

Bethanie Financial Sustainability Statement

Mission & History

Our mission is to demonstrate the Love of God by positively changing the way Australians experience ageing - every customer, every family, every community, every day. Bethanie has been doing this for over 65 years and intends to continue this well into the future.

Addressing current uncertainties

Despite the present uncertain environment due to COVID-19 and the Aged Care Royal Commission, management are of the view that Bethanie is well positioned financially and operationally to continue as a going concern. In fact, the strength and reputation of Bethanie, backed by sound operations and a stable financial history position Bethanie well to broaden and extend its facilities and services, as backed by a longer-term business plan.

Key stakeholders

Bethanie is a not-for-profit organisation guided by its mission to enhance the life of as many Australians as possible, rather than a need to generate returns for shareholders. This includes a balance of important stakeholders including customers, their families, our staff and a broader contribution to society. Management are focussed on long-term business sustainability by balancing investments in risk mitigation and organisational governance with investment for growth and diversification.

Social contribution

Bethanie encourages meaningful social contributions amongst staff, driving activities that positively contribute to the well-being of the communities in which we operate. Each year, in addition to our operations, Bethanie make a social contribution through activities like chaplaincy, fee waivers, low cost accommodation and donations. Over the last five years the social contribution has averaged \$3.8m annually.

Vision and growth

Bethanie's vision is to enrich the ageing experience of over 1 million Australians by 2030. This vision will be achieved through both organic and acquisitive growth, with Bethanie taking a strategic and measured approach to any acquisitions, as evidenced by the purchase of Berrington Group in early 2020.

Financial sustainability

The financial sustainability of Bethanie is crucial in achieving the vision. There has been consistent year on year growth in revenue leading to revenue of \$127.2m in FY2020 and operating cash flow has improved over the last five years to an average of \$15.4m. Bethanie Group has a strong balance sheet with net assets of over \$200.0m and cash of \$36.8m. Cash levels are impacted by liquidity requirements under the Aged Care Act and have averaged \$25.8m over the last five years, demonstrating sound levels of capital to protect the business. Further detail can be found in the annual report available on the Bethanie website About Us section.

| Key Financial Metrics | FY2020 \$m | FY2019 \$m | FY2018 \$m |
|-------------------------|---------------|---------------|---------------|
| Operating cash flow | 23.0 | 15.1 | 11.0 |
| Revenue | 127.2 | 123.9 | 114.8 |
| Profit/(Loss) | (7.9) | (1.1) | (9.3) |
| Cash & cash equivalents | 36.8 | 26.2 | 24.4 |
| Net assets | 212.8 | 221.1 | 222.2 |

Independent assurance

Bethanie has banking facilities with CBA and any loans are secured by mortgage over Bethanie's freehold land and buildings. These facilities are subject to regular reporting of banking covenants to ensure the level of debt align with the financial performance and underlying security held by Bethanie. Whilst Bethanie has access to a larger debt facility, a conservative debt position has been maintained.

Bethanie's Annual Report for year ended 30 June '20 has just been approved by the Board, with KPMG providing the Independent Auditor's Report confirming Bethanie's compliance with the Australian Charities and Not-for-profits Commission Act 2012 and Australian Auditing Standards. The audit accepted management's view of Bethanie as a going concern, including the impact of material events and conditions at the time of the audit report in early October '20.

Conclusion

Despite the present uncertain environment due to COVID-19 and the Aged Care Royal Commission, management are of the view that Bethanie is well positioned financially and operationally to continue as a going concern for the following reasons:

- Long term strength and reputation of Bethanie;
- Not driven by profit, hence a balanced purpose to achieve Bethanie's mission and meeting the needs of a diverse range of stakeholders;
- History of year on year revenue growth, backed by a strong balance sheet and liquidity;
- Independent assurance of financial stability from funders and auditors

Bethanie is committed to continuing to deliver our mission. We strive to improve and grow to ensure that we remain true to our mission, competitive, profitable and sustainable, now and in the future.



Chris How
Chief Executive Officer

26 October 2020