

**Annual Financial Reports  
for the year ended 31 December, 2021**

**Ballarat Catholic Development Fund**

# Income Statement

for the year ended 31 December, 2021

## BALLARAT CATHOLIC DEVELOPMENT FUND

	Note	2021 (\$)	2020 (\$)
<b>Income</b>			
Interest on Loans		1,657,231	1,783,110
Return on Investments	2	3,130,950	2,654,730
Other Income		53,596	947
<b>Total Income</b>		<b>4,841,777</b>	<b>4,438,787</b>
<b>Less Cost of Funds</b>			
		1,695,071	2,638,607
<b>GROSS MARGIN</b>		<b>3,146,706</b>	<b>1,800,180</b>
<b>Expenditure</b>			
Salaries and Related Costs		408,629	373,718
Telephone & Postage		4,313	6,871
Printing & Stationery		3,380	5,841
Occupancy		19,416	18,698
Computer Facilities - Maintenance / Software		104,021	74,810
Conferences / Meetings		1,863	4,095
Promotion/Sponsorship		2,874	2,743
Travel		15,213	12,689
Audit		10,200	10,490
Insurance		16,091	15,344
Bank Fees		17,382	14,724
<b>Total Expenditure</b>		<b>603,382</b>	<b>540,023</b>
<b>OPERATING SURPLUS</b>		<b>2,543,324</b>	<b>1,260,157</b>
plus ACCUMULATED SURPLUS brought forward		4,397,429	4,137,272
less Distribution to the Diocese		(750,000)	(1,000,000)
less Transfer to the General Reserve		-	-
<b>ACCUMULATED SURPLUS to be carried forward</b>		<b>6,190,753</b>	<b>4,397,429</b>

To be read in conjunction with the attached Notes to the Financial Statements

# Balance Sheet

as at 31 December, 2021

## BALLARAT CATHOLIC DEVELOPMENT FUND

	Note	2021 (\$)	2020 (\$)
<b>Assets</b>			
Cash on Hand		3,239	4,170
Cash at Bank		11,699,882	7,154,670
Investments	3	142,403,836	124,958,832
Loans Advanced	4	43,005,240	49,718,253
Accrued Interest Receivable - Loans		104,931	60,953
- Investments		38,694	58,383
Accrued Income/Prepaid Expenses		137,827	89,822
Motor Vehicle at WDV	5	20,242	28,942
<b>TOTAL ASSETS</b>		<b>197,413,891</b>	<b>182,074,025</b>
<b>Liabilities</b>			
Depositors' Funds	6	174,328,410	159,348,597
Accrued Expenses		30,505	25,637
Accrued Interest Payable		211,913	181,900
Provision for Leave Entitlements	7	152,310	120,462
<b>TOTAL LIABILITIES</b>		<b>174,723,138</b>	<b>159,676,596</b>
<b>NET ASSETS</b>		<b>22,690,753</b>	<b>22,397,429</b>
<b>Equity</b>			
Accumulated Surplus		6,190,753	4,397,429
Retired Priests' Facility Reserve	8	-	1,500,000
General Reserve	8	16,500,000	16,500,000
<b>TOTAL EQUITY</b>		<b>22,690,753</b>	<b>22,397,429</b>

To be read in conjunction with the attached Notes to the Financial Statements

## Statement of Cash Flows

for the year ended 31 December, 2021

### BALLARAT CATHOLIC DEVELOPMENT FUND

	Note	2021 (\$)	2020 (\$)
Interest received on Loans		1,613,253	1,790,822
Dividends/Distributions Received		1,907,403	2,348,258
Other Income		53,596	947
Interest paid		(1,665,058)	(2,814,588)
Salaries and Related Costs paid		(376,781)	(354,587)
Payments to suppliers		(181,186)	(166,784)
<b>Net cash flows from operations (before changes to operating assets and liabilities)</b>		<b>1,351,227</b>	<b>804,068</b>
Changes to operating assets and liabilities arising from cash flow movements			
Net (Increase)/Decrease in Operating Assets:			
Loans		6,713,014	(643,972)
Investments		(16,249,773)	2,678,232
Net Increase/(Decrease) in Operating Liabilities			
Depositor Funds		14,979,813	266,530
<b>Net changes to operating assets and liabilities arising from cash flow movements</b>		<b>5,443,054</b>	<b>2,300,790</b>
<b>Net cash flows provided by operating activities</b>		<b>6,794,281</b>	<b>3,104,858</b>
<b>Cash flows from investing activities</b>			
Transfer (Sale) Motor Vehicle to BCAF		-	30,984
Purchase of Motor Vehicle (in 2020 Transfer from BCAF)		-	(34,742)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(3,758)</b>
<b>Cash flows from financing activities</b>			
Distribution to the Diocese		(750,000)	(1,000,000)
Release of Reserves to the Diocese		(1,500,000)	-
<b>Net cash used in financing activities</b>		<b>(2,250,000)</b>	<b>(1,000,000)</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,544,281</b>	<b>2,101,100</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>7,158,840</b>	<b>5,057,740</b>
<b>Cash and cash equivalents at end of period</b>		<b>11,703,121</b>	<b>7,158,840</b>

To be read in conjunction with the attached Notes to the Financial Statements

**Reconciliation to Surplus/(Deficit) to cash flow from operating activities**  
for the year ended 31 December, 2021

**BALLARAT CATHOLIC DEVELOPMENT FUND**

Note	2021 (\$)	2020 (\$)
<b>Cash flows from operating activities</b>		
Surplus/(Deficit)	2,543,324	1,260,157
<b>Adjustments for non-cash items in Surplus/(Deficit):</b>		
Depreciation	8,700	8,680
Unrealised (Gains)/Losses	(1,195,231)	(421,736)
<b>Working capital changes:</b>		
<b>Assets</b>		
(Increase)/Decrease in Interest Receivable/Accrued Income	(72,295)	122,976
<b>Liabilities</b>		
Increase/(Decrease) in Leave Entitlements	31,848	19,131
Increase/(Decrease) in Interest Payable	30,013	(175,981)
Increase/(Decrease) in Accrued Expenses	4,868	(9,159)
<b>Cash generated from operations (before changes to operating assets and</b>	<b>1,351,227</b>	<b>804,068</b>
<b>Net (Increase)/Decrease in Operating Assets:</b>		
Loans	6,713,014	(643,972)
Investments	(16,249,773)	2,678,232
<b>Net Increase/(Decrease) in Operating Liabilities:</b>		
Funds on Deposit	14,979,813	266,530
<b>Net cash flows provided by operating activities</b>	<b>6,794,281</b>	<b>3,104,858</b>

To be read in conjunction with the attached Notes to the Financial Statements

# Statement of Equity Movement

for the year ended 31 December, 2021

## BALLARAT CATHOLIC DEVELOPMENT FUND

2021	Accumulated Surplus	Retired Priests' Facility Reserve	General Reserve	Total Equity
Opening Balance	4,397,429	1,500,000	16,500,000	22,397,429
Net Result for the Year	2,543,324	-	-	2,543,324
Transfer to General Reserve	-	-	-	-
Distribution to Diocese	(750,000)	(1,500,000)	-	(2,250,000)
<b>Closing Balance</b>	<b>6,190,753</b>	<b>-</b>	<b>16,500,000</b>	<b>22,690,753</b>

2020	Accumulated Surplus	Retired Priests' Facility Reserve	General Reserve	Total Equity
Opening Balance	4,137,272	1,500,000	16,500,000	22,137,272
Net Result for the Year	1,260,157	-	-	1,260,157
Transfer to General Reserve	-	-	-	-
Distribution to Diocese	(1,000,000)	-	-	(1,000,000)
<b>Closing Balance</b>	<b>4,397,429</b>	<b>1,500,000</b>	<b>16,500,000</b>	<b>22,397,429</b>

To be read in conjunction with the attached Notes to the Financial Statements

# Notes to the Financial Statements

for the year ended 31 December, 2021

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## BALLARAT CATHOLIC DEVELOPMENT FUND

These financial statements are special purpose financial statements which have been prepared for the purpose of reporting the financial activities of the Catholic Development Fund (CDF) to the Bishop of the Diocese of Ballarat, the Diocesan Finance Council and CDF Committee. It has been determined that the CDF is not a reporting entity. The CDF is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared on an accruals basis. They are based on historical costs and do not take into account the changing value of money or, except where stated specifically, current valuations of non-current assets, financial assets or financial liabilities.

### **NOTE 1 ACCOUNTING POLICIES**

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#### (a) Income Tax

The Catholic Diocese of Ballarat has an exemption from paying income tax. The CDF is exempt from paying income tax because of the Diocese's exemption.

#### (b) Investments

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, net of transaction costs. Australian Listed Equity Securities are subsequently measured at fair value based on current share price. Management regards the current share price to be a reliable and relevant basis to determine fair value. The CDF assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

#### (c) Loans

All loans are valued at their face value (being the amount owed to the CDF), less any Provision for Doubtful Loans.

#### (d) Provision for Doubtful Loans

A Provision for Doubtful Loans is raised when there is objective evidence of impairment of a loan, at an amount adequate to cover the assessed losses.

#### (e) Deposits

All deposits held are recorded at their face value, being the amount owed to deposit holders.

# Notes to the Financial Statements

for the year ended 31 December, 2021

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## BALLARAT CATHOLIC DEVELOPMENT FUND

### (f) Fixed Assets

Each class of fixed assets is carried at cost less, where applicable, any accumulated depreciation.

#### Motor Vehicles

Motor Vehicles purchased by the CDF are valued at cost, less accumulated depreciation. They are being depreciated using a 25% straight-line method.

### (g) Employee Entitlements Provision

Liabilities for annual leave and long service leave are recognised in respect of employees' services up to the reporting date. Entitlements expected to be settled within 12 months of the reporting date have been measured at the amounts expected to be paid when the liabilities are settled. Those that are not expected to be settled within 12 months of the reporting date are measured at the present value of the amounts expected to be paid when the liabilities are settled.

### (h) Revenue

Loan interest is calculated and accrued on a daily basis using the daily balance outstanding. Interest is charged to the borrower's account in arrears. Interest from investments is accrued on a daily basis using interest rates applicable to the investments; dividend income is recognised when received and managed fund distributions are recognised when earned.

### (i) Interest Expense

Interest on deposit accounts held with the CDF is accrued on a daily basis using interest rates applicable at the time.

### (j) GST

As a financial institution, the CDF is input taxed on all revenue. An input taxed supply is not subject to GST collection and similarly the GST paid on related purchases cannot be recovered. There are certain prescribed purchases that are subject to reduced input tax credits ('RITC'), of which 75% of the GST paid is recoverable.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown net of GST.



# Notes to the Financial Statements

for the year ended 31 December, 2021

## BALLARAT CATHOLIC DEVELOPMENT FUND

	2021 (\$)	2020 (\$)
<b>NOTE 2: RETURN ON INVESTMENTS</b>		
Interest	1,052,030	1,482,643
E&P Bond Portfolio		
Realised Income (net of Management Fee)	365,024	422,231
Unrealised Gains/(Losses)	79,905	(11,419)
	<b>444,929</b>	<b>410,812</b>
CCI Asset Management Investment		
Realised Income (incl. Franking Credits)	617,875	418,010
Unrealised Gains/(Losses)	1,115,326	433,155
Management Fee	(99,210)	(89,890)
	<b>1,633,991</b>	<b>761,275</b>
	<b>\$ 3,130,950</b>	<b>\$ 2,654,730</b>

## NOTE 3: INVESTMENTS

Term Deposits	85,500,000	70,850,000
CCI Asset Management IMA	18,455,083	16,928,184
CCI Asset Management CVT	8,116,832	5,277,320
Evans & Partners Investment	16,485,654	16,069,075
Catholic Church Investment Service 11a.m. Call	3,846,267	3,834,253
NAB Maximiser	10,000,000	12,000,000
	<b>\$ 142,403,836</b>	<b>\$ 124,958,832</b>

## NOTE 4: LOANS

Loans Advanced	43,005,240	49,718,253
Less Provision for Doubtful Loans	-	-
	<b>\$ 43,005,240</b>	<b>\$ 49,718,253</b>
Loans can be divided into the following segments:		
Diocese and Parishes	3,953,069	794,217
Diocesan Agencies	9,933,260	9,357,700
Primary Schools	14,227,253	15,703,945
Secondary Schools	14,891,658	19,191,759
Other Catholic Entities	-	4,670,632
	<b>43,005,240</b>	<b>49,718,253</b>

## NOTE 5: MOTOR VEHICLES

Motor Vehicle at Cost	34,742	34,742
Less Provision for Depreciation	(14,500)	(5,800)
	<b>\$ 20,242</b>	<b>\$ 28,942</b>

# Notes to the Financial Statements

for the year ended 31 December, 2021

## BALLARAT CATHOLIC DEVELOPMENT FUND

	2021 (\$)	2020 (\$)
<b>NOTE 6: DEPOSITORS' FUNDS</b>		
Depositor funds are divided across the following segments:		
Parishes	23,740,749	20,298,134
Primary Schools	50,619,294	46,684,079
Secondary Schools	64,647,645	57,223,743
Catholic Agencies	29,945,952	29,049,987
Individuals	5,374,770	6,092,654
	<b>\$ 174,328,410</b>	<b>\$ 159,348,597</b>

<b>NOTE 7: EMPLOYEE ENTITLEMENTS</b>		
Provision for Long Service Leave	83,693	66,341
Provision for Annual Leave	68,617	54,121
	<b>\$ 152,310</b>	<b>\$ 120,462</b>

## **NOTE 8: RESERVES**

(i) General Reserve:

The General Reserve is used to maintain prudential standards of capital adequacy.

(ii) Retired Priests' Facility Reserve:

Appropriations from accumulated surpluses have been set aside to assist the Diocese to provide for retired priests. During 2021 a distribution of \$750,000 was made to fund the purchase of two units. At its November meeting the CDF agreed to pay the remaining \$1m as a special distribution as the BCSF has taken on full responsibility for retired clergy accommodation.

## **NOTE 9: FINANCIAL RISK MANAGEMENT**

The main risks the CDF is exposed to through its financial assets and financial liabilities are credit risk, liquidity risk and market risk in relation to interest rate risk.

### Financial Risk Management Policies

The CDF's overall risk management strategy seeks to assist the organisation in meeting its financial targets whilst minimising potential adverse effects on financial performance. The CDF Committee and Management have primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the organisation. Risk management policies are reviewed on a regular basis. These include credit risk policies and cash flow requirements.

# Notes to the Financial Statements

for the year ended 31 December, 2021

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## BALLARAT CATHOLIC DEVELOPMENT FUND

### **NOTE 9 (cont.): FINANCIAL RISK MANAGEMENT**

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#### (a) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the CDF. The CDF has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

#### **Credit risk exposures**

The maximum exposure to credit risk at the end of the reporting period is equivalent to the carrying value of loans (net of any provisions) as presented in the balance sheet. The CDF minimises its exposure to credit risk by taking appropriate securities and indemnities from borrowers and related organisations. The CDF's outstanding loans are regularly reviewed to ensure compliance with required payments and conditions.

#### **Impairment losses**

A provision for impairment is recognised when there is objective evidence that an individual loan is impaired. The CDF has assessed that it has no impaired loans as at #1 December 2021.

#### (b) Liquidity risk

Liquidity risk is the risk that the CDF will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the reputation of the CDF. The CDF is exposed to the liquidity risk of meeting withdrawals from deposit accounts. The CDF manages its liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid investments are held in accordance with the CDF Liquidity Policy. Of the cash at bank and investment assets that are listed in the balance sheet as at 31 December 2021, the majority of these are held with major Australian banks which are regulated by the APRA. Bankruptcy or insolvency by these may cause the CDF's rights with respect to the cash held by those banks to be delayed or limited.

#### (c) Interest rate risk

The CDF has exposure to interest rate risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates. The CDF manages its interest rate risk by the constant monitoring of interest rate margins.

### **NOTE 10: EVENTS SUBSEQUENT TO BALANCE DATE**

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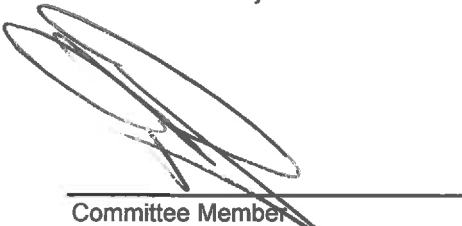
No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the CDF, the result of those operations, or the state of affairs of the CDF in future financial years.

**BALLARAT CATHOLIC DEVELOPMENT FUND  
STATEMENT BY MEMBERS OF THE COMMITTEE**

The members of the Committee declare that:


1. the financial statements and notes, as set out on pages 2 to 11, give a true and fair view of the financial position of the Catholic Development Fund Ballarat as at 31 December 2021 and its performance for the year ended on that date in accordance with the accounting policies outlines in Note 1 to the financial statements; and
2. at the date of this statement, there are reasonable grounds to believe that the Catholic Development Fund Ballarat will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:



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Committee Member



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Committee Member

Dated: 8<sup>TH</sup> MARCH, 2022.

## INDEPENDENT AUDIT REPORT FOR THE CATHOLIC DEVELOPMENT FUND

### Opinion

We have audited the financial report of Catholic Development Fund, which comprises the balance sheet as at 31 December 2021, the income statement, cash flow statement and summary of significant accounting policies and notes to the financial statements, including a summary of significant accounting policies and statement by the board.

In our opinion, the financial report presents fairly, in all material respects the financial position of the Catholic Development Fund as at 31 December 2021 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

### Basis of 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 Southern Stay Disability Services Inc. 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, and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

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

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist Catholic Development Fund in complying with the responsibility to report the activities of the Fund to the Bishop of the Ballarat Diocese under Canon Law. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Catholic Development Fund and should not be distributed to or used by parties other than the Catholic Development Fund. Our opinion is not modified in respect of this matter.

### Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report in accordance with the requirements of the responsibility to report the activities of the Fund to the Bishop of the Ballarat Diocese under Canon Law and for such internal control as management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Catholic Development Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Catholic Development Fund or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Catholic Development Fund's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 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 Catholic Development 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 Catholic Development 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 Catholic Development 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 those charged with governance 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.

#### **Independence**

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

*McLaren Hunt*

**MCLAREN HUNT**  
**AUDIT AND ASSURANCE**

*N.L. McLean*

**N.L. McLEAN**  
**PARTNER**

Dated at Warrnambool: 09 March 2022