



BaptistCare

Financial Report 2021

*Because
we care*

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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 2021 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 BaptistCare is 'Transforming Lives by Expressing the Love of Christ'.

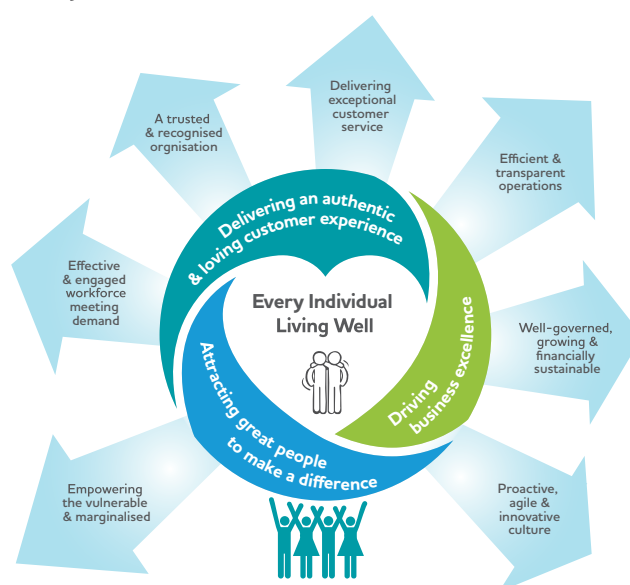
BaptistCare's vision is to see 'Every Individual Living Well'. To achieve this vision, BaptistCare will continue to deepen, strengthen and grow its areas of service so that more people in more places can experience loving care.

To ensure it focuses on this vision, BaptistCare will serve in those areas where it can have the greatest impact. This means that as BaptistCare grows, it will choose to deliver services in areas where there are fewer services being provided and it will prioritise the delivery of services in areas where its capabilities can best meet the local needs.

BaptistCare's 2022-2026 Strategic Plan captures the fundamental strategic approaches and high level initiatives BaptistCare will undertake for this period. 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.

BaptistCare's Strategic Plan identifies seven 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 seven strategic outcomes underpinned by three areas of focus are:



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.

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, Counselling and Family Services and HopeEmployment.

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 2021 was \$5,481,000 (2020: Surplus of \$6,628,000).

Before noting a number of operational highlights for the 2020/2021 year, the Directors would like to note a number of important matters: the passing of our previous Chief Executive Officer, Ross Low, the significant challenges faced by the organisation as a result of COVID-19, the arrival of our new Chief Executive Officer, Charles Moore, and the completion of the Royal Commission into Aged Care Quality and Safety.

In May 2021, we were deeply saddened to learn of the passing of Ross Low. Ross retired in August 2020 after 16 years of tenure, including ten as Chief Executive Officer. His history and involvement with BaptistCare was much longer than this and his close family connections with the organisation dated back to his childhood. As Chief Executive Officer, Ross enhanced the culture throughout the whole organisation. He was focused on delivering life-transforming care and expressing the love of Christ in a very humble way. He oversaw the development of BaptistCare's community housing strategy and a successful bid in 2017 for a share in \$1.4 billion in NSW Government funding to build much-needed social and affordable housing in our community. In 2020, Ross provided exceptional and strong stewardship as BaptistCare worked tirelessly to navigate the incredibly challenging COVID-19 health crisis, including an outbreak at Dorothy Henderson Lodge.

Ross' generosity and remarkable leadership has left an undeniable stamp on BaptistCare and the for-purpose sector. We acknowledge and will remember him for who he was, a true servant leader, and for his strong stewardship of BaptistCare.

We know the devastating impact that COVID-19 has had, and continues to have, on our community and across the globe. The Board, Executive, Management and all BaptistCare operating divisions continue to remain vigilant as to the risks and to prepare and respond to advice and guidelines as it becomes available.

Ongoing lockdowns and outbreaks in various parts of NSW and the ACT have been very challenging and prompted the preventative closures of a number of Residential Aged Care Homes. We were blessed to qualify for the JobKeeper allowance and this has helped us to continue to support employees on reduced hours and maintain the financial sustainability of BaptistCare. Over 90% of residents and 100% of our staff in our Residential Aged Care Homes

DIRECTORS' REPORT (CONTINUED)

have been vaccinated. A program of activities to encourage our workforce to be vaccinated, and acknowledge those who have, has been implemented with over 92% of staff across BaptistCare having had at least one dose.

In August 2020, Ross Low (our previous Chief Executive Officer) and Melanie Dicks (previous Regional Operations Manager, Southern for Residential Aged Care) appeared in front of the Royal Commission into Aged Care Quality and Safety to speak about our experience of managing a COVID-19 outbreak at Dorothy Henderson Lodge. Their assistance was well-received by the Commissioners, who thanked us for our participation in the hearing.

During the past year, we have also welcomed our new Chief Executive Officer, Charles Moore. Prior to his appointment, Charles was CEO of Sydney Olympic Park Authority where one of his many achievements was the creation of the Sydney Olympic Park Master Plan as a sustainable precinct. Charles brings to the role extensive leadership experience in private and government sectors, and a successful track record in property investment and development that will be critical to BaptistCare's ongoing growth and development in residential aged care, retirement living and community housing projects over the next 10 years. We have enjoyed working with Charles in the past 12 months as we have refreshed our strategy and progressed our goal of creating a culture of 'One BaptistCare'.

Lastly, in February 2021, the Royal Commission into Aged Care Quality and Safety released its final report. The report contained 148 recommendations and proposed significant reform of the aged care sector. The Government subsequently released its response to the Royal Commission's report in May 2021. We welcome the report and response, and continue to consider how reform will impact BaptistCare as changes are made.

Operational highlights for the 2020/2021 year are as follows:

- July 2020: BaptistCare HopeStreet's new Youth Centre was opened in Sydney's Wolloomooloo by Alex Greenwich MP, Member for Sydney, to assist local youth and provide a safe space for people aged 10 to 17 to hang out, meet positive role models, exercise their creativity and receive support to pursue educational or personal goals.
- July 2020: Ross Low and Charles Moore began touring BaptistCare sites across NSW and ACT, meeting staff and speaking about services, programs, challenges and opportunities experienced across the organisation.
- July 2020: The Pastoral Care Volunteer program was paused in early 2020 due to COVID-19 however we welcomed volunteers back into client homes from July 2020, while our aged care homes saw volunteers return in April 2021. Our volunteers provide significant benefits to our customers, particularly through social connection, spiritual care and support. The program has a total of 114 volunteers, including 18 volunteers trained in this financial year.
- September 2020: BaptistCare HopeStreet Dubbo celebrated the one-year milestone of being in their new premises. The team's success in supporting people living with disadvantage or experiencing hardship in the local and surround farming communities was acknowledged with a small event and by media.
- October 2020: BaptistCare HopeStreet renovated and opened a new space for women in its Mayfield location, with funding from the NSW Government, giving women experiencing homelessness access to a kitchen, bathroom, and laundry.
- October 2020: BaptistCare opened 79 social and affordable apartments for seniors in Five Dock as part of the NSW Government's Social and Affordable Housing Fund. The new

Kitty Doyle Apartments saw the original 32 bedsit units transformed into two modern buildings with one and two bedroom units, and featuring lift access, a BBQ, garden area and community centre.

- October 2020: Our Northern Rivers' retirement living community, BaptistCare Maranoa Village, saw its second stage of construction completed, with an additional 15 new units being added to an existing 40 units.
- October 2020: After relocating to a more central location and with more space that is tailored to the needs of clients living with disadvantage, BaptistCare HopeStreet Port Kembla (formerly known as Darcy House) was officially opened in its new Wentworth Street location.
- October 2020: Celebrity Chef Maggie Beer participated in an online question and answer session for At Home clients, as part of Get Online Week. BaptistCare clients heard tips for nourishing cooking, and how seniors can use the internet as a resource for food education, cooking and community.
- November 2020: BaptistCare celebrated the commitment of 28 employees and volunteers at the annual Shine Awards Celebrations (formerly You Can Awards). The program was updated to better align with BaptistCare's values, and enhance and showcase the recognition and achievement of employees and volunteers. Winners were awarded for consistently demonstrating outstanding performance in the delivery of BaptistCare's values of respect, reliability, empowerment and love.
- November 2020: The increasing focus on flexible Home Care Packages for the At Home division stimulated the growth of a new Well-Living© framework of Be Well, Think Well, Connect Well. The Well-Living brand is an evolution of the former YouChoose program, and seeks to help customers thrive in their own homes.
- December 2020: 122 villas and townhouses were officially opened as BaptistCare Narralling Community in Elderslie, as part of the 500 Social and Affordable Housing Fund homes BaptistCare is building for seniors and single parent families. Former Minister for Families, Communities and Disability Services Gareth Ward opened the housing.
- December 2020: BaptistCare launched two pillars of its social sustainability framework: a Human Rights Position Statement and its first Modern Slavery Statement. These Statements reflect the organisation's commitment to promote and respect human rights and adhere to ethical policies that respect human rights and oppose exploitation.
- February 2021: Staff and Volunteer Dedication Services commenced across the organisation, with four events attended by the CEO and Board Chair in Norwest, Elderslie, the Northern Rivers and Dubbo. This year's theme was Flourish, and built on the organisation's focus on gratitude of and care for our employees.
- March 2021: The one year anniversary since the outbreak of COVID-19 at BaptistCare Dorothy Henderson Lodge (DHL) was marked with a commemorative event, which was also live-streamed for safety. The event remembered the six beloved residents who passed away, and honoured staff, customers, family members and volunteers who persevered tirelessly throughout the outbreak.
- April 2021: BaptistCare turned the "first sod" for a second time at its birthplace Carlingford site, in preparation for its final Social and Affordable Housing Fund development in partnership with the NSW Government, consisting of 162 much-needed homes for seniors and single parents.

DIRECTORS' REPORT (CONTINUED)

- April 2021: BaptistCare received approval for a Development Application from the City of Wagga Wagga to redevelop BaptistCare Caloola Centre. The new design will feature home-like principles, private bathrooms, a new café, and will meet stringent infection control benchmarks.
- April 2021: A team of six BaptistCare employees rode in the Chain Reaction Cycling Event, raising over \$100,000 for HopeStreet's children's programs. The event covered 1,000kms from Coffs Harbour to Sydney and was an opportunity to create further awareness and fundraising for our HopeStreet programs.
- May 2021: BaptistCare actively petitioned the Federal Government for more support for aged care through the "It's time to care about aged care" campaign driven by the Australian Aged Care Collaboration, and sought commitment to and investment in social and affordable housing with the Everybody's Home campaign. This advocacy resulted in media coverage for BaptistCare as well as strong collaboration with Baptist Care Australia and other like-minded agencies.
- May 2021: BaptistCare At Home secured \$11million of Commonwealth Home Care Package (CHSP) funding for additional Occupational Therapy and Physiotherapy services in many areas where BaptistCare provides in-home care, expanding Home Modifications and Maintenance services, and appointing three Dementia Consultants.
- June 2021: After five years, the final At Home locations went live as part of the AlayaCare/ Ortec software roll out, a new streamlined customer management and scheduling system for the home care teams. This system increases productivity and reduces administration time, allowing staff to better care for and understand 8,755 clients and their needs.
- June 2021: BaptistCare partnered with PriorityCare, a specialist provider of workplace medical services, allowing all employees who may be injured while at work with access to a 24/7 Work Injury Hotline. This will support employees with prompt care following an injury, in addition to the response BaptistCare's injury management team provides.

More information is contained at www.baptistcareannualreport2021.org.au.

There were no significant changes in the state of affairs of BaptistCare during this financial year. There are, however, two other matters to note.

- Enforceable Undertaking from the Fair Work Ombudsman:* BaptistCare entered into an Enforceable Undertaking (EU) with the Fair Work Ombudsman (FWO) on 13 August 2020 following the self-reporting of underpayments in annual leave loading for shift workers to the FWO in November 2019. There are 53 actionable requirements with the EU. To date 41 of those requirements have been executed. The second independent audit is due to commence in October 2021. BaptistCare is committed to paying all of its employees properly and takes this matter extremely seriously. It is committed to meeting all legal obligations and finalising all measures requested by the FWO.
- Government COVID-19 Support:* BaptistCare met the eligibility criteria for the Australian Government's 'JobKeeper' payment scheme which was established to support businesses significantly impacted by COVID-19 by helping with the costs of employee wages. This scheme has provided much needed support to enable BaptistCare to retain employees and pay them their normal earnings, as well as their full entitlements under the scheme. It has also supported BaptistCare in continuing to provide life-transforming care to all customers and has mitigated otherwise significant losses due to the adverse impacts of the COVID-19 pandemic.

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, John Church retired from the Board. We thank John for his service and acknowledge his significant contribution to the organisation over more than 30 years. Stuart Abbott also retired and we thank him for his service and contribution to the Board.

We also welcomed Professor Clifford Hughes to the Board and note confirmation of his appointment by Members at the 2020 Annual General Meeting.

The Board currently comprises 9 Directors (the maximum number is 12) who serve in a voluntary capacity and subject to BaptistCare's Constitution, the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012*.

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
Robert Dunn	BA (Hons) GAICD, CA (ANZ) Company Director	November 2018	Chair from November 2019 Chair of the Royal Commission Committee from January 2020 to June 2021 Member of the Care & Clinical Governance Committee from January 2020 and Chair from April 2020 to November 2020 Member of Governance & Nominations Committee since November 2018 Member of the Audit & Risk Committee since March 2019 Member of Castle Hill Baptist Church

DIRECTORS' REPORT (CONTINUED)

5. Board of Directors (continued)

Corinne Glasby	BEC FIAA Actuary	November 2019	Vice Chair from November 2019 Chair of the People and Culture Committee from January 2020 Member of Audit & Risk Committee from November 2019 Member of the Royal Commission Committee from June 2020 to June 2021 Member of Epping Baptist Church
Owen Chew Lee	BCA BSc FCA GAICD Banker and Company Director	June 2017	Member of the Audit & Risk Committee from June 2017 and Committee Chair from March 2019 Member of the People & Culture Committee from June 2017 Trustee of BCS Foundation from November 2019 Director of B.C.S. Foundation Pty Limited from November 2019 Member of Gordon Baptist Church
Craig Collins	BBus (Land Economics) Chief Executive Officer, Hospitality Sector Company	November 2012	Member of Property Committee from May 2017 Member of Epping Baptist Church
Peter Murphy	BBus MCom MA (Christian Studies) FCPA GAICD Management Consultant	April 2016	Member of the Royal Commission Committee from January 2020 to June 2021 Member of the Property Committee since January 2020 Member of the Governance & Nominations Committee since January 2021 Member of Blakehurst Baptist Church
Anna Phan	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. Member of Erina Community Baptist Church

Cameron Webb	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 Royal Commission Committee from November 2018 to June 2021 Member of Dural Baptist Church
Ian Wilson OAM	BHealthScience(Mgt) Dip Health Admin Retired Chief Executive Officer, Aged Care/ Community Services	March 2010	Chair of Governance & Nominations Committee from November 2010 Member of Kiama Baptist Church
Professor Clifford Hughes AO	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
John Church	FFin FCIS FAICD FTIA Company Director	September 1984 (retired November 2020)	Member of Audit & Risk Committee from May 1992 Member of Governance & Nominations Committee from November 2009 Trustee of BCS Foundation from November 1999 Director of B.C.S. Foundation Pty Limited from November 1999 Member of Gordon Baptist Church
Stuart Abbott	B Bus Company Director and Chief Executive Officer	February 2017 (retired September 2020)	Member of the Property Strategy & Building Governance Committee from May 2017 until September 2020 Member of Thornleigh Community Baptist Church

DIRECTORS' REPORT (CONTINUED)

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 Strategy & Building Governance Committee	Royal Commission Committee
Robert Dunn	7	4	1	4	5	6	
Corinne Glasby	7	4	4				
Owen Chew Lee	7	4	4				
Craig Collins	7					6	
Peter Murphy	7			2		7	
Anna Phan	7		4	4	4		
Cameron Webb	5				3	7	
Ian Wilson	7			4			
Clifford Hughes	4				4		
John Church	2	2		2			
Stuart Abbott**							
Total number of meetings	7	4	4	4	5	7	0

** Stuart Abbott was on leave from the Board until his retirement.

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
- An individual may apply for Life Membership if they have made a single donation of \$500 or more to BaptistCare, or such greater amount as BaptistCare in general meeting shall prescribe
- 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 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 111 Members (2020: 119 Members) including 17 Honorary Life Members (2020: 19 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 as follows:

- Members prior to 20 March 1992: \$0.10
- Members subsequent to 20 March 1992: \$100 per Member

The total amount that Members of BaptistCare are liable to contribute as at 30 June 2021 is \$10,500.60 (2020: \$11,200.70).

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 2021.

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.
- *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 14 and forms part of the Directors' report for the financial year ended 30 June 2021.

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 27th day of September 2021



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 2021 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.

A handwritten signature of the KPMG representative, appearing as 'KPMG' in a stylized, cursive script.

KPMG

A handwritten signature of Stephen Isaac, appearing as 'S Isaac' in a cursive script.

Stephen Isaac

Partner

Sydney

27 September 2021

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Statement of profit or loss and other comprehensive income

In thousands of AUD

	Note	2021	2020 Restated*
Revenue	4	303,104	278,212
Other income	4	38,548	37,598
Revenue and other income		341,652	315,810
Employee expenses	5	(232,574)	(215,483)
Property expenses		(19,554)	(15,136)
Depreciation and amortisation expenses	10,11	(32,913)	(29,685)
Impairment of assets		(9,499)	-
Service delivery expenses		(37,057)	(33,188)
Business support expenses		(21,494)	(21,255)
Expenses		(353,091)	(314,747)
(Deficit) / surplus before net finance income		(11,439)	1,063
Finance income		8,733	8,844
Finance costs		(2,775)	(3,279)
Net finance income	6	5,958	5,565
(Deficit) / surplus for the year		(5,481)	6,628
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Investment portfolio at FVOCI – net change in fair value		6,039	-
Cash flow hedge – reclassified to profit or loss		-	550
Items that will not be reclassified subsequently to profit or loss:			
Investment portfolio at FVOCI – net change in fair value		15,543	(6,251)
Total comprehensive income for the year		16,101	927

*As a result of an IFRS Interpretation Committee agenda decision BaptistCare has changed its accounting policy for Software as a Service (SaaS) arrangements (refer Note 3(n))

The notes on pages 19 to 37 are an integral part of these financial statements.

Statement of financial position

In thousands of AUD

	Note	2021	2020 Restated*
Assets			
Cash and cash equivalents	7	119,108	95,408
Receivables	8	46,042	58,866
Inventories		28	42
Investments	9	29,000	14,000
Total current assets		<u>194,178</u>	<u>168,316</u>
Investments	9	267,527	195,528
Property, plant and equipment	10	669,029	638,981
Intangible assets	11	648	2,572
Total non-current assets		<u>937,204</u>	<u>837,081</u>
Total assets		<u>1,131,382</u>	<u>1,005,397</u>
Liabilities			
Payables	12	669,888	574,661
Loans and borrowings	13	2,230	1,758
Employee benefits	14	35,331	36,307
Provisions		1,952	2,045
Contract liabilities	15	45,432	33,087
Total current liabilities		<u>754,833</u>	<u>647,858</u>
Loans and borrowings	13	154,792	155,891
Employee benefits	14	4,128	3,072
Contract liabilities	15	11,625	8,673
Total non-current liabilities		<u>170,545</u>	<u>167,636</u>
Total liabilities		<u>925,378</u>	<u>815,494</u>
Net assets		<u>206,004</u>	<u>189,903</u>
Accumulated funds			
Reserves		22,091	509
Retained earnings		183,913	189,394
Total accumulated funds		<u>206,004</u>	<u>189,903</u>

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Statement of changes in funds

In thousands of AUD

	Fair value reserve	Hedging reserve	Retained earnings	Total funds
Balance at 30 June 2019	6,760	(550)	180,300	186,510
Adjustment on initial application of AASB 1058	-	-	6,824	6,824
Impact of change in accounting policy for software capitalisation*	-	-	(4,358)	(4,358)
Adjusted balance as at 1 July 2019	<u>6,760</u>	<u>(550)</u>	<u>182,766</u>	<u>188,976</u>
Surplus for the year	-	-	6,628	6,628
Other comprehensive income				
Cash flow hedge – effective portion of changes in fair value	-	550	-	550
Investment portfolio at FVOCI – net change in fair value	(6,251)	-	-	(6,251)
Total comprehensive income for the year	<u>(6,251)</u>	<u>550</u>	<u>6,628</u>	<u>927</u>
Adjusted balance as at 30 June 2020	<u>509</u>	<u>-</u>	<u>189,394</u>	<u>189,903</u>
Deficit for the year	-	-	(5,481)	(5,481)
Other comprehensive income				
Investment portfolio at FVOCI – net change in fair value	21,582	-	-	21,582
Total comprehensive income for the year	<u>21,582</u>	<u>-</u>	<u>(5,481)</u>	<u>16,101</u>
Balance as at 30 June 2021	<u>22,091</u>	<u>-</u>	<u>183,913</u>	<u>206,004</u>

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Statement of cash flows

In thousands of AUD

	Note	2021	2020 Restated*
Cash flows from operating activities			
Cash receipts from residents, clients, government subsidies and other income		310,679	303,992
Cash paid to suppliers, residents and employees		(317,504)	(303,929)
Cash generated from operations		(6,825)	63
JobKeeper payments received		55,286	-
Dividends received		6,119	6,883
Interest received/(paid)		(1,473)	(950)
Net cash from operating activities		<u>53,107</u>	<u>5,996</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(67,107)	(122,927)
Payments for intangible assets		(285)	(1,084)
(Investment in)/withdrawal of interest-bearing deposits		(15,000)	139,886
Investment into investment portfolio		(50,057)	(69,340)
Proceeds from disposal of property, plant and equipment		2,249	867
Acquisition through business combination		-	(14,149)
Proceeds from sale of assets held for sale		-	3,575
Net cash used in investing activities		<u>(130,200)</u>	<u>(63,172)</u>
Cash flows from financing activities			
Net cash inflow from residential aged care accommodation bonds		20,417	32,881
Net cash inflow/(outflow) from retirement village ingoing contributions		82,202	(3,899)
Payment of lease liabilities		(1,826)	(3,326)
Net cash inflow from drawdown of loan facility		-	144,000
Net cash outflow from repayment of loan facility		-	(30,745)
Net cash from financing activities		<u>100,793</u>	<u>138,911</u>
Net increase in cash and cash equivalents		23,700	81,735
Cash and cash equivalents at beginning of year		95,408	13,673
Cash and cash equivalents at end of year	7	<u>119,108</u>	<u>95,408</u>

*As a result of an IFRS Interpretation Committee agenda decision BaptistCare has changed its accounting policy for Software as a Service (SaaS) arrangements (refer Note 3(n))

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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 2021.

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 – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the *Australian Charities and Not-for-profit Commission Act 2012*.

The financial statements were approved by the Board of Directors on 27 September 2021.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 and 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Summary of significant accounting policies (continued)*(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"> • Fee for use of application software • Customisation costs that are not distinct from the underlying software
Recognised as an operating expense as the service is received	<ul style="list-style-type: none"> • Configuration costs • Data conversion and migration costs • Testing costs • Training costs

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Summary of significant accounting policies (continued)**(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").

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Summary of significant accounting policies (continued)

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. AASB 16 Leases and AASB 1058 Income of not-for-profit entities originally required not-for-profit entities to record the fair value of peppercorn or concessionary leases as a right of use asset, and as income when the lease is obtained. However in January 2019, following feedback on the absence of guidance on how to value leases of this type, the AASB a temporary option for not-for-profit entities to measure these leases at either fair value or cost. Cost represents the measurement of the lease liability and hence would be a negligible amount. BaptistCare has adopted the temporary option of recognising the concessionary leases at cost.

As a lessor*Residential aged care*

Due to the changes in AASB 16 of how a lease is identified, 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 (See 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 (see 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Summary of significant accounting policies (continued)**(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) Changes in significant accounting policies**Software-as-a-Service (SaaS) arrangements**

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions which impact SaaS arrangements:

- Customer's right to receive access to the supplier's software hosted on the cloud (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- Configuration or customisation costs in a cloud computing arrangement (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

BaptistCare's accounting policy has historically been to capitalise all costs related to SaaS arrangements as capital work in progress whilst in development and subsequently as intangible assets in the statement of financial position. The adoption of the above agenda decisions has resulted in recognition of these intangible assets as an expense in statement of comprehensive income, impacting both current and previous periods presented.

The new accounting policy is presenting in Note 3(d) (iv).

Historical financial information has been restated to account for the impact of the change in accounting policy in relation to SaaS arrangements, as follows:

Statement of financial position			
30 June 2020			
<i>In thousands of AUD</i>	As previously reported	Adjustments	As restated
Property, plant and equipment	642,595	(3,614)	638,981
Intangible assets	4,376	(1,804)	2,572
Total non-current assets	842,499	(5,418)	837,081
Total assets	1,010,815	(5,418)	1,005,397
Net assets	195,321	(5,418)	189,903
Retained earnings	194,812	(5,418)	189,394
Total equity	195,321	(5,418)	189,903

1 July 2019			
<i>In thousands of AUD</i>	As previously reported	Adjustments	As restated
Retained earnings	187,124	(4,358)	182,766
Total accumulated funds	193,334	(4,358)	188,976

Statement of profit or loss and other comprehensive income			
Year ended 30 June 2020			
<i>In thousands of AUD</i>	As previously reported	Adjustments	As restated
Business support services	19,659	1,596	21,255
Depreciation and amortisation expense	30,221	(536)	29,685
Surplus for the year	7,688	(1,060)	6,628

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Revenue*In thousands of AUD*

	2021	2020
Revenue from contracts with customers		
<i>Government Income</i>		
Department of Health funding	220,309	201,387
Other government funding	13,372	11,959
Total government income	<u>233,681</u>	<u>213,346</u>
<i>Resident income</i>		
Basic daily care fee	48,104	46,316
Other resident fee income	2,143	2,368
Total resident income	<u>50,247</u>	<u>48,684</u>
	<u>283,928</u>	<u>262,030</u>
Lease income		
Accommodation income – Resident	14,159	12,696
Rental income	5,017	3,486
	<u>19,176</u>	<u>16,182</u>
Total revenue	<u>303,104</u>	<u>278,212</u>
Other income		
Donations and bequests	2,496	2,580
Net gain on disposal of assets	196	3,263
Net gain on sale of investments	360	-
Net gain on acquisition through business combination (refer note 18)	-	1,190
JobKeeper subsidy	27,396	27,890
Other income	8,100	2,675
	<u>38,548</u>	<u>37,598</u>
Total revenue and other income	<u>341,652</u>	<u>315,810</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*In thousands of AUD*

	2021	2020
Wages and salaries	180,491	171,287
Other associated personnel expenses	27,850	21,678
Workers compensation	6,916	6,165
Contributions to defined contribution plans	17,317	16,353
	<u>232,574</u>	<u>215,483</u>

6. Finance income and finance costs

<i>In thousands of AUD</i>	2021	2020
Interest income	2,614	1,944
Dividend income on equity securities	6,119	6,883
Other	-	17
Finance income	<u>8,733</u>	<u>8,844</u>
Write-off of capitalised bank fees	-	1,633
Interest on lease liability	335	382
Interest on borrowings	2,440	1,264
Finance costs	<u>2,775</u>	<u>3,279</u>
Net finance income	<u>5,958</u>	<u>5,565</u>

7. Cash and cash equivalents

<i>In thousands of AUD</i>	2021	2020
Cash at bank and on hand	608	77
Bank deposits at call	118,500	95,331
Cash and cash equivalents	<u>119,108</u>	<u>95,408</u>

8. Receivables

<i>In thousands of AUD</i>	2021	2020
Current		
Trade receivables	11,687	1,153
Deposits Receivable	22,517	18,892
Jobkeeper subsidy receivable	-	27,890
Other receivables and prepayments	12,712	11,097
Provision for impairment losses	(874)	(166)
	<u>46,042</u>	<u>58,866</u>

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

<i>In thousands of AUD</i>	2021	2020
Balance at beginning of the year	166	301
Impairment loss recognised	708	80
Amounts written off	-	(215)
Balance at end of the year	<u>874</u>	<u>166</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Investments*In thousands of AUD***2021****2020****Current**

Interest bearing term deposits

29,000

14,000

29,00014,000**Non-current**Investment portfolio classified at fair value through
other comprehensive income

267,527

195,528

267,527195,528

The carrying value of the investment portfolio is equal to its fair value at 30 June 2021 and 30 June 2020.

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
Cost or deemed cost								
Balance at 1 July 2020 (restated)	65,622	494,751	83,428	12,347	7,151	29,112	168,308	860,719
Additions	-	153	2,262	2,291	611	312	66,960	72,589
Transfer (from) / to capital works in progress	610	135,348	11,455	-	-	144	(147,842)	(285)
Disposals	-	-	(350)	(5,428)	(627)	(563)	-	(6,968)
Balance at 30 June 2021	66,232	630,252	96,795	9,210	7,135	29,005	87,426	926,055
Depreciation								
Balance at 1 July 2020	574	144,951	49,956	10,113	4,371	11,773	-	221,738
Depreciation for the year	147	20,307	7,319	1,254	941	2,560	-	32,528
Disposals	-	-	(344)	(5,427)	(403)	(565)	-	(6,739)
Impairment	-	8,641	858	-	-	-	-	9,499
Balance at 30 June 2021	721	173,899	57,789	5,940	4,909	13,768	-	257,026
Carrying amounts								
At 1 July 2020	65,048	349,800	33,472	2,234	2,780	17,339	168,308	638,981
At 30 June 2021	65,511	456,353	39,006	3,270	2,226	15,237	87,426	669,029

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Intangible assets

<i>In thousands of AUD</i>	Computer software	Other	Total
Cost			
Balance at 1 July 2020 (restated)	15,013	508	15,521
Transfer from capital works in progress	285	-	285
Disposals	(3,519)	-	(3,519)
Balance at 30 June 2021	<u>11,779</u>	<u>508</u>	<u>12,287</u>
Amortisation			
Balance at 1 July 2020	12,695	254	12,949
Amortisation for the year	360	25	385
Disposals	(1,695)	-	(1,695)
Balance at 30 June 2021	<u>11,360</u>	<u>279</u>	<u>11,639</u>
Carrying amounts			
At 1 July 2020	2,318	254	2,572
At 30 June 2021	<u>419</u>	<u>229</u>	<u>648</u>

12. Payables

<i>In thousands of AUD</i>	2021	2020
Current		
Trade payables and accrued expenses	33,165	33,859
Refundable residential aged care accommodation bonds	399,070	378,653
Refundable retirement village ingoing contributions	237,357	161,786
Capital works fund - Retirement Villages	296	363
	<u>669,888</u>	<u>574,661</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>	2021	2020
Current		
Lease liability	1,414	1,756
Other borrowings	816	2
	<u>2,230</u>	<u>1,758</u>
Non-current		
Lease liability	11,314	12,463
Borrowings	143,478	143,428
	<u>154,792</u>	<u>155,891</u>

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

14. Employee benefits

<i>In thousands of AUD</i>	2021	2020
Current		
Salary, wages and superannuation payable	5,406	8,034
Liability for annual leave	18,876	16,850
Liability for long-service leave	11,049	11,423
	<u>35,331</u>	<u>36,307</u>
Non-current		
Liability for long-service leave	4,128	3,072
	<u>4,128</u>	<u>3,072</u>

15. Contract liabilities

<i>In thousands of AUD</i>	2021	2020
Current		
Client funds - Consumer Directed Care	34,877	24,852
Independent Living Unit Deferred Management Fees	814	794
Government grants	9,741	7,441
	<u>45,432</u>	<u>33,087</u>
Non-current		
Independent Living Unit Deferred Management Fees	11,625	8,673
	<u>11,625</u>	<u>8,673</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Reserves**Fair value reserve**

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

Hedging reserve

Under the terms of the Social and Affordable Housing Fund (SAHF) financing facility, BaptistCare was required to maintain an interest rate hedging strategy to address the risk of adverse interest rate movements. The hedging reserve includes the difference between the change in the fair value of the loan to that of the hedging instrument. As at 30 June 2020, the cumulative balance of the hedging reserve was transferred to profit or loss as a result of the settlement of the initial SAHF financing facility, and the forecast transaction no longer being probable of occurring.

17. Capital and other commitments

<i>In thousands of AUD</i>	2021	2020
Capital expenditure commitments	<u>77,835</u>	<u>148,017</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 \$3,546,002 for the year ended 30 June 2021 (2020: \$2,301,709).

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 \$1,026,695 (2020: \$1,201,071) during the year ended 30 June 2021 to BaptistCare.

20. Auditor's remuneration

In thousands of AUD

	2021	2020
Fees paid to auditors of BaptistCare – KPMG		
Audit of financial statements	165,000	166,700
Other regulatory audit services	39,000	42,800
	<u>204,000</u>	<u>209,500</u>
Other services		
Other assurance and advisory services	<u>24,000</u>	<u>204,000</u>

21. Prior year expense reclassification

The description of expenses in the Statement of profit or loss and other comprehensive income based on the nature of expense, as follows:

Previous year expense caption	Current year expense caption	Amount <i>In thousand AUD</i>
Housekeeping expenses	Service delivery expenses	21,918
Catering expenses	Service delivery expenses	11,270
Consultancy fees	Business Support Expenses	4,480
Communication expenses and software licence fees	Business Support Expenses	5,666
Motor vehicle expenses	Business Support Expenses	905
Other expenses	Business Support Expenses	8,608

22. Subsequent events

As at the date of this report, the future impact of COVID-19 on the domestic economy and the impact on BaptistCare remains uncertain. BaptistCare has and continues to monitor this situation.

Apart from the above, no other 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 2021 to the date of this report.

Directors' 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 37 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 2021 and of its performance, for the financial year ended on that date; and
 - (ii) complying with *Australian Accounting Standards - Reduced Disclosure Regime 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 27th day of September 2021



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 2021, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced 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 2021.
- 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 - Reduced 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

Stephen Isaac

Partner

Sydney

27 September 2021



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