



**CATHOLIC
DEVELOPMENT FUND**
Diocese of Wollongong
Building Church Communities

**FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2022**

**CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	NOTE	2022 \$	2021 \$
Interest Revenue	2	9,535,068	5,985,571
Mark to Market Investment Gains	2	116,213	143,660
Other Income	2	55,460	69,377
Interest Expense		(3,051,952)	(1,897,355)
Employee Benefits Expense		(547,637)	(514,385)
Depreciation Expense		(37,226)	(30,926)
Impairment Loss on Loans and Advances		-	(163,312)
Impairment Loss on Financial Assets		(1,000,000)	-
Unrealised Gain on Financial Assets		-	-
Other Expenses	3	(396,495)	(368,356)
Surplus before income tax expense		<u>4,673,431</u>	<u>3,224,275</u>
Income Tax Expense		-	-
Distribution to the Bishop		(4,020,000)	(4,020,000)
Surplus after income tax expense and distribution		<u>653,431</u>	<u>(795,725)</u>
Other comprehensive income		-	-
Total comprehensive profit / (loss) for the year		<u><u>653,431</u></u>	<u><u>(795,725)</u></u>

The statement of profit or loss and other comprehensive income should be read in conjunction with the notes to and forming part of the financial statements.

**CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	NOTE	2022 \$	2021 \$
ASSETS			
Cash and Cash Equivalents	6	4,240,454	1,311,819
Financial Assets at Amortised Cost	5	157,311,138	127,990,919
Financial Assets at Fair Value	5	8,031,124	8,816,653
Other Assets		11,342	24,825
Receivables	7	746,901	152,578
Plant and Equipment		76,164	87,448
Loans and Advances	4	134,401,350	138,912,919
Investment properties	13	4,450,000	840,000
TOTAL ASSETS		<u>309,268,473</u>	<u>278,137,161</u>
LIABILITIES			
Payables		100,868	69,092
Financial Liabilities	8	294,502,665	264,064,567
Provisions	9	161,581	153,574
TOTAL LIABILITIES		<u>294,765,114</u>	<u>264,287,233</u>
NET ASSETS		<u>14,503,359</u>	<u>13,849,928</u>
EQUITY			
Retained Profits		14,503,359	13,849,928
TOTAL EQUITY		<u>14,503,359</u>	<u>13,849,928</u>

The statement of financial position should be read in conjunction with the notes to and forming part of the financial statements.

**CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	NOTE	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		8,942,470	5,922,334
Other non-interest receipts		70,059	60,166
Interest paid		(2,927,912)	(1,957,233)
Payments to suppliers & employees		(907,191)	(830,806)
Net movement in loans		4,511,569	(7,032,356)
Net movement in financial liabilities		<u>30,314,059</u>	<u>24,283,604</u>
Net Cash provided by Operating Activities	10	<u>40,003,054</u>	<u>20,445,709</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net payments for investments		(29,320,218)	(22,473,847)
Payments for property, plant & equipment		(3,734,201)	(72,075)
Proceeds from sale of property, plant		-	62,000
Net Cash used in Investing Activities		<u>(33,054,419)</u>	<u>(22,483,922)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution to Bishop		(4,020,000)	(4,020,000)
Net cash used in financing activities		<u>(4,020,000)</u>	<u>(4,020,000)</u>
Net increase / (decrease) in cash held		2,928,635	(6,058,213)
Cash at the beginning of the reporting year		<u>1,311,819</u>	<u>7,370,032</u>
Cash at the end of the reporting year		<u><u>4,240,454</u></u>	<u><u>1,311,819</u></u>

The statement of cash flows should be read in conjunction with the notes to and forming part of the financial statements.

**CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Retained Profits \$
At 1 January 2021	14,645,653
Surplus for the Year	3,224,275
Distribution to Bishop	(4,020,000)
Closing Balance at 31 December 2021	<u><u>13,849,928</u></u>
At 1 January 2022	13,849,928
Surplus for the Year	4,673,431
Distribution to Bishop	(4,020,000)
Closing Balance at 31 December 2022	<u><u>14,503,359</u></u>

The statement of changes in equity should be read in conjunction with the notes to and forming part of the financial statements.

**CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I Reporting fund

The Catholic Development Fund, Diocese of Wollongong (the "Fund") is a not for profit fund domiciled in Australia. The address of the Fund's registered office is 38 Harbour Street, Wollongong. The Fund is a financial co-operative of the Catholic Church in the Diocese of Wollongong, raising funds from all Diocesan agencies, other Catholic entities throughout the Diocese and anyone supportive of local Catholic communities.

These funds are made available to provide for the loan finance requirements of the Diocese for projects including the construction and/or renovation of Churches, presbyteries and schools and the acquisitions of items of plant & equipment.

In the opinion of the Diocesan Finance Council, the Fund is not a reporting fund. The financial report of the Fund has been drawn up as a special purpose financial report for distribution to Bishop Brian Mascord, Bishop of Wollongong.

II Basis of Preparation

(a) 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") (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board ("AASB").

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss which are measured at fair value.

The financial report does not include the disclosure requirements of all AASBs except for the following minimum requirements:

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

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

The resulting accounting judgements and estimates will seldom equal the related actual results.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

In determining the recoverability of loans and advances, management have exercised judgement, using historical write-off of balances, whether security is held over receivables, and any plans that borrowers have in place to ensure that older amounts past due but not impaired can be repaid.

Management use external valuers to assess the fair value of investment properties. These valuations are updated at least every three years.

III Significant Accounting Policies

(a) Financial Instruments

(i) Non-Derivative Financial Instruments

Cash & Cash Equivalents

Cash and cash equivalents comprise cash balances in the Fund's bank account and cash on hand. Any bank overdrafts that are repayable on demand and form an integral part of the Fund's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

**CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (con't)

III Significant Accounting Policies (con't)

(a) Financial Instruments (con't)

(i) Non-Derivative Financial Instruments (con't)

Financial assets at amortised cost

If the Fund has the positive intent and ability to hold debt securities to maturity, then they are classified as financial assets at amortised cost. These assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Loans, advances and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans, advances and receivables are initially recorded at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method, after assessing required provisions for impairment as described in note III(d).

Term deposits with financial institutions are unsecured and have a carrying amount equal to their principal amount. Interest is paid on the daily balance at maturity. The accrual of interest receivable at balance date is calculated on a proportional basis of the expired period of the term of the investment.

Trade and Other Receivables

Trade and other receivables are stated at amortised cost.

Financial Liabilities

The Fund recognises financial liabilities, being client savings and term deposits, on the date they are originated. Financial liabilities are initially measured at fair value plus transaction costs, and are subsequently measured at their amortised cost using the effective interest method. Savings and term deposits are stated at the aggregate amount of monies owing to depositors. These are reported at the principal amount lodged.

The Fund derecognises financial liabilities when its contractual obligations are discharged or cancelled. Interest payable is recognised in profit or loss using the effective interest method. Interest on client savings and term deposits is calculated on the daily balance and is posted to the depositor's account quarterly or at maturity.

Such interest is accrued on the basis of the interest rate, the terms and conditions applicable to each savings and term deposit accounts which are varied from time to time.

Trade and Other Payables

Trade and other payables are stated at their fair value and are recognised for goods or services received, whether or not billed to the Fund.

Trade payables are non-interest bearing and are normally settled on 30 day terms.

(b) Property, Plant and Equipment

(i) Recognition and Measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

**CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (con't)

III Significant Accounting Policies (con't)

(b) Property, Plant and Equipment (con't)

(ii) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Fund and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The depreciation rates for each class of depreciable asset are as follows:

* Motor vehicles	25%
* Furniture & fittings	15%
* Office machines & equipment	20%
* Computers	33.33%

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

(c) Investment Property

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Fund. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

(d) Impairment

(i) Financial Assets

All of the financial assets at amortised cost are considered to have low credit risk and the loss allowance recognised during the period was therefore limited to 12 months expected losses.

The instruments are considered to be low risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The financial assets at amortised cost include receivables, loans, advances and investment securities. Applying the expected credit risk model didn't result in recognition of any loss allowance.

(ii) Non-Financial Assets

The carrying amounts of the Fund's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (con't)

III Significant Accounting Policies (con't)

(e) Employee Benefits

(i) Short-Term Benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be wholly settled within twelve months of the reporting date are measured at their notional amounts based on remuneration rates which are expected to be paid when the liability is settled plus related on-costs. When it is expected that these employee benefits will be settled after twelve months from the reporting date, they are measured at present value.

(ii) Long-Term Employee Benefits

The Fund's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Fund's obligations.

(iii) Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the Fund pays fixed contributions into a separate Fund and will have no legal or constructive obligations to pay further amounts.

Obligations for contributions to defined contribution superannuation plans are recognised as a personnel expense in the profit and loss when they are due.

(f) Revenue

(i) Revenue from Financial Assets

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured.

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Dividend income is recognised in profit or loss on that date that the Fund's right to receive income is established, which in the case of quoted securities is the ex-dividend date.

(ii) Other Revenue

Other revenue is recognised when received.

(iii) Rent

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

(g) Lease Payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

(h) Income Taxes

The Catholic Development Fund is exempt from income tax under Division 50 - 5 of the Income Tax Assessment Act, 1997.

(i) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not 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 the 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.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating expenses.

**CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (con't)

III Significant Accounting Policies (con't)

(j) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 December 2022. The Fund's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Fund, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the company may need to review such policies under the revised framework.

At this time, the application of the Conceptual Framework is not expected to have a material impact on the company's financial statements.

(k) Current / non-current assets and liabilities

The balance sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current.

(l) Determination of Fair Value

A number of the Fund's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Fund uses market observable data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Fund recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Significant valuation issues are reported to the Bishop.

**CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	\$	\$
NOTE 2 - REVENUE AND OTHER INCOME		
Interest Revenue		
Loans	6,237,188	5,239,079
Investment securities	3,297,880	746,492
Total Interest Revenue	<u>9,535,068</u>	<u>5,985,571</u>
Other Income		
Mark to market investment gains	116,213	143,660
Rental Income	49,784	36,624
Profit on sale of asset	-	16,074
Other	5,676	16,679
Total Other Income	<u>171,673</u>	<u>213,037</u>
Total Revenue and Other Income	<u>9,706,741</u>	<u>6,198,608</u>
NOTE 3 - SURPLUS FROM CONTINUING OPERATIONS		
Surplus from continuing operations before income tax has been arrived at after charging the following items:		
Operating lease rental expense	48,072	49,052
Property related expenses excl rental expense	-	-
Computer system related expenses	143,921	137,064
Marketing expenses	43,826	37,952
Investment expenses	27,660	28,655
Insurance expenses	16,747	15,377
Remuneration of auditor - audit of the financial statements*	34,445	32,130
Other	81,824	68,126
Total other expenses from continuing operations	<u>396,495</u>	<u>368,356</u>
*No other services were provided by the auditor during the year.		
NOTE 4 - LOANS AND ADVANCES		
Schools	126,300,721	128,671,454
Parishes	4,302,101	6,158,782
Office of the Bishop	3,906,029	4,170,632
Clergy Car	55,811	75,363
	<u>134,564,662</u>	<u>139,076,231</u>
Provision for impaired loan - All Saints Catholic Parish, Shellharbour	<u>(163,312)</u>	<u>(163,312)</u>
	<u>134,401,350</u>	<u>138,912,919</u>
Loans approved but not advanced	<u>294,643</u>	<u>4,185,024</u>

**CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	\$	\$
NOTE 5 - FINANCIAL ASSETS		
Financial assets at fair value		
Pooled Managed Investment	8,031,124	7,816,653
Investment in unlisted entity	1,000,000	1,000,000
Accumulated Impairment - Investment in unlisted entity	<u>(1,000,000)</u>	<u>-</u>
	<u>8,031,124</u>	<u>8,816,653</u>
Financial assets at amortised cost		
Current Account Investment	58,011,138	74,440,919
Floating Rate Note Investment	17,300,000	17,550,000
Mortgage Backed Securities Investment	-	-
Term Deposit Investment	80,000,000	34,000,000
Zero Coupon Bond	<u>2,000,000</u>	<u>2,000,000</u>
	<u>157,311,138</u>	<u>127,990,919</u>
TOTAL FINANCIAL ASSETS	<u>165,342,262</u>	<u>136,807,572</u>
NOTE 6 - CASH AND CASH EQUIVALENTS		
Current Accounts	4,237,366	1,308,731
On Hand	<u>3,088</u>	<u>3,088</u>
	<u>4,240,454</u>	<u>1,311,819</u>
NOTE 7 - RECEIVABLES		
Interest Receivable	693,586	100,988
Accounts Receivable	51,590	51,590
General	<u>1,725</u>	<u>-</u>
	<u>746,901</u>	<u>152,578</u>

**CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	\$	\$
NOTE 8 - FINANCIAL LIABILITIES		
Individuals		
Savings	3,293,370	3,951,195
Term Deposits	3,147,056	3,688,723
Non Diocesan		
Savings	22,079,909	14,084,266
Term Deposits	41,758,908	53,309,938
Diocesan		
Savings	100,568,229	80,895,646
Term Deposits	123,249,292	107,852,940
Interest Accrued		
Savings	273	90
Term Deposits	405,628	281,769
	<u>294,502,665</u>	<u>264,064,567</u>
 NOTE 9 - PROVISIONS		
Staff Leave		
Annual Leave	43,770	46,381
Long Service Leave - Current	117,811	107,193
Long Service Leave - Non-Current	-	-
	<u>161,581</u>	<u>153,574</u>

**CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

NOTE 10 - NOTES TO THE STATEMENT OF CASH FLOWS

**RECONCILIATION OF PROFIT / (LOSS)
WITH NET CASH PROVIDED BY OPERATING ACTIVITIES**

Surplus before income tax expense	4,673,431	3,224,275
Add / (less) non-cash items		
Profit on sale of non-current assets	-	(16,074)
Provision for impairment	-	163,312
Movements on investments	(116,213)	(143,660)
Depreciation	37,226	30,926
Impairment of financial assets	1,000,000	-
Change in assets and liabilities		
Decrease / (Increase) in loans funded	4,511,569	(7,032,356)
Increase in financial liabilities	30,314,059	24,283,604
Decrease / (Increase) in other assets	13,514	(7,781)
Increase in employee provisions	8,007	7,525
Increase in creditors & accruals	30,022	59,052
(Increase) / decrease in interest receivable	(592,598)	(63,237)
Increase / (Decrease) in interest payable	124,037	(59,877)
	<u>34,408,610</u>	<u>17,186,930</u>
Net Cash provided by Operating Activities	<u><u>40,003,054</u></u>	<u><u>20,445,709</u></u>

**CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

NOTE 11 – FINANCIAL INSTRUMENTS

(a) INTEREST RATE RISK EXPOSURES

The Fund's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

As at 31 December 2022								
	Balance Sheet Total	Floating Interest Rate	Fixed Interest Rate				Non-Interest Bearing	Weighted Average Rate
			0 to 3 months	3 to 12 months	1 to 5 years	> 5 years		
	\$	\$	\$	\$	\$	\$	\$	
Assets								
Cash and Liquid Assets	4,240,454	4,237,366	-	-	-	-	3,088	0.41%
Financial assets at amortised cost	157,311,138	58,011,138	68,000,000	29,300,000	2,000,000	-	-	0.67%
Financial assets at fair value	8,031,124	-	-	-	-	-	8,031,124	-
Loans and Advances	134,401,350	134,401,350	-	-	-	-	-	4.36%
Receivables	746,901	111,736	477,687	146,011	9,743	-	1,725	-
Total monetary assets	304,730,967	196,761,590	68,477,687	29,446,011	2,009,743	-	8,035,937	2.28%
Liabilities								
Financial Liabilities	294,502,665	125,941,781	73,961,871	94,559,005	40,008	-	-	0.89%
Payables	100,868	-	-	-	-	-	100,868	-
Total monetary liabilities	294,603,533	125,941,781	73,961,871	94,559,005	40,008	-	100,868	0.89%

As at 31 December 2021								
	Balance Sheet Total	Floating Interest Rate	Fixed Interest Rate				Non-Interest Bearing	Weighted Average Rate
			0 to 3 months	3 to 12 months	1 to 5 years	> 5 years		
	\$	\$	\$	\$	\$	\$	\$	
Assets								
Cash and Liquid Assets	1,311,819	1,308,731	-	-	-	-	3,088	0.41%
Financial assets at amortised cost	127,990,919	74,440,919	34,250,000	19,300,000	-	-	-	0.67%
Financial assets at fair value	8,816,653	-	-	-	-	-	8,816,653	-
Loans and Advances	138,912,919	138,912,919	-	-	-	-	-	3.91%
Receivables	152,578	49,132	74,967	28,479	-	-	-	-
Total monetary assets	277,184,888	214,711,701	34,324,967	19,328,479	-	-	8,819,741	2.27%
Liabilities								
Financial Liabilities	264,064,567	98,931,197	69,871,980	95,166,723	94,667	-	-	0.64%
Payables	69,092	-	-	-	-	-	69,092	-
Total monetary liabilities	264,133,659	98,931,197	69,871,980	95,166,723	94,667	-	69,092	0.64%

**CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

NOTE 11 – FINANCIAL INSTRUMENTS (con't)

(b) NET FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists or by discounting expected future cash flows by the current interest rates for assets and liabilities with similar risk properties.

The carrying amounts and net fair values of financial assets and liabilities at balance date are as follows:

	Carrying Amount 2022	Carrying Amount 2021	Net Fair Value 2022	Net Fair Value 2021
On-Balance Sheet Financial Assets				
Cash and Liquid Assets	4,240,454	1,311,819	4,240,454	1,311,819
Financial assets at amortised cost	157,311,138	127,990,919	157,311,138	127,990,919
Financial assets at fair value	8,031,124	8,816,653	8,031,124	8,816,653
Loans and Advances	134,401,350	138,912,919	134,401,350	138,912,919
Receivables	746,901	152,578	746,901	152,578
	304,730,967	277,184,888	304,730,967	277,184,888
Financial Liabilities				
Financial Liabilities	294,502,665	264,064,567	294,502,665	264,064,567
Payables and other Liabilities	100,868	69,092	100,868	69,092
	294,603,533	264,133,659	294,603,533	264,133,659

NOTE 12 – CURRENT / NON-CURRENT ASSETS AND LIABILITIES

	2022 \$	2021 \$
CURRENT ASSETS		
Cash and Cash Equivalents	4,240,454	1,311,819
Financial Assets at Amortised Cost	155,011,138	112,690,919
Financial Assets at Fair Value	8,031,124	7,816,653
Other Current Assets	11,342	24,825
Receivables	746,901	152,578
Loans and Advances	9,602,698	13,647,496
TOTAL CURRENT ASSETS	177,643,657	135,644,290
NON-CURRENT ASSETS		
Financial Assets at Amortised Cost	2,300,000	15,300,000
Financial Assets at Fair Value	-	1,000,000
Plant and Equipment	76,164	87,448
Investment properties	4,450,000	840,000
Loans and Advances	124,798,652	125,265,423
TOTAL NON-CURRENT ASSETS	131,624,816	142,492,871
TOTAL ASSETS	309,268,473	278,137,161
CURRENT LIABILITIES		
Payables	100,868	69,092
Financial Liabilities	294,462,657	263,969,900
Provisions	158,713	150,706
TOTAL CURRENT LIABILITIES	294,722,238	264,189,698
NON-CURRENT LIABILITIES		
Financial Liabilities	40,008	94,667
Provisions	2,868	2,868
TOTAL NON-CURRENT LIABILITIES	42,876	97,535
TOTAL LIABILITIES	294,765,114	264,287,233
NET ASSETS	14,503,359	13,849,928
EQUITY		
Retained Profits	14,503,359	13,849,928
TOTAL EQUITY	14,503,359	13,849,928

The Fund is in the financial services industry and all assets/liabilities in the statement of financial position are presented in order of liquidity. The Fund does not forecast any problems with being able to meet its debts as and when they fall due, payable in the normal course of business. Therefore, the Funds financial statements are prepared on a going concern basis.

**CATHOLIC DEVELOPMENT FUND
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FOR THE YEAR ENDED 31 DECEMBER 2022**

NOTE 13 – INVESTMENT PROPERTY

	Valuation Method	2022	2021
3 / 6 McMillan Street, Helensburgh	Fair value - valuation	840,000	840,000
38 Ellen Street, Wollongong	Fair value - valuation	2,000,000	-
12 Boollwarroo Parade Shellharbour	Fair value - valuation	1,610,000	-
Total Property Valuation		4,450,000	840,000

Fair Value Reconciliation:

Opening balance at beginning of year	840,000
Additions	3,708,258
Fair value adjustment	(98,258)
Closing balance at end of year	4,450,000

In the current year the fund acquired 2 additional investment properties being 38 Ellen Street, Wollongong and 12 Boollwarroo Parade, Shellharbour. 12 Boollwarroo Parade Shellharbour was obtained in a transaction undertaken with All Saints Shellharbour City Parish whereby a loan balance outstanding to the fund was reduced in exchange for the property at 12 Boollwarroo Parade Shellharbour.

NOTE 14 – RELATED PARTY TRANSACTIONS

The Fund's core business is to lend funds to parishes, schools and diocesan groups. These groups within the diocese are considered related parties and make up a significant portion of both assets and liabilities of the Fund.

During the year various transactions were conducted between the fund and its related parties, all of which have been considered to be arms length transactions.

NOTE 15 – SUBSEQUENT EVENTS

There have been no events subsequent to balance date which would have a material effect on the Fund's financial report at 31 December 2022.

**CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG**

Statement by the General Manager and Diocesan Financial Controller

1 In the opinion of the General Manager and Diocesan Financial Controller, the Catholic Development Fund Diocese of Wollongong

- (a) is not a reporting Fund;
- (b) the financial statements and notes thereto, set out on pages 2 to 17, are drawn up, in accordance with the basis of accounting described in Note 1, so as to present fairly the financial position of the Catholic Development Fund as at 31 December 2022 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
- (d) kept such accounting records as to correctly record and explain its transactions and financial position; and
- (e) kept its accounting records so that a true and fair financial report of the Catholic Development Fund can be prepared.

Dated at Wollongong the 17th day of May 2023.



Tony Sanderson
General Manager



Nicholas Dyball
Diocesan Financial Controller

Independent Auditor's Report to the Members of Catholic Development Fund (Diocese of Wollongong)**REPORT ON THE AUDIT OF THE FINANCIAL REPORT****Opinion**

We have audited the financial report of Catholic Development Fund (Diocese of Wollongong) ("the Fund"), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Statement by the General Manager and Diocesan Financial Controller.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Fund as at 31 December 2022, and its financial performance and its cash flow for the year then ended in accordance with the accounting policies described in Note 1 of the financial statements.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Use

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Fund meet the requirements of Note 1 and the financial reporting requirements of distributing a financial report to the Bishop of Wollongong. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and the Advisory Council for the Financial Report

Management is responsible for the preparation and fair presentation of the special purpose financial report in accordance with the accounting policies described in Note 1 of the financial report and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Advisory Council are responsible for overseeing the Fund's financial reporting process.

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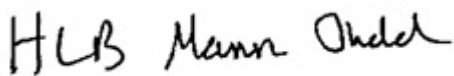
Auditor's Responsibilities for the Audit of the Financial Report

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

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

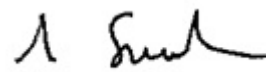
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a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

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



HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
18 May 2023



A G Smith
Director