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ANGLICAN COMMUNITY CARE INCORPORATED

GENERAL PURPOSE FINANCIAL REPORT FOR YEAR ENDED 30 JUNE 2023

ABN 53 440 436 445

ANGLICAN COMMUNITY CARE INCORPORATED

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GENERAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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STATEMENT BY MEMBERS OF THE BOARD OF MANAGEMENT

In the opinion of the Board the financial report:

a) Presents a true and fair view of the financial position of Anglican Community Care Incorporated as at 30 June 2023, and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting interpretations) of the Australian Accounting Standards Board.

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

This statement is signed on behalf of the Board in Mount Gambier this 27th day of September 2023.

Richard Fisher	**Paul Duka**
Chairperson	Treasurer

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE ACNC ACT 2012 TO THE BOARD OF MANAGMENT OF ANGLICAN COMMUNITY CARE INCORPORATED

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012* , I am pleased to provide the following declaration of independence to the Board of Management of Anglican Community Care Incorporated. As the lead audit partner for the audit of the financial statements of Anglican Community Care Incorporated for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been no contraventions of:

i) the auditor independence requirements of the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and

ii) any applicable code of professional conduct in relation to the audit.

GALPINS ACCOUNTANTS, AUDITORS AND BUSINESS CONSULTANTS

Timothy Muhlhausler
Director

Dated: Tuesday, 12 September 2023

Galpins

Accountants, Auditors
& Business Consultants

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Galpins Trading Pty Ltd
ABN: 89 656 702 886

INDEPENDENT AUDITOR'S REPORT

To the members of Anglican Community Care Incorporated

Report on the Audit of the Financial Report

Audit Opinion

We have audited the accompanying financial report of Anglican Community Care Inc (the Association), which comprises the statement of financial position as at 30 June 2023 statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and the Directors declaration.

In our opinion, the accompanying financial report of the Association is in accordance with Division 60 of *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act), including:

I. giving a true and fair view of the Association's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
II. complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of *Australian Charities and Not-for-profits Commission Regulations 2013*.

Basis for Audit Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the ACNC Act, the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibility of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

We communicate with those charged with governance 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.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor
Director

11/10/2023

ANGLICAN COMMUNITY CARE INCORPORATED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	2023 $	2022 $
Income			
Revenues from fees and charges	3	424,000	392,927
Grants and contributions	4	24,524,893	23,385,030
Interest income	5	210,482	20,383
Investment income	6	111,596	9,644
Fair value gain / (loss) from financial assets	13	129,544	(28,958)
Other income	8	484,555	279,647
Total income		**25,885,070**	**24,058,673**
Expenses			
Staff benefit expenses	9	19,023,546	17,158,191
Supplies and services	10	4,824,727	3,961,381
Depreciation and amortisation	11	1,128,032	1,105,424
Finance costs	12	202,798	148,787
Net loss from the disposal of non-current assets	7	23,426	1,384
Other expenses	14	6,523	33,598
Total expenses		**25,209,052**	**22,408,765**
Net result		**676,018**	**1,649,908**
Total comprehensive result		**676,018**	**1,649,908**

The above statement should be read in conjunction with the accompanying notes.

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ANGLICAN COMMUNITY CARE INCORPORATED

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 $	2022 $
Current assets			
Cash and cash equivalents	15	5,616,193	8,751,036
Receivables	16	35,461	72,253
Other current assets	17	285,645	398,469
Total current assets		**5,937,299**	**9,221,758**
Non-current assets			
Financial assets	18	4,911,806	171,042
Property, plant and equipment	19	4,170,876	3,542,221
Intangible assets	20	59,816	90,987
Other non-current assets	21	8,370	9,990
Total non-current assets		**9,150,868**	**3,814,240**
Total assets		**15,088,167**	**13,035,998**
Current liabilities			
Payables	22	683,853	250,281
Lease liabilities	23	575,593	457,988
Loan borrowings	24	33,914	17,285
Staff benefits	25	2,731,530	2,489,832
Other current liabilities	26	585,781	512,121
Total current liabilities		**4,610,671**	**3,727,507**
Non-current liabilities			
Lease liabilities	23	1,933,345	1,889,991
Loan borrowings	24	894,342	420,295
Staff benefits	25	509,810	534,224
Total non-current liabilities		**3,337,497**	**2,844,510**
Total liabilities		**7,948,168**	**6,572,017**
Net assets		**7,139,999**	**6,463,981**
Equity			
Other reserves		1,345,499	2,028,529
Retained earnings		5,794,500	4,435,452
Total equity		**7,139,999**	**6,463,981**
Contingencies	27		

The above statement should be read in conjunction with the accompanying notes.

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ANGLICAN COMMUNITY CARE INCORPORATED

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Note	Other reserves $	Retained earnings $	Total $
Balance at 30 June 2021		**818,785**	**3,995,288**	**4,814,073**
Net result for 2021-22		-	1,649,908	1,649,908
Transfer to / (from) reserves		1,209,744	(1,209,744)	-
Total comprehensive result for 2021-22		**1,209,744**	**440,164**	**1,649,908**
Balance at 30 June 2022		**2,028,529**	**4,435,452**	**6,463,981**
Net result for 2022-23		-	676,018	676,018
Transfer to / (from) reserves		(683,030)	683,030	-
Total comprehensive result for 2022-23		**(683,030)**	**1,359,048**	**676,018**
Balance at 30 June 2023		**1,345,499**	**5,794,500**	**7,139,999**

The above statement should be read in conjunction with the accompanying notes.

ANGLICAN COMMUNITY CARE INCORPORATED

STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	2023	2022
Cash flows from operating activities		**$**	**$**
Receipts from fees, charges and grants		28,186,887	25,677,242
GST recovered from the ATO		655,084	628,961
Interest received		210,482	23,406
Payments to suppliers and employees		(23,852,101)	(21,424,968)
GST remitted to ATO		(2,595,274)	(2,407,373)
Net cash provided by / (used in) from operating activities		**2,605,078**	**2,497,268**
Cash flows from investing activities			
Investment income		111,596	4,790
Purchase of property, plant and equipment		(842,044)	(808,017)
Purchase of financial assets		(4,611,219)	(200,000)
Net cash provided by / (used in) investing activities		**(5,341,667)**	**(1,003,227)**
Cash flows from financing activities			
Cash inflows			
Loan borrowings		521,061	450,000
Payment of lease liabilities		(888,930)	(894,362)
Repayment of borrowings		(30,385)	(22,117)
Net cash provided by / (used in) financing activities		**(398,254)**	**(466,479)**
Net increase / (decrease) in cash and cash equivalents		**(3,134,843)**	**1,027,562**
Cash and cash equivalents at the beginning of the period		8,751,036	7,723,474
Cash and cash equivalents at the end of the period	15	**5,616,193**	**8,751,036**

The above statement should be read in conjunction with the accompanying notes.

1 General information

Anglican Community Care Incorporated is incorporated and domiciled in Australia.
Core activities include the recruitment and support of foster carers, supports for people experiencing homelessness, residential care services for young people, aboriginal services, family relationships and support, creche for vulnerable children, financial counselling, financial inclusion and emergency relief.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the *Australian Accounting Standards - Simplified Disclosures* of the Australian Accounting Standards Board (AASB) and the *Associations Incorporations Act 1985* in South Australia and the *Australian Charities and Not-for-profits Commission Act 2012*. Anglican Community Care Incorporated is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Management assessed the ability of the entity to continue as a going concern and prepared the financial statements on this basis taking into account all relevant information about the future.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

2.2 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements has required a change.

Where presentation and classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable. The restated comparative amounts do not replace the original financial statements for the preceding period.

2.3 Rounding

All amounts in the financial statements are rounded to the nearest dollar.

2.4 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).
Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from the ATO, the commitments and contingencies are disclosed on a gross basis.

2.5 Income Tax

No provision for income tax has been raised as the Entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

2.6 Income and expenses

The majority of funding is received in the form of grants from governmental department bodies. AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*, which commenced from 1 July 2019, affects the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to operating grant revenue, donations or bequests have been assessed to determine whether a contract(s) is enforceable and has sufficiently specific performance obligations in accordance with AASB 15. Where both these conditions have been satisfied, revenue has been recognised as these obligations are fulfilled. Grants that are considered not sufficiently specific are recognised in accordance with AASB 1058 upon receipt.
Income and expenses are recognised in the Entity's Statement of Comprehensive Income when and only when it is probable that the flow of economic benefits to or from the Entity will occur and can be reliably measured.

Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction.

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to other agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Contributions received / paid

Contributions are recognised as an asset and income when the Entity obtains control of the contributions or obtains the right to receive the contributions.
For contributions payable, the contribution will be recognised as a liability and expense when the Entity has a present obligation to pay the contribution.
The Entity recognises the income and expenditure immediately in the profit and loss, upon receipt of goods or services or delivery of goods or services.

2.7 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Entity has a clearly identifiable operating cycle of twelve months. Therefore, assets and liabilities that will be realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.8 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand and other short-term deposits. Cash and cash equivalents in the Statement of Cash Flows consist of cash and cash equivalents as defined above, net of bank overdrafts.

Unrestricted access was available at balance date to the following credit facilities:
Corporate Credit Cards $75,000

Cash is measured at nominal value.

2.9 Receivables and other assets

Receivables and other assets include amounts receivable from goods and services, prepayments and other accruals.
Receivables arise in the normal course of selling goods and services to other agencies and to the public. Receivables are generally receivable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.
Other debtors arise outside the normal course of selling goods and services to other agencies and to the public.
Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Entity will not be able to collect the debts.

2.10 Property, plant and equipment

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

Right of use property, plant and equipment

Right of use assets in accordance with AASB 16 and Note 2.17 relate to leases for property, equipment and motor vehicles.
Right of use assets are valued at net present value of the lease contract from inception for the term of the lease taking into consideration extension options where it is reasonably expected to be exercised. They are carried at fair value less accumulated amortisation and any accumulated impairment losses.
Further information about right of use assets can be found in Note 19.

2.11 Depreciation and amortisation

The depreciable amount of all fixed assets, including property, is depreciated on a straight-line basis over the asset's useful life to the Entity commencing from the time the asset is held ready for use.

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

Class of fixed asset	Depreciation rate	Right of use Amortisation rate
Property	1.67-20%	7-50%
Plant and equipment	5-10%	20-33%
Motor vehicles	10-50%	20-50%

2.12 Financial assets

Financial assets are recognised when the entity becomes party to the contractual provision to the instrument. For financial assets this is the date that the entity commits itself to either the purchase or sale of the asset. Financial assets are subsequently classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Where available quoted prices in an active market are used to determine fair value. Financial assets are intended to be held as a long term investment and are classified as non-current assets.

2.13 Impairment of non-financial assets

At the end of each reporting period, the Entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with AASB 116.

Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.
Impairment testing is performed annually for intangible assets with indefinite lives.

2.14 Intangibles

An intangible asset is an identifiable non-monetary asset without physical substance.

Computer software

Software costs are capitalised only when the Entity identifies that the project will deliver future economic benefits and these benefits can be measured reliably. Software is considered as having a finite useful life and is amortised on a systematic basis over the useful life to match the economic benefits received to the periods in which the benefits are received. Amortisation begins when the software becomes operational.

Class intangible asset	Amortisation rate
Software	10-20%

Intangible assets under development

Intangible Assets under development are capitalised only when the Entity identifies the project will generate probable future economic benefit and the cost of generating the intangible asset can be reliably measured. The intangible assets are deemed to have no useful life until the development has been completed and the asset becomes operational. Amortisation begins when the asset becomes operational.

2.15 Payables

Payables include creditors, accrued expenses and staff on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to normal operations of the Entity.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been processed / received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Staff on-costs include superannuation contributions with respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

The Entity makes contributions to several superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at balance date relates to any contributions due but not yet paid to superannuation schemes.

2.16 Borrowings

Loans are carried at their principal amounts which represent the present value of future cashflows associated with servicing the debt.

2.17 Leases

Concessionary leases

For leases that have significantly below market terms and conditions principally to enable the Entity to further its objectives (commonly known as peppercorn/concessionary leases), the Entity measures the right of use assets cost on initial recognition.

General application:

Recognition exemptions for short-term leases and leases for which the underlying asset is of low value have been applied. Amounts relating to the application of recognition exemptions are included in the note to right of use assets and lease liabilities. Incremental borrowing rate (IBR) has been used to calculate the net present value of the right of use asset and lease liability at the time of initial application. An average of lending rates available in the market for similar use and purpose has been used to determine the IBR.

Additional information in regards to leases can be found in the following Notes:

Finance costs - lease interest	Notes 12
Right of use property, plant and equipment	Notes 19
Lease liabilities	Notes 23

2.18 Staff benefits

These benefits accrue for staff as a result of services provided up to the reporting date that remain unpaid. Long-term staff benefits are measured at present value and short-term staff benefits are measured at nominal amounts.

Full time equivalent (FTE)

FTE has been calculated using total quantity of hours throughout the year.

Accrued salaries and wages

The liability for accrued salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

Sick leave

A provision has not been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by staff is estimated to be less than the annual entitlement of sick leave.

Annual leave

The annual leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid. In the unusual event where annual leave is payable later than twelve months, the liability will be measured at present value.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. All long service leave eligible to be taken is recorded as a current liability.

2.19 Provisions

Provisions are recognised when the Entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

2.20 Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers* .

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:
- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer’s credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

2.20 Financial instruments (cont.)

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the entity’s accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the entity elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity uses the following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there is no significant increase in credit risk since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

2.20 Financial Instruments (cont.)

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

– trade receivables; and
– lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or originated credit-impaired approach

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the entity measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

– significant financial difficulty of the issuer or borrower;
– a breach of contract (e.g. default or past due event);
– a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
– the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
– the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the entity applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

– there is a low risk of default by the borrower;
– the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
– adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.
The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

2.21 Critical accounting estimates and judgements

In the application of the Entity's accounting policies, which are described in this Note, the Entity is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.22 New and Amended Accounting Standards That are Effective for the Current Year

AASB 2021-7 makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022. The adoption of the amendment did not have a material impact on the financial statements.

AASB 2022-3 Amendments to Australian Accounting Standards – Illustrative Examples for Not for-Profit Entities accompanying AASB 15

AASB 2022-3 amends AASB 15 to add a new illustrative example of how AASB 15 applies to the recognition and measurement of upfront fees. The amendments do not change the requirements of AASB 15.

This Standard also documents the AASB's decisions around concessionary leases in the basis of conclusions accompanying AASB 2022-3, to state that:
• *Not-for-profit private sector lessees* – The AASB has decided to retain the accounting policy choice in AASB 16 for the right-of-use assets of concessionary leases to initially be measured
• *Not-for-profit public sector lessees* – The AASB has decided to defer consideration of the accounting policy choice until the Board decides on any additional guidance for measuring the fair value of right of-use assets under concessionary leases.

The Entity currently measures the right-of-use assets arising from concessionary leases at cost on initial recognition and will continue to do so in the future given the accounting policy choice has been made permanent by the AASB.

		2023	2022
3	**Revenues from fees and charges**	**$**	**$**
	Fee for service	369,046	342,502
	Venue hire	54,954	50,425
	Total fees and charges	**424,000**	**392,927**

		2023	2022
4	**Grants and contributions**	**$**	**$**
	Operating		
	Federal Government	4,070,797	4,139,202
	State Government	19,334,813	17,310,009
	Other	671,452	599,120
		24,077,062	22,048,331
	Capital		
	State Government	50,448	140,189
		50,448	140,189
	One-off		
	Federal Government	-	523,117
	State Government	148,550	399,409
	Local Government	-	3,797
	Other	248,833	270,187
		397,383	1,196,510
	Total grants and contributions	**24,524,893**	**23,385,030**

		2023	2022
5	**Interest income**	**$**	**$**
	Interest on deposits	210,482	20,383
	Total interest received	**210,482**	**20,383**

		2023	2022
6	**Investment income**	**$**	**$**
	Endowment fund	20,436	9,644
	Investment portfolio	91,160	-
	Total investment income received	**111,596**	**9,644**

		2023	2022
7	**Net gain / (loss) from disposal of non-current assets, right of use and other assets**	**$**	**$**
	Proceeds from disposal	-	-
	Less net book value of assets disposed	(23,426)	(1,384)
	Total net gain / (loss) from disposal of assets	**(23,426)**	**(1,384)**

		2023	2022
8	**Other income**	**$**	**$**
	Donation and fundraising income	307,592	160,486
	Rebates, refunds and credits	65,888	37,039
	Client contributions	64,830	21,456
	Sundry	46,245	60,666
	Total other income	**484,555**	**279,647**

		2023	2022
9	**Staff benefits**	**$**	**$**
	Salary and wages	16,655,471	14,845,369
	Workers compensation insurance	446,387	426,107
	Superannuation expense	1,725,234	1,472,710
	Movement in employee benefits provisions	196,454	414,005
	Total staff benefit expenses	**19,023,546**	**17,158,191**
	FTE	**183.93**	**178.53**

10 Supplies and services

	2023	2022
	$	$
Board expenses	19,251	10,067
Client costs	1,196,978	875,475
Computer services	390,102	431,756
Consultants fees	919,157	734,467
Fees and licenses	5,314	11,352
Bank fees	8,808	7,044
Fundraising expenses	250,653	54,989
Insurance	133,953	126,645
Marketing and advertising expenses	104,023	78,553
Meeting expenses	160,447	105,619
Minor equipment costs	142,868	81,892
Motor vehicle expenses	119,462	93,299
Printing / stationery / postage	36,851	33,285
Property expenses	349,755	286,052
Rates and taxes	32,122	24,603
Staff training	569,757	495,429
Subscriptions	59,105	48,494
Telephone	67,362	243,404
Utilities	143,548	119,341
Waste disposal	96,806	81,475
Total supplies and services	**4,806,322**	**3,943,241**
Auditor fees - auditing financial reports	18,405	18,140
Total audit fees	18,405	18,140
Total supplies and services	**4,824,727**	**3,961,381**

11 Depreciation and amortisation

	2023	2022
	$	$
Property	47,377	30,529
Plant and equipment	210,288	212,760
Intangibles	20,319	21,866
Right of use assets		
Buildings and property	413,178	403,865
Equipment	20,203	19,115
Motor vehicles	416,667	417,289
Total right of use assets	850,048	840,269
Total depreciation and amortisation	**1,128,032**	**1,105,424**

12 Finance costs

	2023	2022
	$	$
Lease interest		
Buildings and property	113,447	106,287
Equipment	1,606	2,035
Motor vehicles	37,983	30,768
Total lease interest	153,036	139,090
Loan interest	34,317	9,697
Investment portfolio fees	15,445	-
Total finance costs	**202,798**	**148,787**

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		2023	2022
13	**Market value movement financial assets**	**$**	**$**
	Endowment fund gain / (loss)	4,608	(28,958)
	Investment portfolio gain / (loss)	124,936	-
	Total Market Value Movement	**129,544**	**(28,958)**

		2023	2022
14	**Other expenses**	**$**	**$**
	Debt write offs	4,994	2,807
	Donations and grants	-	1,500
	Sundry expenses	1,529	29,291
	Total other expenses	**6,523**	**33,598**

		2023	2022
15	**Cash and cash equivalents**	**$**	**$**
	Cash at bank and in hand	5,616,193	8,751,036
	Total cash and cash equivalents	**5,616,193**	**8,751,036**

		2023	2022
16	**Receivables**	**$**	**$**
	Trade receivables	35,461	72,253
	Total receivables	**35,461**	**72,253**

		2023	2022
17	**Other current assets**	**$**	**$**
	Prepayments	188,498	169,492
	Other accrued revenue	97,147	228,977
	Total other current assets	**285,645**	**398,469**

		2023	2022
18	**Financial assets**		
	Fair value is determined based on prices in active markets for identical assets at measurement date.	**$**	**$**
	<u>Financial assets at fair value through profit and loss</u>		
	Endowment fund	315,650	171,042
	Investment portfolio	4,596,156	-
	Total financial assets	**4,911,806**	**171,042**

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19 Property, plant and equipment (PPE)	2023	2022
	$	$
Property		
Other property improvements		
At cost	1,783,395	1,121,796
Accumulated depreciation	(270,741)	(223,364)
	1,512,654	898,432
Right of use property assets		
At fair value	3,774,504	3,409,659
Accumulated amortisation	(2,022,433)	(1,633,347)
	1,752,071	1,776,312
Total property	**3,264,725**	**2,674,744**
Plant and equipment		
Other plant and equipment		
At cost	1,774,314	1,612,754
Accumulated depreciation	(1,340,323)	(1,140,941)
	433,991	471,813
Right of use plant and equipment assets		
At fair value	90,372	90,372
Accumulated amortisation	(75,027)	(54,824)
	15,345	35,548
Total plant and equipment	**449,336**	**507,361**
Motor vehicles		
Other motor vehicles		
At cost	68,217	68,217
Accumulated depreciation	(52,717)	(52,717)
	15,500	15,500
Right of use motor vehicle assets		
At fair value	2,150,267	1,695,592
Accumulated amortisation	(1,708,952)	(1,350,976)
	441,315	344,616
Total motor vehicles	**456,815**	**360,116**
Total property, plant and equipment	**4,170,876**	**3,542,221**

Reconciliation of property, plant and equipment (PPE)

	Property	Plant and equipment	Motor vehicles	TOTAL
	$	$	$	$
Balance as at 1 July 2021	**326,365**	**498,054**	**15,500**	**839,919**
Additions	602,596	187,839	-	**790,435**
Disposals/write off	-	(1,320)	-	**(1,320)**
Depreciation	(30,529)	(212,760)	-	**(243,289)**
Balance as at 30 June 2022	**898,432**	**471,813**	**15,500**	**1,385,745**
Additions	661,599	180,446	-	**842,045**
Disposals/write off	-	(7,980)	-	**(7,980)**
Depreciation	(47,377)	(210,288)	-	**(257,665)**
Balance as at 30 June 2023	**1,512,654**	**433,991**	**15,500**	**1,962,145**

PPE Right of Use (ROU) assets	Property	Plant and equipment	Motor vehicles	TOTAL
	$	$	$	$
Balance as at 1 July 2021	**2,009,494**	**31,045**	**498,901**	**2,539,440**
Additions	170,746	23,618	263,004	**457,368**
Disposals/write off	(63)	**-**	-	**(63)**
Amortisation	(403,865)	(19,115)	(417,289)	**(840,269)**
Balance as at 30 June 2022	**1,776,312**	**35,548**	**344,616**	**2,156,476**
Additions	388,937	-	517,960	**906,897**
Disposals/write off	-	-	(4,594)	**(4,594)**
Amortisation	(413,178)	(20,203)	(416,667)	**(850,048)**
Balance as at 30 June 2023	**1,752,071**	**15,345**	**441,315**	**2,208,731**
Total balance as at 30 June 2023	**3,264,725**	**449,336**	**456,815**	**4,170,876**

		2023	2022
20	**Intangibles**	**$**	**$**
	Software		
	Carrying amount at beginning of the period	**90,987**	**85,734**
	Additions	-	27,119
	Disposals/write off	(10,852)	-
	Amortisation	(20,319)	(21,866)
	Carrying amount at the end of the period	**59,816**	**90,987**
	Total intangibles	**59,816**	**90,987**

		2023	2022
21	**Other noncurrent assets**	**$**	**$**
	Bonds paid	8,370	9,990
	Total other noncurrent assets	**8,370**	**9,990**

		2023	2022
22	**Payables**	**$**	**$**
	Trade creditors	578,466	198,656
	Other accrued expenses	75,130	51,625
	Revenue in advance	30,257	-
	Total payables	**683,853**	**250,281**

		Buildings and Property	Equipment	Motor Vehicles	TOTAL
23	**Lease liabilities**	**$**	**$**	**$**	**$**
	Current liability	260,210	7,729	307,654	**575,593**
	Non-current liability	1,661,954	7,655	263,736	**1,933,345**
	Total lease liabilities	**1,922,164**	**15,384**	**571,390**	**2,508,938**

Weighted average incremental borrowing rate **5.74%**

Not included in the above lease liabilities are the following lease contracts which have been expensed during the year.
These amounts are included in Note 10 under supplies and services as property expenses and motor vehicle expenses.

Lease supplies and services expense	Buildings and Property	Equipment	Motor Vehicles	TOTAL
2022-2023	**$**	**$**	**$**	**$**
Low-value asset leases	-	1,464	-	**1,464**
Total lease supplies and services expenses	**-**	**1,464**	**-**	**1,464**
2021-2022				
Low-value asset leases	-	3,538	-	3,538
Total lease supplies and services expenses	**-**	**3,538**	**-**	**3,538**

		2023	2022
24	**Loan borrowings**	**$**	**$**
	Property	33,914	17,285
	Total current borrowings	**33,914**	**17,285**
	Property	894,342	420,295
	Total non-current borrowings	**894,342**	**420,295**
	Total loan borrowings	**928,256**	**437,580**

Property loans are held with Anglican Funds South Australia

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25 Staff benefits	**2023**	**2022**
	$	**$**
Current		
Annual leave	1,111,544	987,739
Long service leave	984,771	905,252
Accrued salaries and wages	635,215	596,841
Total current staff benefits	**2,731,530**	**2,489,832**
Non-current		
Long service leave	509,810	534,224
Total non-current staff benefits	**509,810**	**534,224**
Total staff benefits	**3,241,340**	**3,024,056**

26 Other liabilities	**2023**	**2022**
	$	**$**
Government grants received in advance	585,781	512,121
Total other liabilities	**585,781**	**512,121**

27 Contingencies

As at 30 June 2023 there are no known contingent assets or liabilities.

28 Remuneration of Board Members

The Board Members act in an honorary capacity and receive no compensation for their services.

During the year travel expenses incurred by the Board Members, in fulfilling their role, totalling $4,412 (2022 $3,693), with $1,160 reimbursed. Other expenses incurred in relation to Board Members include training/memberships $12,693 and minor gifts/recognition of service $84.

29 Key management personnel compensation

The total remuneration paid to key management personnel of Anglican Community Care Incorporated during the year as follows;

	2023	**2022**
	$	**$**
Key management personnel compensation	**889,814**	**788,685**

Key management personnel of Anglican Community Care Incorporated consists of the CEO and the Executive Leadership Team consisting of four members.

30 Financial risk management

The entity's financial instruments consist mainly of deposits with banks, short-term and long-term investments, accounts receivable and payable, lease liabilities and borrowings.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

Financial assets	**2023**	**2022**
Financial assets at fair value through profit or loss:	**$**	**$**
Investments	4,911,806	171,042
Financial assets at amortised cost:		
Cash and cash equivalents	5,616,193	8,751,036
Trade receivables	35,461	72,253
Total financial assets	**10,563,460**	**8,994,331**
Financial liabilities		
Financial liabilities at amortised cost:		
Payables	683,853	250,281
Lease liabilities	2,508,938	2,347,979
Loan borrowings	928,256	437,580
Total financial liabilities	**4,121,047**	**3,035,840**

Refer to Note 31 for detailed disclosures regarding the fair value measurement of the entity's financial assets.

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31 Fair value measurements

The entity measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

– financial assets at fair value through profit or loss;

The entity does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

Valuation techniques

The entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the entity are consistent with one or more of the following valuation approaches:

– the market approach, which uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities;
– the income approach, which converts estimated future cash flows or income and expenses into a single discounted present value; and
– the cost approach, which reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Recurring fair value measurements

Financial assets	**2023**	**2022**
Financial assets at fair value through profit or loss:	**$**	**$**
Investments	4,911,806	171,042
Total recurring fair value measurements	**4,911,806**	**171,042**

For investments, the fair values have been determined based on closing quoted bid prices at the end of the reporting period.

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