

Roman Catholic Church Trust Corporation of the Archdiocese of Hobart

Trading as Catholic Development Fund Tasmania

Financial Report

For the Year Ended 30 June 2023

Catholic Development Fund Tasmania

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For the Year Ended 30 June 2023

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Catholic Development Fund Tasmania

Report of the Trustees

30 June 2023

The Trustees submit the financial report of the Roman Catholic Church Trust Corporation of the Archdiocese of Hobart trading as Catholic Development Fund Tasmania (the Fund) for the financial year ended 30 June 2023.

1. General information

Trustees

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

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

Fr. Terence Rush (until 14/03/2023)

Fr. Weerasuriya Perera

Christopher Ryan (excluding 11/08/2022-24/08/2022, 19/09/2022-16/10/2022, and 20/01/2023-6/02/2023)

Cody Burdon (11/08/2022-24/08/2022, 19/09/2022-16/10/2022, and 20/01/2023-6/02/2023)

Advisory board

The names of each person who has been on the advisory Board during the year and to the date of this report are:

Jeremy Ayliffe

Christopher Ryan

Daniel Morgan

Anne Rybak

Narelle Green

Calum Frame (commenced 20/09/2022)

Roger Colbeck (until 22/11/2022)

The Advisory Board are responsible for ensuring the primary objectives of the Fund, as outlined within its Rules, are achieved.

Advisory Board members have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The Fund provides financial services through its office in Hobart to the Catholic Community throughout Tasmania. 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.

Catholic Development Fund Tasmania

Report of the Trustees

30 June 2023

2. Operating results and review of operations for the year

Operating result

The net surplus/(deficit) for the year, prior to any distributions, amounted to 5,663,795 (2022: \$ 3,452,026).

Distributions paid

Distributions of \$3,039,563 were paid during the year to the Archdiocese of Hobart (2022: \$2,419,710).

3. Other items

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 28 of the financial report.

Signed in accordance with a resolution of the Trustees:

Trustee:

Christopher Ryan

Trustee:

Fr. Weerasuriya Perera

Dated this^{11th}.....day of October 2023.

Catholic Development Fund Tasmania

Statement of the Trustees

30 June 2023

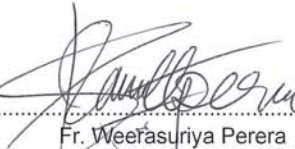
The Trustees declare that:

- 1. The financial statements and notes, as set out on pages 4 to 27, present fairly the Fund's financial position as at 30 June 2023 and its performance for the year ended on that date in accordance with Australian Accounting Standards - Simplified Disclosures; and
- 2. In the Trustee'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 Trustees and is signed for and on behalf of the Trustees by:

Trustees

Christopher Ryan

Trustees

Fr. Weerasuriya Perera

Dated this 11th day of October 2023.

Catholic Development Fund Tasmania

Statement of Comprehensive Income For the Year Ended 30 June 2023

	2023	2022
	\$	\$
Income		
Interest Income		
Investment interest	5,044,317	1,108,082
Interest received on loans	7,066,831	4,037,249
Total interest Income	12,111,148	5,145,331
Interest paid	(5,398,999)	(808,773)
Net interest income	6,712,149	4,336,558
Other income	15,874	127
Total Income	6,728,023	4,336,685
Less: Expenses		
Administration expenses	49,213	38,479
Bank fees and charges	17,359	13,182
Consulting and professional fees	215,549	213,028
Depreciation	16,641	13,744
Donations and sponsorships	154,543	114,952
Insurance	18,906	20,670
IT expenses	146,248	115,677
Motor vehicle expenses	9,728	9,360
Property expenses	49,073	50,994
Staff costs	367,849	283,278
Travel, conferences & entertainment	19,119	11,295
Total expenses	1,064,228	884,659
Net operating surplus/(deficit) for the year	5,663,795	3,452,026
Distribution to the Archdiocese of Hobart	(3,039,563)	(2,419,710)
Net surplus/(deficit) for the year	2,624,232	1,032,316
Other comprehensive income	-	-
Total comprehensive income for the year	2,624,232	1,032,316

The accompanying notes form part of these financial statements.

Catholic Development Fund Tasmania

Statement of Financial Position

As At 30 June 2023

		2023	2022
	Note	\$	\$
ASSETS			
Cash and cash equivalents	3	83,513,016	103,601,618
Financial assets	4	168,846,461	141,448,456
Other assets	5	1,269,755	178,241
Property, plant and equipment	6	369,274	355,373
Trade and other receivables		13,386	-
TOTAL ASSETS		254,011,892	245,583,688
LIABILITIES			
Trade and other payables	7	1,373,144	139,604
Debenture holders	8	195,944,149	209,396,546
Employee benefits	9	84,272	61,443
Borrowings		38,000,000	20,000,000
TOTAL LIABILITIES		235,401,565	229,597,593
NET ASSETS		18,610,327	15,986,095
EQUITY			
General reserve for credit losses	1(o)	1,000,000	1,000,000
Special distribution reserve	1(n)	3,826,003	2,286,440
Accumulated surpluses		13,784,324	12,699,655
TOTAL EQUITY		18,610,327	15,986,095

The accompanying notes form part of these financial statements.

Catholic Development Fund Tasmania

Statement of Changes in Equity

For the Year Ended 30 June 2023

2023

	Accumulated Surpluses	Special Distribution reserve	General Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2022	12,699,655	2,286,440	1,000,000	15,986,095
Net surplus/(deficit) for the year	2,624,232	-	-	2,624,232
Transfer to/(from) reserves	(1,539,563)	1,539,563	-	-
Balance at 30 June 2023	13,784,324	3,826,003	1,000,000	18,610,327

2022

	Accumulated Surpluses	Special Distribution reserve	General Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2021	12,147,629	1,806,150	1,000,000	14,953,779
Net surplus/(deficit) for the year	1,032,316	-	-	1,032,316
Transfer to/(from) reserves	(480,290)	480,290	-	-
Balance at 30 June 2022	12,699,655	2,286,440	1,000,000	15,986,095

The accompanying notes form part of these financial statements.

Catholic Development Fund Tasmania

Statement of Cash Flows

For the Year Ended 30 June 2023

	2023	2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase/(decrease) in debentures	(13,452,397)	(12,507,914)
Interest paid	(4,156,527)	(833,403)
Net (increase)/decrease in loans	(29,398,005)	(33,033,045)
Other receipts	(145)	129
Receipts from interest	11,042,728	5,449,778
Payments to suppliers and employees	(1,069,720)	(883,514)
Net cash provided by /(used in) operating activities	10(a) <u>(37,034,066)</u>	<u>(41,807,969)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	23,170	25,516
Purchase of plant and equipment	6(a) (37,693)	(48,296)
Proceeds from sale of bonds	2,000,000	-
Net cash used in investing activities	<u>1,985,477</u>	<u>(22,780)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distribution paid	(3,039,563)	(2,417,710)
Loan received	18,000,000	20,000,000
Net cash provided by/(used in) financing activities	<u>14,960,437</u>	<u>17,582,290</u>
Net increase/(decrease) in cash and cash equivalents held	(20,088,152)	(24,248,459)
Cash and cash equivalents at beginning of year	<u>103,601,168</u>	<u>127,850,077</u>
Cash and cash equivalents at end of financial year	10(b) <u><u>83,513,016</u></u>	<u><u>103,601,618</u></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 2023

The financial statements cover the Roman Catholic Church Trust Corporation of the Archdiocese of Hobart trading as the Catholic Development Fund Tasmania (the Fund) as an individual entity. The Roman Catholic Church Trust Corporation (Trust corporation) is the ultimate parent entity.

The functional and presentation currency of the Fund is Australian dollars.

1 Summary of Significant Accounting Policies

(a) Basis for Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures. This includes compliance with the recognition and measurement requirements of all Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the disclosure requirements of AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

The Fund 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.

Presentation of Statement of Financial Position on a Liquidity Basis

The Trustees have taken the view that in complying with the requirements of AASB, the treatment of Debenture holder Funds as current liabilities does not reflect the true liquidity of the Fund as these liabilities are not likely to be repaid in the next 12 months.

Accordingly, the Trustees have chosen to present its statement of financial position under the liquidity presentation method (AASB 101 Presentation of Financial Statements) on the basis that it presents a more reliable and relevant view.

(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.

Catholic Development Fund Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies

(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 2.

(f) Property, Plant and Equipment

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

The depreciable amount of all plant and equipment 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:

Class of Fixed Assets	Depreciation rate
Plant and Equipment	20% - 33%
Motor Vehicle	20%

Catholic Development Fund Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies

(g) 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.

(h) 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 the Fund to an employee superannuation fund are charged as expenses when incurred.

(i) 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).

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)

Catholic Development Fund Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies

(i) Financial Instruments

Financial assets

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 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.

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 asset has increased significantly 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.

Catholic Development Fund Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies

(i) Financial Instruments

Financial assets

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.

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. (Refer also note 2).

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, debenture holder funds and borrowings.

Catholic Development Fund Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies

(j) 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).

(k) Indemnity

Debentures/investments (including interest) are indemnified by the Archbishop of Hobart through CDPF Limited, which is a company established by the Australian Catholic Bishops' Conference. In essence, this means that debentures, investments and any interest payable, is guaranteed by the Trust Corporation. A debenture/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 (Refer also note 14).

(l) 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.

(m) Income Tax

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

(n) Special Distribution Reserve

The Fund has a special distribution reserve set aside from accumulated surpluses that may be used for future special distributions to the Archdioceses of Hobart.

Catholic Development Fund Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies

(o) General Reserve for Credit Losses

In addition to the expected credit loss provision mentioned at Note 1(i), the Fund has recognised the need to maintain a reserve to ensure there is adequate protection for debenture holders against the prospect that some borrowers may experience loan repayment difficulties in the future. The balance of the general reserve is carried in equity as an allocation from accumulated surpluses (Refer also note 2).

(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 2023. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Fund.

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Standard AASB 2020-1 Amendments to Australian Accounting Standards Classification of Liabilities as Current or Non-current amends AASB 101 to classify requirements for the presentation of liabilities in the statement of financial position as current or non-current and the standard AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates, to clarify the disclosure requirements of accounting policies and estimates. These standards applied to annual reporting periods beginning on or after 1 January 2023. The Fund has decided against early adoption of these Standards. The Fund does not expect the effect of either of these statements to be material.

2 Critical Accounting Estimates and Judgements

The Trustees evaluate estimates and judgements 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 judgements 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.

The significant estimates and judgements made have been described below.

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.

Catholic Development Fund Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Critical Accounting Estimates and Judgements

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 (2022: nil).

There have been no indications of increased risk of default during 2022 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.

3 Cash and cash equivalents

	2023	2022
	\$	\$
Cash on hand	14,765	9,697
Cash at bank	14,207,655	44,719,418
Term deposits	69,290,596	58,872,503
	<u>83,513,016</u>	<u>103,601,618</u>

4 Financial Assets

	2023	2022
	\$	\$
Loans receivable	166,846,461	137,448,456
Bonds - held to maturity	2,000,000	4,000,000
	<u>168,846,461</u>	<u>141,448,456</u>

Provision for Impairment

Management and the Trustees has estimated that no allowance is required under the expected credit losses model (Refer also Critical Accounting Estimates Noted 2 and 1(i)).

5 Other Assets

	2023	2022
	\$	\$
Accrued income	1,269,755	178,241
	<u>1,269,755</u>	<u>178,241</u>

Catholic Development Fund Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2023

6 Property, Plant and Equipment

	2023	2022
	\$	\$
Land		
At cost	300,000	300,000
Total Land	<u>300,000</u>	<u>300,000</u>
Plant and equipment		
At cost	10,450	5,395
Accumulated depreciation	(5,442)	(5,395)
Total plant and equipment	<u>5,008</u>	<u>-</u>
Motor vehicles		
At cost	80,934	78,986
Accumulated depreciation	(16,668)	(23,613)
Total motor vehicles	<u>64,266</u>	<u>55,373</u>
Total plant and equipment	<u>69,274</u>	<u>55,373</u>
Total property, plant and equipment	<u><u>369,274</u></u>	<u><u>355,373</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
	\$	\$	\$	\$
Balance at the beginning of year	300,000	-	55,373	355,373
Additions	-	5,055	32,638	37,693
Disposals - written down value	-	-	(7,151)	(7,151)
Depreciation expense	-	(47)	(16,594)	(16,641)
Balance as at 30 June 2023	<u><u>300,000</u></u>	<u><u>5,008</u></u>	<u><u>64,266</u></u>	<u><u>369,274</u></u>

Catholic Development Fund Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2023

7 Trade and Other Payables

	2023	2022
	\$	\$
Trade payables	10,149	5,566
Accrued interest	1,326,607	84,135
GST payable	(2,829)	(1,624)
Accrued expense	23,646	40,393
Other payables	15,571	11,134
	<u>1,373,144</u>	<u>139,604</u>

8 Debenture Holders

	2023	2022
	\$	\$
Debentures - at call	106,614,566	125,217,008
Debentures - fixed term	89,329,583	84,179,538
	<u>195,944,149</u>	<u>209,396,546</u>

9 Employee Benefits

	2023	2022
	\$	\$
Current		
Annual leave	50,793	38,893
Long service leave	13,690	-
Non-current	-	-
Long service leave	19,789	22,550
	<u>84,272</u>	<u>61,443</u>

(a) Movements in Carrying Amounts

	Annual Leave	Long Service Leave
2023	\$	\$
Opening balance	38,893	22,550
Leave taken	10,856	-
Leave accrued	(22,756)	(10,928)
Closing balance	<u>26,993</u>	<u>11,622</u>

Catholic Development Fund Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2023

10 Cash Flow Information

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

	2023	2022
	\$	\$
Net surplus/(deficit) for the year	2,624,232	1,032,316
Cash flows excluded from surplus		
- distribution paid to the Archdiocese of Hobart	3,039,562	2,419,710
Non-cash flows in surplus:		
- depreciation	16,641	13,744
- net (gain)/loss on disposal of plant and equipment	(16,019)	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(13,385)	-
- (increase)/decrease in financial assets	(29,398,005)	(33,033,045)
- (increase)/decrease in other assets	(1,091,514)	293,919
- increase/(decrease) in trade and other payables	1,233,990	(38,815)
- increase/(decrease) in debenture holders	(13,452,397)	(12,506,912)
- increase/(decrease) in employee benefits	22,829	11,114
Cash flow from operations	<u>(37,034,066)</u>	<u>(41,807,969)</u>

(b) Reconciliation of cash

	2023	2022
	\$	\$
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	3 <u>83,513,016</u>	<u>103,601,618</u>
	<u>83,513,016</u>	<u>103,601,618</u>

Catholic Development Fund Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2023

11 Financial Risk Management

The main risks the Fund 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:

		2023	2022
		\$	\$
Financial Assets			
Cash and cash equivalents	3	83,513,016	103,603,268
Loans receivables	4	168,846,461	137,448,456
Bonds	4	2,000,000	4,000,000
Total financial assets		<u>254,359,477</u>	<u>245,051,724</u>
Financial Liabilities			
Trade and other payables	7	1,373,144	139,604
Debentures	8	195,944,149	209,396,546
Borrowings		38,000,000	20,000,000
Total financial liabilities		<u>235,317,293</u>	<u>229,536,150</u>

Financial Risk Management Policies

The Trustees have overall responsibility for the establishment of the Fund'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 the Fund's activities.

The day-to-day risk management is carried out by the Fund's finance function under policies and objectives which have been approved by the Trustees. The Fund Manager, and Executive Director 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 2023

11 Financial Risk Management

Financial Risk Management Policies

The Trustees receive regular reports which provide details of the effectiveness of the processes and policies in place.

The Fund 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 the Fund and arises principally from the Fund'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.

A significant portion of the Fund's loan activity is with borrowers located within the Catholic Education Tasmania System. Therefore, the Fund exposure to credit risk is significantly affected by changes in the economy as it relates to education.

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 2023

11 Financial Risk Management

(b) Liquidity risk

Liquidity risk arises from the possibility that the Fund 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, the Fund ensures that it has sufficient cash on demand to meet expected operational expenses for a period of no less than 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 2023

11 Financial Risk Management

(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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:												
Cash and cash equivalents	4.33	0.76	83,498,251	103,591,921	-	-	-	-	14,765	9,697	83,513,016	103,601,618
Trade and other receivables	-	-	-	-	-	-	-	-	13,386	-	13,386	-
Accrued income	-	-	-	-	-	-	-	-	1,269,755	178,241	1,269,755	178,241
Loans receivables	4.95	4.25	39,328	300,948	13,783,956	13,497,806	153,023,177	123,649,701	-	,000,000	166,846,461	141,448,455
Bonds	4.95	1.87	-	-	2,000,000	4,000,000	-	-	-	-	2,000,000	4,000,000
Total			<u>83,537,579</u>	<u>103,892,869</u>	<u>15,783,956</u>	<u>17,497,806</u>	<u>153,023,177</u>	<u>123,649,701</u>	<u>1,297,906</u>	<u>187,938</u>	<u>253,642,618</u>	<u>249,228,314</u>
Financial Liabilities:												
Trade and other payables	-	-	-	-	-	-	-	-	1,373,144	139,604	1,373,144	139,604
Debentures - at call	2.11	0.27	106,614,566	125,217,008	-	-	-	-	-	-	106,614,566	125,217,008
Debentures - fixed term	3.74	0.34	87,147,010	81,996,966	2,182,573	2,182,572	-	-	-	-	89,329,583	84,179,538
Borrowings	-	-	-	-	-	-	38,000,000	20,000,000	-	-	38,000,000	20,000,000
Total			<u>193,761,576</u>	<u>207,213,974</u>	<u>2,182,573</u>	<u>2,182,572</u>	<u>38,000,000</u>	<u>20,000,000</u>	<u>1,373,144</u>	<u>139,604</u>	<u>235,317,293</u>	<u>229,536,150</u>

Catholic Development Fund Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2023

12 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.

13 Capital and Leasing Commitments

There are no capital or leasing commitments to be disclosed as at 30 June 2023 (30 June 2022: Nil).

14 Contingent Liabilities and Contingent Assets

Contingent Liabilities

(a) Contractual Contingencies

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 2023

14 Contingent Liabilities and Contingent Assets

Contingent Liabilities

	2023	2022
	\$	\$
Approved but undrawn loans at year end	55,559,884	80,732,565
Total unutilised overdrafts at year end	45,707,000	44,707,000

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

(b) ASIC and APRA Exemption Contingency

The Fund is sponsored by CDPF Ltd to receive exemptions from both ASIC and APRA in relation to its treasury activities. CDPF Ltd as the sponsoring body must ensure the Fund complies with the conditions of ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813, and Banking Exemption No. 1 of 2017 (Religious Charitable Development Funds) Corporations to ensure the ongoing application of the exemptions for the Fund's treasury operations.

Should CDPF Ltd or the Fund fail to comply with the conditions of the exemptions then the Fund would be required to cease its treasury activities. In such an event the Fund would be required to refund the net value of all accounts to all debenture holders not listed in Note 14 as Related Parties.

In the opinion of the Trustees, the Fund did not have any other contingencies at 30 June 2023 (30 June 2022: Nil).

Catholic Development Fund Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2023

15 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.

Trust Controlled entities include:

- Centacare Evolve Housing;
- Blueline Laundry;
- Samaritan Projects;
- St Joseph Affordable Homes; and
- St Marys Restoration Appeal.

As trading entities under the Trust Corporation and controlled entities, 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 or controlled entities.

Catholic Development Fund Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2023

15 Related Parties

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	Provision for bad debts	Bad debts expenses
Trust Corporation Entities	2,619,254	978,610	58,669,749	300,621,594	-
Trust Controlled Entities	2,433,788	118,180	60,920,108	14,985,492	-

16 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Fund is \$ 113,750 (2022: \$ 80,452).

Catholic Development Fund Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2023

17 Events Occurring After the Reporting Date

There are no events subsequent to reporting date to be disclosed as at year end (2022: Nil).

18 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 Trustees of Catholic Development Fund Tasmania

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, 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...10...day of...October...2023.

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 2023, 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 of the Trustees.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Fund as at 30 June 2023, and of its financial performance for the year then ended in accordance with the Australian Accounting Standards - Simplified Disclosures.

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* (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.

Other Information

The Trustees are responsible for the other information. The other information comprises the Trustees's Report the year ended 30 June 2023, 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 Trustees for the Financial Report

The Trustees 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 - Simplified Disclosures and for such internal control as the Trustees 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 Trustees are 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 Trustees either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustees are 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 Trustees.
- Conclude on the appropriateness of the Trustees' 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 Trustees 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...11...day of. ...October...2023.

Hobart, Tasmania.

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