



catholicdevelopmentfund

ARCHDIOCESE OF SYDNEY

2018 ANNUAL REPORT



CONTENTS

3	Message from the Archbishop
4	Message from the Chairman
5-7	Our products and services
8	Special Purpose Financial Statements for the year ended 30 June 2018
9	Statement of Comprehensive Income
10	Statement of Financial Position
11	Statement of Changes in Equity
12	Statement of Changes in Cash Flows
13 – 32	Notes to and forming part of the Financial Statements
33	Statement by Approved Officers
34 - 36	Independent Auditor's Report



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 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 (chaired by Mr John Flynn) and the hard working and loyal staff (led by Mr Peter Bokeyar)

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 2018 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 Board member Father Brendan Quirk. I also take this opportunity to warmly welcome Father Lawrence Cauchi to the Advisory Board.

I would also like to thank Mr Rob Baker, whose astute chairing of the Audit and Risk Committee has been invaluable to our robustly compliant culture.

On behalf of the Advisory Board, thank you to our hard working CDF staff for their 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 2018 results clearly demonstrate the CDF is prudentially sound and strong. I am delighted to announce a net surplus of \$19.78 million. 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 \$14.84million to the Archdiocese and the Parishes. The balance of the surplus was added to reserves, which now stand at \$58.5 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 be its Chairman. I will continue to strive, with our General Manager (Peter Bokeyar), to ensure the CDF's future growth and prosperity.

We look forward to serving you in the years ahead.

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

ARCHDIOCESE OF SYDNEY Level 15, Polding Centre
133 Liverpool Street, Sydney NSW 2000, Australia

T: 02 9390 5200 **F:** 02 9261 1271 **E:** enquiries@sydneycdf.org.au **www:** www.sydneycdf.org.au

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

The Catholic Development Fund Archdiocese of Sydney (the Fund) is not prudentially supervised by the Australian Prudential Regulation Authority nor has it been examined or approved by the Australian Securities and Investments Commission. Therefore, an investor in the Fund will not receive the benefit of the financial claims scheme or the depositor protection provisions in the Banking Act 1959 (Cth). Investments in the Fund are intended to be a means for investors to support the charitable, religious and educational works of the Archdiocese of Sydney and for whom the consideration of profit are not of primary relevance in the investment decision. Furthermore, investors should be aware that neither the Fund nor The Trustees of the Roman Catholic Church for the Archdiocese of Sydney is subject to the normal requirements to have a disclosure statement or Product Disclosure Statement or be registered under the Corporations Act 2001 (Cth). CDPF Limited, a company established by the Australian Catholic Bishops Conference, has indemnified the Fund against any liability arising out of a claim by investors in the Fund."



catholicdevelopmentfund

ARCHDIOCESE OF SYDNEY

**Special Purpose Financial Statements for the year ended
30 June 2018**

Catholic Development Fund - Archdiocese of Sydney

Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
REVENUE			
Interest revenue	14	38,694,510	38,677,650
Interest expense	14	(17,833,735)	(18,672,043)
NET INTEREST REVENUE		<u>20,860,775</u>	<u>20,005,607</u>
Facility commitment fees		746,165	351,550
Other income	2	451,958	329,432
NET NON - INTEREST REVENUE		<u>1,198,123</u>	<u>680,982</u>
TOTAL REVENUE		<u>22,058,898</u>	<u>20,686,589</u>
EXPENSES			
Salaries and associated costs	3	(1,256,279)	(1,220,467)
Property expenses	3	(195,524)	(184,337)
Net depreciation	3	(29,895)	(34,878)
Equipment and technology expenses		(151,624)	(183,354)
General administration expenses		(52,977)	(47,325)
Assurance and professional expenses		(460,362)	(436,314)
Client services expenses		(90,517)	(113,075)
Promotional expenses		(28,432)	(45,834)
Board expenses		(6,282)	(5,697)
TOTAL EXPENSES		<u>(2,271,892)</u>	<u>(2,271,281)</u>
SURPLUS FOR THE YEAR		<u>19,787,006</u>	<u>18,415,308</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 2018

	Note	2018 \$	2017 \$
ASSETS			
Cash and cash equivalents		6,068,781	18,012,459
Accrued receivables		4,016,473	4,255,816
Investment securities	4	412,500,000	406,000,000
Loans and receivables	5	569,975,499	555,956,237
Plant and equipment	6	106,845	66,989
Other assets	7	182,826	194,800
TOTAL ASSETS		<u>992,850,424</u>	<u>984,486,301</u>
LIABILITIES			
Deposits	9	923,276,467	920,265,987
Trade and other payables	10	4,098,371	4,194,777
Provision for distributions	11	6,599,204	6,080,112
Provisions	12	367,507	383,300
TOTAL LIABILITIES		<u>934,341,549</u>	<u>930,924,176</u>
NET ASSETS		<u>58,508,875</u>	<u>53,562,125</u>
EQUITY			
Retained earnings		58,508,875	53,562,125
TOTAL EQUITY		<u>58,508,875</u>	<u>53,562,125</u>

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 2018

	Retained earnings \$	Total equity \$
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)
Balance as at 30 June 2017	53,562,125	53,562,125
Balance as at 1 July 2017	53,562,125	53,562,125
Surplus for the year	19,787,006	19,787,006
Distributions & transfers	(14,840,256)	(14,840,256)
Balance as at 30 June 2018	58,508,875	58,508,875

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 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Interest received on loans		19,625,068	19,821,854
Interest received on Floating Rate Notes (FRNs)		6,219,859	6,318,758
Interest received on investments		13,088,926	12,426,531
Net (increase) in loans		(14,026,915)	(6,716,917)
Net increase in deposits		3,010,480	35,186,678
Other income		1,200,491	536,075
Interest paid on deposits		(17,936,752)	(19,306,545)
Cash paid to suppliers and employees		(2,243,580)	(1,820,152)
Net cash flows provided by operating activities	17b	<u>8,937,577</u>	<u>46,446,282</u>
Cash flows from investing activities			
Net decrease/(increase) in investment securities		18,000,000	(125,000,000)
Net decrease in FRNs		7,653	7,892
Payments for plant and equipment		(79,108)	(49,211)
Proceeds from sale of equipment		11,364	36,351
Net cash flows provided by/(used in) investing activities		<u>17,939,909</u>	<u>(125,004,968)</u>
Cash flows from financing activities			
Distribution to Archdiocese of Sydney		(13,461,504)	(12,422,923)
Distribution to Parishes		(859,660)	(784,110)
Net cash flows used in financing activities		<u>(14,321,164)</u>	<u>(13,207,033)</u>
Net increase/(decrease) in cash and cash equivalents		12,556,322	(91,765,719)
Cash and cash equivalents at beginning of year		<u>299,012,459</u>	<u>390,778,178</u>
Cash and cash equivalents at end of year	17a	<u>311,568,781</u>	<u>299,012,459</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 2018

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 26 September 2018.

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 going concern basis of accounting. The financial report is also 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 2018

1. Statement of accounting policies (ctd.)

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 and will be adopted by the CDF as of 1 July 2018.

Based on the analysis undertaken by the CDF, AASB 9 will result in a \$2,381,810 adjustment to opening retained earnings and opening loans receivable.

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 (2017 – 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 2018

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 receive cash flows expire 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 (FRNs) 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 2018

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 2018 and is not discounted to reflect the time value of money.

Provision for distributions

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% 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 2018

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 2018

	2018 \$	2017 \$
2. Other revenue		
Management fees	401,670	285,089
Other income	50,288	44,343
	<u>451,958</u>	<u>329,432</u>
3. Expenses		
Salaries and associated costs		
Salaries and benefits	1,137,553	1,038,166
Superannuation	99,702	95,198
Other staff costs	3,989	71,639
Insurance - workers' compensation	15,035	15,464
	<u>1,256,279</u>	<u>1,220,467</u>
Property expenses		
Rent - premises	166,051	154,561
Insurance - general	14,507	15,189
General property expenses	6,041	6,279
Light and power	8,925	8,308
	<u>195,524</u>	<u>184,337</u>
Net depreciation		
Computer equipment	6,849	1,747
Computer software	742	1,707
Motor vehicles	18,874	28,849
Office equipment	3,430	2,575
Office furniture	-	-
	<u>29,895</u>	<u>34,878</u>
4. Investment securities		
At call deposits with the Commonwealth Bank of Australia (CBA)	20,000,000	-
	<u>20,000,000</u>	<u>-</u>
Term deposits with Authorised Deposit-Taking Institutions (ADIs)	392,500,000	406,000,000
	<u>392,500,000</u>	<u>406,000,000</u>
	<u>412,500,000</u>	<u>406,000,000</u>
<i>Maturity analysis - investments</i>		
At call	20,000,000	-
Not longer than 3 months	285,500,000	281,000,000
Longer than 3 months and not longer than 12 months	107,000,000	125,000,000
	<u>412,500,000</u>	<u>406,000,000</u>

Catholic Development Fund - Archdiocese of Sydney

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

For the year ended 30 June 2018

	2018 \$	2017 \$
5. Loans and receivables		
Loans	419,806,461	405,779,546
Less: provision for impairment	-	-
	<u>419,806,461</u>	<u>405,779,546</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 FRNs	169,038	176,691
	<u>150,169,038</u>	<u>150,176,691</u>
	<u>569,975,499</u>	<u>555,956,237</u>
 <i>Maturity analysis - loans</i>		
Overdrafts	2,331,547	1,584,080
Not longer than 3 months	8,703,304	3,682,537
Longer than 3 months and not longer than 12 months	59,166,019	14,656,384
Longer than 1 year and not longer than 5 years	150,132,012	177,669,811
Longer than 5 years	199,473,579	208,186,734
	<u>419,806,461</u>	<u>405,779,546</u>
 <i>Maturity analysis - FRNs</i>		
Not longer than 1 year	33,981,701	-
Longer than 1 year and not longer than 3 years	116,187,337	80,768,504
Longer than 3 years and not longer than 5 years	-	69,408,187
Longer than 5 years	-	-
	<u>150,169,038</u>	<u>150,176,691</u>

Catholic Development Fund - Archdiocese of Sydney

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

For the year ended 30 June 2018

	2018 \$	2017 \$
6. Plant and equipment		
Office furniture	71,697	71,697
Less: Accumulated Depreciation	(71,697)	(71,697)
	-	-
Office equipment	73,754	73,754
Less: Accumulated Depreciation	(69,936)	(66,506)
	3,818	7,248
Computer equipment	63,135	56,399
Less: Accumulated Depreciation	(53,505)	(55,434)
	9,630	965
Software	256,768	256,768
Less: Accumulated Depreciation	(255,520)	(254,778)
	1,248	1,990
Motor vehicles	130,593	89,706
Less: Accumulated Depreciation	(38,444)	(32,920)
	92,149	56,786
Office partitioning & fittings	132,137	132,137
Less: Accumulated Depreciation	(132,137)	(132,137)
	-	-
	106,845	66,989

(a) Movements in carrying amounts

	Balance at beginning of year \$	Additions \$	Disposals \$	Depreciation Expense \$	Balance at the end of Year \$
Office furniture	-	-	-	-	-
Office equipment	7,248	-	-	(3,430)	3,818
Computer equipment	965	15,514	-	(6,849)	9,630
Software	1,990	-	-	(742)	1,248
Motor vehicles	56,786	63,594	(9,357)	(18,874)	92,149
Total	66,989	79,108	(9,357)	(29,895)	106,845

Catholic Development Fund - Archdiocese of Sydney

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

For the year ended 30 June 2018

	2018 \$	2017 \$
7. Other assets		
Prepayments	158,575	177,824
GST receivable	24,251	16,976
	<u>182,826</u>	<u>194,800</u>
8. Auditor's remuneration		
Audit services - current year	84,990	73,800
Other services	9,630	22,000
	<u>94,620</u>	<u>95,800</u>
9. Deposits		
Depositors' savings:		
Call deposits		
- Archdiocesan entities	226,956,855	219,856,459
- Non Archdiocesan entities	46,094,562	61,775,005
	<u>273,051,417</u>	<u>281,631,464</u>
Fixed term deposits		
- Archdiocesan entities	494,120,196	569,929,605
- Non Archdiocesan entities	156,104,854	68,704,918
	<u>650,225,050</u>	<u>638,634,523</u>
	<u>923,276,467</u>	<u>920,265,987</u>
<i>Maturity analysis</i>		
On call	273,051,417	281,631,464
Not longer than 3 months	413,898,987	523,131,080
Longer than 3 months and not longer than 12 months	236,326,063	115,503,443
Longer than 1 year and not longer than 5 years	-	-
	<u>923,276,467</u>	<u>920,265,987</u>
10. Trade and other payables		
Creditors and accruals	700,908	694,297
Accrued interest on depositors savings	3,397,463	3,500,480
	<u>4,098,371</u>	<u>4,194,777</u>

Catholic Development Fund - Archdiocese of Sydney

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

For the year ended 30 June 2018

	2018 \$	2017 \$
11. Provision for distributions		
Opening approved unpaid distribution from previous year:	6,080,112	5,475,664
Add approved distributions:		
Archdiocese	13,986,183	13,021,821
Parishes	854,073	789,660
	<u>14,840,256</u>	<u>13,811,481</u>
Less distributions paid:		
Archdiocese	(13,531,504)	(12,422,923)
Parishes	(789,660)	(784,110)
	<u>(14,321,164)</u>	<u>(13,207,033)</u>
Closing unpaid distributions:	<u>6,599,204</u>	<u>6,080,112</u>
12. Provisions		
Provision for long service leave and other entitlements	278,478	277,420
Provision for annual leave	89,029	105,880
	<u>367,507</u>	<u>383,300</u>
13. Employees		
Number of employees at year end	<u>11</u>	<u>13</u>
Superannuation plans		
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 (2017 - 9.50%).		
14. Interest revenue & interest expense		
Interest revenue		
Investment balances		
Cash at bank and at call deposits	595,084	729,595
Term deposits with ADI's	12,107,806	11,623,530
	<u>12,702,890</u>	<u>12,353,125</u>
Loans and receivables		
Loans	19,740,952	20,045,306
FRNs	6,250,668	6,279,219
	<u>25,991,620</u>	<u>26,324,525</u>
	<u>38,694,510</u>	<u>38,677,650</u>
Interest expense		
At call deposits	1,434,090	1,710,966
Fixed term deposits	16,399,645	16,961,077
	<u>17,833,735</u>	<u>18,672,043</u>

Catholic Development Fund - Archdiocese of Sydney

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

For the year ended 30 June 2018

15. Related party transactions

Advisory Board Members

The Advisory Board members who held Office during the year and as at 30 June 2018 were as follows:

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

Reverend Lawrence Cauchi B.Th (appointed 21 June 2018)

Ms Rebecca Davies B.Ec, LLB (Hons) FAICD (appointed 1 July 2017)

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

Mr John Flynn (Chair – appointed 1 July 2017) (Loans Committee - Member)

Very Reverend Dr Gerald Gleeson (appointed 1 July 2017)

Mr Glenn McLachlan B.Bus, ACA, F.Fin

Reverend Brendan Quirk (retired 5 February 2018)

Mr Neil Schafer (Audit Committee – Member) (Loans Committee - Member)

Ms Annette Schmiede B.Ec. (Loans Committee - Member) (retired 1 September 2017)

Ms Barbara Thompson B.Bus, CA, MBA, Certificate in Governance for Not-for-Profits (Audit Committee - Member)

Ms Elizabeth Tydd LL.B, LL.M, Cert. Legal Practice, Grad. Cert. Corporate Governance, GAICD, Dip. Social Welfare

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 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.

Catholic Development Fund - Archdiocese of Sydney

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

For the year ended 30 June 2018

15. Related party transactions (ctd.)

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 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.

Catholic Development Fund - Archdiocese of Sydney

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

For the year ended 30 June 2018

16. Financial risk management (ctd.)

(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 2018 was 11.28% (30 June 2017 - 10.30%).

(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	2018		2017	
	\$'000	% of Total	\$'000	% of Total
AA- to AAA	349,569	84%	278,012	66%
A- to A+	-	0%	-	-
BBB- to BBB+	69,000	16%	146,000	34%
Total	418,569	100%	424,012	100%

Catholic Development Fund - Archdiocese of Sydney

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

For the year ended 30 June 2018

16. Financial risk management (ctd.)

(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	2018		2017	
	\$'000	% of Total	\$'000	% of Total
AA- to AAA	143,000	95%	143,000	95%
BBB- to BBB+	7,000	5%	7,000	5%
Total	150,000	100%	150,000	100%

(iii) Specific exclusions

Property, equities and collateralised debit 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 2018

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 2018

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							
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
(i) Financial assets														
Cash and cash equivalents	6,069	18,012	-	-	-	-	-	-	-	-	6,069	18,012	1.50%	1.53%
Investment securities	20,000	-	392,500	406,000	-	-	-	-	-	-	412,500	406,000	2.47%	2.60%
Loans and receivables	419,806	405,780	33,982	-	116,187	150,177	-	-	-	-	569,975	555,957	4.53%	4.62%
Accrued receivables / Other assets	-	-	-	-	-	-	-	-	4,199	4,451	4,199	4,451	-	-
Total financial assets	445,875	423,792	426,482	406,000	116,187	150,177	-	-	4,199	4,451	992,743	984,420		
(ii) Financial liabilities														
Deposits	273,051	281,631	650,225	638,635	-	-	-	-	-	-	923,276	920,266	1.73%	1.87%
Trade and other payables	-	-	-	-	-	-	-	-	4,098	4,195	4,098	4,195	-	-
Provision for distributions	-	-	-	-	-	-	-	-	6,599	6,080	6,599	6,080	-	-
Provisions	-	-	-	-	-	-	-	-	368	383	368	383	-	-
Total financial liabilities	273,051	281,631	650,225	638,635	-	-	-	-	11,065	10,658	934,341	930,924		

Catholic Development Fund - Archdiocese of Sydney

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

For the year ended 30 June 2018

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; and
- 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.

	2018		2017	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
<i>Financial assets</i>				
Cash and cash equivalents	6,069	6,069	18,012	18,012
Investment Securities	412,500	412,500	406,000	406,000
Loans and receivables	569,975	573,139	555,957	559,580
Accrued receivables/other assets	4,199	4,199	4,451	4,451
	992,743	995,907	984,420	988,043
<i>Financial liabilities</i>				
Deposits and other borrowings	923,276	923,276	920,266	920,266
Trade and other payables	4,098	4,098	4,195	4,195
Provision for distributions	6,599	6,599	6,080	6,080
Provision	368	368	383	383
	934,341	934,341	930,924	930,924

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 2018.

Catholic Development Fund - Archdiocese of Sydney

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

For the year ended 30 June 2018

16. Financial risk management (ctd.)

(vii) Sensitivity analysis (ctd.)

Foreign currency sensitivity analysis

At 30 June 2018, 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 2018, 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:

	2018 \$	2017 \$
Cash	6,068,781	18,012,459
Investment securities (maturing in less than 3 months)	305,500,000	281,000,000
	<u>311,568,781</u>	<u>299,012,459</u>

(b) Reconciliation of net cash provided by operating activities to operating surplus

Operating surplus	19,787,006	18,415,308
Decrease/(Increase) in interest receivable	239,343	(110,508)
(Decrease) in interest payable	(103,017)	(634,501)
(Increase) in loans	(14,026,915)	(6,716,917)
Increase in deposits	3,010,480	35,186,678
Decrease/(Increase) in other assets	11,974	(148,094)
Increase in creditors and accruals	6,611	393,622
(Decrease)/Increase in provision for employee entitlements	(15,793)	30,477
Depreciation	29,895	34,878
(Profit) adjustment on sale of assets	(2,007)	(4,661)
Net cash provided by operating activities	<u>8,937,577</u>	<u>46,446,282</u>

18. Commitments to extend credit

The following loans approved at 30 June 2018 had not been drawn at that date.

Archdiocesan Loans (including undrawn overdrafts)	55,420,332	49,058,701
Non-Archdiocesan Loans (including undrawn overdrafts)	185,132,226	206,658,778
	<u>240,552,558</u>	<u>255,717,479</u>

Catholic Development Fund - Archdiocese of Sydney

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

For the year ended 30 June 2018

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.

The Catholic Development Fund Archdiocese of Sydney (the Fund) is not prudentially supervised by the Australian Prudential Regulation Authority nor has it been examined or approved by the Australian Securities and Investments Commission. Therefore, an investor in the Fund will not receive the benefit of the financial claims scheme or the depositor protection provisions in the Banking Act 1959 (Cth). Investments in the Fund are intended to be a means for investors to support the charitable, religious and educational works of the Archdiocese of Sydney and for whom the consideration of profit are not of primary relevance in the investment decision. Furthermore, investors should be aware that neither the Fund nor The Trustees of the Roman Catholic Church for the Archdiocese of Sydney is subject to the normal requirements to have a disclosure statement or Product Disclosure Statement or be registered under the Corporations Act 2001 (Cth). CDPF Limited, a company established by the Australian Catholic Bishops Conference, has indemnified the Fund against any liability arising out of a claim by investors in the Fund."

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 2018 is \$13,551,713 (2017 - \$11,485,321).

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 \$1,605,639 relates to the Catholic Development Fund Diocese of Broken Bay for 2018. (2017 - \$1,336,238).

Catholic Development Fund - Archdiocese of Sydney

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

For the year ended 30 June 2018

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:

	2018 \$	2017 \$
Not later than one year	222,628	210,858
Later than one year but not later than five years	959,335	-
Later than five years	-	-
	<u>1,181,963</u>	<u>210,858</u>

22. Regulatory exemptions and status

Banking Act 1959 (Act)

On 31 August 2016 APRA issued a new exemption order, Banking exemption No.1 of 2016, which took effect from 1 January 2017. Under Banking exemption No.1 of 2016, sections 7 and 8 of the *Banking Act 1959*, do not apply to the CDF provided that the CDF complies with the conditions specified in the exemption order.

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)

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

23. Subsequent events

There were 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 give a true and fair view of the performance of the CDF for the year ended 30 June, 2018 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

26/9/2018

Date



Mr Peter Bokeyar

General Manager – Catholic Development Fund – Archdiocese of Sydney

26/9/2018

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 2018, 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 2018;
- Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Changes in Cash Flows for the year ended on 30 June 2018; and
- Notes to and forming part of the financial statements.

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_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.


KPMG


Michael O Connell

Partner

Sydney

26 September 2018