



DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
ABN: 50 681 607 010

SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

**DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Financial statements for the year ended 31 December 2021**

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**DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Statement of Comprehensive Income
For the year ended 31 December 2021**

	Note	2021	2020
		\$	\$
FINANCIAL OPERATIONS			
Finance income	5	2,102,945	2,767,559
Finance expenses	6	<u>157,733</u>	<u>485,419</u>
Net surplus/(deficit) from financial operating activities		<u>1,945,212</u>	<u>2,282,140</u>
OTHER			
Other income	5	41,782	55,253
Operating expenses	6	<u>288,219</u>	<u>222,556</u>
Net operating surplus/(deficit) from other activities		<u>(246,437)</u>	<u>(167,303)</u>
Net surplus/(deficit) before distributions		<u>1,698,774</u>	<u>2,114,837</u>
Contributions to the Roman Catholic Trust for the Diocese of Cairns		<u>2,400,000</u>	<u>1,900,000</u>
Net (deficit)/surplus for the year transferred to Reserves		<u>(701,226)</u>	<u>214,837</u>

This statement should be read in conjunction with the notes to the financial statements.

**DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Statement of Financial Position
As at 31 December 2021**

	Note	2021 \$	2020 \$
<u>Assets</u>			
Cash and cash equivalents	7	40,279,109	24,359,158
Short-term investments	8	7,000,000	28,000,000
Trade and other receivables	9	5,854,295	6,273,281
Prepayments		2,063	3,034
Total current assets		53,135,467	58,635,473
Investments	10	-	-
Property, plant and equipment	11	1,860	3,453
Trade and other receivables	9	46,652,239	41,842,125
Total non-current assets		46,654,099	41,845,578
Total assets		99,789,566	100,481,052
<u>Liabilities</u>			
Creditors and borrowings	12	57,586,892	55,337,762
Employee entitlements	13	42,506	36,490
Total current liabilities		57,629,398	55,374,252
Creditors and borrowings	12	32,276,904	34,522,310
Total non-current liabilities		32,276,904	34,522,310
Total liabilities		89,906,302	89,896,562
Net assets		9,883,265	10,584,490
<u>Reserve Funds</u>			
Retained Surplus		9,883,265	10,584,490
Total reserve funds		9,883,265	10,584,490

This statement should be read in conjunction with the notes to the financial statements.

**DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Statement of Changes in Equity
For the year ended 31 December 2021**

	Retained surplus	Total equity
	\$	\$
Balance at 1 January 2020	10,369,653	10,369,653
Net surplus	214,837	214,837
Total other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income	214,837	214,837
	<hr/>	<hr/>
Balance at 31 December 2020	10,584,490	10,584,490
	<hr/>	<hr/>
Balance at 1 January 2021	10,584,490	10,584,490
Net (deficit)	(701,226)	(701,226)
Total other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income	(701,226)	(701,226)
	<hr/>	<hr/>
Balance at 31 December 2021	9,883,264	9,883,264

This statement should be read in conjunction with the notes to the financial statements.

**DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Notes to and forming part of the special purpose financial statements
For the year ended 31 December 2021**

1. Reporting entity

The Diocese of Cairns Catholic Development Fund ("CDF") forms part of The Roman Catholic Trust Corporation for the Diocese of Cairns ("the RCTC"). The RCTC's registered office is at 130 Lake Street, Cairns, Queensland.

The CDF provides internal treasury services to Parishes and Agencies operating under the RCTC as well as facilitating financial transactions of other associated Catholic Entities as approved by the Bishop of Cairns.

In addition, the CDF makes contributions to the RCTC to assist with funding the religious and charitable works of the RCTC.

The CDF is not a reporting entity because there are unlikely to be users dependent on a general purpose financial report. For the purpose of preparing Financial Statements, the CDF is a not-for-profit entity.

This special purpose report has been prepared for the sole purpose of distribution to the Bishop of Cairns to fulfil financial reporting requirements under Canon Law and ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813, and must not be used for any other purpose.

2. Basis of accounting

a) Statement of compliance

The financial statements are special purpose financial statements which have been prepared in accordance with the requirements

AASB 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
AASB 110	<i>Events after the Balance Date</i>
AASB 116	<i>Property Plant & Equipment</i>
AASB 119	<i>Employee Benefits</i>

The financial statements were authorised for issue on the date shown on the Declaration by the Executive Director on page 12.

b) Basis of measurement

The financial statements have been prepared on an accruals basis. They are based on historical costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

c) Functional currency

These financial statements are presented in Australian dollars, which is the CDF's functional currency.

d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the CDF's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Assumptions and estimation uncertainties

Management is not aware of any assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

**DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Notes to and forming part of the special purpose financial statements
For the year ended 31 December 2021**

2. Basis of accounting (continued)

e) Economic dependency and going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The CDF predominately provides an internal treasury management function and is reliant on other Diocesan operations, and their government funding, in order to continue its operations. Management has no reason to believe that the required funding will not be forthcoming for the foreseeable future. However, should these other Diocesan operations have their future government funding significantly reduced or curtailed, the CDF would be unlikely to be able to continue its operations at current levels.

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CDF has been impacted by the evolving situation surrounding COVID-19. With uncertainty in the economy, investment returns have dropped significantly and are impacting CDF returns. With increased levels of unemployment across the region there are also anticipated impacts on other Diocesan entities revenue streams and government funding programs which may impact their cash reserves. Any decline in member cash reserves will also impact CDF's ability to create revenue by limiting funds available for investment.

3. New and amended accounting standards

The CDF has adopted the recognition, measurement and classification aspects of all amendments to Australian Accounting Standards issued by the AASB which are relevant to, and effective for, the CDF's financial statements for the annual period beginning 1 January 2021. None of the amendments have had a significant impact.

Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021, and have not been applied in preparing these financial statements. CDF has not yet assessed the impact of these new or amended standards.

4. Significant accounting policies

a) Revenue

Revenue arises mainly from investment and lending activities.

Revenue is recognised either at a point in time or over time when (or as) CDF investments mature or interest on lendings accrues.

The CDF recognises other income when the amount of income can be reliably measured and it is probable that future economic benefits will flow to the CDF.

b) Finance income and expenses

Finance income and finance costs include interest income and interest expense. Both financial income and expenses are recognised using the effective interest method.

DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Notes to and forming part of the special purpose financial statements
For the year ended 31 December 2021

4. Significant accounting policies (continued)

c) Employee entitlements

(i) Short-term benefits (wages, salaries and annual leave)

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the CDF has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans (superannuation)

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

4. Significant accounting policies (continued)

c) Employee entitlements (continued)

(iii) Long-term employee benefits (long service leave)

The CDF's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

d) Income tax

The CDF, as part of the RCTC, has been granted exemption from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in income or expenses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to CDF.

(iii) Depreciation and amortisation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight line basis over their estimated useful lives and is generally recognised in expenses.

**DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Notes to and forming part of the special purpose financial statements
For the year ended 31 December 2021**

4. Significant accounting policies (continued)

f) Financial instruments

(i) Non-derivative financial assets and financial liabilities - Recognition and derecognition

The CDF initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The CDF derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

CDF derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(ii) Non-derivative financial assets - Measurement

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with the Brisbane Archdiocesan Development Fund (ADF) and term deposits with original maturities of three months or less.

Short-term investments

Term deposits in excess of three months are reported as short-term investments.

Loans and receivables

Loans and receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

g) Impairment

(i) Non-derivative financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'.

Recognition of credit losses is no longer dependent on the CDF first identifying a credit loss event. Instead the CDF considers a broader 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 the instrument. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the CDF on terms that the CDF would not consider otherwise, and indications that a debtor will enter bankruptcy.

The CDF considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at a specific asset level.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in expenses and reflected in an allowance account. The CDF makes use of a simplified approach in accounting for trade and receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial asset. The CDF uses its historical experience to calculate the expected credit losses using a provision matrix. When the CDF considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through other income.

**DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Notes to and forming part of the special purpose financial statements
For the year ended 31 December 2021**

4. Significant accounting policies (continued)

g) Impairment (continued)

(ii) Non-financial assets

At each reporting date, the CDF reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. As the CDF is a not-for-profit entity, value in use is the written down current replacement cost of an asset as the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and as the entity would, if deprived of the asset, replace its remaining future economic benefits.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in expenses.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Loans

(i) Loans to approved borrowers

Loans to Parishes and other Diocesan Agencies represent loans to approved borrowers which are either legally part of the Roman Catholic Trust Corporation for the Diocese of Cairns or to other Incorporated Catholic Bodies.

The following factors are relevant in relation to loans:

Many of the borrowings are covered by substantial deposits within the same operations and one of the conditions under which the loans are made is that borrowers will continue to deposit their surplus funds with the CDF.

A significant proportion of these deposits are under the direct control of the Bishop.

	2021 \$	2020 \$
5. <u>Income</u>		
Finance income		
Interest from loans	1,852,587	1,934,743
Investment income	250,358	832,816
Total Finance income	<u>2,102,945</u>	<u>2,767,559</u>
Other income		
Other income	41,782	55,253
Total Other income	<u>41,782</u>	<u>55,253</u>
6. <u>Finance expenses</u>		
Finance Expenses		
Savings interest	42,508	142,621
Term deposit interest	115,225	342,798
Total Finance expenses	<u>157,733</u>	<u>485,419</u>
Other Expenses		
Ordinary expenses	285,231	221,364
Other expenses	2,988	1,191
Total other expenses	<u>288,219</u>	<u>222,556</u>

DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Notes to and forming part of the special purpose financial statements
For the year ended 31 December 2021

	2021	2020
	\$	\$
7. <u>Cash, cash equivalents</u>		
<i>Cash and cash equivalents</i>		
Cash at bank - CDF	13,014	41,158
Cash at bank - NAB	2,598,716	2,917,451
Cash at bank - ADF	37,667,379	21,400,549
Total cash, cash equivalents in the statement of cash flows	<u>40,279,109</u>	<u>24,359,158</u>
8. <u>Short term investments</u>		
Term deposits	7,000,000	28,000,000
Total short term investments in the statement of cash flows	<u>7,000,000</u>	<u>28,000,000</u>
These are term deposits greater than 3 months but less than 12 months.		
9. <u>Trade and other receivables</u>		
Current		
Trade receivables	-	15,898
Interest receivable	5,638	184,432
Internal debtors	7,739	7,560
Loans to Parishes & institutions	5,839,837	6,064,457
GST receivable	1,080	934
Total trade receivables - current	<u>5,854,295</u>	<u>6,273,281</u>
Non-Current		
Loans to Parishes & institutions	46,652,239	41,842,125
	<u>46,652,239</u>	<u>41,842,125</u>
10. <u>Investments</u>		
Term deposits	-	-
Total investments in the statement of cash flows	<u>-</u>	<u>-</u>
These are term deposits greater than 12 months.		
11. <u>Property, plant and equipment</u>		
<i>Furniture and equipment</i>		
At cost	8,966	8,966
Accumulated depreciation	(8,966)	(8,618)
Carrying amount at 31 December	<u>-</u>	<u>348</u>
<i>Computer equipment</i>		
At cost	4,150	35,669
Accumulated depreciation	(2,290)	(32,564)
Carrying amount at 31 December	<u>1,860</u>	<u>3,105</u>
Total Property, plant and equipment	<u>1,860</u>	<u>3,453</u>

DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Notes to and forming part of the special purpose financial statements
For the year ended 31 December 2021

	2021 \$	2020 \$
12. <u>Creditors and borrowings</u>		
<i><u>Current</u></i>		
On call savings accounts	57,510,476	55,166,618
Sundry creditors	41,263	41,429
Interest payable	35,153	129,715
	<u>57,586,892</u>	<u>55,337,762</u>
<i><u>Non - current</u></i>		
Term deposits	<u>32,276,904</u>	<u>34,522,310</u>
	<u>32,276,904</u>	<u>34,522,310</u>
Total creditors and borrowings	<u>89,863,796</u>	<u>89,860,071</u>

All loans owing to the Catholic Development Fund are repayable in fixed monthly instalments with interest payable at 4.1%. The loans are not subject to any formal security.

13. Employee entitlements

Current

Long service leave

42,506	36,490
<u>42,506</u>	<u>36,490</u>

14. Auditor's remuneration

Audit services

Audit of financial statements

16,600	14,750
<u>16,600</u>	<u>14,750</u>

15. Events after the reporting period

No matters or circumstances have arisen since 31 December 2021 that materially impact the balances reported in the financial statements.

**DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
For the year ended 31 December 2021**

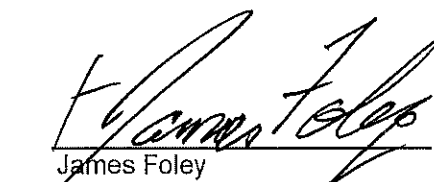
Statement by the Moderator of the Curia and the Executive Director

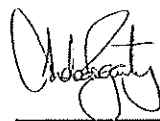
It is our opinion that:

- (a) the Diocese of Cairns Catholic Development Fund is not a reporting entity;
- (b) The financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* including:
 - (i) giving a true and fair view of the Diocese of Cairns Catholic Development Funds' financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards to the extent described in Note 2; and
- (c) There are reasonable grounds to believe that the Dioceses of Cairns Catholic Development Fund is able to pay all its debts as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*:

Dated at Cairns this 28th day of April 2022.


James Foley
Bishop of Cairns
Catholic Diocese of Cairns


Ms Andrea Fogarty
Executive Director
Catholic Diocese of Cairns

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Independent auditor's report to the members of the Roman Catholic Trust Corporation for the Diocese of Cairns as trustee of the Catholic Development Fund

Report on the audit of the financial report

Opinion

We have audited the financial report of the Catholic Development Fund (the "Entity"), which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Declaration by the Moderator of the Curia and the Executive Director.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 31 December 2021 and its financial performance for the year then ended in accordance with Australian Accounting Standards to the extent described in Note 1.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and 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.

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Emphasis of matter – Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling management's financial reporting responsibilities to the Roman Catholic Trust Corporation for the Diocese of Cairns as Trustee. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the financial report

Management of the Entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate for the purpose of fulfilling management's financial reporting responsibilities. The directors' responsibility also includes such internal control as the directors determine is 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, management are responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

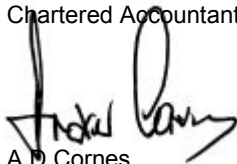
Auditor's responsibilities for the audit of the financial report

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



A D Cornes
Partner – Audit & Assurance

Cairns, 28 April 2022