



**ARCHDIOCESE OF MELBOURNE CDF COMMUNITY FUND
(ABN: 94 380 397 118)**

GENERAL PURPOSE FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

**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 2022.

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:

Name	Particulars
Mr. A. Ryan, B. Bus. (Acc), FCPA, GAICD (Chairperson)	Joined the Board in December 2017 Former Chief Executive Officer MyLife MyFinance Retired November 2021
Mr A Carman B.Bus, CPA, MAICD	Joined the Board 28 September 2021 Former Chief Financial Officer BankVic Resigned April 2022
Ms. C. Proske, B. Com., PG. Dip. (App. Sc), CPA, M. Environmental Sc.	Joined the Board in December 2018 Impact Leader and Non-Executive Director
Mr. T Sanderson JP EMFIA	Joined the Board in December 2017 General Manager - CDF Wollongong
Mr. D. Smith, B Bus MBA FCPA	Joined the Board in December 2017 Financial Administrator, Diocese of Rockhampton
Dr Paul Sharkey PhD, MTheol, MEdEvaluation, MEdLead, GradDipPerfArts, GradDipEd, BTheol.	Joined the Board in May 2022 Director, Catholic Mission, People and Culture, MACS

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 2022 was \$246,979 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 2022 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.

No insurance cover has been provided for the benefit of the auditors of the Fund.

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.

Distributions

There have been distributions paid during the year as detailed in the operating results section of this report.

Signed in accordance with a resolution of Board Members



.....
Mr. T. Sanderson



.....
Ms. C. Proske

Dated at Melbourne this 26th day of October, 2022.

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 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the declaration by Board Members as set out on pages 10 to 30.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Fund's financial position as at 30 June 2022 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 2022 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



DELOITTE TOUCHE TOHMATSU



Mark Stretton
Partner
Chartered Accountants

Melbourne, 26 October 2022

**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:



.....
Mr. T. Sanderson



.....
Ms. C. Proske

Dated at Melbourne this 26th day of October, 2022.

**ARCHDIOCESE OF MELBOURNE
CDF COMMUNITY FUND**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	Year Ended 2022 \$	Year Ended 2021 \$
Interest revenue	3	1,097,275	1,123,340
Interest expense	4(a)	(383,595)	(509,661)
Net interest revenue		<u>713,680</u>	<u>613,679</u>
Other income	3	70,272	83,641
Other expenses	4(b)	<u>(536,972)</u>	<u>(575,713)</u>
Net surplus for the year		<u>246,980</u>	<u>121,607</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>246,980</u>	<u>121,607</u>

The accompanying notes should be read in conjunction with these financial statements.

**ARCHDIOCESE OF MELBOURNE
CDF COMMUNITY FUND**

**STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Note	Year Ended 2022 \$	Year Ended 2021 \$
Assets			
Cash and cash equivalents	5	9,521,578	8,356,418
Floating rate notes	5	9,303,407	10,708,438
Other financial assets	5	9,100,000	13,100,000
Trade and other receivables	6	159,817	214,857
Loans and advances	7	29,251,839	25,511,315
Total assets		<u>57,336,641</u>	<u>57,891,028</u>
Liabilities			
Customer investments	8	50,416,275	51,190,926
Trade and other payables	9	125,441	152,158
Total liabilities		<u>50,541,716</u>	<u>51,343,084</u>
Net assets		<u>6,794,925</u>	<u>6,547,944</u>
Equity			
Reserves	10	-	127,557
Retained earnings	11	6,794,925	6,420,387
Total equity		<u>6,794,925</u>	<u>6,547,944</u>

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 2022**

	Note	Retained earnings \$	General Reserve \$	Total \$
Balance at 1 July 2020		6,301,519	124,819	6,426,338
Net surplus for the year		121,607	-	121,607
Other comprehensive income for the year		-	-	-
Appropriation of retained earnings to General Reserve	10	(2,738)	2,738	-
Balance at 30 June 2021	11	6,420,388	127,557	6,547,945
Balance at 01 July 2021		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)	-
Balance at 30 June 2022	11	6,794,925	-	6,794,925

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

**ARCHDIOCESE OF MELBOURNE
CDF COMMUNITY FUND**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	Year Ended 2022 \$	Year Ended 2021 \$
Cash flows from operating activities			
Customer loans granted		(5,512,238)	(1,966,861)
Customer loans repaid		1,771,714	1,419,328
Interest and bill discounts received		1,067,489	1,145,337
Interest and other costs of finance paid		(414,760)	(619,977)
Fees received		70,272	(36,655)
Fees and rebates paid		-	(27,151)
Net increase/(decrease) in customers' savings investments		(744,252)	249,425
Net increase/(decrease)decrease in customers' fixed term investments		(30,399)	(2,401,398)
Payments to suppliers and employees		(447,697)	(574,221)
Net cash used in operating activities	18(c)	<u>(4,239,871)</u>	<u>(2,812,173)</u>
Cash flows from investing activities			
(Investment)/redemption of term deposits >3 months		4,000,000	(4,200,000)
(Investment)/redemption in floating rate notes		1,405,031	(893,664)
Net cash used in investing activities		<u>5,405,031</u>	<u>(5,093,664)</u>
Cash flows from financing activities			
Net cash provided from financing activities		<u>-</u>	<u>-</u>
Net Increase /(decrease) in cash held		<u>1,165,160</u>	<u>(7,905,837)</u>
Cash at the beginning of the year		<u>8,356,418</u>	<u>16,262,255</u>
Cash at the end of the year	5	<u>9,521,578</u>	<u>8,356,418</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 2022**

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 2022 was authorised for issue in accordance with a resolution of the Board Members on 26 October 2022.

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.

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:

**ARCHDIOCESE OF MELBOURNE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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 (\$). Amounts in these financial statements are stated in Australian dollars unless otherwise noted.

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 Company 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.

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 Tier 2 Entities (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

The financial report is for the entity "Archdiocese of Melbourne Catholic Development Fund" which is an agency of the Archdiocese of Melbourne.

**ARCHDIOCESE OF MELBOURNE
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Previous reporting framework and transition adjustments

The entity previously prepared special purpose financial statements but this year the financial statements have been prepared as general purpose financial statements Tier 2 Simplified Disclosure. There were no transition adjustments other than a few disclosure changes to meet the Simplified Disclosure requirements.

The amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable), or in certain cases, to the nearest dollar.

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 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.

**ARCHDIOCESE OF MELBOURNE
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

AASB 2021-1 – Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities

The adoption of AASB 1060 and AASB 2021-1, both effective 1 July 2021 has not resulted in any transition adjustments apart from a few disclosures note changes.

(a) 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.

Fees

Establishment fees are recognised over the life of the loan on a straight-line basis.

Donations and Grants

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

(b) Income tax

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

**ARCHDIOCESE OF MELBOURNE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Going concern

The directors 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 2022, the Fund was in a net assets position of \$ 6,794,926 (2021: net assets \$6,547,944).

(d) Intangible assets

Intangible assets with finite lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(e) 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.

(f) Customer investment

Client investments are brought to account at fair value. Interest on investments is brought to account on an accrual's basis. Interest accrued to balance date is shown as a part of clients' investments.

(g) 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
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) 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.

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. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

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 2022**

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.

The Fund reviews and recognises lifetime expected credit losses (ECL) for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. During 2022, no impairment of loans and receivables has been recorded (2021: 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
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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 Company. 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.

(i) Comparatives

Where necessary, comparative amounts have been adjusted to conform with the changes in presentation in the current year.

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**NOTES TO THE FINANCIAL STATEMENTS
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Fund takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 16 Leases.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**ARCHDIOCESE OF MELBOURNE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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 2021 to 30 June 2022

	Average Balance	Interest	Average Rate Per Annum
	\$	\$	%
Interest earning assets			
Deposits with other financial institutions	30,824,112	194,433	0.63%
Loans and advances	27,530,239	902,841	3.28%
	<u>58,354,352</u>	<u>1,097,274</u>	<u>1.88%</u>
Interest incurring liabilities			
Customer investments	50,440,083	383,595	0.76%
	<u>50,440,083</u>	<u>383,595</u>	<u>0.76%</u>

1 July 2020 to 30 June 2021

	Average Balance	Interest	Average Rate Per Annum
	\$	\$	%
Interest earning assets			
Deposits with other financial institutions	33,590,359	238,613	0.71
Loans and advances	24,700,026	884,727	3.58
	<u>58,290,385</u>	<u>1,123,340</u>	<u>1.93</u>
Interest incurring liabilities			
Customer investments	50,569,874	509,661	1.01

3. Revenue and other income

	2022	2021
	\$	\$
Interest revenue	1,097,275	1,123,340
Other income	70,272	83,641
	<u>1,167,547</u>	<u>1,206,981</u>

**ARCHDIOCESE OF MELBOURNE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

4. Surplus for the year

Surplus for the year has been determined after:

	2022	2021
	\$	\$
Expenses		
(a) Interest expense	383,595	509,661
(b) Other expenses:		
Rebates to participating Dioceses	600	-
Other expenses (inclusive of insurance, bank charges, consultancy, and IT maintenance)	536,372	575,713
Impairment loss for financial asset	-	-
Total other expenses	536,972	575,713

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

	2022	2021
	\$	\$
Cash on hand and at banks	171,578	206,418
Deposits at call	3,150,000	1,600,000
Term deposits <3 months	6,200,000	6,550,000
	9,521,578	8,356,418
Floating rate notes	9,303,407	10,708,438
	18,824,985	19,064,856
Other financial assets	9,100,000	13,100,000
	27,924,985	32,164,856

6. Trade and other receivables

	2022	2021
	\$	\$
Interest receivable	71,574	41,789
Prepayments	88,243	173,068
	159,817	214,857

7. Loans and advances

	2022	2021
	\$	\$
Term loans – related party	29,251,839	25,511,315
Total loans and advances	29,251,839	25,511,315

**ARCHDIOCESE OF MELBOURNE
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**NOTES TO THE FINANCIAL STATEMENTS
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7. Loans and advances (continued)

Maturity analysis	2022	2021
	\$	\$
Not longer than 3 months	956,412	402,087
Longer than 3 and not longer than 12 months	1,791,744	1,208,024
Longer than 1 and not longer than 5 years	10,992,624	6,430,839
Longer than 5 years	15,511,059	17,470,365
	<u>29,251,839</u>	<u>25,511,315</u>

8. Customer investments

	2022	2021
	\$	\$
Customers' savings investments	16,168,571	16,912,823
Customers' fixed term investments	34,247,704	34,278,103
	<u>50,416,275</u>	<u>51,190,926</u>

Maturity analysis	2022	2021
	\$	\$
Less than 1 day	16,168,571	8,820,365
1 day - 3 months	13,151,590	20,587,991
3 months - 12 months	15,991,936	17,532,893
1 year - 5 years	5,104,178	4,249,677
	<u>50,416,275</u>	<u>51,190,926</u>

9. Trade and other payables

	2022	2021
	\$	\$
Interest payable – other parties	121,550	152,158
Other liabilities	3,891	-
	<u>125,441</u>	<u>152,158</u>

10. Reserves

General Reserve

	2022	2021
	\$	\$
General Reserve at the beginning of the financial year	127,557	124,819
(Release of general reserve to retained earnings) / Appropriation to retained earnings	(127,557)	2,738
General Reserve at the end of the financial year	<u>-</u>	<u>127,557</u>

The Fund has 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 2022**

11. Retained earnings

	2022	2021
	\$	\$
Retained earnings at the beginning of the financial year	6,420,388	6,301,519
Net surplus for the year	246,980	121,607
Total available for appropriation	6,667,368	6,423,126
Release of general reserve to retained earnings / (Appropriation of retained earnings to general reserve)	127,557	(2,738)
Retained earnings at the end of the reporting period	6,539,925	6,420,388

12. Key management personnel remuneration

	2022	2021
	\$	\$
Aggregate key management personnel compensation	31,222	38,039

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 client investments from the Catholic Organisations, namely educational institutions, aged care providers and hospitals, to fund Catholic Capital Projects principally but not exclusively in the Archdiocese of Melbourne, the Diocese of Sale, and the Diocese of Bunbury to assist in achieving their Catholic Mission. The related parties are defined as those entities that are under the control of the Archbishop of Melbourne and the Bishop of Sale and the Bishop of Bunbury. These entities will be broken down into the following segments: Diocesan entities, Parishes, and Diocesan schools.

Transactions with related parties	2022	2021
	\$	\$
Interest Revenue:		
Interest on loans – Diocesan entities	902,841	884,727
Total interest on loans from related parties	902,841	884,727
Other Expenses:		
Administrative expenses paid to Diocesan entities	535,014	574,221
Total other expenses paid to related parties	535,014	574,221

During the course of the year ended 30 June 2022, the Fund purchased loans totalling \$5,512,238 (2021: \$1,966,861) and received loan repayments totalling \$1,771,714 (2021: \$1,419,328).

**ARCHDIOCESE OF MELBOURNE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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 CDF-CF Board utilises the established Catholic Development Fund Board governance structures including the Audit and Risk Management Committee and the Finance Committee. The committees regularly report on their activities to the CDF-CF Board. The following information describes the committees' responsibilities, terms of reference and authorities.

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

In response to COVID-19 related events, the Fund has granted repayment relief on loans to various customer segments. Terms of relief include both repayment holidays or interest only repayments for periods of between 6 to 12 months. The Fund notes guidance from regulators indicating that repayment relief does not of itself constitute a period of arrears nor restructuring of the loan.

**ARCHDIOCESE OF MELBOURNE
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

14. Financial instruments (continued)

Management have reviewed COVID-19 impacted economic circumstances in each of the various segments including the effects on customer liquidity balances and the loan security held by the Fund. The outcome of this analysis is that there is sufficient security available to support a 0% LGD assumption across all segments. Therefore, the Fund believes a COVID-19 overlay credit loss provision is not required.

(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 +/- \$377,945 as at 30 June 2022 and +/- \$386,760 as at 30 June 2021.

**ARCHDIOCESE OF MELBOURNE
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

14. Financial instruments (continued)

	1%+/- VARIANCE			
Financial instruments	2022	2021	2022	2021
	\$	\$	\$	\$
Cash and liquid assets	3,318,362	1,806,418	33,184	18,064
Floating rate notes	9,303,407	10,708,438	93,034	107,084
Total financial instruments assets	<u>12,621,769</u>	<u>12,514,856</u>	<u>126,218</u>	<u>125,149</u>
Customer investments	50,416,275	51,190,926	504,163	511,909
Total financial instrument liabilities	<u>50,416,275</u>	<u>51,190,926</u>	<u>504,163</u>	<u>511,909</u>
Net change			<u>377,945</u>	<u>386,760</u>

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 2022.

Net fair values

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

	2022		2021	
	Carrying amount	Net fair value	Carrying amount	Net fair value
	\$	\$	\$	\$
Financial assets				
Cash and liquid assets	3,318,362	3,318,362	1,806,418	1,806,418
Term Deposits	6,200,000	6,200,000	6,550,000	6,550,000
Floating rate notes	9,303,407	9,303,407	10,708,438	10,856,211
Other Financial Assets	9,100,000	9,100,000	13,100,000	13,100,000
Loans and receivable	29,414,516	29,414,516	25,726,172	25,726,172
	<u>57,336,285</u>	<u>57,336,285</u>	<u>57,891,028</u>	<u>58,038,801</u>
Financial liabilities				
Customer investments	16,168,571	16,168,571	16,912,823	16,912,823
Client term investments	34,247,704	34,247,704	34,278,103	34,278,103
	<u>50,416,275</u>	<u>50,416,275</u>	<u>51,190,926</u>	<u>51,190,926</u>

(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 2022**

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.

The minimum liquidity holding (MLH) target ratio is set at 12%.

Liquidity and interest risk tables

The following tables detail the Fund's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of the financial assets and liabilities based on the earliest date on which the Fund can be required to pay. The table includes both interest and principal cash flows. Whilst current liabilities exceed current assets; investments held by the Fund are considered non-volatile as clients have a contractual agreement when borrowing to invest surplus funds with the Fund.

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Financial instruments (continued)

Liquidity and interest risk tables		Weighted average eff. interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total
ASSETS		%	\$	\$	\$	\$	\$	\$
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	
2021								
Variable interest rate deposits	0.41%	2,200,000	4,350,000	12,100,000	1,000,000	-	19,650,000	
Variable interest rate loans	3.50%	196,280	205,807	1,208,024	6,430,839	17,470,366	25,511,316	
Variable FRN's	0.78%	-	-	1,408,438	9,300,000	-	10,708,438	
		2,396,280	4,555,807	14,716,462	16,730,839	17,470,366	55,869,754	

**ARCHDIOCESE OF MELBOURNE
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

14. Financial instruments (continued)

Liquidity and interest risk tables	Weighted average eff. interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
	%	\$	\$	\$	\$	\$
LIABILITIES						
2022						
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
2021						
Variable interest rate investments	0.46%	16,912,823	-	-	-	16,912,823
Fixed interest rate term investments	0.96%	3,689,174	8,806,359	17,532,893	4,249,677	34,278,103
		20,601,997	8,806,359	17,532,893	4,249,677	51,190,926

**ARCHDIOCESE OF MELBOURNE
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

15. Authorisation of the financial statements

The financial statements were approved by the Board Members and authorised for issue on 26 October 2022.

16. Auditors' remuneration

	2022	2021
	\$	\$
Deloitte Touche Tohmatsu		
Audit of the financial report	23,260	26,150
Other services (compilation of financial report)	-	6,500
	<u>23,260</u>	<u>32,650</u>

17. Commitments for expenditure

	2022	2021
	\$	\$
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:

	2022	2021
	\$	\$
Cash at bank	171,578	1,806,418
Deposits at call & term investments	9,350,000	6,550,000
Cash at the end of the reporting period	<u>9,521,578</u>	<u>8,356,418</u>

**ARCHDIOCESE OF MELBOURNE
CDF COMMUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

18. Cash flow information (continued)

(b) Cash flows presented on a net basis

Cash flows arising from the following activities are on a net basis in the cash flow statement:

- (i) customer investments in and withdrawals from savings, money market and other investment accounts;
- (ii) sales and purchases of dealing securities;
- (iii) sales and purchases of maturing certificates of investment and
- (iv) short-term borrowings.

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

	2022	2021
	\$	\$
Operating surplus before distribution	246,980	121,607
Net loans granted	(3,740,524)	(547,533)
Decrease in interest receivable	(29,785)	98,299
(Increase)/decrease in other debtors	84,825	(196,598)
Increase/(decrease) in customer investments	(774,652)	(2,151,973)
Increase/(decrease) in accrued expenses and commitments	(26,715)	(135,975)
Net cash used in operating activities	<u>(4,239,871)</u>	<u>(2,812,173)</u>

19. Contingent liabilities

The Fund had no contingent liabilities to disclose at 30 June 2022.

20. Subsequent events

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