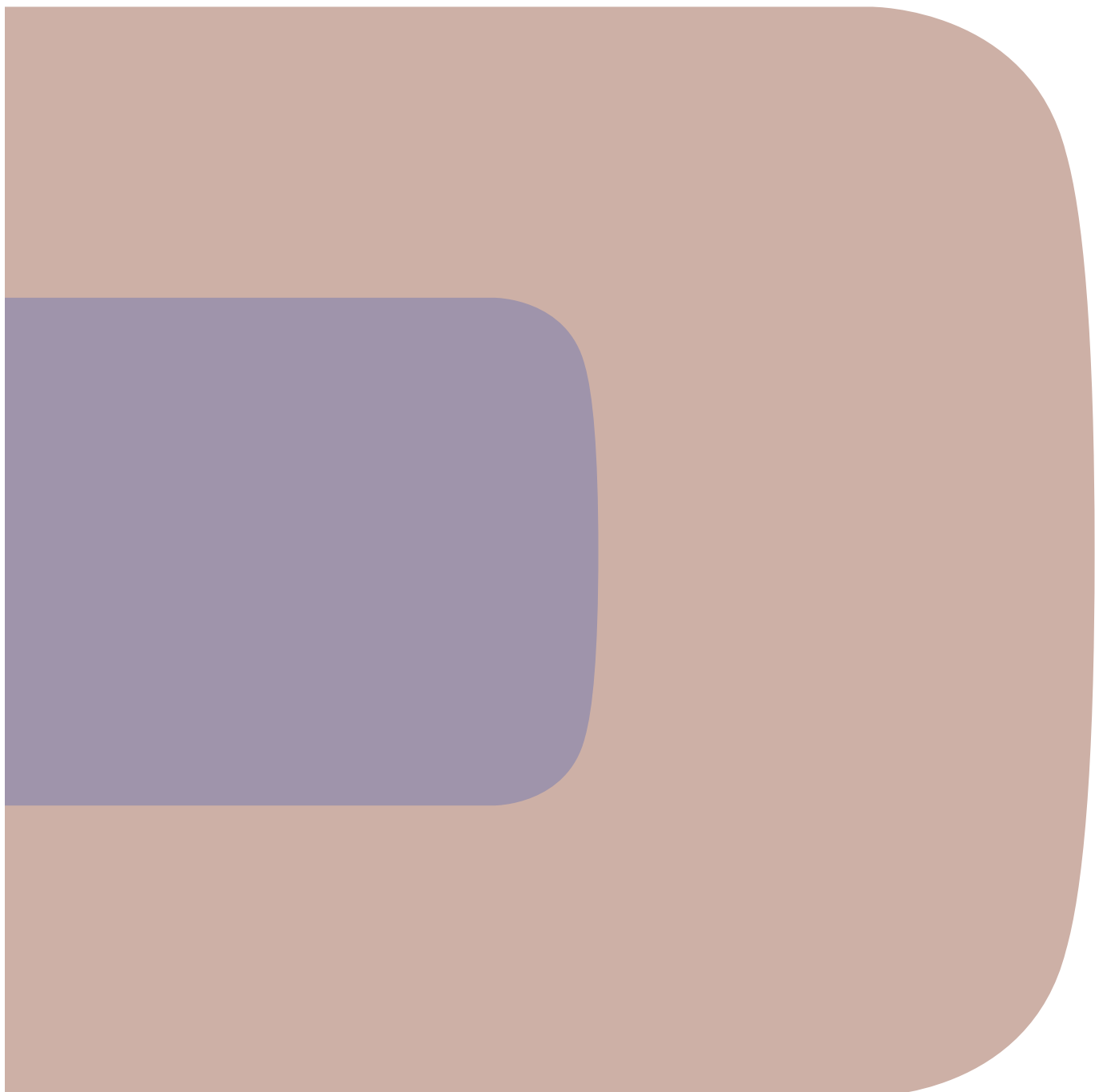




**catholicdevelopmentfund**

ARCHDIOCESE OF SYDNEY

# 2017 ANNUAL REPORT



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## MESSAGE FROM THE ARCHBISHOP

Dear friends,

I would like to invite you to spend a few moments in review of this year's Catholic Development Fund Annual Report.

The Catholic Development Fund is a major contributor to the Archdiocese of Sydney. It provides finance for capital and other works of the Church as well as a range of financial products and services for our Parishes, schools and other Catholic agencies. The CDF's financial contribution to the Archdiocese assists in supporting the good works of the Church in areas such as Evangelisation, Liturgy, Justice and Peace, Ecumenism and the Seminary of the Good Shepherd. These are just some examples of the good works that are made possible by the CDF's ongoing contribution. I also recognise the CDF's significant assistance to our parish communities made through their annual distributions to parishes.

As proud as I am of the CDF's success, I realise it can only come to fruition with the faithful support from our Clergy, our Parishes, our Schools, the Sydney Catholic Schools Office, Religious Congregations, Catholic Entities and Church Agencies, and all who further the mission of Jesus Christ. Your use of the services of the CDF is sure sign of the commitment and trust that you continue to place in the CDF.

I would like to thank all who commit to the work of the CDF, especially the Advisory Board. I would particularly like to acknowledge the outgoing Chairman, Monsignor John Usher and long term board member Mr William d'Apice whose hard work, guidance and prudential advice have helped shape the CDF into the trusted agency that it is today. I would also like to thank the outgoing General Manager Mr Henry Pruyn for his generous commitment in that role since 2010, for without him, the CDF would not hold the important position within the Archdiocese of Sydney that it does today.

Everyone in the Archdiocese of Sydney can be proud of the results contained in this report and I pray that the CDF continues to uphold the good works of our Church to the Catholic community in Sydney.

**Most Rev. Anthony Fisher OP,**

DD BA LLB BTheol DPhil

Archbishop of Sydney.



## CHAIRMAN'S REPORT

On behalf of the Advisory Board of the CDF, I am proud to present to you the 2017 Annual Report.

Firstly, I recognise and offer my thanks to my fellow Advisory Board members for their professionalism, commitment and generous use of their skills and time. In particular, on behalf of all my fellow Advisory Board members past and present, I would like to recognise the significant contributions of our outgoing Chairman, Monsignor John Usher and Advisory Board Member, Mr William D'Apice, whose collective contributions to the Advisory Board spanned over 36 years. Indeed, William D'Apice has been an invaluable member of the Board since the CDF's inception in 1993. May I also take this opportunity to welcome new appointments to the Advisory Board; Mr Glenn McLachlan, Ms Barbara Thompson, Ms Rebecca Davies and the Very Rev Dr Gerald Gleeson.

I would also like to especially thank the outgoing General Manager Henry Pruyn, whose astute leadership and management since 2010 has placed the CDF in an undoubtedly sound position. Henry, and the hard working CDF staff, have shown dedication, diligence and sound stewardship. These efforts have contributed significantly to a financially strong CDF that is trusted by all of its stakeholders.

The CDF has always provided exceptional service along with a tailored and flexible range of financial products and services suited to the needs of the Church across the Archdiocese of Sydney. Our Parishes in particular benefit greatly from the advice and guidance provided by the CDF, but all Catholics of the Archdiocese, whether directly or indirectly, benefit from the existence of the CDF in Sydney.

The 2017 results clearly demonstrate the CDF is prudentially sound and strong. I am delighted to announce a net surplus of \$18.4million. We are very proud of this exceptional result, particularly as margins continue to tighten across the finance industry. This surplus allowed the CDF to distribute a substantial \$13.8 million to the Archdiocese and the Parishes. The balance of the surplus was added to reserves which now stand at \$53.6 million, clearly indicating the CDF's prudential strength.

These results do not occur without the ongoing support and loyalty shown by our Parishes, schools, Archdiocesan agencies, religious congregations and other Church entities. Your continued support as a client of the CDF is vital and greatly appreciated.

The CDF is the financial key to the future growth of the Archdiocese and I am proud to have been appointed its Chairman. I look forward, with our incoming General Manager Peter Bokeyar, to continue the outstanding work of Monsignor John Usher and Henry Pruyn.

We look forward to serving you in the years ahead.

A handwritten signature in black ink, appearing to read 'John Flynn', with a stylized flourish at the end.

**John Flynn**

Chairman.



## OUR PRODUCTS AND SERVICES INCLUDE

### CURRENT AND INVESTMENT ACCOUNTS FOR:

- Parishes
- Catholic Schools
- Clergy
- Religious Congregations
- Church Agencies
- Other Catholic Entities.

### LOANS FOR:

- Parish related initiatives
- Catholic Schools and education related projects
- Aged care accommodation
- Hospitals and related facilities
- Catholic Universities
- Other Church related projects
- Clergy car purchases and approved study courses.

### FINANCIAL SERVICES AND FACILITIES PROVIDED BY THE COMMONWEALTH BANK OF AUSTRALIA:

- BPay Biller and Payer
- Credit Cards
- Merchant transaction processing through EFTPOS terminals and BPoint
- Electronic funds transfer
- Cheque accounts
- Direct Credits and Debits
- International Money Transfers
- Bank Guarantees
- Bank cheques and drafts.

### THE CONVENIENCE OF CDF ONLINE WHICH IS AVAILABLE 24/7 ALLOWING THE CLIENT TO:

- View transaction activity
- Transfer funds between your accounts or to an external party
- Pay regular bills via BPay or by direct transfer
- Pay staff salaries either individually or by batch
- Set up Direct debits for the collection of fees and payments
- Import files to and from an accounting system.





## WHAT MAKES US DIFFERENT

- Only Catholic entities can be clients of the CDF which allows us to:
  - Have a unique understanding of the needs of our clients; and
  - Provide a high level of personalised service.
- We promote the charitable and educational needs of the Archdiocese:
  - The majority of our surplus is directed toward the pastoral works of the Archdiocese; and
  - We support the Mission of the Church in all aspects of our activities.
- We support our clients by providing advice and expertise to:
  - Utilise products and services to optimal effect; and
  - Fulfil the unique needs of Church clientele.
- We provide products and services at minimal cost by:
  - Negotiating favourable fees for services and facilities provided by the Commonwealth Bank of Australia;
  - Ensuring our operating costs remain low;
  - Absorbing some of the costs charged by the Commonwealth Bank; and
  - Not charging for any service provided directly by the CDF.

## WE ARE COMMITTED TO:

- Maximising the benefit of pooling Church funds rather than directly depositing with the banking system.
- Ensuring that any surpluses are retained within Church rather than being paid to the shareholders of banks.
- Managing funds invested in the CDF prudently and profitably.
- Ensuring we are able to provide loan funds for the capital needs of the Church especially within the Archdiocese of Sydney.



## **catholicdevelopmentfund**

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133 Liverpool Street, Sydney NSW 2000, Australia

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### **BANKERS**

Commonwealth Bank of Australia  
48 Martin Place  
Sydney NSW 2000

### **SOLICITORS**

Makinson & d'Apice  
135 King Street  
Sydney NSW 2000

### **AUDITORS**

KPMG  
International Towers Sydney 3  
300 Barangaroo Avenue  
Sydney NSW 2000, Australia

A Catholic Development Fund investment is designed for those who wish to promote the charitable, religious and educational works of the Archdiocese of Sydney and for whom the consideration of profit is not of primary relevance in their investment decision. Investments with the CDF are guaranteed by CDPF Limited, a company established by the Australian Catholic Bishops Conference but do not obtain the benefit of the depositor protection provisions of the Banking Act 1959. The Catholic Development Fund and the Trustees of the Roman Catholic Church for the Archdiocese of Sydney are not subject to the provisions of the Corporations Act 2001 nor are they examined, approved or supervised by the Australian Securities and Investments Commission (ASIC) or by the Financial Claims Scheme (FCS) or by the Australian Prudential Regulatory Authority (APRA).



**catholicdevelopmentfund**

ARCHDIOCESE OF SYDNEY

**Special Purpose Financial Statements for the year ended  
30 June 2017**



# Catholic Development Fund - Archdiocese of Sydney

## Statement of Comprehensive Income

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
<b>REVENUE</b>			
Interest revenue	14	38,677,650	40,392,261
Interest expense	14	(18,672,043)	(20,039,904)
<b>NET INTEREST REVENUE</b>		<u>20,005,607</u>	<u>20,352,357</u>
Facility commitment fees		351,550	83,247
Other income	2	329,432	296,262
<b>NET NON - INTEREST REVENUE</b>		<u>680,982</u>	<u>379,509</u>
<b>TOTAL REVENUE</b>		<u>20,686,589</u>	<u>20,731,866</u>
<b>EXPENSES</b>			
Salaries and associated costs	3	(1,220,467)	(1,176,558)
Property expenses	3	(184,337)	(177,577)
Net depreciation	3	(34,878)	(53,771)
Equipment and technology expenses		(183,354)	(132,234)
General administration expenses		(43,687)	(44,981)
Assurance and professional expenses		(436,314)	(251,941)
Client services expenses		(116,713)	(143,137)
Promotional expenses		(45,834)	(55,652)
Board expenses		(5,697)	(4,454)
<b>TOTAL EXPENSES</b>		<u>(2,271,281)</u>	<u>(2,040,305)</u>
<b>SURPLUS FOR THE YEAR</b>		<u>18,415,308</u>	<u>18,691,561</u>

The notes on pages 13 to 32 are an integral part of these financial statements.

# Catholic Development Fund - Archdiocese of Sydney

## Statement of Financial Position

As at 30 June 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
Cash and cash equivalents		18,012,459	12,667,715
Accrued receivables		4,255,816	4,145,308
Investment securities	4	406,000,000	378,110,463
Loans and receivables	5	555,956,237	549,247,213
Plant and equipment	6	66,989	84,345
Other assets	7	194,800	46,706
<b>TOTAL ASSETS</b>		<b>984,486,301</b>	<b>944,301,750</b>
<b>LIABILITIES</b>			
Deposits	9	920,265,987	885,079,309
Trade and other payables	10	4,194,777	4,435,656
Other liabilities	11	6,080,112	5,475,664
Provisions	12	383,300	352,823
<b>TOTAL LIABILITIES</b>		<b>930,924,176</b>	<b>895,343,452</b>
<b>NET ASSETS</b>		<b>53,562,125</b>	<b>48,958,298</b>
<b>EQUITY</b>			
Retained earnings		53,562,125	48,958,298
<b>TOTAL EQUITY</b>		<b>53,562,125</b>	<b>48,958,298</b>

The notes on pages 13 to 32 are an integral part of these financial statements.

## Catholic Development Fund - Archdiocese of Sydney

### Statement of Changes in Equity

For the year ended 30 June 2017

	Retained earnings \$	Total equity \$
Balance as at 1 July 2015	44,118,944	44,118,944
Surplus for the year	18,691,561	18,691,561
Distributions & transfers	(13,852,207)	(13,852,207)
<b>Balance as at 30 June 2016</b>	<b>48,958,298</b>	<b>48,958,298</b>
Balance as at 1 July 2016	48,958,298	48,958,298
Surplus for the year	18,415,308	18,415,308
Distributions & transfers	(13,811,481)	(13,811,481)
<b>Balance as at 30 June 2017</b>	<b>53,562,125</b>	<b>53,562,125</b>

The notes on pages 13 to 32 are an integral part of these financial statements.

# Catholic Development Fund - Archdiocese of Sydney

## Statement of Changes in Cash Flows

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Interest received on loans		19,821,854	21,674,876
Interest received on Floating Rate Notes (FRNs)		6,318,758	1,853,081
Interest received on investments		12,426,531	18,378,123
Net (increase)/decrease in loans		(6,716,917)	37,848,115
Net Increase/(decrease) in deposits		35,186,678	(54,166,304)
Other income		536,075	360,906
Interest paid on deposits		(19,306,545)	(21,155,010)
Cash paid to suppliers and employees		(1,820,152)	(1,866,029)
<b>Net cash provided by operating activities</b>	17b	<u>46,446,282</u>	<u>2,927,758</u>
<b>Cash flows from investing activities</b>			
Net (increase)/decrease in investing		(125,000,000)	131,000,000
Net (increase)/decrease in FRN's		7,892	(150,184,583)
Payments for property, plant and equipment		(49,211)	(64,891)
Proceeds from sale of equipment		36,351	107,688
<b>Net cash used in investing activities</b>		<u>(125,004,968)</u>	<u>(19,141,786)</u>
<b>Cash flows from financing activities</b>			
Distribution to Archdiocese of Sydney		(12,422,923)	(12,018,664)
Distribution to Parishes		(784,110)	(808,800)
<b>Net cash flows used in financing activities</b>		<u>(13,207,033)</u>	<u>(12,827,464)</u>
<b>Net (decrease) in cash and cash equivalents</b>		(91,765,719)	(29,041,492)
Cash and cash equivalents at beginning of year		390,778,178	419,819,670
<b>Cash and cash equivalents at end of year</b>	17a	<u>299,012,459</u>	<u>390,778,178</u>

The notes on pages 13 to 32 are an integral part of these financial statements.

# Catholic Development Fund - Archdiocese of Sydney

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

### 1. Statement of accounting policies

#### Summary of significant accounting policies

The Catholic Development Fund - Archdiocese of Sydney (CDF) is a special fund created under a Charter on 1 April 1993 (as amended 2010). Under the Charter the CDF is controlled and managed by the Archbishop of the Archdiocese of Sydney with the assistance of an Advisory Board (Board) and the Financial Administrator.

The financial statements are a special purpose financial report prepared by the Board in order to meet the needs of the Archbishop of the Archdiocese of Sydney. The Board has determined that the CDF is not publically accountable nor a reporting entity and therefore it is not necessary for the CDF to comply with all of the requirements of the Australian Accounting Standards and other mandatory financial reporting requirements promulgated by the Australian Accounting Standards Board (AASB).

The financial report was authorised for issue by the Board on 27 September 2017.

#### Statement of compliance

The special purpose financial report has been prepared in accordance with the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB). The special purpose financial statements include only the disclosure requirements of the following AASBs and those disclosures considered necessary by the Approved Officers to meet the needs of users:

- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 1048 *Interpretations of Standards*
- AASB 1054 *Australian Additional Disclosures*

The financial report does not comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial report has been prepared on an accruals basis and is based on historical costs.

#### Accounting policies

##### Basis of preparation

The financial report is presented in Australian dollars.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.



# Catholic Development Fund - Archdiocese of Sydney

## Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

### 1. Statement of accounting policies (ctd.)

#### Accounting policies

##### Basis of preparation

The financial report is presented in Australian dollars.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

##### ***New, revised and future Accounting Standards and Interpretations***

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. These have not been applied in preparing these financial statements and the CDF does not plan to adopt these standards early. A summary of these new standards and interpretations is set out below:

##### *AASB 9 Financial Instruments*

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurements*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The CDF is assessing the potential impact on its financial statements resulting from the application of AASB 9.

##### *AASB 15 Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018. The CDF is assessing the potential impact on its financial statements resulting from the application of AASB 15.

##### *AASB 16 Leases*

AASB 16 removes the classification of leases as either operating leases or finance leases - for the lessee - effectively treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. Organisations will now require a front loaded pattern of expense for most leases, even when that pay constant annual rentals. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019. The CDF is assessing the potential impact on its financial statements resulting from the application of AASB 16.

##### **Voluntary changes in accounting policies**

There have been no voluntary changes in accounting policies made during the year.

##### **Critical accounting estimates and judgements**

There are not considered to be any accounting estimates and assumptions used or judgements made which have a significant impact on the amounts recognised in the financial report (2016 – none).

The following specific accounting policies have been adopted in the preparation of these statements.

# Catholic Development Fund - Archdiocese of Sydney

## Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

### 1. Statement of accounting policies (ctd.)

#### *Financial Instruments*

##### **Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the CDF becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

##### **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

##### **Classification and subsequent measurement**

##### **(i) Financial assets at fair value through profit or loss**

A financial asset is classified as at fair value through profit and loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised as profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which take into account dividend income, are recognised in profit or loss.

##### **(ii) Loans and receivables**

###### Loans

Loans are recognised when cash is advanced to customers. Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. Loans are subject to an impairment assessment to determine if there is objective evidence that any loan is impaired at each balance date. All known bad debts are written off in the period in which they are identified. Specific impairment provisions are recognised when there is objective evidence that an individual loan is impaired. There are no loans which are considered impaired, therefore no provision has been recognised.

###### Floating Rate Notes

Floating Rate Notes (FRN's) are non-derivative financial assets with determinable payments which are not quoted in an active market and are measured at amortised cost.

##### **(iii) Investment securities**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the CDF's intention to hold these investments to maturity. Investments comprise term deposits with Approved Deposit Taking Institutions.

# Catholic Development Fund - Archdiocese of Sydney

## Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

### 1. Statement of accounting policies (ctd.)

#### (iv) Financial liabilities

Non-derivative financial liabilities which include customer deposits are subsequently measured at amortised cost using the effective interest method.

#### **Fair Value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

For accrued receivables, trade and other payables and cash and cash equivalents the carrying value is deemed to be a reasonable approximation of fair value due to their short term nature.

#### **Impairment**

At each reporting date, the CDF assesses whether there is objective evidence that a financial instrument, or any loans have been impaired. Impairment losses are recognised in the profit and loss statement once identified.

#### **Provision for employee entitlements**

The Office of the CDF is an agency of the Archdiocese of Sydney and as such Archbishop Anthony Fisher OP, as legal representative of the Archdiocese employs all staff in the office of the CDF.

Provision is made for the employee entitlements of those staff employed in the Office of the CDF, for annual leave due at balance date, in accordance with legislative requirements or terms of employment.

Long service leave has been provided on a pro-rata basis for all employees and is accrued from the date of employment, including associated on-costs. Long Service Leave is valued as 100% of the liability amount as at 30 June 2017 and is not discounted to reflect the time value of money.

#### **Provision for distribution**

The Board has adopted a policy based on distributing 75% of the CDF's annual surplus that determines the amount of the distributions to be paid to the Archdiocese and Parishes each year. The policy also prescribes when any payments are to be made.

The Archbishop has ratified and approved the policy.

A provision is maintained for any distributions approved but unpaid - see note 11.

#### **Depreciation/amortisation of fixed assets**

Depreciation is used to write off the cost of fixed assets less their estimated residual values using the straight line basis over their estimated useful lives, and is generally recognised in profit or loss.

Motor vehicles are depreciated at 20% to 33.33% of cost, all other remaining assets are depreciated at 33.33% of cost.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### **Income tax**

No provision for income tax is made in the financial statements as the CDF is exempt from tax.

#### **Rounding**

All amounts have been rounded to the nearest dollar unless stated.

## Catholic Development Fund - Archdiocese of Sydney

### Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

#### 1. Statement of accounting policies (ctd.)

##### ***Revenue and expense***

Interest revenue and interest expense is recognised on an accruals basis using the effective interest method.

##### ***Goods and services tax***

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not fully recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST excluded. The net amount of GST recoverable from, or payable to the ATO is included as a current asset or liability in the statement of financial position.

##### ***Trade and other payables***

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to CDF. Trade accounts payable are recognised at amortised cost as they are normally settled within 30 days.

## Catholic Development Fund - Archdiocese of Sydney

### Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

	2017 \$	2016 \$
<b>2. Other revenue</b>		
Management fees	285,089	276,879
Other income	44,343	19,383
	<u>329,432</u>	<u>296,262</u>
<b>3. Expenses</b>		
<b>Salaries and associated costs</b>		
Insurance - workers' compensation	15,464	15,191
Salaries and benefits	1,038,166	1,054,002
Superannuation	95,198	98,586
Other staff costs	71,639	8,779
	<u>1,220,467</u>	<u>1,176,558</u>
<b>Property expenses</b>		
Rent - premises	154,561	150,059
Insurance - general	15,189	13,824
General property expenses	6,279	5,628
Light and power	8,308	8,066
	<u>184,337</u>	<u>177,577</u>
<b>Net depreciation</b>		
Computer equipment	1,747	5,749
Computer software	1,707	6,107
Motor vehicles	28,849	39,484
Office equipment	2,575	1,707
Office furniture	-	724
	<u>34,878</u>	<u>53,771</u>
<b>4. Investment securities</b>		
At call deposits with the Commonwealth Bank of Australia (CBA)	-	22,110,463
	<u>-</u>	<u>22,110,463</u>
Term deposits with Authorised Deposit-Taking Institutions (ADIs)	406,000,000	356,000,000
	<u>406,000,000</u>	<u>356,000,000</u>
	<u>406,000,000</u>	<u>378,110,463</u>
At call	-	22,110,463
Not longer than 3 months	281,000,000	356,000,000
Longer than 3 months and not longer than 12 months	125,000,000	-
	<u>406,000,000</u>	<u>378,110,463</u>



## Catholic Development Fund - Archdiocese of Sydney

### Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

	2017 \$	2016 \$
<b>5. Loans and receivables</b>		
Loans	405,779,546	399,062,629
Less: provisions for impairment	-	-
	<u>405,779,546</u>	<u>399,062,629</u>
 FRNs with ADIs	147,000,000	147,000,000
FRNs with insurance companies regulated by APRA	3,000,000	3,000,000
Premiums/(Discounts) on FRN's	176,691	184,584
	<u>150,176,691</u>	<u>150,184,584</u>
	<u>555,956,237</u>	<u>549,247,213</u>
 <i>Maturity analysis - loans</i>		
Overdrafts	1,584,080	1,006,280
Not longer than 3 months	3,682,537	9,767,440
Longer than 3 months and not longer than 12 months	14,656,384	28,311,395
Longer than 1 year and not longer than 5 years	177,669,811	184,762,410
Longer than 5 years	208,186,734	175,215,104
	<u>405,779,546</u>	<u>399,062,629</u>
 <i>Maturity analysis - FRNs</i>		
Not longer than 1 year	-	-
Longer than 1 year and not longer than 3 years	80,768,504	33,952,571
Longer than 3 years and not longer than 5 years	69,408,187	116,232,013
Longer than 5 years	-	-
	<u>150,176,691</u>	<u>150,184,584</u>

## Catholic Development Fund - Archdiocese of Sydney

### Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

	2017 \$	2016 \$
<b>6. Plant and equipment</b>		
Office furniture	71,697	71,697
Less: Accumulated Depreciation	(71,697)	(71,697)
	-	-
Office equipment	73,754	75,421
Less: Accumulated Depreciation	(66,506)	(75,421)
	7,248	-
Computer equipment	56,399	55,530
Less: Accumulated Depreciation	(55,434)	(54,504)
	965	1,026
Software	256,768	259,748
Less: Accumulated Depreciation	(254,778)	(258,042)
	1,990	1,706
Motor vehicles	89,706	122,722
Less: Accumulated Depreciation	(32,920)	(41,109)
	56,786	81,613
Office partitioning & fittings	132,137	132,137
Less: Accumulated Depreciation	(132,137)	(132,137)
	-	-
	66,989	84,345

#### (a) Movements in carrying amounts

	Balance at beginning of year \$	Additions \$	Disposals \$	Depreciation Expense \$	Carrying Amount at the end of Year \$
Office furniture	-	-	-	-	-
Office equipment	-	9,823	-	(2,575)	7,248
Computer equipment	1,026	1,686	-	(1,747)	965
Software	1,706	1,991	-	(1,707)	1,990
Motor vehicles	81,613	35,711	(31,689)	(28,849)	56,786
Total	84,345	49,211	(31,689)	(34,878)	66,989

## Catholic Development Fund - Archdiocese of Sydney

### Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

	2017 \$	2016 \$
<b>7. Other assets</b>		
Prepayments	177,824	31,298
GST receivable	16,976	15,408
	<u>194,800</u>	<u>46,706</u>
<b>8. Auditor's remuneration</b>		
Audit services - current year	73,800	72,000
Other services	22,000	1,015
	<u>95,800</u>	<u>73,015</u>
<b>9. Deposits</b>		
Depositors' savings:		
Call deposits		
- Archdiocesan entities	219,856,459	195,163,403
- Non Archdiocesan entities	61,775,005	61,030,354
- Laity	-	76,113
	<u>281,631,464</u>	<u>256,269,870</u>
Fixed term deposits		
- Archdiocesan entities	569,929,605	552,730,157
- Non Archdiocesan entities	68,704,918	76,079,282
- Laity	-	-
	<u>638,634,523</u>	<u>628,809,439</u>
	<u>920,265,987</u>	<u>885,079,309</u>
<i>Maturity analysis</i>		
On call	281,631,464	256,269,870
Not longer than 3 months	523,131,080	480,394,434
Longer than 3 months and not longer than 12 months	115,503,443	148,415,005
Longer than 1 year and not longer than 5 years	-	-
	<u>920,265,987</u>	<u>885,079,309</u>
<b>10. Trade and other payables</b>		
Creditors and accruals	694,297	300,675
Accrued interest on depositors savings	3,500,480	4,134,981
	<u>4,194,777</u>	<u>4,435,656</u>

## Catholic Development Fund - Archdiocese of Sydney

### Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

	2017 \$	2016 \$
<b>11. Distributions</b>		
Opening approved unpaid distribution from previous year:	5,475,664	4,450,921
Add approved distributions:		
Archdiocese	13,021,821	13,234,921
Parishes	789,660	783,750
Less write back of provision for Archdiocesan initiatives	-	(166,464)
	<u>13,811,481</u>	<u>13,852,207</u>
Less distributions paid:		
Archdiocese	(12,422,923)	(12,018,664)
Parishes	(784,110)	(808,800)
	<u>(13,207,033)</u>	<u>(12,827,464)</u>
Closing unpaid distributions:	<u>6,080,112</u>	<u>5,475,664</u>
<b>12. Provisions</b>		
Provision for long service leave and other entitlements	277,420	246,986
Provision for annual leave	105,880	105,837
	<u>383,300</u>	<u>352,823</u>
<b>13. Employees</b>		
Number of employees at year end	<u>13</u>	<u>13</u>
<b>Superannuation plans</b>		
The CDF contributes to employee accumulated superannuation funds for all eligible employees based on various percentages of their gross salary, with a minimum contribution of 9.50% of gross salary (2016 - 9.50%).		
<b>14. Interest revenue &amp; interest expense</b>		
Interest revenue		
Investment balances		
Cash at bank and at call deposits	729,595	965,710
Term deposits with ADI's	11,623,530	15,309,865
	<u>12,353,125</u>	<u>16,275,575</u>
Loans and receivables		
Loans	20,045,306	21,757,453
Floating Rate Notes	6,279,219	2,359,233
	<u>26,324,525</u>	<u>24,116,686</u>
	<u>38,677,650</u>	<u>40,392,261</u>
Interest expense		
At call deposits	1,710,966	2,164,663
Fixed term deposits	16,961,077	17,875,241
	<u>18,672,043</u>	<u>20,039,904</u>

## Catholic Development Fund - Archdiocese of Sydney

### Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

#### 15. Related party transactions

##### **Advisory Board Members**

The Advisory Board members who held Office during the year and as at 30 June 2017 were as follows:

Monsignor John Usher B.Th, B.Soc Std, M.S.W., E.V., AM (Chair) (Nominations Committee - Chair) (retired 30 June 2017)

Mr Robert Baker B.Bus, FCA (Audit Committee - Member)

Mr Peter Bokeyar B.Ec. (appointed 15 September 2016) (retired 15 June 2017) (Lending Committee Member)

Mr William d'Apice KCSG, LL.B., MAICD (Loans Committee - Member) (retired 30 June 2017)

Mr Michael Digges (Audit Committee - Member) (Nominations Committee - Member) (Loans Committee - Member)

Mr John Flynn (Audit Committee - Chair) (Loans Committee - Member)

Mr Glenn McLachlan B.Bus, ACA, F.Fin (appointed 1 May 2017)

Reverend Brendan Quirk

Mr Neil Schafer (appointed 1 September 2016) (Audit Committee – Member)

Ms Annette Schmiede B.Ec. (Loans Committee - Member)

Ms Barbara Thompson B.Bus, CA, MBA, Certificate in Governance for Not-for-Profits (appointed 1 May 2017)

Ms Elizabeth Tydd LL.B, LL.M, Cert. Legal Practice, Grad. Cert. Corporate Governance, GAICD, Dip. Social Welfare (appointed 15 September 2016)

Mr William d'Apice, is a partner in the firm Makinson d'Apice, Solicitors. Makinson d'Apice provides legal services to the CDF on normal commercial terms and conditions. For the year ended 30 June 2017 this amounted to \$4,509 (2016: \$3,045). Mr d'Apice is also a member of the Board of the Catholic Development Fund Diocese of Broken Bay (CDF Broken Bay), and a member of the Diocesan Finance Committee. CDF Broken Bay receive administrative and management services from CDF Sydney. The administrative and management services are provided under an interdiocesan agreement dated 1 July 2015, on normal commercial terms and conditions.

No remuneration was paid by the CDF to any Board member for their services in respect to the office held.

##### **Key management personnel**

Mr Hendrikus (Henry) Pruyn - General Manager (retired 7 July 2017)

Mr Peter Bokeyar – General Manager (appointed 1 August 2017)

##### **Controlling entities**

The Catholic Development Fund, Archdiocese of Sydney (CDF) is a special fund vested in the Trustees of the Roman Catholic Church for the Archdiocese of Sydney, which is a body corporate under the provisions of the Roman Catholic Church Trust Property Act 1936 (NSW) as amended. The Archbishop exercises the control and management of the Fund with the assistance of the Board and the Financial Administrator.

The Archdiocese of Sydney and various other Catholic organisations within the Catholic Archdiocese of Sydney and other Catholic bodies, including Parishes, have deposits with and have obtained loans from the CDF under normal commercial terms and conditions or as otherwise determined by the Board. From time to time various



## Catholic Development Fund - Archdiocese of Sydney

### Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

#### 15. Related party transactions (ctd.)

Board Members and/or senior management may hold directorial positions with those organisations. The Board has a policy which requires relevant Board Members to declare any conflicts of interest as a result of their

holding such positions. In the event of a conflict being declared the Board will determine if the Member should remain in the meeting when the matter is discussed and/or if the member can participate in the vote.

Aggregate amounts due to and from Archdiocesan entities are detailed in the relevant notes to the financial statements.

As detailed in Note 11 to the financial statements, payments were made to various Archdiocesan entities during the year representing distribution of the CDF's surplus.

The CDF paid rent on premises at Polding Centre to the Catholic Archdiocese of Sydney. The rent paid is on a commercial basis. Refer to Note 21.

From time to time various agencies of the Archdiocese provide services to the CDF and are paid on a commercial basis.

#### 16. Financial risk management

##### Overview

The CDF's financial instruments consists of deposits with ADIs, investment securities, loans to customers, deposits from customers, accounts receivable and payable, and derivatives.

The main purpose of non-derivative financial instruments is to provide a source of finance and credit for capital and other expenditures in the work of the Church primarily within the Archdiocese of Sydney.

Derivatives may be used by the CDF for hedging purposes on fixed rate loans. Such instruments include entering into arrangements to swap fixed interest rate income for variable interest rate income to hedge fixed rate loans.

##### (i) Financial risk exposures and management

The CDF's lending, deposit-taking and investing activities expose it to the following risks from its use of financial instruments:

- Credit risk;
- Interest rate risk;
- Liquidity risk; and
- Other (market) price risk.

The Board has overall responsibility for the establishment and oversight of the risk management framework.

To assist the Board in meeting its responsibilities the Board has established an Audit and Risk Committee (ARC). The ARC monitors, and if thought necessary, makes recommendations to the Board on the policies in relation to Balance Sheet Management; lending and credit risk management; investment management; and interest rate risk management.

The ARC also assesses the financial risk arising from the CDF's operations and considers the adequacy of the measures taken to moderate those risks.

The ARC meets at least 4 times per year and regularly reports to the Board.

In accordance with rule 3.2 of the Charter and Rules of the CDF the Board has also appointed a Loans Committee (LC) to receive, consider and approve loan applications on behalf of the Board. The Board has also

# Catholic Development Fund - Archdiocese of Sydney

## Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

### 16. Financial risk management (ctd.)

delegated to the General Manager the power to approve certain loans. All loans approved by the LC and the General Manager are subject to ratification by the Board and the Archbishop.

#### (ii) Capital adequacy

The Board have determined that the CDF should maintain Capital of at least 8% of the risk weighted assets as defined in the Prudential Standards Policy. The level of Capital as at 30 June 2017 was 10.30% (30 June 2016 - 11.63%).

#### (iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the CDF. The CDF has a policy of only dealing with credit worthy counterparties and ensuring the CDF has adequate internal controls to mitigate the risk of financial loss to the CDF.

The CDF's Investment Policy specifies that the CDF may only invest in the following:

##### (i) General

- Authorised Deposit-Taking Institutions (ADIs) regulated by the Australian Prudential Regulation Authority (APRA) that have a Standard and Poors (S&P) (or equivalent) long term rating of BBB- or higher;
- bank bills, promissory notes or certificates of deposits, bonds and floating rate notes issued by an Australian owned bank that has a S&P (or equivalent) long term rating of BBB- or higher; or
- State or Commonwealth Government Bonds or Securities.

Additionally, the following limits have been set with regard to exposure limits to these counterparties and counterparty rating groups:

S&P long term rating		Limit of pools		
Rating range		Individual Issuer	Rating group	
From	To		Minimum	Maximum
AAA	AA-	50%	45%	100%
A+	A-	25%	0%	55%
BBB+	BBB-	15%	0%	30%

The CDF's exposure per counterparty rating group for the general investment pool at balance date was as follows:

S&P Rating	2017		2016	
	\$'000	% of Total	\$'000	% of Total
AA- to AAA	278,012	66%	308,778	79%
A- to A+	-	-	51,000	13%
BBB- to BBB+	146,000	34%	31,000	8%
Total	424,012	100%	390,778	100%

# Catholic Development Fund - Archdiocese of Sydney

## Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

### 16. Financial risk management (ctd.)

As at 30 June 2017 the CDF was in breach of their general investment policy for investments rated between BBB- and BBB. This was due to a ratings review by Standards and Poors on the 21 May 2017 which saw the rating Bank of Queensland and Bendigo Bank downgraded from A- to BBB+. This was raised with the Advisory Board and the Audit and Risk Committee at their meetings held on 22 June 2017. The CDF were back within policy on the 11 July 2017.

#### (ii) Other Investments

- investing in other than General Investments is only permitted with approval from the Board;
- investments in this category should be capable of being sold in the market within a timeframe of 3 months;
- the accumulated purchase price of investments in this pool cannot exceed the amount of the CDF's capital or \$150 million whichever is greater; or
- where an issuer does not have an S&P or equivalent rating it will be assumed to have a rating of BBB-.

Additionally, the following limits have been set with regard to exposure limits for this investment pool:

S&P long term rating		Limit of pools	
Rating range		Rating group	
From	To	Minimum	Maximum
AAA	A-	65%	100%
BBB+	BBB-	0%	35%

The CDF's exposure per counterparty rating group for the other investment pool at balance date was as follows:

S&P Rating	2017		2016	
	\$'000	% of Total	\$'000	% of Total
AA- to AAA	143,000	95%	146,000	97%
BBB- to BBB+	7,000	5%	4,000	3%
Total	150,000	100%	150,000	100%

#### (iii) Specific exclusions

Property, equities and collateralised debt obligations are specifically excluded.

Credit risk in loans receivable is managed by a careful evaluation of lending proposals by the General Manager, the Loans Committee and the Board. All loans require ratification by the Archbishop of the Archdiocese of Sydney.

The quality of the loan portfolio is monitored by the Board with regular reports from Management on overdrawn accounts, accounts in arrears and loans with larger exposures.

## **Catholic Development Fund - Archdiocese of Sydney**

### **Notes to and forming part of the Financial Statements (ctd.)**

For the year ended 30 June 2017

#### **16. Financial risk management (ctd.)**

##### **(iv) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The CDF is exposed to this risk as it raises deposits and also lends and invests funds.

To mitigate the interest rate risk arising from deposits raised, deposits are priced at variable and fixed rates with the maximum tenor limited to 12 months, for the majority the fixed rate deposits. Fixed rate deposits with a tenor of 1 to 5 years have been limited to 15% of the total of deposits. On the other hand, the majority of the funds lent are on a variable basis. In the event that funds are lent on a fixed rate basis, the fixed rate may be swapped for a variable rate. These arrangements are in respect to loans maturing between 1 to 5 years, and over 5 years as detailed below.

The following is the profile of the CDF's exposure to interest rate risk as at balance date:

## Catholic Development Fund - Archdiocese of Sydney

### Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

#### 16. Financial risk management (ctd.)

##### (iv) Interest rate risk (ctd)

	Floating interest rate		Fixed interest rate maturing in:						Non-interest bearing		Total carrying amount as per the statement of financial position		Weighted average effective interest	
			1 year or less		Over 1 to 5 years		Over 5 years							
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
<b>(i) Financial assets</b>														
Cash and cash equivalents	18,012	12,668	-	-	-	-	-	-	-	-	18,012	12,668	1.53%	1.92%
Investment securities	-	22,110	406,000	356,000	-	-	-	-	-	-	406,000	378,110	2.60%	2.83%
Loans and receivables	405,780	399,063	-	-	150,177	150,184	-	-	-	-	555,957	549,247	4.62%	5.19%
Accrued receivables / Other assets	-	-	-	-	-	-	-	-	4,451	4,192	4,451	4,192	-	-
<b>Total financial assets</b>	<b>423,792</b>	<b>433,841</b>	<b>406,000</b>	<b>356,000</b>	<b>150,177</b>	<b>150,184</b>	<b>-</b>	<b>-</b>	<b>4,451</b>	<b>4,192</b>	<b>984,420</b>	<b>944,217</b>		
<b>(ii) Financial liabilities</b>														
Deposits	281,631	256,270	638,635	628,809	-	-	-	-	-	-	920,266	885,079	1.87%	2.02%
Trade and other payables	-	-	-	-	-	-	-	-	4,195	4,436	4,195	4,436	-	-
Other liabilities	-	-	-	-	-	-	-	-	6,080	5,476	6,080	5,476	-	-
Provisions	-	-	-	-	-	-	-	-	383	353	383	353	-	-
<b>Total financial liabilities</b>	<b>281,631</b>	<b>256,270</b>	<b>638,635</b>	<b>628,809</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,658</b>	<b>10,265</b>	<b>930,924</b>	<b>895,344</b>		

# Catholic Development Fund - Archdiocese of Sydney

## Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

### 16. Financial risk management (ctd.)

#### (v) Liquidity risk

Liquidity risk is the risk that the CDF will not be able to meet its financial obligations as they fall due. To limit this risk, management manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis. (Refer to Note 9 for the maturity analysis on deposits.)

The CDF limits its exposure to liquidity risk by:

- maintaining sufficient funds at call with the CBA;
- matching the maturity of funds invested in term deposits with ADIs to known drawings from its major clients;
- investing in investments that can be realised within a 3 month timeframe.

#### (vi) Net fair value

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

	2017		2016	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
<i>Financial assets</i>				
Cash and cash equivalents	18,012	18,012	34,778	34,778
Investment Securities	406,000	406,000	356,000	356,000
Loans and receivables	555,957	559,580	549,247	549,033
Accrued receivables/other assets	4,451	4,451	4,192	4,192
	984,420	988,043	944,217	944,003
<i>Financial liabilities</i>				
Deposits and other borrowings	920,266	920,266	885,079	885,079
Trade and other payables	4,195	4,195	4,436	4,436
Other liabilities	6,080	6,080	5,476	5,476
Provision	383	383	353	353
	930,924	930,924	895,344	895,344

Fair values are materially in line with carrying values.

Financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of inputs used in making the measurements. All financial assets measured at fair value through profit or loss are all measured using Level 2 of the hierarchy, being valuation techniques being the quoted price of unlisted investments at balance date.

#### (vii) Sensitivity analysis

##### *Interest rate sensitivity analysis*

The CDF operates a variable book in respect to its assets. In relation to liabilities there is a fixed and variable component, however the majority of term deposits mature within 3 months. Thus the CDF is in a position to re-price both its interest rates payable, within a relatively short period, on deposits and interest rates receivable on loans and investments to meet market movements in interest rates. Accordingly the impact on the surplus, deficit and equity of the CDF for a change in market interest rates would not be material in respect to the year ended 30 June 2017.

# Catholic Development Fund - Archdiocese of Sydney

## Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

### 16. Financial risk management (ctd.)

#### (vii) Sensitivity analysis (ctd.)

##### *Foreign currency sensitivity analysis*

At 30 June 2017, there is no effect on surplus and equity as a result of changes in the value of the Australian Dollar to the US Dollar or any other currency as instances where the CDF operates in foreign currency is very occasional and is completed at spot rates for client transactions. Therefore, no sensitivity analysis has been performed.

##### *Price risk sensitivity analysis*

At 30 June 2017, the effect on surplus and equity as a result of changes in the price risk is considered negligible as very few prices of services and commodities effect the CDF's operation. Therefore, no sensitivity analysis has been performed.

### 17. Cash inflow information

#### (a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short term deposits at call and those that mature in less than 3 months, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown on the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

	2017 \$	2016 \$
Cash	18,012,459	12,667,715
Investment securities (maturing in less than 3 months)	281,000,000	378,110,463
	<u>299,012,459</u>	<u>390,778,178</u>

#### (b) Reconciliation of net cash provided by operating surplus

Operating surplus	18,415,308	18,691,561
(Increase)/Decrease in interest receivable	(110,508)	1,513,818
(Decrease) in interest payable	(634,501)	(1,115,106)
(Increase)/Decrease in loans	(6,716,917)	37,848,115
Increase/(Decrease) in deposits	35,186,678	(54,166,304)
(Increase) in other assets	(148,094)	(5,702)
Increase/(Decrease) in payables and other liabilities	393,622	169,783
Increase/(Decrease) in provision for employee entitlements	30,477	(44,638)
Depreciation	34,878	53,771
(Profit)/Loss adjustment on sale of assets	(4,661)	(17,540)
Net cash provided by operating activities	<u>46,446,282</u>	<u>2,927,758</u>

### 18. Commitments to extend credit

The following loans approved at 30 June 2017 had not been drawn at that date.

Archdiocesan Loans (including undrawn overdrafts)	49,058,701	50,969,729
Non-Archdiocesan Loans (including undrawn overdrafts)	206,658,778	81,601,852
	<u>255,717,479</u>	<u>132,571,581</u>

# Catholic Development Fund - Archdiocese of Sydney

## Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

### 19. Supplementary information

#### Principal activity

The principal activities of the Catholic Development Fund - Archdiocese of Sydney (CDF) are:

- to provide a source of finance and credit for capital and other expenditures in the work of the Catholic Church primarily within the Archdiocese of Sydney;
- to assist in the provision of better financial management of the investments and assets of the Archdiocese, parishes and other Catholic Church entities; and
- to provide a means of promoting the charitable and educational activities of the Archdiocese.

#### Principal place of business

The CDF's principal place of business is:-

Level 15  
Polding Centre  
133 Liverpool Street  
SYDNEY NSW 2000

#### Legal form

The Catholic Development Fund - Archdiocese of Sydney is a special Fund created under a Charter on 1 April 1993 (as amended 2010) and is vested in the Trustees of the Roman Catholic Church for the Archdiocese of Sydney, a Body Corporate created under the provisions of the Roman Catholic Church Trust Property Act 1936 (NSW) as amended.

### 20. Contingent liabilities

The maximum exposure on a daily basis of contingent liabilities, not provided for in the accounts arising from the conduct of client encashment, bank guarantees, payroll and corporate credit card facilities through the CBA for 2017 is \$11,485,321 (2016 \$16,347,932).

Within the agreement with the CBA is an undertaking by the CDF to honour amounts up to specified limits for facilities provided to clients of the CDF. Separate limits are specified for each facility provided, on a client by client basis.

The CDF holds an indemnity from the Catholic Development Fund Diocese of Broken Bay for facilities conducted through the CBA on its behalf.

Of the maximum exposure on a daily basis reported above \$1,336,238 relates to the Catholic Development Fund Diocese of Broken Bay for 2017. (2016 - \$1,818,800).

### 21. Operating lease commitments

The CDF has a lease arrangement with the Catholic Archdiocese of Sydney with the occupancy of the premises at Polding Centre.

Future operating lease commitments not provided in the financial statements and payable:

	2017 \$	2016 \$
Not later than one year	210,858	204,717
Later than one year but not later than five years	-	210,858
Later than five years	-	-
	<u>210,858</u>	<u>415,575</u>



## Catholic Development Fund - Archdiocese of Sydney

### Notes to and forming part of the Financial Statements (ctd.)

For the year ended 30 June 2017

#### 22. Regulatory exemptions and status

##### ***Banking Act 1959 (Act)***

Banking Act Exemption No 2 of 2015 was issued by the Australian Prudential Regulation Authority (APRA) on 12 November 2015 which extended the conditions that have been in place since 2006. The exemption order expired on 31 December 2016. On 31 August 2016 APRA issued a new exemption order which took effect from 1 January 2017. The terms of the new exemption order will not have an adverse impact on the CDF.

##### ***Corporations Act 2001 (Act) - Exemption Instrument 2016/813***

The Australian Securities and Investments Commission (ASIC) have provided an exemption instrument - 2016/813 to CDPF Limited (CDPF), a company owned by the Australian Catholic Bishops Conference. The CDF has relief from the sections of the Act, as specified in exemption instrument 2016/813, through a Sponsor Deed from CDPF.

##### ***Australian Charities and Not-For-Profit Commission Act (Act)***

The CDF is a registered entity under the Act and has the status of a Basic Religious Charity.

#### 23. Subsequent events

On 7 July 2017 the Mr Hendrikus (Henry) Pruyn, retired as General Manager of the CDF. A new General Manager, Mr Peter Bokeyar, was appointed on 1 August 2017.

There have been no other subsequent events other than those noted in these financial statements.

## Catholic Development Fund - Archdiocese of Sydney

### Statement by Approved Officers

We, state to the best of our knowledge and belief that the attached financial statements for the Catholic Development Fund – Archdiocese of Sydney gives a true and fair view of the performance of the CDF for the year ended 30 June, 2016 and its financial position as at that date.

In our opinion there are reasonable grounds to believe that the Catholic Development Fund – Archdiocese of Sydney will be able to pay its debts as and when they become payable.

This declaration is made in accordance with a resolution of the Board.

  
.....  
Mr John Flynn (Chairman)  
On Behalf of Board – Catholic Development Fund – Archdiocese of Sydney

27/9/2017  
.....  
Date

  
.....  
Mr Peter Bokeyar  
General Manager – Catholic Development Fund – Archdiocese of Sydney

27/9/2017  
.....  
Date



# Independent Auditor's Report

To the Archbishop of the Roman Catholic Church of the Archdiocese of Sydney

## Opinion

We have audited the **Financial Report** of the Catholic Development Fund – Archdiocese of Sydney (Sydney CDF).

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of Sydney CDF as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with the accounting policies described in Note 1 to the financial statements.

The **Financial Report** comprises:

- Statement of Financial Position as at 30 June 2017;
- Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Changes in Cash Flows for the year ended on 30 June 2017;
- Notes to and forming part of the financial statements; and
- Statement by Approved Officers.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Sydney CDF 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 fulfilled our other ethical responsibilities in accordance with the Code.

## Emphasis of matter – basis of preparation and restriction on use

We draw attention to Note 1 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared to assist the Approved Officers of Sydney CDF to meet the needs of the Archbishop of the Roman Catholic Church of the Archdiocese of Sydney.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for Catholic Development Fund – Archdiocese of Sydney and should not be used by or distributed to parties other than the Catholic Development Fund – Archdiocese of Sydney. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Catholic Development Fund – Archdiocese of Sydney or for any other purpose than that for which it was prepared.

## Other Information

Other Information is financial and non-financial information in Sydney CDF's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Approved Officers are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Approved Officers for the Financial Report

The Approved Officers are responsible for:

- the preparation and fair presentation of the Financial Report and have determined that the basis of preparation described in Note 1 to the Financial Report is appropriate to meet the needs of the Archbishop of the Roman Catholic Church of the Archdiocese of Sydney;
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error; and
- assessing the Sydney CDF's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Sydney CDF or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our Auditor's Report.

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KPMG

A handwritten signature of Michael O Connell, written in black ink, appearing as 'de O Connell'.

Michael O Connell

Partner

Sydney

27 September 2017