

# **Catholic Development Fund Tasmania**

**Financial Report**

**For the Year Ended 30 June 2020**

# Catholic Development Fund Tasmania

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For the Year Ended 30 June 2020

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# Catholic Development Fund Tasmania

## Board's Report

30 June 2020

The Board members submit the financial report of the Catholic Development Fund Tasmania (the Fund) for the financial year ended 30 June 2020.

### 1. General information

#### Board members

The Archbishop of Tasmania is ultimately responsible for the financial report. The Board is responsible for the presentation of the financial report. In addition, the role of the Board is to provide advice to management and to the Archbishop of Tasmania.

The names of Board members throughout the year and at the date of this report are:

Mark Jones - Chairman

Anne Rybak

Jeremy Ayliffe

Roger Colbeck

Dan Morgan

Narelle Green

Chris Ryan - Ex Officio Board Member - Appointed

#### Principal activities

The Catholic Development Fund Tasmania provides financial services through its office in Hobart to the Catholic Community. The Fund provides a source of finance and credit for capital and other expenditure in the work of the Church primarily within the Archdiocese of Hobart.

#### Significant changes

No other significant change in the nature of these activities occurred during the year.

### 2. Operating results and review of operations for the year

#### Operating result

The net surplus/(deficit) for the year prior to any distributions for the financial year amounted to \$5,914,466 (2019: \$2,232,798).

#### Distributions paid

An ordinary distribution of \$4,178,921 was paid during the year to the Archdiocese of Hobart (2019: \$2,200,000). Distributions included an amount of \$300,000 which has been allocated from the Special Distribution Reserve (2019: \$300,000).

# Catholic Development Fund Tasmania

## Board's Report

30 June 2020

### 3. Other items

#### Information on Board members

Mark Jones Experience	Chairman CEO of Tassie Home Loans
Stuart Calvert Experience	Board Member Business Manager, St Mary's College
Anne Rybak Experience	Board Member Director: Corporate, Tasmanian Catholic Education Office
Jeremy Ayliffe Experience	Board Member Senior Superannuation Specialist and Financial Advisor Catholic Super
Roger Colbeck Experience	Board Member UTAS Lecturer
Dan Morgan Experience	Board Member Partner, Page Seager
Narelle Green Experience	Board Member Business Manager, St Virgil's College
Chris Ryan Experience	Ex Officio Board Member - Appointed Executive Director of the Archdiocese of Hobart

# Catholic Development Fund Tasmania

Board's Report

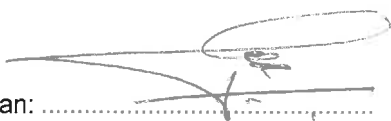
30 June 2020

## Auditor's independence declaration

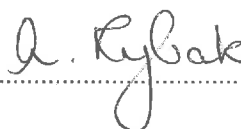
The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 27 of the financial report.

Signed in accordance with a resolution of the Members of the Board:

Chairman: .....



Board Member: .....



Dated this ..... 29 ..... day of September 2020.

# Catholic Development Fund Tasmania


## Statement by Members of the Board

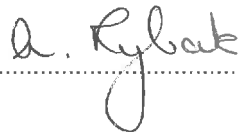
30 June 2020

The Board members declare that:

1. The financial statements and notes, as set out on pages 5 to 26, present fairly the Fund's financial position as at 30 June 2020 and its performance for the year ended on that date in accordance with Australian Accounting Standards - Reduced Disclosure Requirements; and
2. In the Board's opinion, there are reasonable grounds to believe that the Fund 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 the Board and is signed for an on behalf of the Archbishop of Tasmania by:

Chairman ..... 

Board Member..... 

Dated this ..... 29 ..... day of September ..... 2020.

# Catholic Development Fund Tasmania

## Statement of Comprehensive Income

For the Year Ended 30 June 2020

	2020	2019
	\$	\$
<b>Income</b>		
<b>Interest income</b>		
Investment interest	2,578,152	3,733,874
Interest received on loans	3,917,617	3,826,901
<b>Total interest income</b>	6,495,769	7,560,775
Interest paid	(2,979,881)	(4,478,988)
<b>Net interest income</b>	3,515,888	3,081,787
<b>Other income</b>		
Other income	3,252,167	14,437
<b>Total income</b>	6,768,055	3,096,224
<b>Less: Expenses</b>		
Administration and management fees	52,413	54,278
Advertising	40,000	40,000
Computer expenses	110,386	105,806
Consulting and professional fees	193,158	195,925
Depreciation	8,169	8,993
Donations and sponsorships	19,922	17,349
Finance charges	20,233	26,005
Funeral contribution	393	413
Insurance	17,912	18,775
Motor vehicle expenses	5,024	4,780
Property expenses	54,430	61,192
Staff costs	324,803	321,394
Travel, conferences & entertainment	6,746	8,516
<b>Total expenses</b>	853,589	863,426
<b>Net operating surplus/(deficit) for the year</b>	5,914,466	2,232,798
Distribution to the Archdiocese	(4,178,921)	(2,200,000)
<b>Net surplus/(deficit) for the year</b>	1,735,545	32,798
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	1,735,545	32,798

The accompanying notes form part of these financial statements.

# Catholic Development Fund Tasmania

## Statement of Financial Position

As At 30 June 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
Cash and cash equivalents	2	103,203,623	110,641,694
Financial assets	3	98,296,478	86,612,125
Other assets	4	441,653	1,040,879
Property, plant and equipment	5	324,939	333,108
<b>TOTAL ASSETS</b>		<u>202,266,693</u>	<u>198,627,806</u>
<b>LIABILITIES</b>			
Trade and other payables	6	333,130	746,735
Depositor funds	7	187,722,073	185,411,497
Employee benefits	8	42,692	36,321
<b>TOTAL LIABILITIES</b>		<u>188,097,895</u>	<u>186,194,553</u>
<b>NET ASSETS</b>		<u>14,168,798</u>	<u>12,433,253</u>
<b>EQUITY</b>			
General reserve for credit losses		875,000	750,000
Special distribution reserve		2,421,079	2,200,000
Accumulated surpluses		10,872,719	9,483,253
<b>TOTAL EQUITY</b>		<u>14,168,798</u>	<u>12,433,253</u>

The accompanying notes form part of these financial statements.



# Catholic Development Fund Tasmania

## Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Accumulated surpluses	Special distribution reserve	General reserve for credit losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	9,483,253	2,200,000	750,000	12,433,253
Net surplus/(deficit) for the year	1,735,545	-	-	1,735,545
Transfer to/(from) reserves	(346,079)	221,079	125,000	-
<b>Balance at 30 June 2020</b>	<u>10,872,719</u>	<u>2,421,079</u>	<u>875,000</u>	<u>14,168,798</u>

2019

	Accumulated surpluses	Special distribution reserve	General reserve for credit losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	11,175,455	600,000	625,000	12,400,455
Net surplus/(deficit) for the year	32,798	-	-	32,798
Transfer to/(from) reserves	(1,725,000)	1,600,000	125,000	-
<b>Balance at 30 June 2019</b>	<u>9,483,253</u>	<u>2,200,000</u>	<u>750,000</u>	<u>12,433,253</u>

The accompanying notes form part of these financial statements.

# Catholic Development Fund Tasmania

## Statement of Cash Flows

For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Interest received	7,095,084	7,204,027
Interest paid	(3,385,653)	(4,230,831)
Net increase/(decrease) in deposits	2,310,575	18,748,512
Net (increase)/decrease in loans	(11,684,353)	(1,023,481)
Other receipts	3,257,298	19,079
Payments to suppliers and employees	(852,480)	(842,489)
Net cash provided by / (used in) operating activities	9(a) <u>(3,259,529)</u>	<u>19,874,817</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	-	14,000
Purchase of plant and equipment	-	(30,689)
Purchase of bonds	-	(2,000,000)
Net cash used in investing activities	-	<u>(2,016,689)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Distribution paid	(4,178,921)	(2,200,000)
Net cash used in financing activities	<u>(4,178,921)</u>	<u>(2,200,000)</u>
Net increase (decrease) in cash and cash equivalents held	(7,438,450)	15,658,128
Cash and cash equivalents at beginning of year	110,641,315	94,983,187
Cash and cash equivalents at end of financial year	9(b) <u>103,202,865</u>	<u>110,641,315</u>

The accompanying notes form part of these financial statements.

# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

The financial statements cover Catholic Development Fund Tasmania as an individual entity. Catholic Development Fund Tasmania is a trading entity of the Roman Catholic Church Trust Corporation of the Archdiocese of Hobart ("Trust Corporation"), refer Note 14 for further detail.

The functional and presentation currency of Catholic Development Fund Tasmania is Australian dollars.

### 1 Summary of Significant Accounting Policies

#### (a) Basis for Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB).

The Catholic Development Fund Tasmania is a not-for-profit entity and these statements have been prepared on that basis.

Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historic costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets. The amounts presented within the financial statements have been rounded to the nearest dollar.

#### (b) Comparative Figures

Where appropriate, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### (c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments.

#### (d) Trade and Other Receivables

Trade and other receivables are recognised initially at cost plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any expected credit losses/impairment losses.

#### (e) Loans Receivable

Loans and receivables are financial assets with fixed or determinable payments that are held within a business model whose objective is to hold assets to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are recognised initially at cost plus any directly attributable transaction costs.

Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any expected credit losses/impairment losses. Refer note 1(h).

# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies (cont'd)

#### (f) General Reserve for Credit Losses

The Fund has a General Reserve For Credit Losses sufficient to cover any estimated future credit losses.

#### (g) Property, Plant and Equipment

Property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all property, plant and equipment, excluding buildings, is depreciated over the useful lives of the assets to the Fund commencing from the time the asset is held ready for use.

##### Depreciation

The depreciation rates used for each class of depreciable asset are shown below:

<b>Class of Fixed Assets</b>	<b>Depreciation rate</b>
Plant and Equipment	20% - 33%
Motor Vehicle	20%

#### (h) Trade and Other Payables

Trade and other payables are stated at cost, which approximates fair value due to the short-term nature of these liabilities.

#### (i) Critical Accounting Estimates and Judgments

The Board evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Fund.

These estimates and judgments are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Fund based on known information.

The significant estimates and judgments made have been described below.

Key estimates - General reserve for credit losses

The general reserve for credit losses is an estimate intended to adequately absorb existing and estimated future credit losses given the facts and circumstances applicable at year end.

# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies (cont'd)

#### (i) Critical Accounting Estimates and Judgments (cont'd)

Key estimates - Impairment

The Fund assesses impairment at the end of each reporting period by evaluating conditions specific to the Fund that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - Loan impairment

AASB 9 impairment requires use of forward looking information to recognise expected credit losses (ECL). The Fund considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of loans. No loans have deteriorated significantly in credit quality since initial recognition, and there is no objective evidence of impairment (loans in default) at reporting date (2019: nil).

There have been no indications of increased risk of default during 2020 either from the normal course of Fund operation or arising due to the COVID-19 pandemic. For example, no borrower has sought relief for deferred payments or interest only repayments. Given the dynamic and evolving nature of COVID-19, and limited recent experience of the economic and financial impacts of such a pandemic on the preparation of these financial statements, changes to the estimates and judgements that have been applied in the measurement and liabilities may arise in the future.

#### (j) Employee Benefits

Provision is made for the Fund's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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 present value of the estimated future cash outflows to be made for those benefits.

Contributions made by Catholic Development Fund Tasmania to an employee superannuation fund are charged as expenses when incurred.

#### (k) Financial Instruments

##### Initial recognition and measurement

Financial instruments are recognised initially on the date that the Fund becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies (cont'd)

#### (k) Financial Instruments (cont'd)

##### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### Classification

On initial recognition, the Fund classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets.

##### Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Fund's financial assets measured at amortised cost comprise and receivable, bonds, trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

##### Fair value through other comprehensive income

There are no financial instruments classified at fair value through other comprehensive income.

# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies (cont'd)

#### (k) Financial Instruments (cont'd)

##### Financial assets (cont'd)

##### Fair value through profit or loss

There are no financial instruments classified at fair value through profit or loss.

##### Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Fund's historical experience and informed credit assessment and including forward looking information.

The Fund uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Fund uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Fund in full, without recourse to the Fund to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Fund in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies (cont'd)

#### (k) Financial Instruments (cont'd)

##### Financial assets (cont'd)

##### Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Fund has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Fund renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

##### Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

##### Financial liabilities

The Fund measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Fund comprise trade payables and depositor funds.

#### (l) Revenue and Other Income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Donations and bequests are recognised as revenue when received.

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

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



# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies (cont'd)

#### (m) Indemnity

Deposits/investments (including interest) are indemnified by the Trust Corporation through CDPF Limited, which is a company established by the Australian Bishops' Conference. In essence, this means that deposit investments, and any interest payable, is guaranteed by the Trust Corporation. A Catholic Development Fund Tasmania deposit/investment is designed for those persons who wish to promote the educational and other activities of the Catholic Community, and for who the consideration of returns is not of primary relevance in their investment decision.

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

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (o) Income Tax

The Fund is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

#### (p) Adoption of new and revised accounting standards

The Fund has adopted all standards which became effective for the first time for the year ending 30 June 2020, all required changes in respect of adopting these standards have been made to the reported financial position, performance or cash flow of the Fund. The impact was as follows:

##### Leases

AASB 16 Leases introduced a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value lower than the asset capitalisation policy. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

There is no significant impact as the Fund has no lease.

# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies (cont'd)

#### (p) Adoption of new and revised accounting standards (cont'd)

##### Revenue

AASB 15 Revenue from contracts with customers and AASB 1058 Income for not for profit entities became effective from 1 January 2019. These standards changed the timing of income recognition depending on whether transactions give rise to a liability or other performance obligation (a promise to transfer a good or service).

There was no significant impact on adoption in 2020.

### 2 Cash and cash equivalents

	2020	2019
	\$	\$
Cash on hand	11,043	10,505
Cash at bank	47,172,394	46,111,276
Term deposits	56,020,186	64,519,913
	<u>103,203,623</u>	<u>110,641,694</u>

### 3 Financial Assets

	2020	2019
	\$	\$
Loans and receivables	92,296,478	80,612,125
Bonds - Held to maturity	6,000,000	6,000,000
	<u>98,296,478</u>	<u>86,612,125</u>

#### Provision for Impairment

Management and the Board has estimated that no allowance is required under the expected credit losses model (Refer also Critical Accounting Estimates Noted 1(h) and 1(j)).

### 4 Other Assets

	2020	2019
	\$	\$
Accrued income	441,571	1,040,879
GST receivable	82	-
	<u>441,653</u>	<u>1,040,879</u>

# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 5 Property, plant and equipment

	2020	2019
	\$	\$
LAND		
At cost	300,000	300,000
Total Land	<u>300,000</u>	<u>300,000</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	16,810	16,810
Accumulated depreciation	(15,911)	(13,880)
Total plant and equipment	<u>899</u>	<u>2,930</u>
Motor vehicles		
At cost	30,689	30,689
Accumulated depreciation	(6,649)	(511)
Total motor vehicles	<u>24,040</u>	<u>30,178</u>
Total plant and equipment	<u>24,939</u>	<u>33,108</u>
<b>Total property, plant and equipment</b>	<u><u>324,939</u></u>	<u><u>333,108</u></u>

#### (a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
<b>Balance at the beginning of year</b>	300,000	2,930	30,178	333,108
Additions	-	-	-	-
Disposals - written down value	-	-	-	-
Depreciation expense	-	(2,031)	(6,138)	(8,169)
<b>Balance as at 30 June 2019</b>	<u><u>300,000</u></u>	<u><u>899</u></u>	<u><u>24,040</u></u>	<u><u>324,939</u></u>

# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 6 Trade and Other Payables

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Trade payables	6,697	-
Accrued interest	302,185	707,957
GST payable	-	565
Accrued expense	24,300	23,500
Clearing accounts	(810)	14,334
Overdraft bank account	758	379
	<u>333,130</u>	<u>746,735</u>

### 7 Depositor Funds

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Deposits - at call	107,963,563	112,250,431
Deposits - fixed term	79,758,510	73,161,066
	<u>187,722,073</u>	<u>185,411,497</u>

### 8 Employee Benefits

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Annual leave	31,203	25,650
	<u>31,203</u>	<u>25,650</u>
<b>NON-CURRENT</b>		
Long service leave	11,489	10,671
	<u>11,489</u>	<u>10,671</u>
	<u>42,692</u>	<u>36,321</u>

# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 9 Cash Flow Information

#### (a) Reconciliation of result for the year to cashflows from operating activities

	2020	2019
	\$	\$
Net surplus/(deficit) for the year	1,735,545	32,798
Cash flows excluded from surplus		
- distribution paid	4,178,921	2,200,000
Non-cash flows in surplus:		
- depreciation	8,169	8,993
- net (gain)/loss on disposal of plant and equipment	-	(2,830)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	-	843
- (increase)/decrease in financial assets	(11,684,353)	(1,023,482)
- (increase)/decrease in other assets	599,308	(356,748)
- increase/(decrease) in trade and other payables	(414,067)	283,486
- increase/(decrease) in depositor funds	2,310,576	18,748,511
- increase/(decrease) in employee benefits	6,372	(16,754)
Cash flow from operations	<u>(3,259,529)</u>	<u>19,874,817</u>

#### (b) Reconciliation of cash

	2020	2019
	\$	\$
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	2 103,203,623	110,641,694
Bank overdrafts	6 (758)	(379)
	<u>103,202,865</u>	<u>110,641,315</u>

# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 10 Financial Risk Management

The main risks Catholic Development Fund Tasmania is exposed to through its financial instruments are credit risk, liquidity risk and interest rate risk.

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

The totals for each category of financial instruments, measured as detailed in the accounting policies to these financial statements, are as follows:

		2020	2019
		\$	\$
<b>Financial Assets</b>			
Cash and cash equivalents	2	103,203,623	110,641,694
Loans and receivables	3	92,296,478	80,612,125
Bonds	3	6,000,000	6,000,000
<b>Total financial assets</b>		<u>201,500,101</u>	<u>197,253,819</u>
<b>Financial Liabilities</b>			
Trade and other payables	6	333,130	746,735
Depositor funds	7	187,722,073	185,411,497
<b>Total financial liabilities</b>		<u>188,055,203</u>	<u>186,158,232</u>

### Financial Risk Management Policies

The Board has overall responsibility for the establishment of Catholic Development Fund Tasmania's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Catholic Development Fund Tasmania's activities.

The day-to-day risk management is carried out by Catholic Development Fund Tasmania's finance function under policies and objectives which have been approved by the Board. The Treasury and Operations Manager, and Business Manager have been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate risk and assessment of market forecasts for interest rate.

# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 10 Financial Risk Management (cont'd)

#### Financial Risk Management Policies (cont'd)

The Board receives quarterly reports which provide details of the effectiveness of the processes and policies in place.

Catholic Development Fund Tasmania does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Mitigation strategies for specific risks faced are described below:

#### (a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to Catholic Development Fund Tasmania and arises principally from Catholic Development Fund Tasmania's loans and receivables.

Substantially all loans are secured by specific items of collateral including business assets, and commercial real estate. Commercial loans are expected to be repaid from cash flow from operations of businesses. Borrowers' ability to repay their loans is dependent on their financial performance which is impacted by the real estate and general economic conditions in the area.

Most of the Catholic Development Fund Tasmania's business activity is with borrowers located within Systemic Catholic Education System and Catholic Colleges. Therefore, the Catholic Development Fund Tasmania's exposure to credit risk is significantly affected by changes in the economy in the Systemic Catholic Education System and Catholic College area.

The maximum exposure to credit risk at balance date to recognised financial assets is the carry amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and Notes to the Financial Statements.

The method of managing credit risk is by way of restricting loans in the first instance, and by way of loan assessment policies before the loan is approved and monitoring of defaults in the repayment of loans thereafter on a monthly basis.

# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 10 Financial Risk Management (cont'd)

#### (b) Liquidity risk

Liquidity risk arises from the possibility that Catholic Development Fund Tasmania might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Fund manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- monitoring undrawn credit facilities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Typically, Catholic Development Fund Tasmania ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days.

#### (c) Foreign exchange risk

The Fund is not exposed to fluctuations in foreign currencies.

#### (d) Price risk

The Fund is not exposed to any material commodity price risk.



# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 10 Financial Risk Management (cont'd)

#### (e) Interest Rate Risk

Financial instrument composition and maturity analysis

The Fund's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	WAIR		Maturing within 1 Year		Maturing 1 to 5 Years		Maturing Over 5 Years		Non-interest Bearing		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets:</b>												
Cash and cash equivalents	1.13	2.44	103,203,623	110,641,694	-	-	-	-	-	-	103,203,623	110,641,694
Trade and other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Loans receivables	4.70	4.80	318,926	65,765	9,243,637	7,209,778	82,733,915	73,336,582	-	-	92,296,478	80,612,125
Bonds	1.95	2.84	-	-	6,000,000	6,000,000	-	-	-	-	6,000,000	6,000,000
<b>Total</b>			<b>103,522,549</b>	<b>110,707,459</b>	<b>15,243,637</b>	<b>13,209,778</b>	<b>82,733,915</b>	<b>73,336,582</b>	<b>-</b>	<b>-</b>	<b>201,500,101</b>	<b>197,253,819</b>
<b>Financial Liabilities:</b>												
Trade and other payables	-	-	-	-	-	-	-	-	333,130	746,735	333,130	746,735
Deposits - at call	0.92	1.07	107,963,563	112,250,431	-	-	-	-	-	-	107,963,563	112,250,431
Deposits - fixed term	2.11	2.04	63,568,337	70,861,671	16,190,173	2,299,395	-	-	-	-	79,758,510	73,161,066
<b>Total</b>			<b>171,531,900</b>	<b>183,112,102</b>	<b>16,190,173</b>	<b>2,299,395</b>	<b>-</b>	<b>-</b>	<b>333,130</b>	<b>746,735</b>	<b>188,055,203</b>	<b>186,158,232</b>

# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 11 Capital Management

Capital is prudent to the financial viability of the Fund. The primary role of capital is to:

- Maintain a cushion against loss to enable the Fund to trade through difficult times;
- Absorb unanticipated losses of the activity; and
- Ensure safety of deposits thereby maintaining confidence in the financial soundness and stability of the Fund.

The Fund will endeavour to manage its capital via normal operating conditions. This will include initiatives such as:

- Managing the Fund's asset portfolio to ensure that the fund is not over exposed to higher risk weighted assets;
- Prudent management of the Fund's interest rate to ensure that products are priced adequately to reflect the various levels of risks associated with the product;
- Ensure that the Fund is adequately protected from market risks; and
- Ensure the other risks facing the Fund are effectively monitored and managed.

Management review actual accounting results and review the capital adequacy on a regular basis.

### 12 Capital and Leasing Commitments

There are no capital or leasing commitments to be disclosed as at 30 June 2020 (30 June 2019: None).

### 13 Contingent Liabilities and Contingent Assets

#### Contingent Liabilities

In the normal course of business the Fund enters into various types of contracts that give rise to contingent or future obligations. These contracts generally relate to the financing needs of clients. The Fund uses the same credit policies and assessment criteria in making commitments and conditional obligations as it does for existing loan assets.

# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 13 Contingent Liabilities and Contingent Assets (cont'd)

#### Contingent Liabilities (cont'd)

	2020	2019
	\$	\$
Approved but undrawn loans at year end	5,218,476	5,099,439
Total unutilised overdrafts at year end	78,956,159	69,738,454

The Commonwealth Bank of Australia hold a letter of acknowledgement which secures an \$800,000 corporate charge card facility.

It is possible that there are future claims and associated costs against the Archdiocese of Hobart that cannot be reliably determined at this time.

In the opinion of the Board, the Fund did not have any other contingencies at 30 June 2020 (30 June 2019: None).

### 14 Related Parties

Catholic Development Fund Tasmania is a trading entity of the Roman Catholic Church Trust Corporation of the Archdiocese of Hobart ("Trust Corporation").

Other Trust Corporation entities include:

- Archdiocese of Hobart;
- CatholicCare Tasmania;
- Tasmanian Catholic Education Office;
- Various catholic parishes; and
- Various catholic schools and colleges.

As trading entities under the Trust Corporation the assets and liabilities of all entities are interrelated and therefore any adverse performance by one entity can have flow on effects to the others. The Trust Corporation would provide financial support as and when required to any extent necessary. As at the date of this report there are no conditions which exist to suggest that any significant non-performance exists in any entity under the Trust Corporation.

# Catholic Development Fund Tasmania

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 14 Related Parties (cont'd)

#### Transactions with related parties

These transactions are in normal course of operations of the Fund and are measured at the exchange amount, and are within the scope of the activities to further the Fund's objectives.

The following transactions occurred with related parties:

	Interest paid	Interest received	Balance outstanding	
			Owed to the fund	Owed by the fund
Loans	-	3,396,587	80,937,636	-
Savings and Investments	2,394,957	-	-	132,564,964

### 15 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Fund is \$ 83,040 (2019: \$ 86,318). Management activities are undertaken by employees of the Archdiocese of Hobart.

### 16 Events Occurring After the Reporting Date

The Coronavirus (COVID-19), which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had an impact on the Australian and local economy. As at the date of preparation of these financial statements the impact of COVID-19 is ongoing and the situation is rapidly changing and developing. The speed and recovery of economic activity is largely dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Given the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic on the preparation of these financial statements, changes to the estimates and judgements that have been applied in the measurement of assets and liabilities may arise in the future. Other an adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

There are no other events subsequent to reporting date to be disclosed as at year end.

### 17 Entity Details

The office of the Fund is located at:  
Catholic Development Fund Tasmania  
35 Tower Road  
NEW TOWN TAS 7008

## Catholic Development Fund Tasmania

### Auditors Independence Declaration to the Board of Catholic Development Fund Tasmania

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Accounting Professional Ethical Pronouncements in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

*Crowe Audit Australia*

#### Crowe Audit Australia



Alison Flakemore  
**Senior Partner**

Dated this.....15th.....day of.....September.....2020.

Hobart, Tasmania.

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# Catholic Development Fund Tasmania

## Independent Audit Report to the members of Catholic Development Fund Tasmania

### Opinion

We have audited the financial report of Catholic Development Fund Tasmania (the Fund), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Statement by the Members of the Board.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Fund as at 30 June 2020, and of its financial performance for the year then ended in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements.

### 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 Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

### Other Information

The Board is responsible for the other information. The other information comprises the Board's Report the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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# Catholic Development Fund Tasmania

## Independent Audit Report to the members of Catholic Development Fund Tasmania

### Responsibilities of the Board for the Financial Report

The Board of the Fund is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such internal control as the Board determines necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The Board is responsible for overseeing the Fund's financial reporting process.

### 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 skepticism 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 Fund's internal control.

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## Catholic Development Fund Tasmania

### Independent Audit Report to the members of Catholic Development Fund Tasmania

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board'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 Fund'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 Fund 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 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 the audit.

*Crowe Audit Australia*

**Crowe Audit Australia**



Alison Flakemore  
**Senior Partner**

Dated this.....29th.....day of.....September.....2020.

Hobart, Tasmania.

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