

## Lutheran Services 2017 Report to Synod

### 'Embracing Unprecedented Opportunity for Community Ministry'

1. Chair's Welcome
  - 1.1. Faith in Action
  - 1.2. We are of the Church
  - 1.3. Reconciliation
  - 1.4. Embracing Unprecedented Opportunity for Community Ministry
  - 1.5. Go and Grow
  - 1.6. Acknowledgements
2. Future Directions
  - 2.1. Lutheran Services Sustainability Imperative
  - 2.2. Seizing Opportunity
  - 2.3. Growth and Extension
3. Lutheran Services
  - 3.1. Lutheran Services – Our Faith, Our Image
  - 3.2. Lutheran Services – An Expression of the Diaconal Witness of the Church
4. Creating Value with the Communities We Serve
  - 4.1. Services Redevelopment
  - 4.2. Uplift Projects
  - 4.3. Community Services Ministry Developments
  - 4.4. NDIS Introduction
  - 4.5. Other Services
  - 4.6. Community Chaplaincy Ministry
5. A Spotlight on Key Ministries
  - 5.1. Alondra Residences – A Good Life for the People and Residences We Serve
  - 5.2. Daliya House – Gap Initiative Program
  - 5.3. Peer Support Coordination – the Kingaroy Project
  - 5.4. INTERCEPT – Youth Justice and Education and Training Program
6. Financial Performance
  - 6.1. Financial Performance
  - 6.2. Consolidated Financial Position
    - 6.2.1. Profit and Loss
    - 6.2.2. Balance Sheet
  - 6.3. Funding Acknowledgements

## **1 Chair's Welcome**

It is a pleasure to provide my report to Synod as Chairperson of Lutheran Services, the evolution of Lutheran Community Care.

As Chairperson of this organisation for the past eight years it is always an honour to present this report to Synod reflecting a year of achievement in ministry, and to provide some insights into how these achievements will lead us to embrace unprecedented opportunities to share Christ's grace in Queensland.

### **1.1 Faith in Action**

As a ministry of the LCAQD, our purpose is to share God's blessings with people to help them experience a good life, free of barriers, and under their own direction. We seek to help people transform what it means to be young, or a family in crisis, to live with disability, or to be ageing.

In the last quarter of 2016 for example, our ministry has provided care to 1,000s of people, including;

During the first quarter of 2016 Lutheran Services assisted;

- 345 young people
- 98 people living with disability
- 124 people accessed our mental health support service
- 58 survivors of domestic violence
- 680 people accessed emergency relief

And during 2016;

- 110 seniors accessed home care support
- 375 in our retirement villages
- 1,277 people resided in Lutheran Services aged care facilities

Lutheran Services cares for more than just our clients. Our calling is to include residents and clients' families and support networks, and the communities in which we reside wherever decisions affect them, and where we can engage them meaningfully. Our ministry reaches many more lives than the above numbers alone represent.

### **1.2 We are of the Church**

Working in fellowship with the District Church Council in all areas is of paramount importance to our mission. Their support for our work, and their trust and faith in working with us as one Church is invaluable as we seek to continually harness the emerging and bountiful opportunities to extend the reach of our ministry.

Here at Synod you will also find a document that gives you a deeper insight into some of our individual programs which is a companion document to this report. In it you will find many stories of the lives we have touched across our Ministry, providing a great insight into what we do every day.

This year we have developed a diaconal witness statement that defines the theological basis of our growth strategy, and is the well from which our new brand, Lutheran Services is drawn. This report contains a section devoted to the diaconal system, and the opportunities it presents in lighting our future as Church.

Lutheran Services is also privileged to be involved with three major initiatives of the Lutheran Church of Australia in the near future. We are committed to our existing work with women and families fleeing domestic violence, and we are committed to continuing and expanding this work and to bring safety, renewal, and restoration to those whose lives we touch.

As part of this we participate in the Lutheran Church of Australia Prevention of Domestic and Family Violence Campaign Working Group, a national initiative to support victims of violence and to increase our capacity as a church to respond with kindness, and Christ's mercy.

Our work with the Lutheran Church of Australia Committee for Ministry With the Ageing allows us the opportunity to discuss our work and experience with our colleagues from around Australia and to provide our church with advice and support to improve ministry with the aged at a congregational level and in policy.

### **1.3 Reconciliation**

50.500 is an initiative of the LCA Bishop to recognise the 50<sup>th</sup> anniversary of the LCA (2016) and the 500<sup>th</sup> anniversary of the Reformation. The recognition and celebration of these two significant milestones have been identified as ideal catalysts for future focused mission and ministry projects of significance to the LCA. One such major focus of 50.500 is on "hearing the indigenous voice" in the lead up to 2018 Synod and as a result the development of a LCA Reconciliation Action Plan has been identified as a priority in 2017/18.

*A Reconciliation Action Plan will provide a framework for LCA to realise its vision for reconciliation. Reconciliation Action Plans are practical plans of action built on relationships, respect and opportunities. Reconciliation Action Plans create social change and economic opportunities for Aboriginal and Torres Strait Islander Australians.*

Bishop Henderson and Executive Officer of the Church Peter Schirmer initiated the RAP project process in April 2016 and engaged Lutheran Services Qld to take the lead on developing the LCA RAP.

Lutheran Community Care and 50.500 Committee Chair and Secretary of the LCA Reverend Neville Otto are currently working together to project manage the development of a Reconciliation Action Plan on behalf of the LCA.

## **1.4 Embracing Unprecedented Opportunity for Community Ministry**

The world changes, and we change with it, but we seek to do so in a way that honours our past and builds a future that remains an expression of our Lutheran faith in the community. For the last several years I've been reporting to this Synod on the robust planning that has been undertaken by Lutheran Services in order to meet the future needs of our clients, our residents, our Church, and our organisation itself.

Much of this planning has been in response to major changes organisations such as ours are not immune to.

The baby boomer bubble continues to move through our community, amending and altering demands and expectations of service levels and care as it goes. Organisations that meet the increase in both volume and complexity of demand this generation represents will thrive, those who do not, will not.

Government models of age care are in constant flux, but a trend towards an aged care sector that is less able to depend on funding increases to keep pace with demand is almost certain.

As an organisation that takes both our values and our responsibilities to residents and their families seriously, Lutheran Services has continued to invest in planning for a future model of care that is more independently funded.

Some challenges we face are not external at all, but are driven by our values themselves. Our faith challenges us to do better, and to strive to meet the highest standards of care. While this is good for our market position, our motivation stems from our faith and what it commands of us.

How do we build vibrant communities in which people find a good life? What are the services of the future that bring peace, bring hope, and bring joy to an increasingly complex mix of residents? How do we provide witness in the community, when the entire idea of community seems to be changing?

What does a modern, thriving, porous, vibrant, and interdependent Christian community look like in the future, and how do we respond to that in faith and with Christ's grace and love?

These questions are the same that faced the earliest Lutheran congregations, and they will continue to challenge us in all that we do.

In responding to these challenges Lutheran Services has undertaken detailed and extremely complex planning processes. We have engaged with experts in fields as diverse as community services, design, master planning, finance and architecture. We have consulted widely within our communities, our Church, with government, and with stakeholders everywhere.

The result is a robust and rational plan for action and development designed to meet our commitment to embrace unprecedented opportunity for community ministry. Over the next year, this plan will start to take shape across our facilities and our services.

### **1.5 Go and Grow**

Last year I reported on our vision for a new type of aged care facility in Nundah. One that is purpose built to meet the needs of future residents and to add value to the Nundah community as a whole. We are now close to breaking ground on this facility which combines innovative models of care and design with our commitment to a vibrant community that brings joy. You can read more about this project later in our report.

This is one example of several projects in both our care and services ministries we have highlighted in this year's report. This project demonstrates at this year's Synod a richer understanding of not just how Lutheran Services is growing our ministry in Christ, but why.

We have planned for growth because we believe we can bring comfort, hope, joy, and peace to even more Queensland communities and this is what our faith calls us to do, and to do it well.

### **1.6 Acknowledgements**

I would like to thank my fellow current serving Council members Stuart Jaeschke, Pastor Boyd Briese, Stephen Cullen, Leena Vuorinen, Simon LaBlack, Jennifer Danslow, Andrew Stanke and Bobby Rolison.

We were honoured this year to again have our domestic and family violence refuge, Mary and Martha's, chosen as the beneficiary of the Lenten Appeal. The need is urgent for services such as this. Your valuable support makes a difference. It goes towards programs to assist women and their children to strengthen their bonds, offer opportunities for children to participate in creative and therapeutic activities, and provide the practical things women need to re-establish themselves when they leave the refuge. Many clients arrive at Mary and Martha's with little more than the clothes they are wearing, and so the support of our congregations means the world to them and to us.

Thank you to everyone who supported Lutheran Services this year; through the Lenten Appeal, the Easter Appeal benefitting our growing chaplaincy service, and in countless other ways. We are blessed in the support we receive, whether it is in the form of money, goods, services, time, or prayers.

Finally, I would like to pay tribute to our staff who play such a key role in building and maintaining a community of hope for the people we serve. Thank you.

## **2 Future Directions**

Lutheran Services is an organisation with a bright future and an enormous capacity for growth and extension of our existing and new services. The planning we have put into our next generation of services and organisational growth has been an essential process of developing a better understanding of our environment, our market, our residents and clients, and the opportunities ahead of us.

In developing this vision for renewal, we have been blessed to receive the assistance of some of Queensland's industry leaders in residential property, development, and planning.

### **2.1 Lutheran Services' Sustainability Imperative**

Aged care is changing rapidly in Australia both in terms of service design, and in the rapidly changing nature of ageing itself. As the baby boomer bubble moves through Australia, safe assumptions about the nature of aged care are being dismantled. As providers of aged care, our sector is challenged to respond to new expectations of greater service delivery, physical qualities of residential services, flexibility of services, co-creation of models of care, and fundamental changes to what it means to age.

Alongside this growing complexity of service demands, there is a concurrent boom in demand for aged care places throughout Australia. The numbers tell their own story of the challenges the sector faces. In order to meet demand;

- By 2020, Queensland will need 80,000 more aged care places.
- By 2031 South East Queensland will require 44,300 new places, and
- Brisbane will require 17,000 places in that time.

Aged care providers that meet these challenges will thrive, and those that don't, will not.

Positioning Lutheran Services to respond to the changes is also responding to our imperative to build a future proof sustainable organisation that can survive in the long term to realise our mission to continue to provide care to the vulnerable and to build vibrant Christian communities across Queensland.

In order to meet this imperative it is essential that Lutheran Services scales up our capacity to meet changing demand and to meet the growing number of places required. This is not just imperative to continue our growth, it is imperative to ensure we can sustain our organisation in the long term.

Of particular importance to our imperative is dementia care. We know more Australians will be living with dementia for longer as baby boomers age. We know firsthand how deeply dementia touches the lives of people living with the disease and the lives of their loved ones. We are committed by compassion and by our faith to develop innovative models of dementia care, and keep care for people with this disease at the heart of our work moving forward into the next phase of our organisational development.

## 2.2 Seizing Opportunity

This sustainability imperative also presents Lutheran Services with historic opportunities to more fully realise mission and to provide witness in existing and new communities.

We are not alone in the sector in attempting to grapple with the many challenges presented by a changing and increasingly complex operational environment. How these challenges are met will, largely, redefine aged care industry for the foreseeable future.

Healthcare in Australia in 2015 was worth \$7.6 billion and is 11% of our GDP. The growth in aged care will also see this section of the economy grow, and our sector continue to be one of Australia's leading job creators.

Combined, Brisbane, Beenleigh, Caboolture, and Strathpine will experience exponential growth in disability support needs, and NDIS spending in this region is estimated will reach \$250-300 million.

In developing our vision for the future of Lutheran Services, sustainability of our organisation and our mission have been our watchwords through a planning process that has left no part of our organisation untouched. A comprehensive 20 year plan for the total redevelopment of all services, and the development of new services has been developed. Alongside this plan we have developed robust financial planning which is increasing our cash flow and reserves for future reinvestment.

This has included a total portfolio review and market analysis.

As this process has developed, we have amassed considerable resources both internally and externally to guide us on our path to mission on a larger scale, and we pay enormous tribute to all who have worked on this plan.

We now have the human capital we need to realise a greater vision of aged care that honours the legacy of our church by developing new and redeveloping existing services into vibrant and dynamic Christian communities through excellence in design, architecture, service planning, chaplaincy, and the development of innovative models of care.

This is not just a series of renovations and building projects. In this we are drawing upon the Lutheran reputation of excellence in service delivery and mission and Lutheran Service's ranking in the top 8% of aged care providers in Australia.

In these changing circumstances, we are actively seeking opportunity to bring Christian values to life in our communities. In this, we aren't doing anything truly original, but we are seeking to create a unique point of difference that is a direct result of Lutheran fellowship.

We are humbly continuing in the Lutheran tradition of working in and alongside communities to provide witness of Christ's love and care for all. This is a new dawn for

Lutheran witness and Lutheran Services as a ministry of Church, and we are embracing it forward.

### **2.3 Growth and Extension**

Over the next 15-20 years all existing Lutheran Services will be redeveloped in three priority phases. All works across these services are supported by robust and stringent business cases that protects existing value and ensures monies spent are directly benefiting residents, and building the future of Lutheran Services. It is strongly anticipated and planned for that in many cases additional value of a service will be unlocked as redundant and outdated models of care and uses of space give way to the new.

In many cases, services can and will be improved significantly while they continue to operate and where this is not possible, disruptions will be well planned, and have minimal impact on continuing resident care.

Developing innovative models of care in our services means more than incremental improvements of existing care. It reflects our work as an incarnational ministry that thinks deeply about how our services and care helps build joyous and vibrant Christian community and enables our residents and their loved ones to find peace and comfort throughout the entire ageing, and ultimately end of life, cycle. To achieve this we invest in innovation, and partner with leading thinkers in aged care from around the world to share knowledge and wisdom and bring that to bear on our day to day operations.

A pipeline of new developments will continue to bring our mission to new communities as we use innovations in physical architecture and design alongside the spiritual architecture of chaplaincy and the Lutheran ethos to create residences that are joyous, and porous in their local area. This means opening our homes to our neighbours in the spirit of Christian hospitality, as well as providing a resource of fellowship for local congregations where necessary.

These new developments will also operate in a 'hub and spoke' model. These communities will provide a central resource, base, and human resource to 'spoke' services out to the community. Through this we will grow Church mission community by community across Queensland.

As we seek to grow the Lutheran Services footprint in existing communities and enter new ones, we will be seeking to expand our community services also, and no issue is more urgent than the need to tackle domestic and family violence.

The time to tackle this issue has never been better. As the government continues to place this issue squarely on the agenda, we will be seeking to partner with communities to support and bring restoration to women and children devastated by this violence. With a proven track record of support at Mary and Martha's Women's Refuge, Lutheran Services passionately believes now is the time to expand and extend our domestic and family violence services.

### **3 Lutheran Services**

#### **3.1 Lutheran Services – Our Faith, Our image**

A key strategic focus over the last 12 months has been to re-name and re-brand *Lutheran Community Care* to *Lutheran Services*. A fresh new look will be seen by mid 2017 and gradually brought to life across all parts of the Service over the next 12 months.

This rebrand was motivated in part by the need to respond to government policy transformation, industry deregulation and unprecedented growth in our ageing population. Our clients and/or their carers rather than the funding agencies, are now a critical new target market in both the disability and aged care/retirement sectors. Consumers have more power to influence the design and delivery of the services they receive and can exercise a greater degree of choice in what services are delivered and where and when they are delivered.

If Lutheran Services is to survive and thrive in the changing market dynamics of the aged care, retirement and community service sectors we cannot rely on our historical brand. This gives us an opportunity to invest in a fresh, contemporary and accessible look and feel that resonates with the new wave of consumers.

However, a rebrand presented a much wider opportunity to take the time to better define and express our commitment to extending God's loving action into our communities to ensure that people are engaged with God's love in everyday life.

A brand is much more than colours and logos. A 'brand' is a set of expectations, memories, stories and relationships that taken together, account for a consumer's decision to choose one service over another. Put another way, the Lutheran Service's brand is its promise to our clients, employees and stakeholders – a promise that we will deliver a particular experience and meet certain expectations. Once that promise is made it must be delivered. For this reason the new Lutheran Services brand is so much more than marketing spin and modern colours. It is an authentic promise that resonates as much internally with the church and our employee as it does to external consumers.

In a contemporary world where physically attending church is no longer the main way to connect, Lutheran Services has a vital role as a significant public face of the Church. We engage closely with the congregations in the communities where we are active, to reach out with Christ's love in word and action. We enable congregations and Church members to express their faith through community ministry and community chaplaincy and contribute to the vibrancy and social value of the communities in which they live.

The new Lutheran Services brand has been built around our commitment to service as a way to bring our Christian faith to life. Our promise is that our faith and our focus is to encourage all we serve on their path to a good life – whatever that means for them.

### **3.2 Lutheran Services – An expression of the diaconal witness of the Church**

Diaconal witness is the expression of the Lord Jesus' call to his people to serve as he served. (Mark 10:45).

As an agency of the Church, Lutheran Services brings to life its diaconal ministry by tending to human need in the name of Jesus Christ, our Lord in the spirit of Christian love and service. Lutheran Services extends God's loving action into our communities to ensure that people are engaged with God's love everyday.

In a contemporary world where physically attending church is no longer the only way to connect, Lutheran Services has a vital role as a significant public face of the Church. We engage closely with the congregations in the communities where we are active, to reach out with Christ's love in word and action. We enable congregations and Church members to express their faith through community ministry and community chaplaincy and contribute to the vibrancy and social value of the communities in which they live.

Like all aged care and community service providers, Lutheran Services has much to do to respond to government policy transformation, industry deregulation and unprecedented growth in our ageing population. Providers by necessity are becoming increasingly professionalised. As we respond to this it is important that we do not lose sight of our core purpose - to minister to human need in the name of Jesus Christ our Lord.

In 2017, With consultation and assistance from the Qld Bishop, a Diaconal witness statement has been developed. This summary has become our guidepost to ensure all our work is defined and grounded in a framework of Lutheran faith and ministry.

To embed this core theology of diaconal witness in all we do, in 2017 Lutheran Services developed a new Purpose Statement and refreshed the Lutheran Services organisational vision statement. This statement of purpose and vision will be used to focus our efforts and communicate internally and externally our intention to respond to the Lord Jesus' call to his people to serve as he served.

#### **Our Purpose**

- Lutheran Services exist to serve. It is our way of bringing Christian faith to life.

#### **Our Vision**

- As part of the Lutheran Church, Lutheran Services walks together with congregations, individuals and communities to tend to human need in the spirit of Christian love and service.
- The services, care and accommodation that we provide encourages the people we serve to pursue the life they wish for and Communities we are part of to thrive with the vibrancy of life.

## **Lutheran Community Care – An expression of the diaconal witness of the Church**

*A summary of the core theology of diaconal witness (or “diaconia”)  
In the work the Department of Community Care in the LCAQD*

1. Diaconal witness (diakonia) is core to the very essence of the Church.
2. Diaconal witness is the expression of the Lord Jesus’ call to his people to serve as he served (Mark 10:45)
3. Diaconal witness is shown where the people of God live out their baptism in service to the world.
4. Diaconal witness is centred in the “ministry” of the Church (CA5) in which the Lord Jesus commissions his people to proclaim the gospel in word and deed.
5. Diaconal witness is grounded in the revelation of the Triune God as the creator and preserver of life.
6. Diaconal witness is inspired the servant heart of Jesus Christ.
7. Diaconal witness is created through the call of Jesus Christ for his people to deny themselves, to take up the cross and follow him..
8. Diaconal witness is informed by the purposeful development of the work of care in the communities of the early Church, testified especially by the New Testament letters. (Acts 6)
9. Diaconal witness is the expression of the body of Christ caring for the parts of the body (1 Cor 12)
10. The Lutheran reformation established the work of care as the response of faith in which the Holy Spirit brings forth good works in the lives of believers.
11. The Lutheran reformation located diaconal witness in the theology of the “priesthood of all believers”. The work of the Church belongs to all the people of God including worship (leitourgia), witness (martyria), and service (diakonia).
12. The Lutheran reformation emphasised the freedom of the Christian to become servants of others as Christ serves. This service does not merit God’s grace.
13. The Lutheran reformation determined that all the work of the Church is grounded in the teaching of the Old and New Testaments.

14. The Lutheran reformation upheld the need to adequately train those who are to serve in the name of the Church.
15. The Lutheran reformation distinguished between the office of the public ministry for the proclamation of the word and administration of the sacraments and the complementary ministries of the Church servicing the needs of the “whole” person.
16. In our modern era ‘diaconal witness’ is often a significant public face of the Church as God extends his loving action into our communities through the work of the church, as it is expressed by our community care agencies. Therefore, the Lutheran Church needs to continually revisit how we frame this work in a theology that expresses Lutheran theology’s confessional integrity and theological rigour.
17. Diaconal witness ensures that people are engaged with God’s love in every day life.

## **4 Creating Value with the Communities We Serve**

### **4.1 Services Redevelopment**

The past year has seen Lutheran Services progress with the redevelopment program for its Services with a number of major milestones achieved.

The most notable achievements have been obtaining development consents from Brisbane City Council for Stage 1 at Zion, Nundah and from Toowoomba Regional Council for Stage 1 at Salem, Hume Street, Toowoomba.

Stage 1 at Zion, Nundah is an exciting step forward for Lutheran Services as it embarks on the creation of a contemporary vertical retirement living community. This will be the first vertical (high rise) retirement living accommodation in Lutheran Services's portfolio and, it is hoped, will positively reposition Lutheran Services's reputation and product offering in the Brisbane market.

The major theme of the project is one of flourishing with a significant emphasis on gardens and landscaping throughout the building, not only on the ground level but vertically through the use of 'green walls', open terraces, a roof top garden and communal area. The project comprises 52 apartments in a mix of generously sized 1, 2 and 3 bedroom apartments each with its own dedicated secure car parking space, a publicly accessible café on the ground floor to provide engagement with the community and create activity, a library space, rooftop garden and communal area for residents, a dedicated potting area on the ground floor and open air terrace areas for quiet reflection and the opportunity for informal 'neighbourhood chats'.

Similarly, the Stage 1 redevelopment of Salem, Hume Street will transform Lutheran Services's position and service offering in the Toowoomba and wider Darling Downs community by adaptively reusing part of the existing Hume Street facility whilst demolishing and replacing some of the oldest sections.

The project will see the creation of 35 new suites and the redevelopment of 19 existing rooms into contemporary suites. Each suite will have a separate sitting area for residents to use themselves as well as entertain family and friends, a kitchenette, ensuite bathroom and small terrace. The main entrance for the Service will be reinvigorated and relocated to provide an attractive and welcoming experience to residents, their family and friends as well as the wider community. Staff will be housed in dedicated and modern office accommodation through the adaptive reuse of the existing garage area.

However, the centrepiece of the project will be the creation of an extensive rooftop garden, entertainment and recreation space featuring arboreal, a gathering space, fruit trees, chicken coop and shaded sitting areas for all residents to enjoy. This is a much-needed addition to a Service which currently has no external garden area for residents.

Along with these 2 exciting projects, work continues apace across all Lutheran Services with multiple work streams being undertaken concurrently at master planning level as well as commencement of detailed designs for the next phase of new facilities.

#### **4.2 Uplift Projects**

Whilst much progress has been made on the Services Redevelopment program, a separate and dedicated team has been undertaking 'uplift projects' across all of the Services. The uplift projects are in recognition of the fact that major projects have long gestation periods and in that time we need to ensure the amenity enjoyed by our residents and staff is maintained and improved.

The uplift projects are focused on bringing joy to our residents in their daily activities and the first project completed was a modernization of the dining room at Zion, Nundah. The dining room was completely refurbished with new dining tables and chairs, a contemporary colour scheme and artworks as well as new electronic ordering systems and visual displays of menus, etc.

A number of projects have been completed at Trinder Park including a dining room and garden / and recreation room for the memory care programme. This latter project was focused on ensuring that residents, their family and friends as well as care staff could access an outdoor area and enjoy a lush garden environment safely.

Works have also been undertaken at Immanuel Gardens, Buderim, Wahroonga, and further extensive works are about to commence at Orana, Kingaroy, including interior decorating, some rebuild and repurpose, and an overall refit to provide a better flow and practicality of buildings.

Once again, the focus of these projects is on improving the amenity for residents to ensure their lives are as joyful as possible irrespective of their care needs.

#### **4.3 Community Services Ministry Developments**

This year, our community services ministry has been focused on consolidating and introducing consistent systems and structures that support and enable quality service delivery.

This forms part one of a three year plan to extend our community services footprint across South East Queensland and continue to deliver an exceptional service for our clients.

During the past eighteen months our efforts have been centred on introducing consistent practice across sites, including sophisticated case management training, professional boundaries training, accessible information technology use, and building stronger communication across sites.

We have shifted the paradigm from a silo approach to service delivery that duplicated resources and brought an inconsistent approach, to professional practice of a collective system that enhances professional development opportunities for staff, confidence in systems, and processes that allow for high quality service to our clients and our community.

Over the next eighteen months we will be shifting our focus to celebrate and share our programs and outcomes with our communities. The aim is to be a solid contributor to healthy communities that are supported and have access to services when and how they require them.

#### **4.4 NDIS Introduction**

The introduction of the National Disability Insurance Scheme (NDIS) comes fully into effect for Lutheran Services in 2019. Our work to position ourselves as informed and well equipped to work with the scheme is well underway.

We have introduced a pilot program in Toowoomba that will allow us to examine our systems and structures in a live environment and make adjustments according to what we learn at this test site.

We will see our first small service “Somerset” enter the NDIS from the 1 July, 2017 and this too will inform how we work with NDIS into the future. We are well placed to test our services under this new scheme in a very low risk environment.

#### **4.5 Other Services**

We are now approved by the Department of Communities to deliver a school chaplaincy program. This opportunity, through Intercept Youth and Family Service at Caboolture, came about as a result of a relationship with a local Lutheran school.

We have begun examining our current service practice at Mary & Martha’s domestic and family violence facility. Specifically we want to understand the level and depth of impact our current programs and support are having on families who transition through this services. It is also imperative we understand the gaps in service provision across the sector to inform how we need to grow into the future.

Collaborative partnerships continue to be vital for creating lasting social value in our communities. We continue to focus on collaboration within communities to fill gaps, rather than duplicating existing services or competing against other providers.

An example of this approach can be found at Kingaroy where we began developing research from a peer perspective about the services and gaps in the community. This research was a collaborative effort with many providers, families, carers and individuals contributing to the findings which lead to the following recommendations:

Recommendation 1:                    Develop peer workforces in Kingaroy (whether formal or informal) utilising suitable peer models.

Recommendation 2:	Develop a support services coordinator role, undertaken by a person with a lived experience of mental illness.
Recommendation 3:	Establish a drop-in centre or community centre.
Recommendation 4:	Develop supported accommodation programs.
Recommendation 5:	All services take a flexible, professional and individualised approach to service delivery.

Lutheran Services has employed a person with a lived experience to deliver on recommendation 2 and we have engaged some research (partially funded by Life Line Toowoomba) to understand how we can support and deliver on recommendation 4.

Other services will work to meet the remaining recommendations to fit with their current set of experience.

This has been a successful community project that will have long lasting results to provide much needed support for mental health in the Kingaroy community.

**Our achievements over the past year include:**

- National, Bronze Award from Crime and Violence Prevention Awards for our Youth Justice Employment and Training program.
- Introduction of NDIS pilot.
- Staff have access to professional supervision across sites.
- Introduction of a new mental health program in the Sunshine Coast Hinterland.
- Extension of our brokerage program which enables other services to request Lutheran Services to deliver on their behalf.
- A permanent home for Somerset has been identified.
- Full accreditation received from IHAC, Institute for Health Communities Australia.
- Commenced business planning of new Home Care packages rollout.

**4.6 Community Chaplaincy Ministry**

Our Chaplaincy team continues to be a central part of our Lutheran Services ministry.

In acknowledgement of the comfort the Aged Care ministry offers to residents, the team has grown to include 14 full-time and part-time lay and ordained chaplains.

Collectively, within the Age Care team, they provide approximately 350 hours of spiritual support per week (or 18,200 hours per year) across Lutheran Services sites. Industry data indicates we are one of the few churches and charitable organisation that offers full-time chaplains at every aged care service. Investment for Age Care Chaplaincy alone for Lutheran Services is over \$700,000 per year.

Amongst our residents and clients, and others in the broader community whom our chaplains serve it is remarked often by both Lutherans and non-Lutherans that chaplains are valued within and vital to our services. That’s why Lutheran Services has plans to build out

and strengthen our network of both ordained and lay chaplains across South East Queensland, in both our facilities and others such as hospitals.

Chaplaincy has long been a large part of how Lutheran Services conducts ministry. There are opportunities for growing this vibrant, healthy, flourishing ministry that we will continue to take advantage of as we head into the year ahead. Our work in supporting our hospital chaplains has resulted in deeply meaningful connections across the Queensland community.

Expanding chaplaincy also offers opportunities for Lutherans in the community who feel called to serve. Our current chaplains describe their work as a rewarding way to give evidence to faith. We strive to continuously improve the support we provide our chaplains. The future of community chaplaincy is bright at Lutheran Services and across South East Queensland.

## **5 A Spotlight on Key Ministries**

### **5.1 Alondra Residences – a good life for the people and communities we serve**

Plans for Lutheran Service's flagship retirement living service 'Alondra Residences' are well progressed with building anticipated to commence in the second half of 2017. Alondra Residences offers a retirement living option that challenges traditional perceptions of retirement living as being isolated and disconnected from the greater community. It is a key initiative in delivering on our strategic priorities to offer accommodation within supported living communities that people love to live in and share.

This retirement living alternative targeting the over 70s will be truly unique. The design is founded upon principles of community, care and support. Intergenerational flow and social connection are encouraged by the built environment and contemporary service design, creating a vibrant and flourishing supported living community that is engaged and connected with the broader Nundah neighbourhood.

Alondra Residences will be an eight story high rise residential building offering a total of 52 apartments that are a mix of one, two and three bedrooms. It is located in Union Street Nundah, Brisbane across the road from our existing Zion Aged Care service and forms Stage 1 of the wider redevelopment planned for Zion. Longer term, Zion will be redeveloped to become a state of the art supported living community with more independent living apartments being developed to suit a range of budgets.

Each Alondra Residences apartment is conceived as a home, with the characteristics of a house such as kitchens located adjacent to generous balconies and serveries to outside, cross ventilation to minimise air-conditioning and generous storage and laundries to support home living.

There are no boxed in lift lobbies and corridors. Each lobby is a naturally ventilated open mezzanine to the north-east, where residents can enjoy the breezes, sunshine and garden settings. These incidental gathering spaces offer opportunities for sitting, talking and sharing and supplement the other key activity spaces including a:

- street café, to encourage interaction between the general public and residents
- ground floor art lobby, to host local artists and events
- potting shed, to enable continuing gardening activities
- library, to support ongoing learning, study, book club and talking events, and
- roof top community space and garden, with flexibility to cater for a range of semi-outdoor dining, meetings, movie night, crafts, health and exercise activities.

The name of the development 'Alondra residences' has been selected purposefully. 'Alondra' is the Spanish word for Lark. Dictionary.com defines lark (songbird) as being, a merry, carefree adventure, a frolic or an escapade. The lark is one of the few birds that can sing while flying and is capable of a broad range of sounds. The word 'Alondra' truly does represent the 'vibrancy of life' which is the essence of the Alondra residences development.

## **5.2 Daliya House – Gap Initiative Program**

The Gap Initiative Program is just one of six programs at Graceville in Nambour serving up to 120 clients at any one time. This particular program enables a person experiencing a mental illness and who is at risk of homelessness access to short-stay community accommodation. Daliya House is much more than crisis accommodation available at the end of a hospital stay or when a client is homeless.

The non-clinical environment is home-like and nurtures feelings of self-responsibility and capacity. The approach used at Daliya House is one that encourages self responsibility in terms of meal preparation and self-care to maintain independent living skills, so important in this four-week program.

One recent client's family wrote: "I would like to thank you all for the wonderful services and care you have provided to 'Andrew'. Over the past couple of years he has grown in confidence and developed skills ... I could only dream of. I have appreciated excellent communication between (the support worker) and me to keep me in the loop and the obvious good communication continues between the team. This has enabled us all to work towards the same goals. 'Andrew' is making wonderful progress towards developing his own self worth and having control over his life. For him to be able to think positively he has to have good, positive, caring people around him. Thank you again for being those people."

## **5.3 Peer Support Coordination - The Kingaroy Project**

Following extensive research that highlighted a lack of mental health coordination in the Kingaroy region, a peer support worker program was launched. The Peer Support Coordination (PSC) role is LUTHERAN SERVICES's commitment to improving mental health support in regional and rural areas.

Peer Support Coordination is based on a case coordination model of service delivery, and is staffed by a 'peer support worker' which is someone who has knowledge of what it's like to live with mental health issues. In addition to providing a point of contact for the community,

the coordination role played by the peer worker connects people with services they did not know existed.

#### **5.4 INTERCEPT – Youth Justice and Education and Training Program**

Securing funding and a commitment from three local high schools to channel their disengaged students into Intercept's alternative schooling program is a strong indication of the youth service's value in the local community. Intercept Youth and Family Service, in Caboolture runs the Youth Justice and Education and Training program in partnership with Caboolture Youth Justice.

The program enables young people from the Moreton Bay region to complete their school work and learn valuable social and life skills that will prepare them to become contributing citizens in their local community.

Besides the \$50,000 funding from Youth Pathways (through the Department of Education and Training), YJET also was awarded the bronze award in the 2016 Australian Crime and Violence Prevention Awards. The recognition was wonderful affirmation that the YJET program led to great outcomes, supporting research that finds education has a direct correlation with lowering criminal behaviour and lifting aspirations.

### **6 Financial Performance**

#### **6.1 Financial Performance**

The report which follows provides a summary of Lutheran Services's financial performance for the year ended 30 June 2016, as reported in the audited financial statements of Lutheran Services, and an update on financial performance at 28 February 2017.

Lutheran Services's consolidated operations including nine residential aged care services, nine retirement villages, six community services, three disability services and the Lutheran Services Support Centre.

Lutheran Services reports and is audited on a financial year cycle rather than a calendar year for reasons of economy and industry.

#### **6.2 Consolidated Financial Position**

##### **6.2.1 Profit and Loss**

At 30 June 2016, Lutheran Services recorded a net surplus of \$3.3 million. Lutheran Services's residential aged care operations reported a surplus for the year of \$4.1 million, with the retirement villages, community and disability services segments also reporting small surpluses for the year. In support of Lutheran Services's strategic plan, investment of \$1 million was undertaken in strategic initiatives including:

- Establishment of an organisational sales and marketing function.
- Development and implementation of a real property strategy to position the services of Lutheran Services to best meet emerging market demands.
- Increasing chaplaincy services and associated resources within Lutheran Services's aged care services.
- Regional workplace health and safety resourcing to better manage and support Lutheran Services's services and staff in maintaining safe workplaces.
- Undertaking a detailed assessment and gap analysis of community needs in the Kingaroy region.

The above initiatives have continued into the 2017 financial year and benefits are being realised across the organization including reductions in workplace health and safety incidences and associated workers compensation costs, targeted uplift of Lutheran Services's existing service infrastructure and implementation of a service coordination program in the Kingaroy region.

### 6.2.2 Balance Sheet

At 30 June 2016, the consolidated balance sheet for Lutheran Services reports a net equity position of \$72.7 million, an increase on the 2016 position of \$69.3 million. Lutheran Services's working capital ratio at 30 June 2016 was 85% which is above the target level of 80% and has remained at this level in the 2017 financial year to date.

Aged care accommodation payments and deposits showed a strong increase during the year (2016: \$111.5 million, 2015: \$94.4 million). Lutheran Services aims to maintain 100% capacity to repay payments and deposits. At 30 June 2016, Lutheran Services held the equivalent of 142% of accommodation payments and deposits and this level has been maintained in the 2017 financial year to date.

The balance of loans with LLL at 30 June 2016 was \$2.4 million. The table below provides the details of the loan balances:

Service	Loan Purpose	Original Loan (\$)	Loan Balance 30 June 2015
Graceville	Capital Development	1,531,477	1,393,826
Immanuel Gardens	Termite Restoration	597,946	303,274
Orana	Capital Development	3,157,564	714,209
<b>Total</b>		<b>5,286,987</b>	<b>2,411,309</b>

During the 2016 financial year repayments were made on all loan balances, totalling \$423,565 for the year. Apart from the amounts owing to LLL, Lutheran Services does not have any other borrowings.

In the 2017 financial year, strategic property acquisitions have been made at Cooroy, Gympie, Toowoomba and Fernvale to support the growth and development of Lutheran Services's service offerings to the community.

All legislative financial compliance requirements have been met by Lutheran Services for the year ended 30 June 2016 and an unqualified audit opinion was issued for the period. Additionally, no instances of non-compliance have occurred in the 2017 year to date.

Lutheran Services is forecasting a lower surplus in the 2017 financial year as investment continues in Lutheran Services's strategic priorities including physical infrastructure, service delivery models and service offerings, in addition to increasing regulatory and funding constraints.

### **6.3 Financial Statements**

The Lutheran Community Care Financial Statements for the year ended 30 June 2016 are attached as Appendix A

# **Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Community Care**

ABN: 47 291 464 804

**Financial Statements**

For the Year Ended 30 June 2016

# LCAQD - Lutheran Community Care

ABN: 47 291 464 804

For the Year Ended 30 June 2016

## CONTENTS

## Page

### Financial Statements

Statement of Profit or Loss and Other Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Declaration by Those Charged with Governance	25

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue & other income	3	95,408,179	91,150,464
Employee benefits expense		(69,602,414)	(63,354,207)
Depreciation, amortisation and impairments		(5,176,559)	(4,891,073)
Other operating expenses		(16,973,455)	(16,058,384)
Finance costs		(327,030)	(328,762)
<b>Surplus before capital grants and loss on transfer of assets/business</b>		<b>3,328,721</b>	<b>6,518,038</b>
Capital grants		-	671,401
Transfer of assets/business	4(b)	-	(249,398)
<b>Other comprehensive income, net of tax</b>		<b>3,328,721</b>	<b>6,940,041</b>
<b>Total comprehensive income for the year</b>		<b>3,328,721</b>	<b>6,940,041</b>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Statement of Financial Position

As At 30 June 2016

		Refer to note 1(c)	
	Note	2016	2015
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	107,868,823	86,305,343
Trade and other receivables	6	1,317,998	2,286,554
Other current assets		388,063	490,536
<b>Total current assets</b>		<b>109,574,884</b>	<b>89,082,433</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	60,254,180	60,404,559
Investment properties	8	36,758,196	36,587,880
Intangible assets	9	350,828	388,251
<b>Total non-current assets</b>		<b>97,363,204</b>	<b>97,380,690</b>
<b>TOTAL ASSETS</b>		<b>206,938,088</b>	<b>186,463,123</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	6,624,515	6,352,205
Current financial liabilities	11	595,542	676,363
Other current liabilities	12	115,969,040	99,067,691
Short-term provisions	13	8,393,777	7,836,470
<b>Total current liabilities</b>		<b>131,582,874</b>	<b>113,932,729</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	11	1,886,239	2,331,622
Other long-term provisions	13	792,353	850,871
<b>Total non-current liabilities</b>		<b>2,678,592</b>	<b>3,182,493</b>
<b>TOTAL LIABILITIES</b>		<b>134,261,466</b>	<b>117,115,222</b>
<b>NET ASSETS</b>		<b>72,676,622</b>	<b>69,347,901</b>
<b>EQUITY</b>			
Accumulated funds		72,676,622	69,347,901
<b>TOTAL EQUITY</b>		<b>72,676,622</b>	<b>69,347,901</b>

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

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

### Statement of Changes in Equity For the Year Ended 30 June 2016

2016

	Note	Accumulated	
		funds	Total
		\$	\$
Balance at 1 July 2015		69,347,901	69,347,901
Surplus after income tax expense for the year		3,328,721	3,328,721
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		3,328,721	3,328,721
<b>Balance at 30 June 2016</b>		<b>72,676,622</b>	<b>72,676,622</b>

2015

	Note	Accumulated	
		funds	Total
		\$	\$
Balance at 1 July 2014	14	62,407,860	62,407,860
Surplus after income tax		6,940,041	6,940,041
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		6,940,041	6,940,041
<b>Balance at 30 June 2015</b>		<b>69,347,901</b>	<b>69,347,901</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

### Statement of Cash Flows

For the Year Ended 30 June 2016

	Note	2016 \$	2015 \$
<b>Cash from operating activities:</b>			
Receipts from residents, funding and others		93,036,672	89,530,412
Payments to suppliers and employees		(87,571,411)	(79,813,867)
Interest received		2,257,003	2,599,413
Interest paid		(327,030)	(328,762)
Proceeds from residents contributions		35,055,347	24,766,371
Repayment of residents contributions		(15,352,538)	(16,411,362)
<b>Net cash provided by (used in) operating activities</b>	20	<u>27,098,043</u>	<u>20,342,205</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of property, plant and equipment		73,715	123,831
Acquisition of investment properties		(144,623)	100,056
Acquisition of property, plant and equipment		(4,970,593)	(11,593,865)
Payments for intangibles		(19,186)	(39,949)
<b>Net cash provided by (used in) investing activities</b>		<u>(5,060,687)</u>	<u>(11,409,927)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from capital grants		-	671,401
Proceeds from (repayment of) borrowings		(473,876)	155,802
<b>Net cash provided by (used in) financing activities</b>		<u>(473,876)</u>	<u>827,203</u>
<b>Net increase (decreases) in cash held</b>		<b>21,563,480</b>	<b>9,759,481</b>
Cash at beginning of financial year		<u>86,305,343</u>	<u>76,545,862</u>
<b>Cash at end of financial year</b>	5	<u>107,868,823</u>	<u>86,305,343</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

### 1 Statement of Significant Accounting Policies

#### (a) General information

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, the Australian Charities and Not-for-profits Commission Act 2012, the Aged Care Act 1997 and associated regulations as appropriate for not-for-profit oriented entities.

The financial report covers the entity of Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Community Care. Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Community Care consists of registered aged care facilities, retirement villages, disability, family and community services and the LCC Support Centre, all established and domiciled in Australia.

#### New, revised or amending Accounting Standards and Interpretations adopted

The entity applied, for the first time, certain standards and amendments which are effective for annual periods beginning on or after 1 July 2015. The nature of each new standard and/or amendment does not have a significant impact on the Financial Statement.

#### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the entity for the annual reporting period ended 30 June 2016. The entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the entity, are set out below.

#### AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed.

#### AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the entity.

#### AASB 16: Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the Responsible Entity anticipates that the adoption of AASB 16 will impact the entity's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### (b) Basis of preparation

#### Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs. All amounts reported have been rounded to the nearest dollar.

The entity is a not-for-profit entity for financial reporting purposes.

The Statement of Financial Position of the entity discloses total current assets of \$109,574,884 and total current liabilities of \$131,582,874. This partially arises because of the requirement under Australian Accounting Standards to classify Accommodation Bonds and Entry Contributions as a current liability, whereas the assets to which they relate, Property, Plant & Equipment and Investment Properties, are required to be classified as non-current assets. In practice, the rate at which the entity's retirement residents vacate their units and aged care facility residents depart the facility, and hence the rate at which the Entry Contributions/Accommodation Bonds will fall due for repayment, can be estimated on the basis of statistical tables. The entity's best estimate is that of the total Entry Contributions/Accommodation Bonds of \$111,454,610, only \$18,116,855 is statistically likely to be paid within the next 12 months. Further, if this amount was repayable, it is estimated that contributions of more than \$41,367,273 would be received from new residents.

After considering all available current information, those charged with governance have concluded there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due and payable and preparation of the financial statements on a going concern basis is appropriate.

### (c) Comparative figures

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

The entity has determined that it is appropriate for assets that fall under the Retirement Village Scheme and Rental Properties to be transferred out of property, plant and equipment to investment properties in accordance with AASB140. The directors believe that classifying these investments as investment property is a more appropriate accounting treatment and complies with the accounting standard.

As a result of the re-classification the comparable Statement of Financial Position at 30 June 2015 has been adjusted to move \$34,828,850 from property plant and equipment to investment properties (refer to Note 8). The directors have assessed the carrying value of the reclassified investment property and determined that it reflects the cost of such property.

Classification	Reported Balance at 30 June 2015	Reclassification of Reported Balances	Adjusted Balances for Comparatives at 30 June 2015
Property Plant and Equipment	95,233,409	(34,828,850)	60,404,559
Investment Properties	<u>1,759,030</u>	<u>34,828,850</u>	<u>36,587,880</u>
<b>Total</b>	<b>96,992,439</b>	<b>-</b>	<b>96,992,439</b>

### (d) Fair value

Fair value is the price that would be received on the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the entity. Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

### (e) Investment properties

Post reclassification referred to above, investment property is accounted for using the following accounting policy.

Land and Buildings have the function of investments and are regarded as composite assets. In accordance with applicable accounting standard, the buildings, including plant and equipment are depreciated.

Investments property is measure at cost, including transaction costs.

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

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised as profit or loss.

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

### (f) Property, plant and equipment

Classes of property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation and impairment losses. Where required under the terms of government funding agreements, purchases of capital items to the value of \$5,000 have been expensed in the period purchased.

#### Property

All freehold land is shown at cost. Freehold buildings are shown at cost less accumulated depreciation and impairment losses.

#### Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amounts are assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the entity includes the cost of the material, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

#### Depreciation

The depreciable amount of all fixed assets held at cost including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

Buildings - general	2.5%	Buildings - other	5-20%
Investment Properties	2.5-25%	Furniture & Fittings	15-20%
Plant and Equipment	2.5-25%	Computer Equipment	10-33%
Motor Vehicles	7.5-25%		

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

### (g) Financial Instruments

#### Recognition

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

#### Held-to-maturity investments

These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the entity are stated at amortised cost using the effective interest rate method.

#### Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

#### Impairment

At each reporting date, the entity assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

### (h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

### Notes to the Financial Statements For the Year Ended 30 June 2016

#### (i) Employee Benefits

##### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

##### *Other long-term employee benefits*

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

#### (j) 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.

#### (k) Borrowing Costs

Borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

#### (l) Income Tax

Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Community Care consists of registered charitable organisations and is therefore exempt from Income Tax under Sect 50-5 of the Income Tax Assessment Act 1997 except for income tax payable on interest earned in the Retirement Village Maintenance Reserve Funds which is recognised as an expense of the Retirement Village Scheme Operator where applicable.

#### (m) Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue in relation to rendering of service to residents is recognised when the service is provided to the residents.

Government grants and subsidies are recognised as income at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government subsidies are recognised based on actual resident/client classifications, with any adjustments required being made upon receipt of the funds from the Government.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Deferred management fee (DMF) revenue on retirement village assets is earned while the resident occupies the independent living unit and is recognised as income over the residents expected tenure. The expected tenure is calculated using historical trends of rollovers within the entity. DMF revenue is not discounted to present value, as the income is earned by reducing the existing resident loan.

Revenue is recognised when it is received or when the right to receive payment is established.

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

#### (n) Trade and other receivables

Accounts Receivables and other debtors include amounts due from residents and customers in the ordinary course of business. 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. Accounts receivable are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method less any provision for impairment.

#### (o) Trade and other payables

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

#### (p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

### (q) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives where it is likely that the entity will obtain ownership of the asset, or over the term of the lease.

Lease payments for operating leases, where substantially all risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

### (r) Government Grants

Government grants are recognised at fair value on receipt where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

### (s) Resident Entry Contributions / Accommodation Bonds

Resident Entry Contributions / Accommodation Bonds that are non-refundable are brought to account as income in the statement of profit or loss and other comprehensive income. Contributions / Accommodation Bonds that represent a liability at balance date are classified as current liabilities in the statement of financial position. Based on historical trends and experience it is likely that the majority of the liability recognised will not be payable within 12 months, however there is no unconditional right to defer settlement of the liability for more than 12 months and, therefore, the liability is recognised as current in its entirety.

Resident Entry Contributions / Accommodation Bonds are recorded at the current value of the contractual liability.

## 2 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires those charged with governance to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Those charged with governance continually evaluate judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Those charged with governance base these judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, believed to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Estimation of useful lives of assets

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

### Employee benefits provision

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

### Estimation of retirement villages residents tenure

An estimate has been made of the tenure of retirement village residents for the purpose of recognising the Deferred Management Fee (DMF) revenue relating to residents occupancy of the retirement village units. This estimate has been made with reference to the historical tenure period of residents and industry norms.

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

3 Revenue	2016	2015
	\$	\$
Operating activities		
- Resident Fees, Goods & Services Provided	19,518,592	18,415,795
- Investment Property Rental Income	927,860	819,707
- Government Grants & Subsidies Received	62,232,559	59,726,389
- <b>Total Operating Revenue</b>	<b>82,679,011</b>	<b>78,961,891</b>
- <b>Other Income</b>		
- Accommodation and other income	10,472,165	9,589,160
- <b>Interest received from</b>		
- Other Persons	2,257,003	2,599,413
- <b>Total Other Income</b>	<b>12,729,168</b>	<b>12,188,573</b>
<b>Total Revenue</b>	<b>95,408,179</b>	<b>91,150,464</b>

### 4 Surplus before income tax includes the following specific expenses

(a) Surplus before capital grants and loss on transfer of assets/business includes the following items:

	2016	2015
	\$	\$
Audit of the financial statements - BDO	133,850	106,673
Depreciation of investment properties	1,195,611	-
Depreciation of property, plant and equipment	3,924,339	4,836,828
Amortisation of intangible assets	56,609	54,245
Gain on disposal of property, plant and equipment (excluding loss on disposal of fixed assets associated with transfer of assets/business)	33,913	40,725

### (b) Transfer of Assets/Business

During the year ended 30 June 2015 services provided by LCAQD - Lutheran Community Care at Lowood were relocated to premises at Fernvale. As a result, certain assets intrinsic to the property were left at Lowood with beneficial ownership of the assets effectively transferring to LCAQD. The written down value of the assets in question at the time of transfer was \$249,398. The financial impact of this transfer is eliminated in the consolidated financial statements of the Lutheran Church of Australia Queensland District.

5 Cash and Cash Equivalents	2016	2015
	\$	\$
Cash in hand	23,487	23,642
Cash at Bank	4,595,967	10,563,196
Short-term bank deposits	103,249,369	75,718,505
	<b>107,868,823</b>	<b>86,305,343</b>

The effective interest rate on short-term bank deposits was 2.75% (2015: 3.25%); these deposits are available at call.

There are included in Cash at Bank certain amounts that are restricted for use due to the capital replacement fund established under section 91 and 92 of the Retirement Villages Act 1999 which cannot be used by the entity in its ordinary activities.

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

6 Trade and Other Receivables	2016	2015
	\$	\$
<b>Current</b>		
Trade receivables	949,540	1,917,855
Other receivables	368,458	368,699
	<u>1,317,998</u>	<u>2,286,554</u>

Receivables are reviewed annually for impairment. As at 30 June 2016 an amount of \$1,034,677 (2015: \$1,136,386) was past the due date for payment. The annual impairment review has resulted in recognition of doubtful debts of \$8,099.

Trade receivables that are neither past due nor impaired relate to entities with minimal credit risk. Due to their short term nature, the carrying amount of receivables is assumed to approximate fair value.

7 Property Plant and Equipment	2016	Restated 2015
	\$	\$
<b>Freehold land at cost</b>	<u>8,521,449</u>	<u>8,404,049</u>
<b>Buildings</b>		
At Cost	76,021,986	75,539,595
Accumulated Depreciation	(31,674,228)	(29,529,184)
<b>Total buildings</b>	<u>44,347,758</u>	<u>46,010,411</u>
<b>Total land and buildings</b>	<u>52,869,207</u>	<u>54,414,460</u>
<b>Plant and equipment</b>		
At Cost	13,918,304	13,156,815
Accumulated Depreciation	(11,775,498)	(11,102,419)
<b>Total plant and equipment</b>	<u>2,142,806</u>	<u>2,054,396</u>
<b>Furniture, fixtures and fittings</b>		
At Cost	6,276,722	5,956,348
Accumulated Depreciation	(4,937,009)	(4,577,708)
<b>Total furniture, fixtures and fittings</b>	<u>1,339,713</u>	<u>1,378,640</u>
<b>Motor vehicles</b>		
At Cost	2,340,004	2,142,044
Accumulated Depreciation	(1,753,040)	(1,532,888)
<b>Total motor vehicles</b>	<u>586,964</u>	<u>609,156</u>
<b>Computer equipment</b>		
At Cost	2,813,846	2,503,411
Accumulated Depreciation	(2,216,195)	(1,990,243)
<b>Total computer equipment</b>	<u>597,651</u>	<u>513,168</u>
<b>Capital Works in Progress</b>	<u>2,717,839</u>	<u>1,434,739</u>
<b>Total plant and equipment</b>	<u>7,384,973</u>	<u>5,990,099</u>
<b>Total property, plant and equipment</b>	<u>60,254,180</u>	<u>60,404,559</u>

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

### Movements in Carrying Amounts

2016	Capital Works in Progress	Land	Buildings	Plant and Equipment
	\$	\$	\$	\$
Balance at the beginning of year	1,434,739	8,404,049	46,010,411	2,054,396
Additions	3,281,648	85,562	36,005	721,462
Disposals	-	-	-	(4,464)
Transfer from Capital Works in Progress	(1,998,548)	33,443	484,370	125,548
Depreciation Expense	-	(1,605)	(2,183,028)	(754,136)
Carrying amount at the end of year	<b>2,717,839</b>	<b>8,521,449</b>	<b>44,347,758</b>	<b>2,142,806</b>

	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Total
	\$	\$	\$	\$
Balance at the beginning of year	1,378,640	609,156	513,168	60,404,559
Additions	237,100	404,624	302,578	5,068,979
Disposals	(4,959)	(61,855)	(2,437)	(73,715)
Transfer from Capital Works in Progress	122,323	-	11,560	(1,221,304)
Depreciation Expense	(393,391)	(364,961)	(227,218)	(3,924,339)
Carrying amount at the end of year	<b>1,339,713</b>	<b>586,964</b>	<b>597,651</b>	<b>60,254,180</b>

Restated 2015	Capital Works in Progress	Land	Buildings	Plant and Equipment
	\$	\$	\$	\$
Balance at the beginning of year	1,684,624	16,085,463	65,729,388	2,223,280
Additions	9,669,767	-	929,268	680,691
Disposals	-	(5,920)	(256,329)	(2,478)
Transfer from Capital Works in Progress	(9,919,652)	3,696,819	5,695,372	144,574
Reclassification to Investment property	-	(11,372,313)	(23,051,043)	(215,238)
Depreciation Expense	-	-	(3,036,245)	(776,433)
Carrying amount at the end of year	<b>1,434,739</b>	<b>8,404,049</b>	<b>46,010,411</b>	<b>2,054,396</b>

	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Total
	\$	\$	\$	\$
Balance at the beginning of year	1,488,052	793,725.0	537,438	88,541,970
Additions	189,242	249,795.0	142,008	11,860,771
Disposals	(1,201)	-65,481.0	(1,095)	(332,504)
Transfer from Capital Works in Progress	284,793	-	98,094	-
Reclassification to Investment property	(190,256)	-	-	(34,828,850)
Depreciation Expense	(391,990)	-368,883.0	(263,277)	(4,836,828)
Carrying amount at the end of year	<b>1,378,640</b>	<b>609,156</b>	<b>513,168</b>	<b>60,404,559</b>

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

<b>8 Investment Properties</b>	<b>2016</b>	<b>Restated 2015</b>
	\$	\$
At Cost	<u>36,758,196</u>	<u>36,587,880</u>

<b>Movements in Carrying Amounts</b>	<b>2016</b>	<b>Restated 2015</b>
	\$	\$
Balance at the beginning of year as previously reported	36,587,880	2,025,935
Additions	144,623	100,056
Disposals	-	(366,961)
Transfer from Capital Works in Progress	1,221,304	-
Reclassification to Investment Property	-	34,828,850
Depreciation Expense	(1,195,611)	-
Carrying amount at the end of year	<u>36,758,196</u>	<u>36,587,880</u>

<b>9 Intangible Assets</b>	<b>2016</b>	<b>2015</b>
	\$	\$
Intangible Assets		
At Cost	580,393	562,524
Accumulated Amortisation	(229,565)	(174,273)
<b>Total intangible assets</b>	<u>350,828</u>	<u>388,251</u>

### Movements in Carrying Amounts

<b>2016</b>	<b>Bed Licences</b>	<b>Computer Software</b>	<b>Total</b>
		\$	\$
Balance at the beginning of year	280,000	108,251	388,251
Additions	-	19,186	19,186
Amortisation Expense	-	(56,609)	(56,609)
Carrying amount at the end of year	<u>280,000</u>	<u>70,828</u>	<u>350,828</u>

<b>2015</b>	<b>Bed Licences</b>	<b>Computer Software</b>	<b>Total</b>
		\$	\$
Balance at the beginning of year	280,000	122,547	402,547
Additions	-	39,949	39,949
Amortisation Expense	-	(54,245)	(54,245)
Carrying amount at the end of year	<u>280,000</u>	<u>108,251</u>	<u>388,251</u>

<b>10 Trade and Other Payables</b>	<b>2016</b>	<b>2015</b>
<b>Current</b>	\$	\$
Trade payables	3,669,378	3,219,811
Other payables	968,028	973,249
Accrued expenses	1,987,109	2,159,145
	<u>6,624,515</u>	<u>6,352,205</u>

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

11 Financial Liabilities	2016	2015
Current	\$	\$
Loan - Related Party	5,350	20,294
Loan - Other	590,192	656,069
<b>Total</b>	<b>595,542</b>	<b>676,363</b>

Non-Current	2016	2015
	\$	\$
Loan - Other	1,886,239	2,331,622
<b>Total</b>	<b>1,886,239</b>	<b>2,331,622</b>

12 Other Liabilities	2016	2015
Current	\$	\$
Income in advance	4,514,430	4,619,116
Accommodation Bond/Entry Contribution	111,454,610	94,448,575
<b>Total</b>	<b>115,969,040</b>	<b>99,067,691</b>

The carrying amounts of other liabilities are assumed to approximate the fair values. The impact of discounting has been determined not to be significant.

13 Provisions	2016	2015
Employee Benefits	\$	\$
Current	8,393,777	7,836,470
Non-current	792,353	850,871
	<b>9,186,130</b>	<b>8,687,341</b>

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

### 14 Reserves

#### (a) Government Capital Subsidies Reserve

The government capital subsidies reserve recorded grants received from the government in relation to capital building projects undertaken by the entity. There is no requirement for these to be repaid whilst the facility continues to operate in the same manner as when the grants were provided.

### 15 Key Management Personnel Compensation

#### 2016 Benefits

Short term benefits					
Salary & Fees	Superannuation Contribution	Non-cash Benefits	Other long term benefits	Termination benefits	Total
\$ 1,306,379	\$ 163,662	\$ 358,480	\$ -	\$ 70,081	\$ 1,898,602

#### 2015 Benefits

Short term benefits					
Salary & Fees	Superannuation Contribution	Non-cash Benefits	Other long term benefits	Termination benefits	Total
\$ 1,243,945	\$ 211,607	\$ 306,593	\$ -	\$ 1,211	\$ 1,763,356

### 16 Capital and Leasing Commitments

#### (a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	2016	2015
	\$	\$
Payable - minimum lease payments		
- not later than 12 months	48,675	61,669
- between 12 months and 5 years	53,277	53,277
	<u>101,952</u>	<u>114,946</u>

#### (b) Capital Expenditure Commitments

Capital expenditure commitments contracted for:

	2016	2015
	\$	\$
Plant and equipment purchases	499,261	8,677
Capital expenditure projects	1,357,904	449,000
	<u>1,857,165</u>	<u>457,677</u>
Payable:		
- not later than 12 months	1,857,165	457,677
	<u>1,857,165</u>	<u>457,677</u>

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

### 17 Contingent liabilities and Contingent Assets

Estimates of the potential financial effect of contingent liabilities that may become payable:

#### (a) Government Capital Grants

Pursuant to the conditions attached to Government Capital Grants, the entity is contingently liable to repay, based on a formula, all or part of the grants received if the project to which the funds applied ceases to be used for the purpose approved, or is sold or otherwise disposed of within twenty years of the completion of the project.

The maximum contingent liability as at 30 June 2016 is nil (2015: \$396,000).

#### (b) Funding Surpluses

The entities within the Community Services division of LCAQD - Lutheran Community Care Consolidated receive funding from various government agencies which include the Department of Social Services, Department of Communities, Child Safety and Disability Services, Queensland Health, Sunshine Coast Medicare Local, Department of Education and Training, Department of Justice, Gambling Community Benefit Fund and the Department of Housing and Public Works. A condition of the funding is that any allocated funding not expended in carrying out the specified services will be refunded or repaid by reduction of next year's grant. At 30 June 2016 the entity had consolidated prior year surpluses of \$144,271 carried forward.

### 18 Segment Reporting

#### (a) Identification of reportable operating segments

LCAQD – Lutheran Community Care is organised into four operating segments: Residential Aged Care, Retirement Village, Community Service and Support Centre. These operating segments are based on the internal reports that are reviewed and used by the Board of Governance (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The information reported to the CODM is on at least a monthly basis.

#### (b) Business Segment Products or Services

The principal products and services of each of these operating segments are as follows:

- |                          |   |
|--------------------------|---|
| a) Residential Aged Care | Provision of accommodation with personal care services for the frail aged.  |
| b) Retirement Village    | Provision of accommodation for aged residents.  |
| c) Community Services    | Provision of direct support for to various sectors of the broader community including disability services, emergency relief services and youth and family support services. |
| d) Support Centre        | Provision of strategic leadership, management and oversight of the operations of the organisation.  |

#### (c) Intersegment transactions

Intersegment transactions were made at market rates and have been eliminated appropriately.

#### (d) Intersegment receivables, payables and loans

There are no intersegment receivables, payable or loans at year end as these have all been eliminated appropriately.

#### (e) Major customer

External revenue is derived from a variety sources and there is no single customer who contributes a significant portion of the entity's external revenue with the exception of funding received from State and Federal Governments.

#### (f) Geographical Segments

The entity operates in one geographical region being Queensland.

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

(g) Detailed table

Primary reporting - Business segments

	Residential Aged Care		Retirement Village		Community Services	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>						
Government Grants & Subsidies	50,812,493	49,530,570	-	-	11,295,539	10,135,096
Resident Fees, Goods & Services	18,933,002	18,120,462	415,841	399,103	1,060,777	710,599
Capital grants	-	631,442	-	-	-	39,959
Bond retentions/deferred management fees	428,054	637,082	1,520,773	1,514,009	-	-
Interest income	1,703,762	1,942,011	295,177	456,035	49,590	51,047
Donations	274,333	101,507	1,121	2,048	40,053	17,921
Other Income	8,168,538	7,234,400	1,079,312	794,269	9,441	35,245
<b>Total revenue</b>	<b>80,320,182</b>	<b>78,197,474</b>	<b>3,312,224</b>	<b>3,165,464</b>	<b>12,455,400</b>	<b>10,989,867</b>
<b>EXPENSES</b>						
Care employee expenses	27,205,501	25,503,916	-	-	-	-
Other employee expenses	26,534,950	24,531,078	207,347	197,592	9,230,606	7,798,801
Management fees	7,182,483	6,805,285	195,515	240,757	840,467	725,345
Interest expense	233,282	228,214	17,208	31,935	71,850	59,509
Depreciation & amortisation	3,445,576	3,305,947	1,073,586	969,683	325,512	304,637
Other Expenses	11,617,220	11,196,164	1,658,312	1,395,243	1,944,406	2,118,658
<b>Total expenses</b>	<b>76,219,012</b>	<b>71,570,604</b>	<b>3,151,968</b>	<b>2,835,210</b>	<b>12,412,841</b>	<b>11,006,950</b>
<b>RESULT</b>						
Net profit before tax	4,101,170	6,626,870	160,256	330,254	42,559	(17,083)
<b>ASSETS</b>						
Segment current assets	103,877,253	81,444,256	1,641,274	3,152,664	4,391,622	4,217,153
Segment non-current assets	61,808,732	61,778,681	26,090,828	26,395,842	7,501,447	6,603,334
<b>Segment total assets</b>	<b>165,685,985</b>	<b>143,222,937</b>	<b>27,732,102</b>	<b>29,548,506</b>	<b>11,893,069</b>	<b>10,820,487</b>
<b>LIABILITIES</b>						
Segment current liabilities	76,122,486	61,868,778	49,324,285	46,787,552	4,510,038	3,426,682
Segment non-current liabilities	918,401	1,327,880	287,406	283,136	1,348,158	1,401,491
<b>Segment total liabilities</b>	<b>77,040,887</b>	<b>63,196,658</b>	<b>49,611,691</b>	<b>47,070,688</b>	<b>5,858,196</b>	<b>4,828,173</b>
<b>OTHER</b>						
Segment accommodation bond liabilities	65,394,321	51,047,700	46,059,679	43,400,006	610	869
Segment interest-bearing borrowings	944,256	1,147,738	317,810	378,506	1,533,826	1,639,134

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

(g) Detailed table continued

	Support Centre		Intersegment Eliminations		Total	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
<b>REVENUE</b>						
Government Grants & Subsidies	124,527	60,723	-	-	62,232,559	59,726,389
Resident Fees, Goods & Services	8,702,790	8,162,269	(8,665,958)	(8,156,931)	20,446,452	19,235,502
Capital grants	-	-	-	-	-	671,401
Bond retentions/deferred management fees	-	-	-	-	1,948,827	2,151,091
Interest income	208,474	150,320	-	-	2,257,003	2,599,413
Donations	1,395	23,420	-	-	316,902	144,896
Other Income	27,991	19,605	(1,078,846)	(790,346)	8,206,436	7,293,173
<b>Total revenue</b>	<b>9,065,177</b>	<b>8,416,337</b>	<b>(9,744,804)</b>	<b>(8,947,277)</b>	<b>95,408,179</b>	<b>91,821,865</b>
<b>EXPENSES</b>						
Care employee expenses	-	-	-	-	27,205,501	25,503,916
Other employee expenses	6,774,542	5,612,217	(350,532)	(289,397)	42,396,913	37,850,291
Management fees	2,244	3,300	(8,315,425)	(7,867,534)	(94,716)	(92,847)
Interest expense	4,690	9,104	-	-	327,030	328,762
Depreciation & amortisation	331,885	310,806	-	-	5,176,559	4,891,073
Other Expenses	2,927,080	2,480,910	(1,078,847)	(790,346)	17,068,171	16,400,629
<b>Total expenses</b>	<b>10,040,441</b>	<b>8,416,337</b>	<b>(9,744,804)</b>	<b>(8,947,277)</b>	<b>92,079,458</b>	<b>84,881,824</b>
<b>RESULT</b>						
Net profit before tax	(975,264)	-	-	-	3,328,721	6,940,041
<b>ASSETS</b>						
Segment current assets	96,918,256	73,330,068	(97,253,520)	(73,061,708)	109,574,884	89,082,433
Segment non-current assets	1,962,197	2,602,833	-	-	97,363,204	97,380,690
<b>Segment total assets</b>	<b>98,880,453</b>	<b>75,932,901</b>	<b>(97,253,520)</b>	<b>(73,061,708)</b>	<b>206,938,088</b>	<b>186,463,123</b>
<b>LIABILITIES</b>						
Segment current liabilities	98,915,334	74,947,174	(97,289,269)	(73,097,457)	131,582,874	113,932,729
Segment non-current liabilities	88,877	134,237	35,749	35,749	2,678,592	3,182,493
<b>Segment total liabilities</b>	<b>99,004,211</b>	<b>75,081,411</b>	<b>(97,253,520)</b>	<b>(73,061,708)</b>	<b>134,261,466</b>	<b>117,115,222</b>
<b>OTHER</b>						
Segment accommodation bond liabilities	-	-	-	-	111,454,610	94,448,575
Segment interest-bearing borrowings	50,587	103,808	(370,048)	(281,495)	2,476,432	2,987,691

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

### 19 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

#### Detailed table

The effective controlling body of Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Community Care is the Lutheran Church of Australia QLD District (LCAQD). The effective controlling body of LCAQD is the Lutheran Church of Australia (LCA) and all transactions between LCAQD - Lutheran Community Care and entities under the control of the LCA, including LCAQD and the LCA's internal charitable investment institution the Lutheran Laypeoples League, are considered related party transactions. The following related party transactions are included in the reported results:

	2016	2015
	\$	\$
a) Rent and outgoings paid to LCAQD	483,539	378,618
b) Governance contribution paid to LCAQD	129,226	68,970
c) Staff salaries & wages paid to LCAQD	461,607	253,773
At balance date the following related party balances are included in the reported position:		
d) Payable from LCAQD - Lutheran Community Care to LCAQD	679	43,335
e) Loan amounts owing to the Lutheran Laypeoples League	2,411,309	2,834,874

Loan amounts provided by Lutheran Laypeoples League are secured by matching deposits. No related party bad or doubtful debts have been recognised in the financial results.

### 20 Cash Flow Information

#### Reconciliation of Cash Flow from Operations with Surplus/(Deficit) after Income Tax

	2016	2015
	\$	\$
<b>Net surplus after income tax for the period</b>	<b>3,328,721</b>	<b>6,940,041</b>
<i>Cash flows excluded from surplus attributable to operating activities:</i>		
Capital Grant	-	(671,401)
<i>Non-cash flows in surplus from operating activities:</i>		
Depreciation and amortisation	5,176,559	4,891,073
Net (gain)/loss on disposal of property, plant and equipment	(31,897)	208,673
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and term receivables	975,751	7,196,763
(Increase)/decrease in other assets	102,474	(69,759)
(Increase)/decrease in inventories	-	176,529
Increase/(decrease) in trade payables and accruals	(2,655,190)	(7,303,391)
Increase/(decrease) in resident contributions	19,702,809	8,355,009
Increase/(decrease) in provisions	498,815	618,668
<b>Net cash provided by operating activities</b>	<b>27,098,043</b>	<b>20,342,205</b>

### 21 Events After the Balance Sheet Date

As at the date of this report there are no significant after balance sheet date events.

### 22 Economic Dependence

The entity is dependent on the continued use and availability of property owned by the Lutheran Church of Australia QLD District (LCAQD).

The entity's ability to continue to operate in its current capacity is dependent upon receipt of ongoing operational funding from the Federal and State Government. Those charged with governance are confident, based on historical information and governmental policy, that this funding support will continue to be provided.

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

### 23 Financial Instruments

Categories of Financial Instruments	2016	2015
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	107,868,823	86,305,343
Trade and other receivables	1,317,998	2,286,554
<b>Financial liabilities</b>		
Loans - Amortised cost	2,481,781	3,007,986
Trade and other payables	4,637,406	4,193,060
Resident entry contributions / Accommodation Bonds	111,454,610	94,448,575

In common with all other businesses, the entity is exposed to risks that arise from its use of financial instruments. This note describes the entity's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

#### (a) Financial Risk Management

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and leases.

The main purpose of non-derivative financial instruments is to raise finance for the entity's operations.

The entity does not have any derivative instruments at 30 June 2016.

#### (i) Treasury Risk Management

A standing Finance, Audit and Risk Management Committee, as required by the Lutheran Community Care Governance Manual, meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

#### (ii) Financial Risks

The main risks the entity is exposed to through its financial instruments are interest rate risk and liquidity risk.

#### (iii) Interest Rate Risk

The entity invests surplus cash in short term bank deposits. The entity monitors its interest rate exposure continuously. The entity also considers on a continuous basis alternatives to current financing opportunities.

The entity has assessed sensitivity to interest rate fluctuations. Cash held on deposit is the only financial instrument exposed to interest rate fluctuations. An increase/decrease of 100 basis points in interest rates would have increased/decreased the entity's cash held on deposit by \$1,032,494 (2015: \$757,185). This sensitivity analysis assumes that all other variables remain constant.

#### (iv) Foreign Currency Risk

The entity is not exposed to any significant foreign currency risk.

#### (v) Liquidity Risk

Vigilant liquidity risk management requires the entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable. The entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

#### (vi) Credit Risk

The entity is not exposed to any significant credit risk.

#### (vii) Price Risk

The entity is not exposed to any significant commodity price risk.

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

### (b) Remaining contractual maturities

The following table detail the entity's remaining contractual maturity for its financial instrument liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The table includes both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted Average Effective Interest Rate		Contractual Obligation Within 1 Year		Contractual Obligation Between 1 and 2 Years	
	2016	2015	2016	2015	2016	2015
	%	%	\$	\$	\$	\$
<b>Non-derivatives</b>						
Non-interest bearing						
Trade payables			3,669,378	3,219,811	-	-
Other payables			968,028	973,249	-	-
Resident entry contributions / Accommodation Bonds			111,454,610	94,448,575	-	-
<b>Interest bearing - fixed rate</b>						
Loans	5.00%	5.00%	545,277	545,277	545,277	545,277
Hire Purchase	6.98%	7.25%	44,915	110,791	18,322	39,935
<b>Total non-derivatives</b>			<b>116,682,208</b>	<b>99,297,703</b>	<b>563,599</b>	<b>585,212</b>

	Contractual Obligation Between 2 and 5 Years		Contractual Obligation Greater Than 5 Years		Remaining Contractual Maturities	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
<b>Non-derivatives</b>						
Non-interest bearing						
Trade payables	-	-	-	-	3,669,378	3,219,811
Other payables	-	-	-	-	968,028	973,249
Resident entry contributions / Accommodation Bonds	-	-	-	-	111,454,610	94,448,575
<b>Interest bearing - fixed rate</b>						
Loans	772,750	1,121,350	1,076,678	1,313,262	2,939,982	3,525,166
Hire Purchase	6,225	13,342	-	-	69,462	164,068
<b>Total non-derivatives</b>	<b>778,975</b>	<b>1,134,692</b>	<b>1,076,678</b>	<b>1,313,262</b>	<b>119,101,459</b>	<b>102,330,869</b>

### (c) Fair Value

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

Notes to the Financial Statements  
For the Year Ended 30 June 2016

### 24 Entity Details

The principal places of business of the entity are:

Support Centre:

Lutheran Community Care - 24 McDougall Street, Milton, QLD 4064

Aged Care Services (including Retirement Villages):

Immanuel Gardens Retirement Village - 10 Magnetic Drive,  
Buderim, QLD 4556

Orana Lutheran Complex - MacDiarmid Street, Kingaroy QLD  
4610

Salem Lutheran Rest Home - 280 Hume Street, Toowoomba,  
QLD 4350

St Andrews Lutheran Aged Care - 2 Sullivan Road,  
Tallebudgera, QLD 4228

St Pauls Lutheran Aged Care - Tomlinson Road, Caboolture,  
QLD 4510

Tabeel Lutheran Home - 27 Ambrose Street, Laidley, QLD 4341

Teviot Villas Boonah - 16 Church Street, Boonah, QLD 4310

Trinder Park Rest Home - 10 Laurel Avenue, Woodridge, QLD  
4114

Wahroonga Retirement Village - Wahroonga Street, Biloela,  
QLD 4715

Zion Lutheran Home - 24 Union Street, Nundah, QLD 4012

Zion Retirement Village - 10 O'Connell Street, Gympie, QLD  
4570

Community Services:

Graceville Centre, Nambour

Keystone Disability Centre, Woodridge

Trinity Disability Support Service, Southport

Bridges Reconnect, Woodridge

Good Shepherd Emergency Relief Services, Brisbane

Intercept Family & Community Services, Caboolture

Somerset Community Services, Lowood

Mary & Martha's Women's Refuge, c/- Milton

The registered office of the controlling entity is:

Lutheran Community Care

24 McDougall Street

Milton QLD 4064

## LCAQD - Lutheran Community Care

ABN: 47 291 464 804

### Declaration By Those Charged With Governance

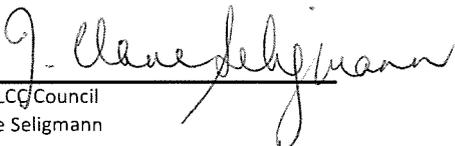
Those Charged with Governance of Lutheran Church of Australia Queensland District (LCAQD) - Lutheran Community Care declare that:

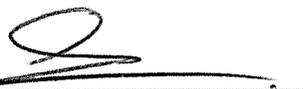
1. The financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, as set out on pages 1 to 24, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, the Aged Care Act 1997 and:

- a. comply with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulations 2013; and
- b. give a true and fair view of the entity's financial position as at 30 June 2016 and of its performance for the year ended on that date.

2. In the opinion of Those Charged with Governance, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Those Charged with Governance.

  
Chair - LCC Council  
Dr. Clare Seligmann

  
Chair - Finance, Audit and Risk Management Committee  
Stephen Cullen

Dated

5/9/16

## INDEPENDENT AUDITOR'S REPORT

To the members of Lutheran Church of Australia Queensland District - Lutheran Community Care

### Report on the Financial Report

We have audited the accompanying financial report of Lutheran Church of Australia Queensland District - Lutheran Community Care, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other 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 other explanatory information, and the responsible entities' declaration.

### Responsible Entities' Responsibility for the Financial Report

The responsible entities of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and for such internal control as the responsible entities 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the responsible entities' preparation of the financial report that gives a true and fair view 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 registered entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the responsible entities, as well as evaluating the overall presentation of the financial report.

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

### Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.



## Opinion

In our opinion the financial report of Lutheran Church of Australia Queensland District - Lutheran Community Care has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 30 June 2016 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

**BDO Audit Pty Ltd**

BDO

A handwritten signature in black ink, appearing to read 'CJ Skelton', with a long horizontal flourish extending to the right.

**CJ Skelton**  
Director

Brisbane, 5 September 2016