



**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**ABN: 94 380 397 118**

GENERAL PURPOSE FINANCIAL REPORT  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**BOARD MEMBERS' REPORT**

The Board Members submit their report on the Archdiocese of Melbourne CDF Community Fund ("the Fund") for the year ended 30 June 2023.

The Fund is an agency of the Archdiocese of Melbourne.

**Board Members**

The Board Members of the Fund in office at any time during or since the end of the financial year are:

| <b>Name</b>                                                                                    | <b>Particulars</b>                                                                                                        |
|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| Mr. T Sanderson JP EMFIA                                                                       | Joined the Board in December 2017<br>General Manager - CDF Wollongong                                                     |
| Mr. D. Smith, B Bus MBA FCPA,GAICD                                                             | Joined the Board in December 2017<br>Financial Administrator, Diocese of Rockhampton                                      |
| Ms. C. Proske, B. Com., PG. Dip. (App. Sc),<br>CPA, M. Environmental Sc.                       | Joined the Board in December 2018<br>Impact Leader and Non-Executive Director                                             |
| Dr Paul Sharkey PhD, MTheol, MEdEvaluation,<br>MEdLead, GradDipPerfArts, GradDipEd,<br>BTheol. | Joined the Board in May 2022<br>Postgraduate Coordinator, Catholic Theological<br>College<br>Resigned on 16 December 2022 |
| Dr. J.E. Ballard, BA, MHA, DBA, GAICD                                                          | Joined the Board in September 2023<br>Consultant                                                                          |

**Principal activity**

The principal activity of the Fund in the course of the financial year was to accept individual client investments from the Catholic Community to fund Catholic Capital Projects principally but not exclusively in the Archdiocese of Melbourne (the "Archdiocese"), the Diocese of Sale and the Diocese of Bunbury to assist in achieving their Catholic Mission.

**Operating results**

The net surplus for the year ended 30th June 2023 was \$849,235 (2022: \$246,980) which was commensurate with the Board's expectation for the Fund. No provision for distribution was made to the Catholic Archdiocese of Melbourne, Diocese of Sale or Diocese of Bunbury.

**Significant changes in the State of affairs**

There were no significant changes in state of affairs of the fund.

**Subsequent events**

There are no material subsequent events to report since the end of the financial year.

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**BOARD MEMBERS' REPORT (continued)**

**Review of operations**

The Fund has operated satisfactorily in the financial year ended 30 June 2023 and is positioned to accept client investment and meet borrowing needs of Catholic Organisations in pursuit of its mission.

**Board Members' remuneration**

No Board Member of the Fund had received or become entitled to a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Board Members shown in these Accounts, or the fixed salary of a full time employee of the Fund) by reason of a contract made by the Fund or a related corporation with the Board Member or with a firm of which they are a member, or with a company in which they have a substantial financial interest.

**Indemnification of officers and auditors**

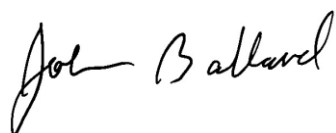
The Fund maintains a Directors' and Officers' insurance policy which, subject to certain exceptions provides insurance cover to Board members and officers of the Fund. In accordance with normal commercial practice, disclosure of the premium amount and the nature of the insured liabilities is prohibited by a confidentiality clause in the contract. In addition, the Trustees of the Roman Catholic Trusts Corporation for the Diocese of Melbourne indemnifies Board members of the Fund against a liability arising out of his or her involvement as a member of the Board of the Catholic Development Fund subject to certain exceptions.

During or since the end of the financial year the Fund has not indemnified or made a relevant agreement to indemnify an auditor of the Fund against a liability incurred. In addition, the Fund has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an auditor.

**Environmental regulation**

The Fund's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Signed in accordance with a resolution of Board Members



.....  
Dr. J.E. Ballard



.....  
Ms. C. Proske

Dated at Melbourne this 25th day of October 2023.

# Independent Auditor's Report to the Board Members of the Archdiocese of Melbourne CDF Community Fund

## *Opinion*

We have audited the financial report of the Archdiocese of Melbourne CDF Community Fund (the "Fund") which comprises the statement of financial position as at 30 June 2023, 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 other explanatory information, and the declaration by Board Members as set out on pages 7 to 30.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Fund's financial position as at 30 June 2023 and of its financial performance and its cash flows for the period then ended in accordance with Australian Accounting Standards – Simplified Disclosures.

## *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 ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

## *Other Information*

Management is responsible for the other information. The other information comprises the Board Members' Report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management of the Fund is responsible for the preparation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures and for such internal control as management determine 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 financial report, management is responsible for assessing the ability of the Fund 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 Fund or to cease operations, or has no realistic alternative but to do so.

The Board Members are responsible for overseeing the 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 management and the Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



DELOITTE TOUCHE TOHMATSU



Fiona O'Keefe

Partner

Chartered Accountants

Melbourne, 25 October 2023

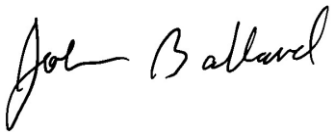
**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**DECLARATION BY BOARD MEMBERS**

The Board Members declare that:

- (a) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
- (b) in the board members' opinion, the attached financial statements and notes thereto are in accordance with accounting standards and giving a true and fair view of the financial position and performance of the Fund.

This declaration is made in accordance with a resolution of the Board and is signed for and on behalf of the Board Members by:



.....  
Dr. J.E. Ballard



.....  
Ms. C. Proske

Dated at Melbourne this 25<sup>th</sup> day of October 2023.

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2023**

|                                                | <b>Note</b> | <b>2023</b>      | <b>2022</b>      |
|------------------------------------------------|-------------|------------------|------------------|
|                                                |             | <b>\$</b>        | <b>\$</b>        |
| Interest revenue                               | 3           | 2,429,091        | 1,097,275        |
| Interest expense                               | 4(a)        | (885,202)        | (383,595)        |
| <b>Net interest revenue</b>                    |             | <u>1,543,889</u> | <u>713,680</u>   |
| Other income                                   | 3           | 57,989           | 70,272           |
| Other expenses                                 | 4(b)        | <u>(752,643)</u> | <u>(536,972)</u> |
| <b>Net surplus for the year</b>                |             | <u>849,235</u>   | <u>246,980</u>   |
| Other comprehensive income for the year        |             | <u>-</u>         | <u>-</u>         |
| <b>Total comprehensive income for the year</b> |             | <u>849,235</u>   | <u>246,980</u>   |

These financial statements should be read in conjunction with the accompanying notes.

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

|                             | Note | 2023<br>\$        | 2022<br>\$        |
|-----------------------------|------|-------------------|-------------------|
| <b>Assets</b>               |      |                   |                   |
| Cash and cash equivalents   | 5    | 2,762,553         | 3,321,578         |
| Floating rate notes         | 5    | 10,103,822        | 9,303,407         |
| Other financial assets      | 5    | 17,800,000        | 15,300,000        |
| Trade and other receivables | 6    | 384,500           | 159,817           |
| Loans and advances          | 7    | 26,825,703        | 29,251,839        |
|                             |      | <u>57,876,578</u> | <u>57,336,641</u> |
| <b>Total assets</b>         |      |                   |                   |
| <b>Liabilities</b>          |      |                   |                   |
| Customer investments        | 8    | 49,621,962        | 50,416,275        |
| Trade and other payables    | 9    | 610,456           | 125,441           |
|                             |      | <u>50,232,418</u> | <u>50,541,716</u> |
| <b>Total liabilities</b>    |      |                   |                   |
| <b>Net assets</b>           |      | <u>7,644,160</u>  | <u>6,794,925</u>  |
| <b>Equity</b>               |      |                   |                   |
| Reserves                    | 10   | -                 | -                 |
| Retained earnings           | 11   | 7,644,160         | 6,794,925         |
|                             |      | <u>7,644,160</u>  | <u>6,794,925</u>  |
| <b>Total equity</b>         |      |                   |                   |

These financial statements should be read in conjunction with the accompanying notes.

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2023**

|                                                 | <b>Note</b> | <b>Retained<br/>earnings<br/>\$</b> | <b>General<br/>Reserve<br/>\$</b> | <b>Total<br/>\$</b> |
|-------------------------------------------------|-------------|-------------------------------------|-----------------------------------|---------------------|
| <b>Balance at 1 July 2021</b>                   |             | 6,420,388                           | 127,557                           | 6,547,945           |
| Net surplus for the year                        |             | 246,980                             | -                                 | 246,980             |
| Other comprehensive income for the year         |             | -                                   | -                                 | -                   |
| Release of general reserve to retained earnings | 10          | 127,557                             | (127,557)                         | -                   |
| <b>Balance at 30 June 2022</b>                  | 11          | 6,794,925                           | -                                 | 6,794,925           |
| <b>Balance at 1 July 2022</b>                   |             | 6,794,925                           | -                                 | 6,794,925           |
| Net surplus for the year                        |             | 849,235                             | -                                 | 849,235             |
| Other comprehensive income for the year         |             | -                                   | -                                 | -                   |
| <b>Balance at 30 June 2023</b>                  | 11          | 7,644,160                           | -                                 | 7,644,160           |

These financial statements should be read in conjunction with the accompanying notes.

**ARCHDIOCESE OF MELBOURNE  
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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2023**

|                                                              | <b>Note</b> | <b>2023</b>        | <b>2022</b>        |
|--------------------------------------------------------------|-------------|--------------------|--------------------|
|                                                              |             | <b>\$</b>          | <b>\$</b>          |
| <b>Cash flows from operating activities</b>                  |             |                    |                    |
| Customer loans granted                                       |             | -                  | (5,512,238)        |
| Customer loans repaid                                        |             | 2,426,133          | 1,771,714          |
| Interest and bill discounts received                         |             | 2,175,686          | 1,067,489          |
| Interest and other costs of finance paid                     |             | (583,873)          | (414,760)          |
| Fees received                                                |             | 57,989             | 70,272             |
| Fees and rebates paid                                        |             | -                  | -                  |
| Net increase/(decrease) in customers' savings investments    |             | (1,868,404)        | (744,252)          |
| Net increase/(decrease) in customers' fixed term investments |             | 1,074,091          | (30,399)           |
| Payments to suppliers and employees                          |             | (540,231)          | (447,697)          |
| Net cash used in operating activities                        | 18(c)       | <u>2,741,390</u>   | <u>(4,239,871)</u> |
| <b>Cash flows from investing activities</b>                  |             |                    |                    |
| (Investment)/redemption of term deposits                     |             | (2,500,000)        | 4,350,000          |
| (Investment)/redemption in floating rate notes               |             | (800,415)          | 1,405,031          |
| Net cash used in investing activities                        |             | <u>(3,300,415)</u> | <u>5,755,031</u>   |
| <b>Cash flows from financing activities</b>                  |             |                    |                    |
| Net cash provided from financing activities                  |             | <u>-</u>           | <u>-</u>           |
| Net Increase /(decrease) in cash held                        |             | <u>(559,025)</u>   | <u>1,515,160</u>   |
| Cash at the beginning of the year                            |             | <u>3,321,578</u>   | <u>1,806,418</u>   |
| Cash at the end of the year                                  | 5           | <u>2,762,553</u>   | <u>3,321,578</u>   |

These financial statements should be read in conjunction with the accompanying notes.

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**1. Summary of Significant Accounting Policies**

**General information**

Archdiocese of Melbourne CDF Community Fund is an unincorporated activity of the Catholic Archdiocese of Melbourne. The financial report of the Fund for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Board Members on 25 October 2023.

**Registered office**

The registered office of the Fund is Level 4, 486 Albert Street, East Melbourne, Victoria 3000

**Principal place of business**

The principal place of business of the Fund is Level 4, 486 Albert Street, East Melbourne, Victoria 3000.

The principal activity of the Fund in the course of the financial year was to accept individual client investments from the Catholic Community to fund Catholic Capital Projects principally but not exclusively in the Archdiocese of Melbourne (the "Archdiocese"), the Diocese of Sale and the Diocese of Bunbury to assist in achieving their Catholic Mission.

**Comparative information**

Except when AASB 1060 permits or requires otherwise, an entity discloses comparative information in respect of the previous comparable period for all amounts presented in the current period's financial statements. An entity includes comparative information for narrative and descriptive information when it is relevant to an understanding of the current period's financial statements.

**Materiality**

AASB 1060 specifies information that is required to be included in the financial statements, which include the notes. An entity need not provide a specific disclosure if the information resulting from that disclosure, is not material. This is the case even if AASB 1060 contains a list of specific requirements or describes them as minimum requirements.

**Definitions and presentation requirements of other Australian Accounting Standards**

Except to the extent specifically addressed in AASB 1060, the definitions and presentation requirements of other Australian Accounting Standards continue to apply. Entities are permitted to refer to other Standards for guidance on the requirements in AASB 1060, including:

- AASB 7 Financial Instruments: Disclosures
- AASB 101 Presentation of Financial Statements
- AASB 107 Statement of Cash Flows
- AASB 124 Related Party Disclosures.

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**1. Summary of Significant Accounting Policies (continued)**

In addition to the disclosure requirements of AASB 1060, entities applying Australian Accounting Standards – Simplified Disclosures are therefore required to comply with the presentation requirements and associated guidance of a number of Australian Accounting Standards:

- AASB 15 Revenue from Contracts with Customers – paragraphs 105-109
- AASB 16 Leases – paragraphs 47-50 and 88
- AASB 119 Employee Benefits – paragraphs 131-134
- AASB 132 Financial Instruments: Presentation

In some cases, the presentation requirements outlined above refer to other requirements of Australian Accounting Standards that are not applicable in financial statements prepared in accordance with AASB 1060. For example, many of these presentation requirements refer to AASB 101 Presentation of Financial Statements, even though that Standard does not apply to entities applying Australian Accounting Standards – Simplified Disclosures.

In these cases, we believe that entities applying Australian Accounting Standards – Simplified Disclosures should instead refer to the equivalent requirements in AASB 1060, which the guidance in those other Standards referred to as guidance.

**Basis of preparation**

These general-purpose financial statements have been prepared in accordance with the Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) and comply with other requirements of the law.

The presentation currency used in these financial statements is Australian dollars (\$).

The Fund is registered with the Australian Charities and Not-For Profits Commission as a Basic Religious Charity. The Fund has applied not-for-profit specific requirements contained in Australian Accounting Standards in the preparation of these financial statements.

**Statement of compliance**

The Fund does not have ‘public accountability’ as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the ‘Tier 2’ reporting framework under Australian Accounting Standards.

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**1. Summary of Significant Accounting Policies (continued)**

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier2 Entities (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

**Basis of accounting**

The financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

**Judgments and key sources of estimation uncertainty**

In the application of the Fund's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the critical judgements, apart from those involving estimations that the board members have made in the process of applying the Fund's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Business model assessment**

Classification and measurement of financial assets depends on the results of the 'solely payments of principal and interest' (SPPI) and the business model test. The Fund determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business.

**ARCHDIOCESE OF MELBOURNE  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**1. Summary of Significant Accounting Policies (continued)**

objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Fund monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Fund's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

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

In the current year, the Fund has adopted the following new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") that are relevant to its operations and effective for the current annual reporting period save for those identified in the Statement of Compliance. These Standards and Interpretations did not have a material impact on the Fund's financial statements.

**AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments**

The adoption of AASB 2020-3 effective 1 January 2022 has not resulted in any transition adjustments apart from a few disclosures note changes.

**(b) Pronouncements not yet effective for financial year ending 30 June 2023**

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (effective for annual reporting periods on or after 1 January 2023)

AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards (effective for annual reporting periods on or after 1 January 2023)

**(c) Revenue**

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e., when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Revenue is recognised when the performance obligations have been satisfied to the extent that it is probable that the economic benefits will flow to the entity and that revenue can be reliably measured.

The Fund recognises revenue from the following major sources:

**Loan Interest Revenue**

Loan interest is calculated on the daily loan balance outstanding and is charged in arrears to the loan account on the last day of each monthly or quarterly repayment period as the case may be.

**Investment Interest Revenue**

Investment interest revenue from financial assets is recognized on a time-proportionate basis using effective interest method.

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**1. Summary of Significant Accounting Policies (continued)**

Donations and Grants

Donations and grants are measured at the fair value of consideration received or receivable.

**(d) Income tax**

No income tax is payable because the Fund is an endorsed Income Tax Exempt Charity.

**(e) Going concern**

The Board have prepared the fund financial statements on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

In preparing the financial statements, the directors note that as at 30 June 2023, the Fund was in a net asset position of \$7,644,160 (2022: net assets \$6,794,925).

**(f) Cash and cash equivalents**

In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

**(g) Computer software**

Computer software that is not integral to the operation of a related piece of hardware is classified as an intangible asset and is initially recognised at cost. Subsequent to initial recognition, computer software is carried at its cost less accumulated amortisation.

**(h) Customer investment**

Client investments are brought to account at transaction value.

**(i) Financial instruments**

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**ARCHDIOCESE OF MELBOURNE  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**Summary of Significant Accounting Policies (continued)**

**(i) Financial instruments (continued)**

**Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at amortised cost.

**Classification of financial assets**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

**Loans and receivables**

The Fund's financial assets at amortised cost includes loans and receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at amortised cost using the effective interest rate method.

**Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**1. Summary of Significant Accounting Policies (continued)**

**Amortised cost and effective interest method (continued)**

**Impairment of financial assets**

The Fund recognises a loss allowance for expected credit losses on loans and receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. During 2023, no impairment of loans and receivables has been recorded (2022: nil).

**Measurement and recognition of expected credit losses**

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Fund's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Fund in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at the original effective interest rate.

If the Fund has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Fund measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Fund recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**1. Summary of Significant Accounting Policies (continued)**

**Derecognition of financial assets**

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another Fund. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**Financial liabilities**

Financial liabilities, including trade and other payables, are initially measured at fair value, net of transaction costs. All financial liabilities are measured subsequently at amortised cost using the effective interest method.

**Derecognition**

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**(h) Goods & Services Tax (GST)**

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, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or
- For receivables and payables which are recognised inclusive of GST
- The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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 is recoverable from, or payable to, the Australian Tax Office is classified within operating cash flows.

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**2. Interest revenue and interest expense**

The following tables show the average balance for each of the major categories of interest-bearing assets and liabilities, the amount of interest revenue or expense and the average interest rate.

**1 July 2022 to 30 June 2023**

|                                            | <b>Average Balance</b> | <b>Interest</b>  | <b>Average Rate<br/>Per Annum</b> |
|--------------------------------------------|------------------------|------------------|-----------------------------------|
|                                            | <b>\$</b>              | <b>\$</b>        | <b>%</b>                          |
| <b>Interest earning assets</b>             |                        |                  |                                   |
| Deposits with other financial institutions | 29,348,919             | 1,012,092        | 3.45%                             |
| Loans and advances                         | 28,234,195             | 1,416,999        | 5.02%                             |
|                                            | <u>57,583,114</u>      | <u>2,429,091</u> | <u>4.22%</u>                      |
| <b>Interest incurring liabilities</b>      |                        |                  |                                   |
| Customer investments                       | 48,906,760             | 885,202          | 1.81%                             |
|                                            | <u>48,906,760</u>      | <u>885,202</u>   | <u>1.81%</u>                      |

**1 July 2021 to 30 June 2022**

|                                            | <b>Average Balance</b> | <b>Interest</b>  | <b>Average Rate<br/>Per Annum</b> |
|--------------------------------------------|------------------------|------------------|-----------------------------------|
|                                            | <b>\$</b>              | <b>\$</b>        | <b>%</b>                          |
| <b>Interest earning assets</b>             |                        |                  |                                   |
| Deposits with other financial institutions | 30,824,112             | 194,433          | 0.63%                             |
| Loans and advances                         | 27,530,239             | 902,841          | 3.28%                             |
|                                            | <u>58,354,351</u>      | <u>1,097,274</u> | <u>1.88%</u>                      |
| <b>Interest incurring liabilities</b>      |                        |                  |                                   |
| Customer investments                       | 50,440,083             | 383,595          | 0.76%                             |
|                                            | <u>50,440,083</u>      | <u>383,595</u>   | <u>0.76%</u>                      |

**3. Revenue and other income**

|                  | <b>2023</b>      | <b>2022</b>      |
|------------------|------------------|------------------|
|                  | <b>\$</b>        | <b>\$</b>        |
| Interest revenue | 2,429,091        | 1,097,275        |
| Other income     | 57,989           | 70,272           |
|                  | <u>2,487,080</u> | <u>1,167,547</u> |

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**4. Surplus for the year**

Surplus for the year has been determined after:

|                                                                                        | <b>2023</b> | <b>2022</b> |
|----------------------------------------------------------------------------------------|-------------|-------------|
|                                                                                        | <b>\$</b>   | <b>\$</b>   |
| Expenses                                                                               |             |             |
| (a) Interest expense                                                                   | 885,202     | 383,595     |
|                                                                                        | <hr/>       | <hr/>       |
| (b) Other expenses:                                                                    |             |             |
| Rebates to participating Dioceses                                                      | 141,289     | 600         |
| Other expenses (inclusive of insurance, bank charges, consultancy, and IT maintenance) | 611,354     | 536,372     |
| Impairment loss for financial asset                                                    | -           | -           |
| Total other expenses                                                                   | 752,643     | 536,972     |

**5. Cash, cash equivalent, investments and other financial assets**

|                           | <b>2023</b> | <b>2022</b> |
|---------------------------|-------------|-------------|
|                           | <b>\$</b>   | <b>\$</b>   |
| Cash on hand and at banks | 162,553     | 171,578     |
| Deposits at call          | 2,600,000   | 3,150,000   |
|                           | <hr/>       | <hr/>       |
|                           | 2,762,553   | 3,321,578   |
|                           | <hr/>       | <hr/>       |
| Floating rate notes       | 10,103,822  | 9,303,407   |
|                           | <hr/>       | <hr/>       |
|                           | 12,866,375  | 12,624,985  |
|                           | <hr/>       | <hr/>       |
| Other financial assets    | 17,800,000  | 15,300,000  |
|                           | <hr/>       | <hr/>       |
|                           | 30,666,375  | 27,924,985  |

**6. Trade and other receivables**

|                     | <b>2023</b> | <b>2022</b> |
|---------------------|-------------|-------------|
|                     | <b>\$</b>   | <b>\$</b>   |
| Interest receivable | 324,979     | 71,574      |
| Prepayments         | 59,521      | 88,243      |
|                     | <hr/>       | <hr/>       |
|                     | 384,500     | 159,817     |

**7. Loans and advances**

|                            | <b>2023</b> | <b>2022</b> |
|----------------------------|-------------|-------------|
|                            | <b>\$</b>   | <b>\$</b>   |
| Term loans – related party | 26,825,703  | 29,251,839  |
| Total loans and advances   | <hr/>       | <hr/>       |
|                            | 26,825,703  | 29,251,839  |

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**7. Loans and advances (continued)**

| <b>Maturity analysis</b>                    | <b>2023</b>       | <b>2022</b>       |
|---------------------------------------------|-------------------|-------------------|
|                                             | <b>\$</b>         | <b>\$</b>         |
| Not longer than 3 months                    | 939,110           | 956,412           |
| Longer than 3 and not longer than 12 months | 1,857,370         | 1,791,744         |
| Longer than 1 and not longer than 5 years   | 9,153,514         | 10,992,624        |
| Longer than 5 years                         | 14,875,709        | 15,511,059        |
|                                             | <u>26,825,703</u> | <u>29,251,839</u> |

**8. Customer investments**

|                                   |                   |                   |
|-----------------------------------|-------------------|-------------------|
|                                   | <b>2023</b>       | <b>2022</b>       |
|                                   | <b>\$</b>         | <b>\$</b>         |
| Customers' savings investments    | 14,300,167        | 16,168,571        |
| Customers' fixed term investments | 35,321,795        | 34,247,704        |
|                                   | <u>49,621,962</u> | <u>50,416,275</u> |

| <b>Maturity analysis</b> | <b>2023</b>       | <b>2022</b>       |
|--------------------------|-------------------|-------------------|
|                          | <b>\$</b>         | <b>\$</b>         |
| Less than 1 day          | 14,300,167        | 16,168,571        |
| 1 - 3 months             | 11,246,766        | 13,151,590        |
| 3 months - 12 months     | 19,106,851        | 15,991,936        |
| 1 year - 5 years         | 4,968,178         | 5,104,178         |
|                          | <u>49,621,962</u> | <u>50,416,275</u> |

**9. Trade and other payables**

|                                  |                |                |
|----------------------------------|----------------|----------------|
|                                  | <b>2023</b>    | <b>2022</b>    |
|                                  | <b>\$</b>      | <b>\$</b>      |
| Interest payable – other parties | 422,879        | 121,550        |
| Other liabilities                | 187,577        | 3,891          |
|                                  | <u>610,456</u> | <u>125,441</u> |

**10. Reserves**

**General Reserve**

|                                                        |             |             |
|--------------------------------------------------------|-------------|-------------|
|                                                        | <b>2023</b> | <b>2022</b> |
|                                                        | <b>\$</b>   | <b>\$</b>   |
| General Reserve at the beginning of the financial year | -           | 127,557     |
|                                                        | -           | (127,557)   |
| General Reserve at the end of the financial year       | <u>-</u>    | <u>-</u>    |

The Fund had a long-standing internal policy of recording a general allocation in reserves at 50bps of the loan balance at the end of each financial year. This historical policy position has been reversed, and taken to retained earnings, in the 2022 financial year accounts, on the basis of the Probability of Default assessment.

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**11. Retained earnings**

|                                                          | 2023      | 2022      |
|----------------------------------------------------------|-----------|-----------|
|                                                          | \$        | \$        |
| Retained earnings at the beginning of the financial year | 6,794,925 | 6,420,388 |
| Net surplus for the year                                 | 849,235   | 246,980   |
| Total available for appropriation                        | 7,644,160 | 6,667,368 |
| Release of general reserve to retained earnings          | -         | 127,557   |
| Retained earnings at the end of the reporting period     | 7,644,160 | 6,794,925 |

**12. Key management personnel remuneration**

|                                                 | 2023   | 2022   |
|-------------------------------------------------|--------|--------|
|                                                 | \$     | \$     |
| Aggregate key management personnel compensation | 29,882 | 31,222 |

**13. Related Parties**

The Fund has dealings with related parties. The principal activity of the Fund in the course of the financial period was to accept individual client investments from the Catholic Community to fund Catholic Capital Projects in the Archdiocese of Melbourne, and the Dioceses of Sale and Bunbury to assist in achieving their Catholic Mission.

| <b>Transactions with related parties</b>              | 2023      | 2022    |
|-------------------------------------------------------|-----------|---------|
|                                                       | \$        | \$      |
| <b>Interest Revenue:</b>                              |           |         |
| Interest on loans – Diocesan entities                 | 1,416,999 | 902,841 |
| Total interest on loans from related parties          | 1,416,999 | 902,841 |
|                                                       | \$        | \$      |
| <b>Other Expenses:</b>                                | 610,180   | 535,014 |
| Administrative expenses paid to Diocesan and entities | 610,180   | 535,014 |
| Total other expenses paid to related parties          |           |         |

The Community Fund received assigned loans from CDF to assist it with generating income in pursuit of its principal activities. During the year ended 30 June 2023, no additional loans were assigned to the Community Fund (2022: \$5,512,238). The balance of assigned loans to the Community Fund is \$26,825,703, (2022: \$29,251,839), which generated interest of \$1,416,999 (2022: \$902,841) for the Community Fund. The principal repayments made to the assigned loans of the Community Fund totalled \$2,426,136 (2022: \$1,771,714)

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**14. Financial instruments**

The Fund's financial instruments consist of deposits with Australian banks, investment securities, loans to customers, investments from customers, accounts receivable and payable.

The main purpose of non-derivative financial instruments is to provide a source of finance and credit and other expenditures in the work of the Catholic Church within the Archdiocese of Melbourne and Diocese of Sale and Bunbury.

**Financial Risk Exposures and Management**

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

- (a) Credit risk
- (b) Interest rate risk
- (c) Liquidity risk

The CDF Community Fund Board has overall responsibility for the establishment and oversight of the risk management framework. Towards this end, the Community Fund Board utilises the established Catholic Development Fund Board governance structures including the Audit and Risk Management Committee and the Finance Committee.

**(a) Credit risk**

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

Credit Risk in loans receivable is managed by a careful evaluation of lending proposals by the Senior Management, the Chief Executive Officer, Finance Committee and the Board. All loans require ratification by the Board.

The quality of the loan portfolio is monitored by the Finance Committee with regular reports from management on overdrawn accounts, accounts in arrears and loans with larger exposures. Securities on the loans provided by the Fund are as follows:

- i. Loans to Parishes, Parish Primary Schools and Archdiocesan Colleges are secured by title held by the Roman Catholic Trust Corporation.

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**14. Financial instruments (continued)**

- ii. Loans to Orders are guaranteed by a letter of guarantee from the Order or by a mortgage on land and/or the business.

**(b) Interest rate risk**

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

Market interest rates are monitored daily. The Fund's rates are reviewed at each Finance Committee meeting. Recommended interest rate changes are approved by the Finance Committee.

**Interest rate sensitivity analysis**

The Fund's investment taking, lending and investment policies are all aimed at ensuring its financial position is not materially exposed to interest rate risk through changes in interest rates. To this end the Fund accepts investments with no fixed term, or except for a low proportion of investments, with short term maturity not beyond 12 months. Similarly, loans (again with minor exceptions) are made at variable interest rates additionally, the Fund has the ability to adjust variable interest rate loans subject to market/competitive forces, to ensure that satisfactory operating profit is achieved. Investments are principally, cash, fixed rate bank deposits/bank bills and floating rate notes of varying maturities.

The Fund's Board is of the opinion that these policies and practices together with prudent capital and liquidity management ensure that the Fund's exposure to interest rate movements in any one year are immaterial in the context on annual net operating profit and the net equity of the Fund.

In support of this, the following Interest rate sensitivity analysis shows the net impact of one off 1% change in interest rates, on only those liabilities and assets which would be immediately impacted as at the end of the balance date. Any liabilities or assets as at balance date, with a maturity during the year or beyond are not included in the rate sensitivity calculation unless they were capable of being re-priced as at the end of the relevant reporting period. The following table details the calculations, showing a net operating profit impact of +/- \$367,674 as at 30 June 2023 and +/- \$377,945 as at 30 June 2022.

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**14. Financial instruments (continued)**

|                                               | <b>1%+/- VARIANCE</b> |                   |                |                |
|-----------------------------------------------|-----------------------|-------------------|----------------|----------------|
| <b>Financial instruments</b>                  | <b>2023</b>           | <b>2022</b>       | <b>2023</b>    | <b>2022</b>    |
|                                               | <b>\$</b>             | <b>\$</b>         | <b>\$</b>      | <b>\$</b>      |
| Cash and liquid assets                        | 2,762,553             | 3,321,578         | 27,625         | 33,216         |
| Floating rate notes                           | 10,103,822            | 9,303,407         | 101,038        | 93,034         |
| <b>Total financial instruments assets</b>     | <b>12,866,375</b>     | <b>12,624,985</b> | <b>128,663</b> | <b>126,250</b> |
| Customer investments                          | 49,621,962            | 50,416,275        | 496,220        | 504,163        |
| <b>Total financial instrument liabilities</b> | <b>49,621,962</b>     | <b>50,416,275</b> | <b>496,220</b> | <b>504,163</b> |
| <b>Net change</b>                             |                       |                   | <b>367,557</b> | <b>377,913</b> |

The Fund's operations allow it to manage interest rate risks by re-pricing interest rates for variable rate loan and investment products. These interest rate risk management options ensure that any impacts on the surplus and equity of the Fund would be immaterial to the year ended 30 June 2023.

**Net fair values**

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

|                              | <b>2023</b>                |                           | <b>2022</b>                |                           |
|------------------------------|----------------------------|---------------------------|----------------------------|---------------------------|
|                              | <b>Carrying<br/>amount</b> | <b>Net fair<br/>value</b> | <b>Carrying<br/>amount</b> | <b>Net fair<br/>value</b> |
|                              | <b>\$</b>                  | <b>\$</b>                 | <b>\$</b>                  | <b>\$</b>                 |
| <b>Financial assets</b>      |                            |                           |                            |                           |
| Cash and liquid assets       | 2,762,553                  | 2,762,553                 | 3,321,578                  | 3,321,578                 |
| Other financials Assets      | 17,800,000                 | 17,800,000                | 15,300,000                 | 15,300,000                |
| Floating rate notes          | 10,103,822                 | 10,180,648                | 9,303,407                  | 9,303,407                 |
| Loans and receivable         | 26,825,703                 | 26,825,703                | 29,251,839                 | 29,251,839                |
|                              | <b>57,492,078</b>          | <b>57,492,078</b>         | <b>57,336,641</b>          | <b>57,336,641</b>         |
| <b>Financial liabilities</b> |                            |                           |                            |                           |
| Customer investments         | 14,300,167                 | 14,300,167                | 16,168,571                 | 16,168,571                |
| Client term investments      | 35,321,795                 | 35,321,795                | 34,247,704                 | 34,247,704                |
|                              | <b>49,621,962</b>          | <b>49,621,962</b>         | <b>50,416,275</b>          | <b>50,416,275</b>         |

**(c) Liquidity risk**

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund limits its exposure to liquidity by investing in highly liquid securities which are realisable when the need arises.

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**14. Financial instruments (continued)**

The approved Investment Policy regarding credit and liquidity risk is as follows:

**Liquid Assets Management**

Liquid assets management is the responsibility of the Fund's Treasury Department.

The investment portfolio, including bank account balances, is monitored daily. Liquid assets are to be managed in a way to ensure that:

- (i) Capital value is preserved;
- (ii) Optimum return is achieved; and
- (iii) Sufficient cash-flow is maintained to cover the Fund's operational commitments.

Liquid assets are managed in accordance with the Fund's Investment Guidelines and Liquidity Management Policy.

**Liquidity management**

The Fund monitors liquidity on a daily basis in accordance with its liquidity management policy and is reported to the Finance Committee and Board at each of its meetings.

The Funds liquidity management policy is a consistent standard applied to all catholic development funds, as per the CDPF limited guidance.

**Interest rate risk**

The Funds exposure to interest rate risk is set out below.

**ARCHDIOCESE OF MELBOURNE  
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**14. Financial instruments (continued)**

| Liquidity and interest risk tables |       | Weighted average<br>eff. interest rate | Less than 1<br>month | 1-3 months | 3 months to<br>1 year | 1-5 years  | Over 5<br>years | Total |
|------------------------------------|-------|----------------------------------------|----------------------|------------|-----------------------|------------|-----------------|-------|
| ASSETS                             |       | %                                      | \$                   | \$         | \$                    | \$         | \$              | \$    |
| <hr/>                              |       |                                        |                      |            |                       |            |                 |       |
| 2023                               |       |                                        |                      |            |                       |            |                 |       |
| Fixed interest rate deposits       | 3.66% | 1,600,000                              | 4,100,000            | -          | -                     | -          | 5,700,000       |       |
| Variable interest rate loans       | 5.95% | 423,267                                | 515,843              | 1,857,370  | 9,153,514             | 14,875,709 | 26,825,703      |       |
| Variable FRN's                     |       | 800,000                                | 900,000              | 1,002,984  | 7,400,838             |            | 10,103,822      |       |
|                                    |       | 2,823,267                              | 5,515,843            | 2,860,354  | 16,554,352            | 14,875,709 | 42,629,525      |       |
| <hr/>                              |       |                                        |                      |            |                       |            |                 |       |
| 2022                               |       |                                        |                      |            |                       |            |                 |       |
| Variable interest rate deposits    | 1.16% | 2,000,000                              | 4,200,000            | 9,100,000  | -                     | -          | 15,300,000      |       |
| Variable interest rate loans       | 3.65% | 439,003                                | 517,409              | 1,791,744  | 10,992,624            | 15,511,059 | 29,251,839      |       |
| Variable FRN's                     | 1.80% | 1,000,000                              | 1,000,299            | 1,000,650  | 6,302,458             | -          | 9,303,407       |       |
|                                    |       | 3,439,003                              | 5,717,708            | 11,892,394 | 17,295,082            | 15,511,059 | 53,855,246      |       |

**ARCHDIOCESE OF MELBOURNE  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**14. Financial instruments (continued)**

| <b>Liquidity and interest risk tables</b> | <b>Weighted average<br/>eff. interest rate</b> | <b>Less than 1 month</b> | <b>1-3 months</b> | <b>3 months to 1<br/>year</b> | <b>1-5 years</b> | <b>Total</b> |
|-------------------------------------------|------------------------------------------------|--------------------------|-------------------|-------------------------------|------------------|--------------|
|                                           | <b>%</b>                                       | <b>\$</b>                | <b>\$</b>         | <b>\$</b>                     | <b>\$</b>        | <b>\$</b>    |
| <b>LIABILITIES</b>                        |                                                |                          |                   |                               |                  |              |
| <b>2023</b>                               |                                                |                          |                   |                               |                  |              |
| Variable interest rate investments        | 1.32%                                          | 14,300,167               | -                 | -                             | -                | 14,300,167   |
| Fixed interest rate term investments      | 3.50%                                          | 2,914,301                | 8,332,465         | 19,106,850                    | 4,968,178        | 35,321,795   |
|                                           |                                                | 17,214,468               | 8,332,465         | 19,106,850                    | 4,968,178        | 49,621,962   |
| <b>2022</b>                               |                                                |                          |                   |                               |                  |              |
| Variable interest rate investments        | 0.46%                                          | 16,168,571               | -                 | -                             | -                | 16,168,571   |
| Fixed interest rate term investments      | 0.91%                                          | 3,190,502                | 9,961,089         | 15,991,936                    | 5,104,178        | 34,247,704   |
|                                           |                                                | 19,359,073               | 9,961,089         | 15,991,936                    | 5,104,178        | 50,416,275   |

**ARCHDIOCESE OF MELBOURNE  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**15. Authorisation of the financial statements**

The financial statements were approved by the Board Members and authorised for issue on 25 October 2023.

**16. Auditors' remuneration**

|                                 | 2023          | 2022          |
|---------------------------------|---------------|---------------|
|                                 | \$            | \$            |
| <b>Deloitte Touche Tohmatsu</b> |               |               |
| Audit of the financial report   | 26,000        | 23,260        |
|                                 | <u>26,000</u> | <u>23,260</u> |

**17. Commitments for expenditure**

|                                  | 2023     | 2022     |
|----------------------------------|----------|----------|
|                                  | \$       | \$       |
| Loans approved but not disbursed | <u>-</u> | <u>-</u> |

**18. Cash flow information**

**(a) Reconciliation of cash**

For the purpose of the cash flow statement, cash includes cash on hand and deposits readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Cash at the end of the reporting period as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

|                                         | 2023             | 2022             |
|-----------------------------------------|------------------|------------------|
|                                         | \$               | \$               |
| Cash at bank                            | 162,553          | 171,578          |
| Deposits at call                        | 2,600,000        | 3,150,000        |
| Cash at the end of the reporting period | <u>2,762,553</u> | <u>3,321,578</u> |

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Cash flow information (continued)**

**(b) Reconciliation of the net cash flow from operating activities to operating surplus**

|                                                         | 2023             | 2022               |
|---------------------------------------------------------|------------------|--------------------|
|                                                         | \$               | \$                 |
| Operating surplus before distribution                   | 849,235          | 246,980            |
| Net loans granted/(net loans repaid)                    | 2,426,133        | (3,740,524)        |
| Decrease in interest receivable                         | (253,405)        | (29,785)           |
| (Increase)/decrease in other debtors                    | 28,722           | 84,825             |
| Increase/(decrease) in customer investments             | (794,313)        | (774,652)          |
| Increase/(decrease) in accrued expenses and commitments | 485,018          | (26,715)           |
| Net cash generated by/(used in) operating activities    | <u>2,741,390</u> | <u>(4,239,871)</u> |

**19. Contingent liabilities**

The Company had no contingent liabilities to disclose as at 30 June 2023

**20. Subsequent events**

Since the end of the financial year, the board members have not become aware of any matters or circumstances that may significantly affect the operations, results of those operations, or the state of affairs of the Fund.