to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by BaptistCare are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred.

For acquisition of assets, the revenue is recognised when the asset is acquired and controlled by BaptistCare.

(b) Financial instruments

(i) Recognition and initial measurement

Receivables are initially recognised when they originate. All other financial assets and financial liabilities are initially recognised when BaptistCare becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if in the period BaptistCare changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, BaptistCare may irrevocably elect to present subsequent changes in the investment’s fair value in Other Comprehensive Income (OCI). This election is made on an investment-by-investment basis.

Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the surplus for the year.
Investment portfolio at FVOCI (comprising equity securities and fixed interest investments)	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.  For equity instruments other net gains and losses are recognised in OCI and are never reclassified to the surplus for the year.  For fixed interest investments gain or losses on disposal are reclassified to the surplus for the year.

(iii) Non-derivative financial liabilities – Measurement

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within the statement of profit or loss and other comprehensive income.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to BaptistCare and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised as property expenses in the statement of profit or loss and other comprehensive income as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- |                                  |               |
|----------------------------------|---------------|
| • Buildings                      | 25 - 50 years |
| • Leasehold improvements         | 3 - 40 years  |
| • Plant, furniture and equipment | 3 - 10 years  |
| • Computer equipment             | 3 - 5 years   |
| • Motor Vehicles                 | 5 - 10 years  |
| • Leased land                    | Lease term    |

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(d) Intangible assets

(i) Computer software

Computer software is recognised as an intangible asset unless the software is integral to the operation of the related property, plant and equipment. Computer software treated as an intangible asset is initially recognised at cost and subsequently measured at cost less accumulated amortisation and any accumulated impairment loss (see note 11).

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in property expenses in the statement of profit or loss and other comprehensive income as incurred.

(iii) Amortisation

Amortisation is calculated over the cost of the asset, or another amount substituted for cost, less its residual value. Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

- |                   |           |
|-------------------|-----------|
| Computer software | 3-5 years |
|-------------------|-----------|

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(iv) Software-as-a-Service (SaaS) arrangement

SaaS arrangements are service contracts providing BaptistCare with the right to access the cloud provider's application software over the contract period. As such, BaptistCare does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict other's access to those benefits.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

Recognised as an operating expense over the term of the service contract	<ul style="list-style-type: none"><li>• Fee for use of application software</li><li>• Customisation costs that are not distinct from the underlying software</li></ul>
Recognised as an operating expense as the service is received	<ul style="list-style-type: none"><li>• Configuration costs</li><li>• Data conversion and migration costs</li><li>• Testing costs</li><li>• Training costs</li></ul>

Cost incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) Impairment

(i) Financial assets

BaptistCare recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets (e.g. bid costs).

BaptistCare measures loss allowances at an amount equal to lifetime expected credit losses. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, BaptistCare considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on BaptistCare's historical experience and informed credit assessment and including forward-looking information.

Credit impaired financial assets

At each reporting date, BaptistCare assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of allowance for expected credit losses in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying value of the assets.

Write off

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when BaptistCare determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

**(ii) Non-financial assets**

The carrying amounts of BaptistCare's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs of disposal and value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

**(iii) Non-financial assets**

BaptistCare's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the cash-generating unit to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in impairment loss in the statement of profit or loss and other comprehensive income.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(g) Assets held for sale**

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with BaptistCare's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost of disposal.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the statement of profit or loss and other comprehensive income. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not depreciated.

**(h) Leases**

At inception of a contract, BaptistCare assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**As a lessee**

At commencement or on modification of a contract that contains a lease component, BaptistCare allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property BaptistCare has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

BaptistCare recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to BaptistCare by the end of lease term or the cost of the right-of-use asset reflects that BaptistCare will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, BaptistCare's incremental borrowing rate. Generally, BaptistCare uses its incremental borrowing rate as the discount rate.

BaptistCare determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that BaptistCare is reasonably certain to exercise, lease payments in an optional renewal period if BaptistCare is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless BaptistCare is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in BaptistCare's estimate of the amount expected to be payable under a residual value guarantee, if BaptistCare changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

BaptistCare presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

#### *Short term leases and leases of low value assets*

BaptistCare has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. BaptistCare recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### *Peppercorn or concessionary leases*

BaptistCare is a party to approximately 7 arrangements which would meet the definition of a peppercorn or concessionary lease. As allowed by AASB 16, BaptistCare has elected to record these leases at cost rather than fair value.

### **As a lessor**

#### **Residential aged care**

Resident accommodation agreements are considered a lease under AASB 16. BaptistCare has concluded that the lease term for these arrangements is 7 days (being the notice period required from a resident upon departure), and therefore the application of AASB 16 to these agreements does not have a material impact on the recognition or measurement of revenue. BaptistCare discloses Daily Accommodation Payment (DAP), Daily Accommodation Contribution (DAC) and accommodation supplement revenue under lease income, separate from revenue from contracts with customers (refer Note 4).

### **Retirement villages**

Deferred management fee (DMF) revenue represents the fee that is contractually deducted from the ingoing contribution that is paid back to a resident upon exit from a retirement village. DMF revenue is recognised over the expected length of stay of the resident. BaptistCare discloses this revenue under lease income, separately from revenue from contracts with customers (refer Note 4).

### **(i) Employee benefits**

#### *(i) Defined contributions plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as employee expenses in the statement of profit or loss and other comprehensive income in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### *(ii) Other long-term employee benefits*

BaptistCare's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value and the fair value of any related assets is deducted.

The provision for employee benefits for long service is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national corporate bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

#### *(iii) Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if BaptistCare has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **(j) Provisions**

A provision is recognised if, as a result of a past event, BaptistCare has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(i) Make good**

A make good provision is recognised when BaptistCare enters into a lease contract that requires the property to be returned to the lessor in its original condition. The provision is based on the expected future cost of the refurbishment discounted to reflect current market assessments.

**(ii) Restructuring – redundancies**

A provision for restructuring is recognised when BaptistCare has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided.

**(k) Retirement villages income and expenditure**

BaptistCare maintains separate resident statements of income and expenditure in accordance with the Retirement Villages Act 1999 (NSW) (the Act). The resident income and expenditure is controlled by the residents' committees. BaptistCare records the net surplus on the income and expenditure statement as a liability to the individual village. BaptistCare is required to make good any deficit of a retirement village in accordance with the Act.

**(l) Finance income and finance costs**

Finance income comprises interest income on funds invested, and dividend income. Interest income is recognised as it accrues in finance income in the statement of profit or loss and other comprehensive income, using the effective interest method. Dividend income is recognised in finance income in the statement of profit or loss and other comprehensive income on the date that BaptistCare's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise the unwinding of the discount on finance leases and interest expense on the loan which is recognised using the effective interest method.

**(m) Income tax**

BaptistCare is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

**(n) New and amended standards adopted by the BaptistCare**

BaptistCare has initially adopted the following standard and amendments from 1 July 2021.

- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 entities

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

**4. Revenue and other income**

*In thousands of AUD*

	<b>2022</b>	<b>2021</b>
<b>Revenue from contracts with customers</b>		
<b>Government Income</b>		
Department of Health funding	239,374	220,309
Other government funding	13,764	13,372
	<u>253,138</u>	<u>233,681</u>
<b>Resident income</b>		
Basic daily care fee	51,150	48,104
Other resident fee income	2,713	2,143
	<u>53,863</u>	<u>50,247</u>
<b>Total revenue from contracts with customers</b>	<u>307,001</u>	<u>283,928</u>
<b>Lease income</b>	15,536	14,159
Accommodation income – Resident	6,133	5,017
Rental income	21,669	19,176
	<u>328,670</u>	<u>303,104</u>
<b>Other income</b>		
Donations and bequests	2,460	2,496
Net gain on disposal of assets	638	196
Net gain on sale of investments	1,148	360
JobKeeper subsidy	-	27,396
Other income	3,777	8,100
	<u>8,023</u>	<u>38,548</u>
<b>Total revenue and other income</b>	<u>336,693</u>	<u>341,652</u>

BaptistCare discloses income received under AASB 16 separately from revenue from contracts with customers. These amounts relate to income received in relation to the provision of accommodation to residents.

## 5. Employee expenses

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Wages and salaries	181,952	180,491
Other associated personnel expenses	31,126	27,850
Workers compensation	7,515	6,916
Contributions to defined contribution plans	18,593	17,317
	<u>239,186</u>	<u>232,574</u>

## 6. Finance income and finance costs

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Interest income	696	2,614
Dividend income on equity securities	10,821	6,119
Finance income	<u>11,517</u>	<u>8,733</u>
Interest on lease liability	316	335
Interest on borrowings	2,967	2,440
Finance costs	<u>3,283</u>	<u>2,775</u>
<b>Net finance income</b>	<u>8,234</u>	<u>5,958</u>

## 7. Cash and cash equivalents

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Cash at bank and on hand	61	608
Bank deposits at call	80,548	118,500
	<u>80,609</u>	<u>119,108</u>

## 8. Receivables

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
<b>Current</b>		
Trade receivables	12,635	11,687
Deposits Receivable	23,319	22,517
Other receivables and prepayments	15,012	12,712
Provision for impairment losses	<u>(1,024)</u>	<u>(874)</u>
	<u>49,942</u>	<u>46,042</u>

The movement in the allowance for impairment in respect of receivables during the year was as follows:

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Balance at beginning of the year	874	166
Impairment loss recognised	150	708
Balance at end of the year	<u>1,024</u>	<u>874</u>

## 9. Investments

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
<b>Current</b>		
Interest bearing term deposits	19,000	29,000
	<u>19,000</u>	<u>29,000</u>
<b>Non-current</b>		
Investment portfolio classified at fair value through other comprehensive income	242,005	267,527
	<u>242,005</u>	<u>267,527</u>

The carrying value of the investment portfolio is equal to its fair value at 30 June 2022 and 30 June 2021.

## 10. Property, plant and equipment

<i>In thousands of AUD</i>	Freehold land & Improvements	Buildings	Plant, furniture & equipment	Computer equipment	Motor vehicles	Leased Assets	Capital works in progress	Total
<b>Cost or deemed cost</b>								
Balance at 1 July 2021	66,232	630,252	96,795	9,210	7,135	29,005	87,426	926,055
Additions	11,558	49,357	2,958	1,084	1,651	3,452	66,207	136,267
Transfer (from) / to capital works in progress	-	61,635	7,146	-	23	-	(68,896)	(92)
Disposals	(781)	-	-	-	(813)	(1,411)	-	(3,005)
Balance at 30 June 2022	77,009	741,244	106,899	10,294	7,996	31,046	84,737	1,059,225
<b>Depreciation</b>								
Balance at 1 July 2021	721	173,899	57,789	5,940	4,909	13,768	-	257,026
Depreciation for the year	147	20,186	6,967	1,407	903	2,473	-	32,083
Disposals	-	-	-	-	(587)	(1,217)	-	(1,804)
Balance at 30 June 2022	868	194,085	64,756	7,347	5,225	15,024	-	287,305
<b>Carrying amounts</b>								
At 1 July 2021	65,511	456,353	39,006	3,270	2,226	15,237	87,426	669,029
At 30 June 2022	76,141	547,159	42,143	2,947	2,771	16,022	84,737	771,920

## 11. Intangible assets

*In thousands of AUD***Cost**

Balance at 1 July 2021	11,779	508	12,287
Additions	92	-	92
Disposals	-	-	-
Balance at 30 June 2022	11,871	508	12,379

**Amortisation**

Balance at 1 July 2021	11,360	279	11,639
Amortisation for the year	187	26	213
Disposals	-	-	-
Balance at 30 June 2022	11,547	305	11,852

**Carrying amounts**

At 1 July 2021	419	229	648
At 30 June 2022	324	203	527

	Computer software	Other	Total
<b>Cost</b>			
Balance at 1 July 2021	11,779	508	12,287
Additions	92	-	92
Disposals	-	-	-
Balance at 30 June 2022	11,871	508	12,379
<b>Amortisation</b>			
Balance at 1 July 2021	11,360	279	11,639
Amortisation for the year	187	26	213
Disposals	-	-	-
Balance at 30 June 2022	11,547	305	11,852
<b>Carrying amounts</b>			
At 1 July 2021	419	229	648
At 30 June 2022	324	203	527

## 12. Payables

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
<b>Current</b>		
Trade payables and accrued expenses	35,684	33,165
Refundable residential aged care accommodation bonds	389,658	399,070
Refundable retirement village ingoing contributions	318,148	237,357
Capital works fund - Retirement Villages	399	296
	<u>743,889</u>	<u>669,888</u>

### Capital works fund – Retirement Village

In accordance with the Retirement Villages Act 1999 (NSW) (the Act) the operator of a retirement village may maintain a capital works fund. Section 99 (5) of the Act stipulates that the operator of the retirement village must not use the capital works fund except to meet the cost of capital maintenance, or as agreed by the residents of the retirement village, or as prescribed by the Regulations.

### Refundable residential aged care accommodation bonds and retirement village ingoing contributions

Residential aged care deposits (RADs) and accommodation bonds and retirement village ingoing contributions are classified as current liabilities as they may be contractually refundable within twelve months. It is anticipated that only a portion of the balance will be required to be repaid in that period and based on previous experience, the repayments are offset by inflows of accommodation bonds and ingoing contributions from residents.

## 13. Loans and borrowings

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
<b>Current</b>		
Lease liability*	1,630	1,414
Other borrowings	484	816
	<u>2,114</u>	<u>2,230</u>
<b>Non-current</b>		
Lease liability*	12,574	11,314
Borrowings**	143,523	143,478
	<u>156,097</u>	<u>154,792</u>

\* Expenses relating to short-term leases and leases of low-value assets that are not recognised as right-of-use assets was \$261,646 for the year ended 30 June 2022 (2021: \$361,727).

\*\* Borrowings relate to the loan facility of \$144,000,000 from National Housing Finance and Investment Corporation (NHFIC). Debt set up costs of \$572,000 were incurred in relation to the new loan in 2020 which were capitalised as part of the borrowings.

### Future lease payments

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Less than one year	1,934	845
One to five years	6,597	3,476
More than five years	7,464	7,696
	<u>15,995</u>	<u>12,017</u>

## 14. Employee benefits

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
<b>Current</b>		
Salary, wages and superannuation payable	6,097	5,406
Liability for annual leave	19,905	18,876
Liability for long-service leave	11,588	11,049
	<u>37,590</u>	<u>35,331</u>
<b>Non-current</b>		
Liability for long-service leave	3,109	4,128
	<u>3,109</u>	<u>4,128</u>

## 15. Contract liabilities

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
<b>Current</b>		
Client funds – Consumer Directed Care	24,553	34,877
Independent Living Unit Deferred Management Fees	1,349	814
Government grants	5,723	9,741
	<u>31,625</u>	<u>45,432</u>
<b>Non-current</b>		
Independent Living Unit Deferred Management Fees	12,378	11,625
	<u>12,378</u>	<u>11,625</u>

## 16. Reserves

### Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of the investment portfolio.

## 17. Capital and other commitments

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Capital expenditure commitments	<u>80,801</u>	<u>77,835</u>

Included in capital expenditure commitments are costs for the design and construction for major projects associated with the Social and Affordable Housing Fund (SAHF) program.

## 18. Contingent liabilities

Where Government capital grants have been made towards buildings, they may be refundable to the Government in the event of sale of the property on which these buildings have been constructed or in the event of a change in the usage of the property for purposes not in accordance with the grants. The Directors have no future plans which would trigger the refund of capital grants.

## 19. Related parties

### Key management personnel compensation

The key management personnel compensation included in 'employee expenses' (see note 5) was \$3,234,794 for the year ended 30 June 2022 (2021: \$3,546,002).

As part of their remuneration package, BaptistCare also provides non-cash benefits to key management personnel and contributes to a superannuation fund on their behalf.

### Transactions with other related parties

B.C.S. Foundation Pty. Limited acts as a trustee and custodian trustee for seven charitable trusts, including the BCS Foundation. These trusts collectively distributed \$936,348 (2021: \$1,026,695) during the year ended 30 June 2022 to BaptistCare.

## 20. Auditor's remuneration

<i>In AUD</i>	<b>2022</b>	<b>2021</b>
Fees paid to auditors of BaptistCare – KPMG		
Audit of financial statements	162,600	165,000
Other regulatory audit services	64,600	39,000
	<u>227,200</u>	<u>204,000</u>
Other services		
Other assurance and advisory services	20,800	24,000

## 21. Subsequent events

As at the date of this report, no items, transactions or events of a material or unusual nature that, in the opinion of BaptistCare, are likely to significantly affect operations, the results of those operations or the state of affairs of BaptistCare that have arisen in the period from 30 June 2022 to the date of this report.

# Director’s declaration

In the opinion of the Directors of BaptistCare NSW & ACT (BaptistCare):

- (a) the financial statements and notes that are set out on pages 15 to 39 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
  - (i) giving a true and fair view of BaptistCare’s financial position as at 30 June 2022 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Simplified Disclosures and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (b) there are reasonable grounds to believe that BaptistCare will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.



Robert Dunn  
Chair  
Dated at Sydney, this 26th day of September 2022



## Independent Auditor’s Report

To the members of BaptistCare NSW & ACT

### Opinion

We have audited the **Financial Report**, of BaptistCare NSW & ACT (the Company). In our opinion the accompanying Financial Report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. giving a true and fair view of the Company’s financial position as at 30 June 2022, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Simplified Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Statement of financial position as at 30 June 2022.
- ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors’ declaration of the Company.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company in accordance with the auditor independence requirements of the *ACNC Act 2012* 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 fulfilled our other ethical responsibilities in accordance with the Code.

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Other information

Other Information is financial and non-financial information in BaptistCare NSW & ACT’s annual reporting which is provided in addition to the Financial Report and the Auditor’s Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor’s Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures Requirements and the ACNC.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Company’s ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.



As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional skepticism throughout the audit.

Our responsibilities include:

- i. Identifying 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.
- ii. Designing and performing 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.
- iii. Obtaining 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 its effectiveness.
- iv. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- v. Concluding on the appropriateness of the Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’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 Company to cease to continue as a going concern.
- vi. Evaluating 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 Directors of the Company 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.

KPMG

KPMG

Signature of Stephen Isaac

Stephen Isaac

Partner

Sydney

26 September 2022

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