



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

SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Financial statements for the year ended 31 December 2022

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DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Statement of Comprehensive Income
For the year ended 31 December 2022

	Note	2022 \$	2021 \$
FINANCIAL OPERATIONS			
Finance income	4	3,671,476	2,102,945
Finance expenses	5	<u>(284,354)</u>	<u>(157,733)</u>
Net surplus/(deficit) from financial operating activities		<u>3,387,122</u>	<u>1,945,212</u>
OTHER			
Other income		60,547	41,782
Operating expenses	5	<u>(301,244)</u>	<u>(288,219)</u>
Net operating surplus/(deficit) from other activities		<u>(240,697)</u>	<u>(246,437)</u>
Net surplus/(deficit) before distributions		<u>3,146,425</u>	<u>1,698,774</u>
Contributions to the Roman Catholic Trust for the Diocese of Cairns		<u>(2,300,000)</u>	<u>(2,400,000)</u>
Net (deficit)/surplus for the year transferred to Reserves		<u>846,425</u>	<u>(701,226)</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 2022

	Note	2022 \$	2021 \$
<u>Assets</u>			
Cash and cash equivalents	6	27,268,859	40,279,109
Short-term investments	7	2,000,000	7,000,000
Trade and other receivables	8	4,640,358	5,854,295
Prepayments		-	2,063
Total current assets		33,909,217	53,135,467
Property, plant and equipment		1,088	1,860
Trade and other receivables	8	66,974,588	46,652,239
Total non-current assets		66,975,676	46,654,099
Total assets		100,884,893	99,789,566
<u>Liabilities</u>			
Creditors and borrowings	9	90,113,096	89,863,796
Employee entitlements		42,107	42,506
Total current liabilities		90,155,204	89,906,302
Total liabilities		90,155,204	89,906,302
Net assets		10,729,690	9,883,265
<u>Reserve Funds</u>			
Retained Surplus		10,729,690	9,883,265
Total reserve funds		10,729,690	9,883,265

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 2022

	Retained surplus	Total equity
	\$	\$
Balance at 1 January 2021	10,584,490	10,584,490
Net (deficit)	(701,226)	(701,226)
Total other comprehensive income	-	-
Total comprehensive income	(701,226)	(701,226)
Balance at 31 December 2021	9,883,265	9,883,265
Balance at 1 January 2022	9,883,265	9,883,265
Net surplus	846,425	846,425
Total other comprehensive income	-	-
Total comprehensive income	846,425	846,425
Balance at 31 December 2022	10,729,690	10,729,690

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 2022

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 under Canon Law. The CDF is not a "Reporting Entity" as defined in Statements of Accounting Concepts SAC1 and accordingly the requirements of Australian Accounting Standards and other professional reporting requirements do not have mandatory applicability. The financial report has been prepared in accordance with the following Australia Accounting Standards and other professional reporting requirements.

AASB 101	<i>Presentation of Financial Statements</i>
AASB 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
AASB 1048	<i>Interpretations of Standards</i>
AASB 1054	<i>Australian Additional Disclosures</i>

The financial statements do not comply with International Financial Reporting Standards ("IFRSs") adopted by the International Accounting Standards Board.

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.

DIOCESE OF CAIRNS
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Notes to and forming part of the special purpose financial statements
For the year ended 31 December 2022

2. Basis of accounting (continued)

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.

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.

3. 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
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Notes to and forming part of the special purpose financial statements
For the year ended 31 December 2022

3. Significant accounting policies (continued)

c) 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*.

d) 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.

DIOCESE OF CAIRNS
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For the year ended 31 December 2022

3. Significant accounting policies (continued)

e) 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.

(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.

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Notes to and forming part of the special purpose financial statements
For the year ended 31 December 2022

3. Significant accounting policies (continued)

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.

f) 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 Diocesan Administrator.

DIOCESE OF CAIRNS
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Notes to and forming part of the special purpose financial statements
For the year ended 31 December 2022

	2022	2021
	\$	\$
4. <u>Income</u>		
Finance income		
Interest from loans	2,953,973	1,852,587
Investment income	717,503	250,358
Total Finance income	<u>3,671,476</u>	<u>2,102,945</u>
5. <u>Finance expenses</u>		
Finance Expenses		
Savings interest	207,863	42,508
Term deposit interest	76,492	115,225
Total Finance expenses	<u>284,354</u>	<u>157,733</u>
Other Expenses		
Ordinary expenses	300,473	285,231
Depreciation	772	2,988
Total other expenses	<u>301,244</u>	<u>288,219</u>
6. <u>Cash, cash equivalents</u>		
<u>Cash and cash equivalents</u>		
Cash at bank - CDF	27,992	13,014
Cash at bank - NAB	3,112,156	2,598,716
Cash at bank - ADF	24,128,711	37,667,379
Total cash, cash equivalents in the statement of cash flows	<u>27,268,859</u>	<u>40,279,109</u>
7. <u>Short term investments</u>		
Term deposits	2,000,000	7,000,000
Total short term investments in the statement of cash flows	<u>2,000,000</u>	<u>7,000,000</u>
These are term deposits greater than 3 months but less than 12 months.		
8. <u>Trade and other receivables</u>		
Current		
Trade receivables	18	-
Interest receivable	8,767	5,638
Internal debtors	-	7,739
Loans to Parishes & institutions	4,630,948	5,839,837
GST receivable	625	1,080
Total trade receivables - current	<u>4,640,358</u>	<u>5,854,295</u>
Non-Current		
Loans to Parishes & institutions	66,974,588	46,652,239
	<u>66,974,588</u>	<u>46,652,239</u>

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Notes to and forming part of the special purpose financial statements
For the year ended 31 December 2022

	2022 \$	2021 \$
9. <u>Creditors and borrowings</u>		
<u>Current</u>		
On call savings accounts	71,784,352	57,510,476
Term deposits	18,267,404	32,276,904
Sundry creditors	18,090	41,263
Interest payable	43,250	35,153
Total creditors and borrowings	<u>90,113,096</u>	<u>89,863,796</u>
10. <u>Auditor's remuneration</u>		
<u>Audit services</u>		
Fees Payable	<u>16,000</u>	<u>16,025</u>
	<u>16,000</u>	<u>16,025</u>
11. <u>Events after the reporting period</u>		

No matters or circumstances have arisen since 31 December 2022 that materially impact the balances reported in the financial statements.

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For the year ended 31 December 2022

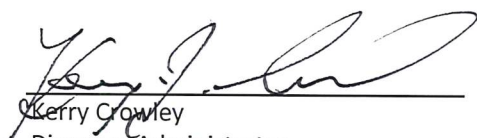
Statement by the Diocesan Administrator and the Chief Operating Officer

It is our opinion that:

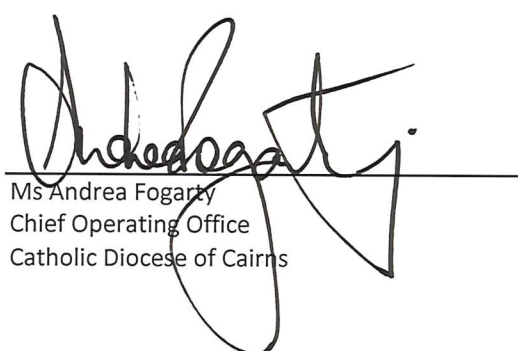
- (a) the Diocese of Cairns Catholic Development Fund is not a reporting entity;
- (b) The financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* including:
 - (i) giving a true and fair view of the Diocese of Cairns Catholic Development Funds' financial position as at 31 December 2022 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 Diocese 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 18th day of April 2023.



Kerry Crowley
Diocesan Administrator
Catholic Diocese of Cairns



Ms Andrea Fogarty
Chief Operating Office
Catholic Diocese of Cairns

DECLARATION OF INDEPENDENCE BY GREG MITCHELL TO THE DIRECTORS OF DIOCESE OF CAIRNS CATHOLIC DEVELOPMENT FUND

As lead auditor of Diocese of Cairns Catholic Development Fund for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



Greg Mitchell

Director



BDO Audit (NTH QLD) Pty Ltd

Cairns, 18 April 2023

INDEPENDENT AUDITOR'S REPORT

To the directors of Diocese of Cairns Catholic Development Fund

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Diocese of Cairns Catholic Development Fund (the Entity), which comprises the statement of financial position as at 31 December 2022, the statement of comprehensive income and the statement of equity and reserves for the year then ended, and notes to the financial report, including a summary of significant accounting policies.

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 of its financial performance for the year then ended in accordance with the basis of accounting described in note 2.

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 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.

Emphasis of matter - Basis of accounting

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Entity to fulfil the financial reporting requirements of the *Canon Law* and *ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813*. 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 and those charged with governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 2 is appropriate to meet the requirements of the *Canon Law* and *ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813* and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Entity'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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.



BDO Audit (NTH QLD) Pty Ltd



Greg Mitchell

Director

Cairns, 18 April 2023