



**Catholic Development  
Fund Archdiocese of  
Canberra and Goulburn  
Annual Financial Statements  
Financial Year Ended 31 December 2016**

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN

CATHOLIC DEVELOPMENT FUND BOARD'S DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2016

The Catholic Development Fund ('the Fund') is not a reporting entity because in the opinion of the Board there are unlikely to exist users of the financial statements who are unable to command the preparation of reports tailored so as to satisfy specifically all their information needs. Accordingly, these 'special purpose financial statements' have been prepared to satisfy the Fund's internal reporting requirements.

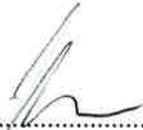
The CDF Board declares that:

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

On behalf of the CDF Board



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Mr Jeff Smart  
Chairman

Date: 9-3-17

Canberra, ACT

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

### Opinion

We have audited the financial report, being a special purpose financial report, of Catholic Development Fund Archdiocese of Canberra and Goulburn (the "Entity") which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and declaration by Management as set out on pages 5 to 10.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Entity's financial position as at 31 December 2016 and of its financial performance for the year then ended in accordance with Australian Accounting Standards to the extent outlined in Note 1.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional 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.

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

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

### Responsibilities of Management and the Board for the Financial Report

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Report

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

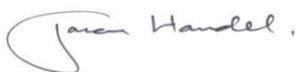
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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



DELOITTE TOUCHE TOHMATSU



J J Handel  
Partner  
Chartered Accountants  
Canberra, 10 March 2017

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Interest on loans	3,764,851	3,606,265
Interest on investments	6,242,379	6,474,916
Other income	18,762	12,433
<b>Total Revenue</b>	<b>10,025,992</b>	<b>10,093,614</b>
Less Interest Expense	4,389,957	5,150,009
Less Customer Cheque Expense	79,141	81,419
	<b>5,556,894</b>	<b>4,862,186</b>
<b>LESS OPERATING EXPENSES</b>		
Accounting & legal expenses	2 63,818	146,130
Administration expenses	45,622	59,308
IT expenses	94,613	95,749
Marketing expenses	23,514	28,966
Office resources	90,819	95,265
Staff resources	282,590	400,346
<b>Total Operating Expenses</b>	<b>600,976</b>	<b>825,764</b>
<b>OPERATING SURPLUS</b>	<b>4,955,918</b>	<b>4,036,422</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>4,955,918</b>	<b>4,036,422</b>

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2016

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash at bank	16,470,385	8,531,606
Interest receivable on investments and loans	1,788,441	2,068,754
Trade receivables (other assets)	327,398	624,668
Catholic Church Investment Service deposits	32,710,916	34,401,027
ADF Brisbane	19,531,539	28,414,695
Term deposits	95,000,000	110,000,000
Interest bearing loans receivable	103,179,747	67,660,414
Property, plant and equipment	28,589	31,701
<b>TOTAL ASSETS</b>	<b>269,037,015</b>	<b>251,732,865</b>
<b>LIABILITIES</b>		
Trade Payables	733,484	1,767,765
Depositors' money	253,759,368	236,144,650
Provisions	5 107,622	84,830
<b>TOTAL LIABILITIES</b>	<b>254,600,474</b>	<b>237,997,245</b>
<b>NET ASSETS</b>	<b>14,436,541</b>	<b>13,735,620</b>
<b>ACCUMULATED FUNDS</b>		
Retained Surplus	14,436,541	13,735,620
<b>TOTAL ACCUMULATED FUNDS</b>	<b>14,436,541</b>	<b>13,735,620</b>

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Balance as at 1 January</b>	<b>13,735,620</b>	<b>13,497,294</b>
Total Comprehensive Income for the period	4,955,918	4,036,422
Distributions of funds:		
• Archdiocese of Canberra & Goulburn	(2,412,000)	(2,388,096)
• Archdiocesan Future Fund	(1,640,000)	(1,160,000)
• Diocese of Wilcannia-Forbes	(203,000)	(203,000)
<b>Balance as at 31 December</b>	<b>14,436,538</b>	<b>13,735,620</b>

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES**

The Catholic Development Fund Archdiocese of Canberra and Goulburn (the "Fund") ("CDF") is not a reporting entity because in the opinion of the Board of the CDF there are unlikely to exist users of the financial statements who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these 'special purpose financial statements' have been prepared to satisfy the CDF's internal requirements.

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

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

The CDF Board is of the opinion that the Fund is a non-reporting entity. The financial statements have been prepared in accordance with the recognition and measurement requirements specified by accounting standards and interpretations but not the disclosure requirements specified by accounting standards and interpretations with the exception of AASB 108.

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

**(a) Cash and Cash Equivalents**

For the purpose of the financial statements, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments. Bank overdrafts are shown within trade payables in the Statement of Financial Position. Term deposits include amounts on deposit with maturities between 3 and 24 months.

**(b) Financial Assets**

Loans and other receivables are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and other receivables are shown net of amounts syndicated to other CDF's in Australia.

At each reporting date, the Fund reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income immediately.

**(c) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment (if any). Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

- Computer Hardware 3 years
- Office Equipment 3 years
- Motor Vehicles 4 years

**(d) Employee Entitlements**

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

**(e) Goods and Services Tax**

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

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

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

**(f) Income Tax**

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

**(g) Accounts Payable**

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

**(h) Depositors Funds**

Depositor funds are predominantly owned by church agencies. The Fund is designed for persons who wish to promote the activities of the Catholic community. The Fund is not subject to the normal requirement to have a prospectus and a trust deed under the *Corporations Act 2001* and the Fund has not been examined or approved by the Australian Securities and Investments Commission.

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

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

**(i) Revenue Recognition**

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

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

**(j) Critical accounting judgments and key sources of estimation information**

In the application of the Fund's accounting policies, which are described in Note 1, management is required to make judgment estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision effects both current and future periods.

**(k) Adoption of new and revised Accounting Standards**

CDF has adopted all new and revised standards and interpretations issued by the Australian Accounting Standards Board effective for the period.

The adoption of these new and revised standards and interpretations had not had a material impact on the financial statements.

Standards on issue and not yet effective have not been adopted in the period. The Board of CDF is still assessing the impact of standards issued and not yet effective.

**(l) Distribution of Funds**

Archdiocese of Canberra and Goulburn and Diocese of Wilcannia-Forbes distributions are accounted for on a cash basis and are fixed amounts for the financial year determined at the start of the financial year.

Archdiocesan Future Fund distributions are accounted for on a cash basis and paid on the 15<sup>th</sup> of every month based on 75% of the previous month's surplus.

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

**NOTE 2 – REMUNERATION OF AUDITORS**

	<b>2016</b>	<b>2015</b>
	\$	\$
Fees for audit of financial statements	26,250	25,400
	26,250	25,400

The auditor of the fund is Deloitte Touche Tohmatsu.

The auditor also performed an assurance engagement on compliance with the ASIC exemption. The fee for this service is included in the above fee.

**NOTE 3 - INCOME TAX**

The income of the fund is not subject to income tax pursuant to subsection 50-5 of the *Income Tax Assessment Act 1997*.

**NOTE 4 – RETAINED SURPLUS**

	<b>2016</b>	<b>2015</b>
	\$	\$
Retained surplus at the beginning of the financial year	13,735,620	13,497,294
Net surplus attributable to members	4,955,918	4,036,422
Distribution of funds to:		
Archdiocese of Canberra-Goulburn	(2,412,000)	(2,388,096)
Archdiocesan Future Fund	(1,640,000)	(1,160,000)
Diocese of Wilcannia – Forbes	(203,000)	(250,000)
Retained surplus at the end of the financial year	14,436,538	13,735,620

The amount of the distribution was determined by the Board of CDF.

**NOTE 5 – EMPLOYEE PROVISIONS**

	<b>2016</b>	<b>2015</b>
	\$	\$
Current	43,458	29,427
Non-current	64,164	55,403
	<b>107,622</b>	<b>84,830</b>

**NOTE 6 – SUBSEQUENT EVENTS**

There has been no events post 31 December 2016 which would have a material impact on the financial statements or operations of the Fund.

**NOTE 7 – GOING CONCERN**

Management has formed the view that the Fund is a going concern on the basis that it receives financial backing from the Archdiocese of Canberra and Goulburn as well as other CDF Branches across Australia. CDF is sponsored by the Catholic Development Provident Fund (CDPF) which provides indemnification of the CDF in relation to claims by depositors/investors. This indemnity is supported by guarantees given by diocesan Trustee corporations in favour of CDPF.