

CHAIRMAN'S REPORT



On behalf of the Board of Christian Brethren Community Services I am pleased to present the Chairman's Annual Report for the Financial year 2010/11.

During the past year the Ministry of CBCS has witnessed both further growth and consolidation. It is pleasing to be able to report that Groves House the latest expansion of the Ministry's facility reported on last year is now fully occupied and operating well.

We continue to be confronted with challenges initiated from a number of areas. The response to these challenges and how they are dealt with will have a significant impact on the effectiveness, nature and scope of the Ministry in the years ahead.

The report by the Productivity Commission commissioned by the Federal Government was released recently for community appraisal and comment. If adopted, some recommendations from this report will have significant repercussions on the future structure of the Aged care industry. Whilst there is no clear decision from the Government as to how and when any of the recommendations will be adopted, the Board is seeking to ensure that the Ministry of CBCS is positioned adequately to cope with any changes that may come about.

To enable the Ministry to achieve this preparedness a Strategic Plan outlining a significant facility refurbishment and growth strategy has been developed. This plan seeks to ensure that the critical mass of the Ministry is such that it will be able to maintain a satisfactory level of financial viability for the future. The structure of this plan calls for the upgrading and expansion of existing facilities, the establishment of further new facilities and the acquisition of appropriate existing facilities as they become available.

This plan also calls for the increased significance of Pastoral Care in a more formal way as an integral part of our care ministry. Significant work has been done in this regard already with very pleasing results. There remains an increasing need in this area as the Ministry extends its service of care to those who may not be aware of the benefits that God's love and salvation can have on their earthly lives and their security for eternity.

Such a development plan has a significant impact on all those involved in the

Ministry, with increased demands for those involved in both its governance and its day-to-day management. Areas such as government legislation, financial management, facility development and maintenance, as well as the demands of increasing levels of care bring about a greater need for higher levels of expertise in all areas. The careful attention to these matters will ensure that the overall objectives of the Ministry will be achieved in a sustainable manner.

Since the establishment of the Ministry almost 40 years ago it has been blessed with the support by many company members who have given of their time and intellect sacrificially over many years. I am pleased to advise that in recognition of their support, a category of Company Life Member has been introduced and that Mr David Odell and Mr Graham Kindt have been recognised for their service to the Ministry of CBCS with this award.

A number of our current Board members have served the Ministry of CBCS for an extended period of time. Many of them rightfully feel it is time to hand over the responsibility of the governance of the Ministry of CBCS to others. The Board therefore is actively seeking those from within the network of Christian Brethren Assemblies/Churches to take on the responsibility of Board membership of this Ministry.

The Ministry of CBCS is and will continue to be a significant support to the Christian Brethren Assembly/Church network as well as an outreach to the aged in our general community. The objective is not only to ensure that the Ministry is financially viable, maintaining a high standard of care in a range of state-of-the-art facilities, but most importantly that it maintains its position as a loving, caring Christian Ministry where the "love of Christ compels us".

Tony Folland - Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

The 2010/11 year has been a year of growth and consolidation for CBCS. Groves House at Cardiff Heights opened last July and it is pleasing to report that within 6 months it was fully occupied. It was also pleasing that our builders, Broad Constructions, received an award for their workmanship from the Master Builders Association.



A change to our depreciation method meant that we incurred an increase in depreciation expense of approximately \$2 million and as a result our operating result was a deficit of just over \$852,000 this year. Overall however, our result was a surplus of over \$428,000, mainly because we accounted for the value of the bed licences at Groves House to the tune of \$1.2 million.

During the year, Carinya House and Groves House had their full Accreditation Audits. Both facilities received positive reports and were found to be compliant in all 44 expected outcomes. In addition to the audits at Carinya and Groves, all three facilities received both announced and unannounced visits from the Accreditation Agency, and on all occasions the result has been that they were found to be fully compliant. All three facilities have also been inspected by the NSW Food Authority and have received “A”-level passes, something which is not easy to do.

The Department of Health and Ageing decided that the buildings at Cherrybrook Christian Care Centre needed to be examined under the rules for Certification of Aged Care Facilities, which assess a building as if it were a new building. The Yurana Wing which is more than 30 years old, does not meet some of today’s building standards. As a result, we now have to install a sprinkler system and a number of new fire doors, and together with work that has already been done to upgrade the fire safety system of the home, the cost will be in the vicinity of \$ ½ million.

Development approval has recently been granted by Hornsby Council, for demolition of part of the Bethshean Wing at Cherrybrook and the construction of two new buildings. The additional rooms provided will enable the closure, refurbishing or even replacement of the Yurana Wing. We have applied to Government for an allocation of 30 additional bed licences for Cherrybrook Christian Care Centre and the outcome of that application will determine how much work we will do with the Yurana Wing.

At the start of 2011, we conducted a major survey of our staff’s level of satisfaction. The results were quite positive and whilst we were very pleased with those results, we recognised that it also highlighted a number of issues that we have that need to be addressed to further improve staff morale and performance and so we are taking appropriate action. I express sincere thanks to all of the staff – those involved in day-to-day care of residents and provision of support services, and those who manage the work. Our new Director of Care, Jenny Chua has settled into the role very well and is leading the care team very effectively. I also thank the other members of our executive team, Geoff Seaberg (Finance & Administration Manager) and Ray Sefton (General Services Manager) for their dedicated service. Thanks also go to Barbara Wheatley, Gail Summers and Danae Jenkins, facility managers of Cherrybrook Christian Care Centre, Carinya House and Groves House respectively and their teams for their great work in managing and providing the day-to-day care of our residents.

Peter L Mackie
Chief Executive Officer

Christian Brethren Community Services
Balance Sheet as at 30/06/2011

	<u>This Year</u>	<u>Last Year</u>
	\$	\$
ASSETS		
Current Assets	30,980,873	16,415,038
Fixed Assets	<u>49,587,192</u>	<u>49,838,950</u>
TOTAL ASSETS	<u>80,578,065</u>	<u>66,253,988</u>
LIABILITIES		
Current Liabilities	56,146,757	42,262,567
Non-Current Liabilities	<u>105,317</u>	<u>94,118</u>
TOTAL LIABILITIES	<u>56,252,074</u>	<u>42,356,685</u>
NET ASSETS	<u>24,325,991</u>	<u>23,897,303</u>
EQUITY	<u>24,325,991</u>	<u>23,897,303</u>

Profit & Loss Statement for the Year Ended 30/06/2011

	<u>This Year</u>	<u>Last Year</u>
	\$	\$
INCOME		
Administration	378,221	279,631
Carinya House	2,936,750	2,817,252
Cherrybrook Christian Care Centre	6,618,004	6,168,365
Groves House	2,104,200	
Elouera Self Care	<u>1,076,831</u>	<u>983,327</u>
TOTAL INCOME	<u>13,114,006</u>	<u>10,248,574</u>
EXPENSES		
Administration	489,617	396,098
Carinya House	2,883,110	2,718,966
Cherrybrook Christian Care Centre	6,761,999	5,606,920
Groves House	2,824,143	158,078
Elouera Self Care	<u>1,007,169</u>	<u>721,312</u>
TOTAL EXPENSES	<u>13,966,038</u>	<u>9,601,373</u>
OPERATING PROFIT/(LOSS)	(852,032)	647,201
OTHER INCOME/EXPENSE		
Non-Operating Income	1,315,028	666,981
Non-Operating Expenses	<u>34,308</u>	<u>183,508</u>
NET PROFIT	<u>428,688</u>	<u>1,130,674</u>