



**FINANCIAL REPORT
FOR THE YEAR ENDED
30 June 2013**



Independent auditor's report to the members of Caritas Australia

Report on the financial report

We have audited the accompanying financial report of Caritas Australia, which comprises the balance sheet as at 30 June 2013, and the statement of income and expenditure, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Bishops Commissions for Justice, Ecology and Development's declaration.

Commission Members' responsibility for the financial report

The Bishops Commission of Caritas Australia is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such internal control as the Bishops Commission members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Bishops Commission, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for the purpose of fulfilling the Bishops Commission's financial reporting responsibilities. We disclaim any assumption of responsibility of any reliance on this report or on the financial report for any purpose other than which it was prepared.

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



Basis for Qualified Opinion

Cash from donations and other fundraising activities are a significant source of revenue for Caritas Australia. The Bishops Commission has determined that it is impracticable to establish control over the collection of revenue from these sources prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from cash donations and other fundraising activities was limited, our audit procedures with respect to revenue from these sources had to be restricted to the amounts recorded in the entity's financial records. As a result, we are unable to express an opinion as to whether revenue from cash donations and other fundraising activities is complete.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Caritas Australia, presents fairly, in all material respects the financial position as at 30 June 2013, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the Australian Council for International Development (ACFID) Code of Conduct.

PricewaterhouseCoopers

A blue ink signature of Shane Bellchambers, consisting of a series of overlapping, fluid strokes that form the name.

Shane Bellchambers
Partner

Canberra
18 October 2013

CARITAS AUSTRALIA
ABN 90 970 605 069

BISHOPS COMMISSION FOR JUSTICE, ECOLOGY AND DEVELOPMENT DECLARATION

The Bishops Commission declares that:

1. The financial statements and notes, as set out on pages 5 to 26:
 - (a) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date; and
 - (b) comply with Accounting Standards in Australia and Australian Council for International Development (ACFID) Code of Conduct; and
2. In the opinion of the Commission, as at the date of this declaration, there are reasonable grounds to believe that Caritas Australia will be able to pay its debts as and when they become due and payable.
3. Note 1 confirms that the financial statements also comply with Australian Accounting Standards and the Australian Council for International Development (ACFID) Code of Conduct.

This declaration is made in accordance with a resolution of the Commission.



Archbishop Philip Wilson
Chairman
Caritas Australia

Sydney, NSW
Dated: 18 October 2013



Bishop Eugene Hurley
Deputy Chairman
Caritas Australia

CARITAS AUSTRALIA
ABN 90 970 605 069

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 \$	2012 \$
REVENUE			
Donations and gifts:			
Monetary		20,506,194	23,199,873
Non-monetary		108,956	126,625
Legacies and bequests		2,937,727	2,388,011
Grants:			
AusAID		12,952,958	12,431,917
Other Australian		259,546	941,073
Other overseas		264,067	1,957
Investment income		754,165	948,922
Other income		188,102	791,363
TOTAL REVENUE	2	<u>37,971,715</u>	<u>40,829,741</u>
EXPENDITURE			
International Aid and Development Programs			
Expenditure			
International programs:			
Funds to international programs		22,961,167	28,585,068
Program support costs		3,585,296	3,048,806
Community education		4,511,104	4,324,138
Fundraising costs:			
Public		2,367,260	2,318,936
Government, multilateral and private		108,594	112,491
Accountability and administration		1,016,593	827,892
Non-monetary expenditure		108,956	126,625
Total International Aid and Development Programs		<u>34,658,970</u>	<u>39,343,956</u>
Expenditure			
Expenditure for international political or religious proselytisation programs		29,600	29,200
Domestic programs expenditure		1,810,132	1,578,560
TOTAL EXPENDITURE		<u>36,498,702</u>	<u>40,951,716</u>
(SHORTFALL) EXCESS OF REVENUE OVER EXPENDITURE		<u>1,473,013</u>	<u>(121,975)</u>

During the financial year, Caritas Australia received no income for international political or religious proselytisation programs.

The accompanying notes form part of these financial statements.

CARITAS AUSTRALIA
ABN 90 970 605 069

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013	2012
		\$	\$
(Shortfall) Excess of revenue over expenditure		1,473,013	(121,975)
Other comprehensive income:			
Net (gain) loss on revaluation of financial assets	12	<u>873,567</u>	<u>(141,703)</u>
Total Other comprehensive income for the year		<u>873,567</u>	<u>(141,703)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,346,580</u>	<u>(263,678)</u>

The accompanying notes form part of these financial statements.

CARITAS AUSTRALIA
ABN 90 970 605 069

BALANCE SHEET AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
CURRENT ASSETS			
Cash and cash equivalents	4	15,479,792	15,287,677
Trade and other receivables		185,403	98,568
Prepayments		217,125	261,630
Other financial assets	6	<u>-</u>	<u>6,980</u>
TOTAL CURRENT ASSETS		<u>15,882,320</u>	<u>15,654,855</u>
NON-CURRENT ASSETS			
Other financial assets	5	6,439,532	4,423,442
Leasehold improvements, plant and equipment	7	<u>1,022,751</u>	<u>1,102,929</u>
TOTAL NON-CURRENT ASSETS		<u>7,462,283</u>	<u>5,526,371</u>
TOTAL ASSETS		<u>23,344,603</u>	<u>21,181,226</u>
CURRENT LIABILITIES			
Trade and other payables	8	3,280,431	3,949,890
Other financial liabilities	9	541,938	-
Other liabilities	10	5,180	12,431
Short term provisions	11	<u>295,369</u>	<u>320,376</u>
TOTAL CURRENT LIABILITIES		<u>4,122,918</u>	<u>4,282,697</u>
NON-CURRENT LIABILITIES			
Other liabilities	10	-	5,180
Long term provisions	11	<u>206,780</u>	<u>225,025</u>
TOTAL NON-CURRENT LIABILITIES		<u>206,780</u>	<u>230,205</u>
TOTAL LIABILITIES		<u>4,329,698</u>	<u>4,512,902</u>
NET ASSETS		<u>19,014,905</u>	<u>16,668,324</u>
EQUITY			
Reserves	12	12,781,225	10,884,884
Accumulated funds available for future use	13	<u>6,233,680</u>	<u>5,783,440</u>
TOTAL EQUITY		<u>19,014,905</u>	<u>16,668,324</u>

At the end of the financial year, Caritas Australia had no balances in the following Balance Sheet categories: Inventories, Assets held for sale, Investment property, Intangibles, Other non-current assets, Borrowings, Current tax liability, Other non-current liabilities.

The accompanying notes form part of these financial statements.

CARITAS AUSTRALIA
ABN 90 970 605 069

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Note	Accumulated Funds Available for Future Use \$	Committed Funds Reserves \$	Specified Purpose Reserves \$	Financial Assets Reserve \$	Total \$
Balance at 1 July 2011		3,462,470	7,655,904	6,181,257	(367,629)	16,932,002
Shortfall of revenue over expenditure		(121,975)	-	-	-	(121,975)
Other comprehensive income for the year	12	-	-	-	(141,703)	(141,703)
<i>Transfers (to) from reserves:</i>						
Committed Funds Reserves	12	(1,450,427)	1,450,427	-	-	-
Specified Purpose Reserves		3,893,372	-	(3,893,372)	-	-
Balance at 30 June 2012	12,13	<u>5,783,440</u>	<u>9,106,331</u>	<u>2,287,885</u>	<u>(509,332)</u>	<u>16,668,324</u>
Excess of revenue over expenditure		1,473,013	-	-	-	1,473,013
Other comprehensive income for the year	12	-	-	-	873,567	873,567
<i>Transfers (to) from reserves:</i>						
Committed Funds Reserves	12	-	2,587,235	-	-	2,587,235
Specified Purpose Reserves	13	(1,022,773)	-	(1,564,461)	-	(2,587,235)
Balance at 30 June 2013	12,13	<u>6,233,680</u>	<u>11,693,566</u>	<u>723,424</u>	<u>364,235</u>	<u>19,014,905</u>

The accompanying notes form part of these financial statements.

CARITAS AUSTRALIA
ABN 90 970 605 069

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Grants and donations received		37,010,414	40,048,509
Payments for projects and to suppliers and employees		(35,461,519)	(40,910,426)
GST (net) remitted to the ATO		(795,862)	(790,936)
Dividends received		255,550	237,459
Interest received		<u>455,282</u>	<u>672,182</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	15	<u>1,463,865</u>	<u>(743,212)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for leasehold improvements, plant and equipment		(273,973)	(130,438)
Payments for investments		(1,142,525)	(136,247)
Proceeds from sale of plant and equipment		<u>144,747</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(1,271,751)</u>	<u>(266,685)</u>
Net (decrease) increase in cash held		192,115	(1,009,897)
Cash at beginning of year		<u>15,287,677</u>	<u>16,297,574</u>
CASH AT END OF FINANCIAL YEAR	4	<u>15,479,792</u>	<u>15,287,677</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

The financial report covers the entity of Caritas Australia which is an agency of the Australian Catholic Bishops Conference.

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Council for International Development (ACFID) Code of Conduct. Caritas Australia is a not-for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) have concluded would result in a finance report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Bishops Commission to exercise its judgement in the process of applying Caritas Australias' accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note (o).

Accounting Policies

(a) Income Tax

No income tax is payable by Caritas Australia as the entity is exempt from income tax under Section 50-5 of the *Income Tax Assessment Act 1997*.

(b) Leasehold Improvements, Plant and Equipment

Leasehold improvements, plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of leasehold improvements, plant and equipment is reviewed annually by the Bishops Commission to ensure that it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Caritas Australia and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of income and expenditure during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Summary of Significant Accounting Policies (continued)

(b) Leasehold Improvements, Plant and Equipment (continued)

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Non-Current Asset	Amortisation / Depreciation Rate
Leasehold Improvements	10.0%
Motor Vehicles	22.5% – 25.0%
Plant and Equipment	10.0% – 40.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of income and expenditure. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated funds available for future use.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases. Caritas Australia currently has no finance leases, and it is not the intention of Caritas Australia to enter into finance leases.

Lease payments for operating leases, where substantially all the risks and benefits of ownership remain with the lessor are charged as expenses in the period in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(d) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when Caritas Australia becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that Caritas Australia commits itself to either purchase or sell the asset. Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified 'at

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

fair value through profit and loss'. Transaction costs related to instruments classified 'at fair value through profit and loss' are expensed to the statement of income and expenditure immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value less amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal payments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of income and expenditure.

Financial liabilities at fair value through profit and loss

Financial liabilities are classified 'at fair value through profit and loss' where they are derivatives that do not qualify for hedge accounting. Such liabilities are subsequently measured at fair value with changes in carrying value being included in income and expenditure.

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions and reference to similar instruments.

Impairment

At each reporting date, Caritas Australia assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of income and expenditure.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risk and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid including the transfer of non-cash assets or liabilities is recognised in income and expenditure.

(e) Impairment of Assets

At each reporting date, Caritas Australia reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of income and expenditure.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when Caritas Australia would, if deprived of the asset, replace its remaining future economic benefits, value in use is the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an individual asset, Caritas Australia estimates the recoverable amount of the cash generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Summary of Significant Accounting Policies (continued)

(f) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of Caritas Australia is measured using the currency of the primary economic environment in which Caritas Australia operates. The financial statements are presented in Australian dollars which is Caritas Australia's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the transaction of monetary items are recognised in the statement of income and expenditure, except when deferred in equity as a qualifying cash flow or net investment hedges.

Exchange differences arising on the transaction of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of income and expenditure.

(g) Employee Benefits

Provision is made for Caritas Australia's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at amounts expected to be paid when the liability is settled.

Contributions are made by Caritas Australia to superannuation funds nominated by employees and are charged as expenses when incurred.

(h) Provisions

Provisions are recognised when Caritas Australia has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three month or less.

(j) Revenue

Fundraising proceeds, bequests, donations, gifts in kind and contributions from local groups are recognised as revenue when received.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Summary of Significant Accounting Policies (continued)

(j) Revenue (continued)

Grant revenue is recognised in the statement of income and expenditure when Caritas Australia obtains control of the grant, it becomes probable that the economic benefits gained from the grant will flow to the entity and when the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established.

Gifts in kind are recognised at fair value, when its measurement can be reasonably determined. The contributions included in the financial report are measured on the basis of the wage or salary expenses incurred by the relevant Archdioceses who have donated staff time to Caritas Australia. The contributions are also expensed at the same value in the expense category to which it was related.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Goods and 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in the presentation for the current financial year.

(m) Reserves

Reserves represent funds held for the specific purpose for which they were raised or in the case of general donations, for the commitments made to third parties engaged in aid or development activities where memorandums of understanding are in place. It has been determined by the Bishops Commission that these reserves can only be drawn against for these specified purposes or commitments.

(n) Accumulated Funds Available for Future Use

Funds available for future use represent accumulated surpluses available to fund future projects yet to be determined by the Bishops Commission.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Summary of Significant Accounting Policies (continued)

(o) Critical Accounting Estimates and Judgements

The Bishops Commission evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events are based on current trends and economic data, obtained both externally and within the group.

Key estimates — Impairment

Caritas Australia assesses impairment at each reporting date by evaluating conditions and events specific to Caritas Australia that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements – Available-for-sale investments

Caritas Australia maintains a portfolio of shares and managed funds with a carrying value of \$6,439,532 at reporting date. Certain investments, within the portfolio have declined in value but the Bishops Commission does not believe that this decline constitutes a significant or prolonged decline below the prior year's carrying value. Should prices remain at levels below prior year's carrying value for a period in excess of 12 months, the Bishops Commission has determined that such investments will be considered impaired in the future.

(p) New Accounting Standards for Application in Future Periods

Changes in accounting policy and disclosure

No accounting standard has been adopted earlier than the application date as stated in the standard. No new accounting standards, amendments to standards and interpretations issued by the Australian Accounting Standards Board that are applicable in the current period are assessed to have a material financial effect on the entity.

Accounting Standards and Interpretations issued but not yet effective

New standards, amendments to standards, and interpretations that are applicable to future periods have been issued by the AASB. It is assessed that adopting these pronouncements, when effective, will have no material impact on future reporting periods. Caritas Australia has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 01 July 2013.

The financial report was authorised for issue by the Bishops Commission on 18th October 2013. The Bishops Commission has the power to amend and reissue the financial report.

CARITAS AUSTRALIA
ABN 90 970 605 069

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
Note 2: Revenue		
Revenue from Government and other grants		
Government grants	12,952,958	12,431,917
Other Australian	259,546	941,073
Other overseas	264,067	1,957
	13,476,571	13,374,947
Other revenue		
Donations and gifts - monetary	20,506,194	23,199,873
Gifts in kind - non-monetary	108,956	126,625
Legacies and bequests	2,937,727	2,388,011
Interest - other corporations	449,748	662,597
Dividends - other corporations	304,417	286,325
Gain on foreign currency translation	53,098	19,444
Fair value gain on financial assets held at fair value through income and expenditure	-	59,280
Other income	135,004	712,639
	24,495,144	27,454,794
Total Revenue	37,971,715	40,829,741

Note 3: Expenses

Shortfall/Excess of income over expenditure includes the following expenses;

Expenses		
Rental expense on operating leases	716,917	675,970
Employee benefits	7,492,117	6,487,118
Depreciation of leasehold improvements, plant and equipment	354,152	401,137

Note 4: Cash and Cash Equivalents

Cash at bank and in hand	1,484,141	1,380,813
Short-term bank deposits	13,995,651	13,906,864
Total Cash and Cash Equivalents	15,479,792	15,287,677

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 4: Cash and Cash Equivalents (continued)

Table of Cash Movements for Designated Purposes

Designated Purpose / Appeal	Cash available at beginning of financial year	Cash raised during financial year	Cash disbursed during financial year	Cash available at end of financial year
Haiti Earthquake Appeal	1,090,263	17,952	(1,004,748)	103,467
Pakistan Floods Appeal	185,109	2,916	(188,025)	-
East Africa Appeal	350,816	60,048	(262,155)	148,709
Other Designated Purpose Appeals	3,777,215	1,586,839	(1,777,287)	3,586,767
Other Purposes	9,884,274	36,106,591	(34,350,017)	11,640,849
Total	15,287,677	37,774,346	(37,582,231)	15,479,792

	2013	2012
	\$	\$

Note 5: Financial Assets

Available-for-sale financial assets	<u>6,439,532</u>	<u>4,423,442</u>
Available-for-sale financial assets comprise:		
Unlisted Investments, at fair value:		
- Managed funds	<u>6,439,532</u>	<u>4,423,442</u>

Available-for-sale financial instruments comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these instruments.

Note 6: Other Financial Assets

Financial assets at fair value through profit and loss	<u>-</u>	<u>6,980</u>
Financial assets at fair value through profit and loss comprise:		
Derivatives, at fair value		
- Foreign currency forward contract	<u>-</u>	<u>6,980</u>

Financial liabilities comprise foreign currency forward contracts that Caritas Australia has entered into to minimise the effect of foreign currency fluctuations on future project payments.

Note 7: Leasehold Improvements, Plant and Equipment

Office Equipment:		
At cost	1,717,600	1,554,720
Accumulated depreciation	<u>(1,393,016)</u>	<u>(1,197,644)</u>
	<u>324,584</u>	<u>357,076</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
Note 7: Leasehold Improvements, Plant and Equipment (continued)		
Motor Vehicles:		
At cost	172,759	206,413
Accumulated depreciation	(53,482)	(166,438)
	119,277	39,975
Leasehold Improvements:		
At cost	1,259,298	1,259,298
Accumulated amortisation	(680,408)	(553,420)
	578,890	705,878
Total Leasehold Improvements, Plant and Equipment	1,022,751	1,102,929

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and end of the current financial year.

	Office Equipment	Motor Vehicles	Leasehold Improvements	Total
	\$	\$	\$	\$
Carrying amount at 1 July 2011	480,465	71,486	822,784	1,374,735
Additions	120,758	-	9,680	130,438
Disposals	(1,736)	-	-	(1,736)
Depreciation and amortisation expense	(242,411)	(31,511)	(126,586)	(400,508)
Carrying amount at 30 June 2012	357,076	39,975	705,878	1,102,929
Additions	162,880	111,093	-	273,973
Disposals	-	(144,747)	-	(144,747)
Depreciation and amortisation expense	(195,372)	112,956	(126,988)	(209,404)
Carrying amount at 30 June 2013	324,584	119,277	578,890	1,022,751

Note 8: Trade and other payables

	2013	2012
	\$	\$
Trade payables	452,572	242,011
Unexpended grants	1,714,937	2,747,063
Sundry payables and accrued expenses	560,219	474,103
Short-term employee benefits	552,703	486,713
	3,280,431	3,949,890
(a) Financial liabilities at amortised cost classified as trade and other payables:		
- Total current	3,280,431	3,949,890
- Less short term employee benefits	(552,703)	(486,713)
- Less unexpended grants	(1,714,937)	(2,747,063)
Financial liabilities as trade and other payables	1,012,791	716,114

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
Note 9: Other Financial Liabilities		
Financial liabilities at fair value through profit and loss	<u>541,938</u>	<u>-</u>
Financial liabilities at fair value through profit and loss comprise:		
Derivatives, at fair value		
- Foreign currency forward contract	<u>541,938</u>	<u>-</u>
Financial liabilities comprise foreign currency forward contracts that Caritas Australia has entered into to minimise the effect of foreign currency fluctuations on future project payments.		

Note 10: Other Liabilities

Current:		
Lease incentive	<u>5,180</u>	<u>12,431</u>
Non-Current:		
Lease incentive	<u>-</u>	<u>5,180</u>
Total Other Liabilities	<u>5,180</u>	<u>17,611</u>

Note 11: Provisions

	Long Term Employee Benefits	Overseas Employee Benefits	Total
	\$	\$	\$
Opening balance at 1 July 2012	481,305	64,096	545,401
Additional provisions raised during the year	30,984	-	30,984
Amounts used	<u>(74,236)</u>	<u>-</u>	<u>(74,236)</u>
Balance at 30 June 2013	<u>438,053</u>	<u>64,096</u>	<u>502,149</u>

	2013	2012
	\$	\$
Analysis of total provisions		
Current	295,369	320,376
Non-Current	<u>206,780</u>	<u>225,025</u>
	<u>502,149</u>	<u>545,401</u>

Provision for long-term employee benefits

A provision has been recognised for employee entitlements relating to long service leave. The measurement and recognition criteria relating to employee benefits have been included in Note 1 of this report.

Provision for overseas employee benefits

Caritas Australia has recognised a provision for employee on-costs with regards to employees engaged in overseas activities that were Australian residents for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 12: Reserves

(a) Specified Purpose Reserve:

Specified purpose reserve records donations and contributions made to Caritas Australia where the contributor or donor has designated the funds towards a specific appeal or purpose.

	2013	2012
	\$	\$
<i>East Africa Appeal:</i>		
Opening balance	350,816	-
Transfers to the reserve	60,048	5,681,421
Transfers from the reserve	(262,155)	(5,330,605)
Closing balance	<u>148,709</u>	<u>350,816</u>
 <i>Haiti Earthquake Appeal:</i>		
Opening balance	1,090,262	3,368,051
Transfers to the reserve	17,952	99,150
Transfers from the reserve	(1,004,748)	(2,376,938)
Closing balance	<u>103,466</u>	<u>1,090,263</u>
 <i>Pakistan Floods Appeal:</i>		
Opening balance	185,109	1,473,647
Transfers to the reserve	2,916	35,352
Transfers from the reserve	(188,025)	(1,323,890)
Closing balance	<u>-</u>	<u>185,109</u>
 <i>Other Specified Purpose Reserve:</i>		
Opening balance	661,697	1,339,559
Transfers to the reserve	1,586,839	699,461
Transfers from the reserve	(1,777,287)	(1,377,323)
Closing balance	<u>471,249</u>	<u>661,697</u>
 Total Specified Purpose Reserve	 <u>723,424</u>	 <u>2,287,885</u>

(b) Committed Funds Reserve:

Committed expenditure reserve fund was put in place to ensure that the agency has the financial means to continue to provide critical support to its partners in the event of a prolonged economic downturn.

<i>Caritas Australia Committed Expenditure Reserve:</i>		
Opening balance	5,706,534	4,259,490
Transfers to the reserve	-	1,447,044
Transfers from the reserve	(267,349)	-
Closing balance	<u>5,439,185</u>	<u>5,706,534</u>

Caritas Foundation reserve was put in place to recognise the preference as notified by supporters that their contribution, wherever operationally possible, provide a capital base from which the annual income derived be used to fund expenditure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 12: Reserves (Continued)

	2013	2012
	\$	\$
<i>Caritas Foundation Reserve:</i>		
Opening balance	3,399,797	3,396,414
Transfers to the reserve	2,854,584	3,383
Transfers from the reserve	-	-
Closing balance	6,254,381	3,399,797
 Total Committed Funds Reserve	 11,693,565	 9,106,331

(c) Financial Assets Reserve:

Financial assets reserve records the mark to market movement in available-for-sale investments held by Caritas Australia.

<i>Financial Assets Reserve:</i>		
Opening balance	(509,332)	(367,629)
Revaluation increment – financial assets	873,567	(141,703)
Closing balance	364,235	(509,332)

Note 13: Accumulated Funds Available for Future Use

Accumulated funds available at beginning of year	5,783,440	3,462,470
Excess of revenue over expenditure	1,473,013	(121,975)
Transfers (to) / from reserves	(1,022,773)	2,442,945
Accumulated funds available at end of year	6,233,680	5,783,440

Note 14: Governance Officials and Key Management Personnel

(a) Name and position held of Caritas Australia governance officials and key management personnel in office at any time during the financial year are:

Key Management Personnel	Position
Archbishop Philip Wilson*	Council Chairman – non-executive
Bishop Eugene Hurley*	Council Deputy Chairman – non-executive
Bishop Greg O’Kelly*	Council Deputy Chairman – non-executive
Ms. Louise Campbell	Council member – non-executive
Mr. Christopher Carlile	Council member – non-executive
Ms. Louise Crowe	Council member – non-executive
Dr. Leoni Degenhardt	Council member – non-executive
Mr. Richard Haddock	Council member – non-executive
Ms. Andree Rice	Council member – non-executive
Ms. Jennifer Stratton	Council member – non-executive
Mr. Bob Ward	Council member – non-executive
Mr. Michael Burnett	Council member – non-executive
Mr. Anthony Fogarty	Council member – non-executive

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 14: Governance Officials and Key Management Personnel (continued)

Mr. Jack de Groot (<i>resigned 26 June 2013</i>)	Chief Executive Officer
Mr. Peter Carter	Chief Financial Officer
Mr Rocky Naickar (<i>commenced 12 June 2013</i>)	Chief Operations & Financial Officer
Ms. Jamieson Davies	International Programs Manager
Ms. Helen Forde	Community Engagement Manager
Ms. Pam Moitie (<i>retired 11 April 2013</i>)	Human Resources Manager

* Indicates members of Bishops Commission for Justice, Ecology and Development

(b) Key Management Personnel Compensation:

National Committee members do not receive any compensation for their roles at Caritas Australia.

	Salary	Short-term benefits Super- annuation	Termina- tion Pay	Bonus	Post Employment Benefits Other	Total
2013						
Total Compensation	787,168	76,198	109,289	-	-	972,655
2012						
Total Compensation	<u>729,156</u>	<u>69,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>799,096</u>

Note 15: Cash Flow Information

Reconciliation of Cash Flow from Operating Activities with Excess of Revenue over Expenditure	2013 \$	2012 \$
Excess of revenue over expenditure for year	1,473,013	(121,975)
Non-cash flows:		
Depreciation and amortisation	354,152	401,137
Fair value adjustment to financial liabilities	548,918	(72,134)
Net gain on sale of plant and equipment	(144,747)	-
Changes in assets and liabilities:		
Decrease in receivables	(86,835)	59,466
Decrease / (Increase) in prepayments	44,504	65,286
(Decrease) in payables	(669,458)	(1,124,884)
Increase / (Decrease) in provisions	(43,252)	62,323
(Decrease) in other liabilities	<u>(12,431)</u>	<u>(12,431)</u>
Cash flows from Operating Activities	<u>1,463,865</u>	<u>(743,212)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 16: Related Party Transactions

Caritas Australia is an agency of the Catholic Church in Australia where the Bishops Commission for Justice, Ecology and Development and National Council members are appointed by the Australian Catholic Bishops Conference (ACBC). As part of Caritas Australia's normal operations and activities it conducts a substantial number of transactions with other entities within the Catholic Church both in Australia and abroad. These entities include other Catholic Church agencies, its dioceses and parishes. The nature of these transactions is predominately in the form of donations and transfers of funds.

Note 17: Financial Instruments

Caritas Australia's financial instruments consist mainly of deposits with banks, trade and other receivables, trade and other payables and long term investments.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2013 \$	2012 \$
Financial Assets			
Cash and cash equivalents	4	15,479,792	15,287,677
Trade and other receivables		185,403	98,568
Available-for-sale financial instruments	5	6,439,532	4,423,442
Financial assets at fair value through profit and loss	6	-	6,980
		22,104,727	19,816,667
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	8	1,012,791	716,114
Financial liabilities at fair value through profit and loss	9	541,938	-
		1,554,729	716,114

Financial Risk Management Policies

Caritas Australia's management analyses its exposure to financial risks and evaluates strategies in the context of the most recent economic and industry conditions and forecasts. Caritas Australia's overall risk management strategy seeks to assist Caritas Australia in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Specific Financial Risk Exposures and Management

The main risk Caritas Australia is exposed to through its financial instruments is liquidity risk.

(a) Interest Rate Risk:

At 30 June 2013 Caritas Australia is not exposed to any material interest bearing liabilities and therefore is not materially impacted by fluctuations in interest rates.

(b) Liquidity:

Liquidity risk arises from the possibility that Caritas Australia might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Caritas Australia manages liquidity by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 17: Financial Instruments (continued)

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

	Within 1 Year		1 – 5 Years		Over 5 Years		Total contractual cash flow	
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
Financial Liabilities due for payment								
Trade and other payables	1,012,791	716,114	-	-	-	-	1,012,791	716,114
Unexpended Grants	1,714,937	2,747,063	-	-	-	-	1,714,937	2,747,063
At fair value through profit and loss	-	-	-	-	-	-	-	-
Total expected outflows	2,727,728	3,463,177	-	-	-	-	2,727,728	3,463,177
Financial Assets cash flows realisable								
Cash and Cash Equivalents	15,479,792	15,287,677	-	-	-	-	15,479,792	15,287,677
Trade and other receivables	185,403	98,568	-	-	-	-	185,403	98,568
Available-for-sale investments	-	-	-	-	6,439,532	4,423,442	6,439,532	4,423,442
At fair value through profit and loss	-	6,980	-	-	-	-	-	6,980
Total anticipated inflows	15,665,195	15,393,225	-	-	6,439,532	4,423,442	22,104,727	19,816,667
Net inflow on financial instruments	12,937,467	11,930,048	-	-	6,439,532	4,423,442	19,376,999	16,353,490

(c) Credit Risk:

Caritas Australia does not have any material credit risk exposure to any single receivable under financial instruments entered into.

(d) Foreign currency risk:

Caritas Australia is exposed to fluctuations in foreign currencies arising from the payment of overseas aid and development funds in currencies other than its functional currency.

Caritas Australia manages these fluctuations through appropriate budgeting of foreign currency expenditure.

(e) Price risk:

Caritas Australia is not exposed to any material commodity price risk.

Net Fair Values

The net fair values of all financial assets and liabilities approximate their carrying value. The accounting policies, terms and conditions of these items are the normal commercial policies, terms and conditions adopted by businesses in Australia.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 17: Financial Instruments (continued)

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Sensitivity analysis

No sensitivity analysis has been performed for interest rate risk as Caritas Australia is not materially exposed to fluctuations in interest rates. No sensitivity analysis has been performed for foreign exchange risk as Caritas Australia is not materially exposed to fluctuations in foreign currency rates.

Note 18: Capital and Leasing Commitments

Operating Lease Commitments contracted but not capitalised in the financial statements:

	2013	2012
	\$	\$
Payable: minimum lease payments		
– not later than 12 months	669,669	699,946
– between 12 months and 5 years	2,707,897	395,388
– greater than 5 years	294,300	-
	3,671,866	1,095,334

Note 19: Remuneration of Auditors

During the year the following fees were paid or payable for the services provided by the auditor of the Caritas Australia.

PwC Australia		
– audit and other assurance services	46,200	42,000
– other services	-	-
	46,200	42,000

Note 20: Change in Accounting Policy

Caritas Australia has not changed its accounting policy from the previous financial year. All accounting is undertaken in compliance with the ACFID Code of Conduct.

Note 21: Contingent or Other Liabilities

Under the terms of the lease of Level 1, 24-32 O’Riordan Street, Alexandria, Caritas Australia would be required to remove designated fixtures, fittings, floor coverings, signs and notices if the option to renew is not exercised at the completion of the initial six year lease term being October 2013. Caritas Australia has exercised this option therefore is not required to allow for any ‘make good’ of the premises at the end of this renewed six year lease term.

Note 22: Events After the Reporting Date

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