



Catholic Development Fund
Archdiocese of Canberra & Goulburn

**Catholic Development
Fund Archdiocese of
Canberra and Goulburn**
Annual Financial Statements
Financial Year Ended 31 December 2021

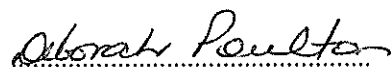
CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN
CATHOLIC DEVELOPMENT FUND BOARD'S DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2021

The Catholic Development Fund ("CDF" or 'the Fund') is not a reporting entity because in the opinion of the Board there are unlikely to exist users of the financial statements who are unable to command the preparation of reports tailored so as to satisfy specifically all their information needs. Accordingly, these 'special purpose financial statements' have been prepared to satisfy the Fund's internal reporting and to comply with the financial statement preparation and reporting requirements of ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813.

The CDF Board declares that:

- (a) the attached financial statements and notes thereto comply with Accounting Standards to the extent detailed in Note 1 to the financial statements;
- (b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Fund; and
- (c) in the CDF Board's opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they fall due.

On behalf of the CDF Board



Mrs Deborah Poulton
Chairperson



Mrs Michele Murdock
Board member/Manager

Date: 17 February 2022

Canberra, ACT

Independent Auditor's Report to the Board of the Catholic Development Fund Archdiocese of Canberra and Goulburn

Opinion

We have audited the financial report, being a special purpose financial report, of the Catholic Development Fund Archdiocese of Canberra and Goulburn (the "Entity") which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and declaration by the Board.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Entity's financial position as at 31 December 2021 and of its financial performance for the year then ended in accordance with the Board and the accounting policies described in Note 1.

Basis for Opinion

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

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

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Entity to meet the financial reporting requirements of the Board. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Board and should not be distributed or used by parties other than the Board. Our opinion is not modified in respect of this matter.

Responsibilities of Management and the Board for the Financial Report

Management of the Entity is responsible for the preparation and fair presentation of the financial report and has determined that the basis of preparation and accounting policies described in Note 1 to the financial report is appropriate to meet the requirements of the Board and is appropriate to meet the needs of the Board. Management's responsibility also includes such internal control as management determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The Board are responsible for overseeing the Entity's financial reporting process.

Liability limited by a scheme approved under Professional Standards Legislation.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

We communicate with management and the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Sophie England

Sophie England
Partner
Chartered Accountants
Canberra, 17 February 2022

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
Interest on loans	3,768,770	4,434,048
Interest on investments	2,028,843	3,657,157
Other income	34,413	101,146
Total Revenue	5,832,026	8,192,351
Less Interest Expense	1,236,107	3,202,387
Less Customer Cheque Expense	59,168	68,523
	4,536,751	4,921,441
LESS OPERATING EXPENSES		
Accounting & legal expenses	52,279	50,076
Administration expenses	41,087	35,177
IT expenses	179,495	150,688
Marketing expenses	9,189	21,619
Office resources	73,832	76,260
Staff resources	310,165	338,212
Total Operating Expenses	666,047	672,032
OPERATING SURPLUS	3,870,704	4,249,409
TOTAL COMPREHENSIVE INCOME	3,870,704	4,249,409

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 \$	2020 \$
ASSETS			
Cash at bank		59,362,843	11,436,340
Interest receivable on investments and loans		610,120	1,044,212
Catholic Church Investment Service investment		28,087,884	101,311,800
ADF Brisbane		44,664,296	50,749,674
Term deposits		250,000,000	150,237,649
Interest bearing loans receivable		90,115,258	116,186,947
Trade receivables		7,376	-
Property, plant and equipment		20,450	29,546
TOTAL ASSETS		472,868,227	430,996,168
LIABILITIES			
Other payables		73,939	72,082
Customers' funds		454,188,289	413,491,078
Provisions	3	121,291	117,924
TOTAL LIABILITIES		454,383,519	413,681,084
NET ASSETS		18,484,708	17,315,084
ACCUMULATED FUNDS			
Retained Surplus		18,484,708	17,315,084
TOTAL ACCUMULATED FUNDS		18,484,708	17,315,084

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 \$	2020 \$
RETAINED EARNINGS		
Balance as at 1 January	17,315,084	16,561,565
Total Comprehensive Income for the period	3,870,704	4,249,409
Distributions of funds:		
• Archdiocese of Canberra & Goulburn	(2,701,080)	(2,805,890)
• Archdiocesan Future Fund	-	(690,000)
Balance as at 31 December	18,484,708	17,315,084

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The Catholic Development Fund Archdiocese of Canberra and Goulburn (the “Fund”) is not a reporting entity because in the opinion of the Board of the Fund there are unlikely to exist users of the financial statements who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these ‘special purpose financial statements’ have been prepared to satisfy the Fund’s internal reporting and to comply with the financial statement preparation and reporting requirements of ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813.

The financial statements have been prepared on the basis of historical cost and except where stated, do not take into account changing money values or current valuations of assets. Cost is based on the fair values of the consideration given in exchange for assets.

For the purposes of preparing the financial statements, the Fund is a not-for-profit entity.

The financial statements have been prepared in accordance with the recognition and measurement requirements specified by Australian accounting standards and interpretations but not the disclosure requirements specified by accounting standards and interpretations with the exception of AASB 108.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Cash Equivalents and Term Deposits

For the purpose of the financial statements, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments. Bank overdrafts are shown within trade payables in the Statement of Financial Position.

Term deposits include amounts on deposit with maturities between 3 and 24 months.

(b) Financial Assets

Classification

In accordance with AASB 9: Financial Instruments, the Fund classifies its financial assets at amortised cost or fair value through profit or loss.

Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Measurement of cash and cash equivalents and trade and other receivables remains at amortised cost consistent with the comparative period.

Debt instruments

Subsequent measurement of debt instruments depends on the Fund’s business model for managing the asset and the cash flow characteristics of the asset. The Fund classifies its debt instruments into the following category:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest of loans using the effective interest rate method.

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Financial Assets (continued)

Impairment

The Fund assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Fund applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) Employee Entitlements

A provision is made for the Fund's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables.

(e) Income Tax

The Fund is a not-for-profit entity and is exempt from the payment of income tax under section 50-5 of the Income Tax Assessment Act 1997.

(f) Accounts Payable

Other payables are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.

(g) Customers' Funds

Regulatory exemptions and status

Banking Act 1959 (Act)

On 14 December 2017 APRA issued a new exemption order, Banking exemption No.1 of 2017, which took effect from 1 January 2018. Under Banking exemption No.1 of 2017, Sections 7 and 8 of the *Banking Act 1959* do not apply to CDF provided that CDF complies with the conditions specified in the exemption order.

Corporations Act 2001 (Act) - Exemption Instrument 2016/813

The Australian Securities and Investments Commission (ASIC) have provided an exemption instrument -2016/813 to CDPF Limited (CDPF), a company owned by the Australian Catholic Bishops Conference. CDF has relief from the sections of the Act, as specified in exemption instrument 2016/813, through a Sponsor Deed from CDPF.

Australian Charities and Not-For-Profit Commission (Act)

CDF is a registered entity under the Act and has the status of a Basic Religious Charity.

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Customers' Funds (continued)

Customers' funds are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the statement of comprehensive income over the period of the borrowing using the effective interest rate method.

(h) Revenue Recognition

Interest on loans – interest on loans is recognised on an effective interest method basis as the Fund gains the right to receive the interest.

Interest on investments – interest on investments is recognised on an effective interest method basis as the Fund gains the right to receive the interest.

(i) New or amended Accounting Standards and Interpretation adopted

All new and revised accounting standards applied for the first time during the 2021 financial year do not have any material impact on the accounting policies adopted by the Fund.

Any new or amended Accounting Standards or Interpretation that are not yet mandatory have not been early adopted.

(j) Distribution of Funds

The Archdiocese of Canberra and Goulburn distribution is mostly fixed amounts for the financial year determined at the start of the financial year.

Archdiocesan Future Fund distributions were made by the 15th of every month based on 75% of the previous month's surplus, net of any other distributions. The Board agreed to cease these payments from April 2020 to concentrate on building the reserves.

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 2 – REMUNERATION OF AUDITORS

	2021	2020
	\$	\$
Fees for audit of financial statements	31,500	30,000
Fees for the assurance engagement of ASIC and APRA requirements	3,550	3,550
	<u>35,050</u>	<u>33,550</u>

The auditor of the fund is Deloitte Touche Tohmatsu.
The auditor performed no other services for the Fund.

NOTE 3 – EMPLOYEE PROVISIONS

	2021	2020
	\$	\$
Current	37,994	36,898
Non-current	83,297	81,026
	<u>121,291</u>	<u>117,924</u>

NOTE 4 – SUBSEQUENT EVENTS

There have been no events since the end of the financial year and up until the date of this report which would have a material impact on the financial statements or operations of the Fund.

NOTE 5 – GOING CONCERN

Management has formed the view that the Fund is a going concern, able to fund its commitments, obligations and objectives through continuation of its operations and cash flow. Additionally, the Fund receives financial backing from the Archdiocese of Canberra and Goulburn as well as other Catholic Development Fund's across Australia.

The Fund is sponsored by the Catholic Development Provident Fund (CDPF) which provides indemnification of the Fund in relation to claims by customers//investors. This indemnity is supported by guarantees given by diocesan Trustee corporations in favour of CDPF.