



**FINANCIAL REPORT
FOR THE YEAR ENDED
30 June 2015**

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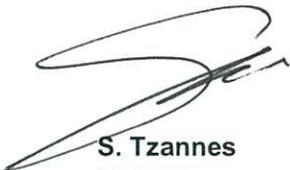
AUDITOR'S INDEPENDENCE DECLARATION

TO THE RESPONSIBLE ENTITIES OF CARITAS AUSTRALIA

I declare that to the best of my knowledge and belief, during the year ended 30 June 2015 there have been no contraventions of:

- i. the auditor's independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.


Moore Stephens Sydney


S. Tzannes
Partner

Dated in Sydney this 30th day of October 2015

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ASSOCIATION 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 2015, the statement of income and expenditure, statement of comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the Responsible Entities' 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 the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The members of the Commissions responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation 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 controls. 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.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Basis for Qualified Audit Opinion

As is common with organisations of this type, it is not practical for Caritas Australia to maintain an effective system of internal control over voluntary collections and donations until their initial entry into the accounting records. Accordingly, our audit in relation to such funds was limited to amounts recorded.

Qualified Auditor's Opinion

In our opinion, except for the possible effects, if any, on the financial report of the matters referred to in the qualification paragraph, the financial report of Caritas Australia is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the entity's financial position as at 30 June 2015 and of its performance for the year ended on that date.
- b) complying with Australian Accounting Standards; and the *Australian Charities and Not-for-profits Regulation 2013*; and
- c) complying with the Australian Council for International Development (ACFID) Code of Conduct.



MOORE STEPHENS SYDNEY
Chartered Accountants



S. TZANNES
Partner

Dated in Sydney this 30th day of October 2015

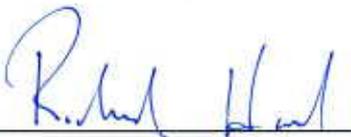
Caritas Australia

Responsible Entity Declaration

The responsible entities declare that in the responsible entities' opinion:

- (a) There are reasonable grounds to believe that Caritas Australia is able to pay all its debts, as and when they become due and payable; and
- (b) The financial statements and notes satisfy the requirements of the Australian Charities and not-for-profits Commission Act 2012.

Signed in accordance with subsection 60.15(2) of Australian Charities and Not-for-profit Commission Regulation 2013.



Mr. Richard Haddock, Treasurer

Dated this 30th day of October 2015.

CARITAS AUSTRALIA
ABN 90 970 605 069

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2015

| | NOTE | 2015 \$ | 2014 \$ |
|--|----------|-------------------|-------------------|
| REVENUE | | | |
| Donations and gifts: | | | |
| Monetary | | 27,867,042 | 27,814,224 |
| Non-monetary | | 120,882 | 118,810 |
| Legacies and bequests | | 2,318,406 | 2,815,583 |
| Grants: | | | |
| DFAT | | 13,744,381 | 14,502,602 |
| Other Australian | | 727,720 | 285,455 |
| Other overseas | | 28,629 | 50,366 |
| Investment income | | 938,741 | 901,188 |
| Other income | | 171,228 | 695,370 |
| TOTAL REVENUE | 2 | 45,917,029 | 47,183,598 |
| EXPENDITURE | | | |
| International Aid and Development Programs | | | |
| Expenditure | | | |
| International programs: | | | |
| Funds to international programs | | 24,945,430 | 23,498,770 |
| Program support costs | | 4,102,750 | 3,875,648 |
| Community education | | 5,343,721 | 5,034,985 |
| Fundraising costs: | | | |
| Public | | 4,152,167 | 3,372,852 |
| Government, multilateral and private | | 75,736 | 99,706 |
| Accountability and administration | | 1,699,470 | 978,133 |
| Non-monetary expenditure | | 120,882 | 118,810 |
| Total International Aid and Development Programs | | 40,440,156 | 36,978,904 |
| Expenditure | | | |
| Expenditure for international political or religious proselytisation programs | | 31,400 | 30,400 |
| Domestic programs expenditure | | 2,207,608 | 1,917,955 |
| TOTAL EXPENDITURE | 3 | 42,679,164 | 38,927,259 |
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE | | 3,237,865 | 8,256,339 |

No Appeal generated 10 per cent or more of the total income for the year ended 30 June 2015. 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 2015

| | Note | 2015 \$ | 2014 \$ |
|---|------|-------------------------|-------------------------|
| Excess (Shortfall) of revenue over expenditure | | 3,237,865 | 8,256,339 |
| Other comprehensive income: | | | |
| (loss)/gain on revaluation of financial assets | 12 | <u>(472,685)</u> | <u>844,453</u> |
| Total Other comprehensive income for the year | | <u>(472,685)</u> | <u>844,453</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u><u>2,765,180</u></u> | <u><u>9,100,792</u></u> |

The accompanying notes form part of these financial statements.

CARITAS AUSTRALIA
ABN 90 970 605 069

BALANCE SHEET AS AT 30 JUNE 2015

| | Note | 2015 \$ | 2014 \$ |
|---|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 29,825,109 | 22,345,962 |
| Trade and other receivables | | 198,636 | 184,034 |
| Prepayments | | 313,577 | 295,098 |
| Other financial assets | 5 | <u>8,936,761</u> | <u>9,075,854</u> |
| TOTAL CURRENT ASSETS | | <u>39,274,083</u> | <u>31,900,948</u> |
| NON-CURRENT ASSETS | | | |
| Other financial assets | 6 | 7,805,531 | 7,270,009 |
| Leasehold improvements, plant and equipment | 7 | <u>761,071</u> | <u>797,650</u> |
| TOTAL NON-CURRENT ASSETS | | <u>8,566,602</u> | <u>8,067,659</u> |
| TOTAL ASSETS | | <u>47,840,685</u> | <u>39,968,607</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 8 | 5,371,624 | 1,705,281 |
| Other financial liabilities | 9 | 9,604,830 | 8,867,214 |
| Other liabilities | 10 | 2,588,642 | 5,173,614 |
| Short term provisions | 11 | <u>1,183,322</u> | <u>1,018,086</u> |
| TOTAL CURRENT LIABILITIES | | <u>18,748,418</u> | <u>16,764,195</u> |
| NON-CURRENT LIABILITIES | | | |
| Other liabilities | 10 | 717,706 | 1,700,195 |
| Long term provisions | 11 | <u>225,031</u> | <u>262,327</u> |
| TOTAL NON-CURRENT LIABILITIES | | <u>942,737</u> | <u>1,962,522</u> |
| TOTAL LIABILITIES | | <u>19,691,155</u> | <u>18,726,717</u> |
| NET ASSETS | | <u>28,149,530</u> | <u>21,241,890</u> |
| EQUITY | | | |
| Reserves | 12 | 22,545,876 | 21,093,390 |
| Accumulated funds available for future use | 13 | <u>5,603,654</u> | <u>148,500</u> |
| TOTAL EQUITY | | <u>28,149,530</u> | <u>21,241,890</u> |

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 2015

| | Note | Accumulated Funds Available for Future Use \$ | Committed Funds Reserves \$ | Specified Purpose Reserves \$ | Financial Assets Reserve \$ | Total \$ |
|---|-------|---|--------------------------------------|--|--------------------------------------|-------------------|
| Balance at 1 July 2013 | | 6,233,680 | 11,693,566 | 723,424 | 364,235 | 19,014,905 |
| Excess of revenue over expenditure | | 8,256,339 | - | - | - | 8,256,339 |
| Other comprehensive income for the year | 12 | - | - | - | 844,453 | 844,453 |
| <i>Transfers (to) from reserves:</i> | | | | | | |
| Committed Funds Reserves | 12 | - | 2,344,886 | - | - | 2,344,886 |
| Specified Purpose Reserves | 13 | (14,341,519) | - | 5,122,826 | - | (9,218,693) |
| Balance at 30 June 2014 | 12,13 | <u>148,500</u> | <u>14,038,452</u> | <u>5,846,250</u> | <u>1,208,688</u> | <u>21,241,890</u> |
| Excess of revenue over expenditure | | 3,237,865 | - | - | - | 3,237,865 |
| Other comprehensive income for the year | 12 | - | - | - | (472,685) | (472,685) |
| <i>Transfers (to) from reserves:</i> | | | | | | |
| Committed Funds Reserves | 12 | 4,764,636 | (622,176) | - | - | 4,142,460 |
| Specified Purpose Reserves | 13 | (2,547,347) | - | 2,547,347 | - | - |
| Balance at 30 June 2015 | 12,13 | <u>5,603,654</u> | <u>13,416,276</u> | <u>8,393,597</u> | <u>736,003</u> | <u>28,149,530</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 2015

| | Note | 2015 \$ | 2014 \$ |
|--|------|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Grants and donations received | | 49,596,769 | 46,239,954 |
| Payments for projects and to suppliers and employees | | (41,007,342) | (38,940,838) |
| GST (net) remitted to the ATO | | (1,816,142) | (997,191) |
| Dividends received | | 329,573 | 271,286 |
| Interest received | | <u>563,463</u> | <u>576,508</u> |
| NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES | 15 | <u>7,666,321</u> | <u>7,149,719</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for leasehold improvements, plant and equipment | | (287,463) | (88,885) |
| Proceeds from investments / (Payments for investments) | | 100,289 | (194,665) |
| Proceeds from sale of plant and equipment | | <u>-</u> | <u>-</u> |
| NET CASH USED IN INVESTING ACTIVITIES | | <u>(187,174)</u> | <u>(283,550)</u> |
| Net (decrease) increase in cash held | | 7,479,147 | 6,866,169 |
| Cash at beginning of year | | <u>22,345,962</u> | <u>15,479,792</u> |
| CASH AT END OF FINANCIAL YEAR | 4 | <u>29,825,109</u> | <u>22,345,962</u> |

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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. For further information of the Code of Conduct, please refer to the ACFID Code of Conduct Guidance available at www.acfid.asm.au. 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 Australia's 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 1(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 quarterly by the Audit and Risk Management Committee 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 1: Summary of Significant Accounting Policies (continued)

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

maintenance costs are charged to the statement of income and expenditure during the financial period in which they are incurred.

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% or Shorter over life of lease |
| 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 1: Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

initially measured at fair value plus transactions costs where the instrument is not classified 'at 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 1: Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

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.

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 2015

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

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(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 six month or less.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 1: Summary of Significant Accounting Policies (continued)

(j) Revenue

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

(j) Revenue (continued)

Grant revenue is recognised in the statement of income and expenditure when Caritas Australia obtains control of the grant, and 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, salary or rental 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 is 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 (restricted) 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 program agreements or memorandums of understanding are in place.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 1: Summary of Significant Accounting Policies (continued)

(n) Accumulated Funds Available for Future Use

Funds available for future use represent accumulated surpluses available to fund future projects.

(o) Critical Accounting Estimates and Judgements

Estimates and judgements incorporated in the financial report are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the organisation.

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 for the purpose of meeting its long term program funding commitments. The carrying value for the portfolio at reporting date is \$7,805,531. 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 2015.

CARITAS AUSTRALIA
ABN 90 970 605 069

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

The financial report was authorised for issue by the Caritas Australia National Council, a delegated committee of the Bishops Commission on 30 October 2015. The Bishops Commission has the power to amend and reissue the financial report.

| | 2015 | 2014 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Note 2: Revenue | | |
| Revenue from Government and other grants | | |
| Government grants | 13,744,381 | 14,502,602 |
| Other Australian | 727,720 | 285,455 |
| Other overseas | 28,629 | 50,366 |
| | <u>14,500,730</u> | <u>14,838,423</u> |
| Other revenue | | |
| Donations and gifts - monetary | 27,867,042 | 27,814,224 |
| Gifts in kind - non-monetary | 120,882 | 118,810 |
| Legacies and bequests | 2,318,406 | 2,815,583 |
| Interest - other corporations | 564,192 | 586,545 |
| Dividends - other corporations | 374,549 | 314,643 |
| Gain on foreign currency translation | 10,276 | 541,938 |
| Other income | 160,952 | 153,432 |
| | <u>31,416,299</u> | <u>32,345,175</u> |
| Total Revenue | <u>45,917,029</u> | <u>47,183,598</u> |

Note 3: Expenditure

Expenditure includes the following expenses:

| | | |
|--|-----------|-----------|
| Expenses | | |
| Rental expense on operating leases | 763,826 | 747,262 |
| Salaries | 8,978,972 | 8,251,963 |
| Depreciation and amortisation of leasehold improvements, plant and equipment | 307,688 | 313,987 |

Note 4: Cash and Cash Equivalents

| | | |
|--|-------------------|-------------------|
| Cash at bank and in hand | 2,459,309 | 2,319,335 |
| Short-term bank deposits | 27,365,800 | 20,026,627 |
| | <u>29,825,109</u> | <u>22,345,962</u> |
| Total Cash and Cash Equivalents | <u>29,825,109</u> | <u>22,345,962</u> |

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| | 2015 | 2014 |
|--|----------------|----------------|
| | \$ | \$ |
| Note 7: Leasehold Improvements, Plant and Equipment (continued) | | |
| Motor Vehicles: | | |
| At cost | 121,576 | 172,759 |
| Accumulated depreciation | (40,615) | (92,597) |
| | 80,961 | 80,162 |
| Leasehold Improvements: | | |
| At cost | 1,390,147 | 1,259,298 |
| Accumulated amortisation | (976,841) | (807,396) |
| | 413,306 | 451,902 |
| Total Leasehold Improvements, Plant and Equipment | 761,071 | 797,650 |

(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 2013 | 324,584 | 119,277 | 578,890 | 1,022,751 |
| Additions | 88,886 | - | - | 88,886 |
| Disposals | (156,855) | - | - | (156,855) |
| Depreciation and amortisation expense | 8,971 | (39,115) | (126,988) | (157,132) |
| Carrying amount at 30 June 2014 | 265,586 | 80,162 | 451,902 | 797,650 |
| Additions | 156,614 | - | 130,849 | 287,463 |
| Disposals | (42,768) | (51,183) | - | (93,951) |
| Accum. Depreciation/Amortisation | - | 77,598 | - | 77,598 |
| Depreciation and amortisation expense | (112,628) | (25,616) | (169,445) | (307,689) |
| Carrying amount at 30 June 2015 | 266,804 | 80,961 | 413,306 | 761,071 |

Note 8: Trade and other payables

| | 2015 | 2014 |
|---|------------------|------------------|
| | \$ | \$ |
| Trade payables | 572,951 | 446,321 |
| Other payables – Salary Sacrifice | 120,477 | 74,035 |
| Unexpended grants | 3,331,860 | 414,413 |
| Sundry payables and accrued expenses | 1,346,336 | 770,512 |
| | 5,371,624 | 1,705,281 |
| (a) Financial liabilities at amortised cost classified as trade and other payables: | | |
| - Total current | 5,371,624 | 1,705,281 |
| - Less unexpended grants | (3,331,860) | (414,413) |
| Financial liabilities as trade and other payables | 2,039,764 | 1,290,868 |

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FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 | 2014 |
|---|------------------|------------------|
| | \$ | \$ |
| Note 9: Other Financial Liabilities - Current | | |
| Financial liabilities at fair value through profit and loss | <u>9,604,830</u> | <u>8,867,214</u> |
| Financial liabilities at fair value through profit and loss comprise: | | |
| Derivatives, at fair value | | |
| - Foreign currency forward contract | <u>9,604,830</u> | <u>8,867,214</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: | | |
| Program funding commitment <i>(payments falling due within the next 12 months)</i> | 2,550,527 | 5,173,614 |
| Financed Lease | <u>38,115</u> | <u>-</u> |
| | <u>2,588,642</u> | <u>5,173,614</u> |
| Non-Current: | | |
| Program Funding Commitment <i>(payments falling due after 12 months)</i> | <u>717,706</u> | <u>1,700,195</u> |
| Total Other Liabilities | <u>3,306,348</u> | <u>6,873,809</u> |

Note 11: Provisions

| | Short Term Employee Benefits | Long Term Employee Benefits | Total |
|-------------------------------------|---|--|------------------|
| | \$ | \$ | \$ |
| Annual Leave | 730,665 | | 730,665 |
| Long Service Leave | <u>452,657</u> | <u>225,031</u> | <u>677,688</u> |
| Balance at 30 June 2015 | <u>1,183,322</u> | <u>225,031</u> | <u>1,408,353</u> |
| | | 2015 | 2014 |
| | | \$ | \$ |
| Analysis of total provisions | | | |
| Current | | 1,183,322 | 1,018,086 |
| Non-Current | | <u>225,031</u> | <u>262,327</u> |
| | | <u>1,408,353</u> | <u>1,280,413</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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 12: Reserves

Caritas Australia maintains three reserve categories for the purpose of tracking and monitoring all funds that are committed and/or restricted to future program activity use and requirements.

Reserve Summary

| Reserve Category | 2015 \$ | 2014 \$ |
|---------------------------|-------------------|-------------------|
| Specified Purpose Reserve | 8,393,597 | 5,846,250 |
| Committed Funds Reserve | 13,416,276 | 14,038,452 |
| Financial Assets Reserve | 736,003 | 1,208,688 |
| Total Reserves | <u>22,545,876</u> | <u>21,093,390</u> |

(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.

| | 2015 \$ | 2014 \$ |
|---|-------------------|-------------------|
| <i>East Africa Appeal:</i> | | |
| Opening balance | 12,944 | 148,709 |
| Transfers to the reserve | 500 | 5,120 |
| Transfers from the reserve | (40) | (140,885) |
| Closing balance | <u>13,404</u> | <u>12,944</u> |
| <i>Haiti Earthquake Appeal:</i> | | |
| Opening balance | 103,648 | 103,466 |
| Transfers to the reserve | 2,361 | 8,011 |
| Transfers from the reserve | - | (7,829) |
| Closing balance | <u>106,009</u> | <u>103,648</u> |
| <i>Typhoon Haiyan Appeal:</i> | | |
| Opening balance | 5,191,977 | - |
| Transfers to the reserve | 107,156 | 7,154,281 |
| Transfers from the reserve | (1,957,072) | (1,962,304) |
| Closing balance | <u>3,342,061</u> | <u>5,191,977</u> |
| <i>Other Specified Purpose Reserve:</i> | | |
| Opening balance | 537,681 | 471,249 |
| Transfers to the reserve | 6,544,712 | 686,488 |
| Transfers from the reserve | (2,150,270) | (620,056) |
| Closing balance | <u>4,932,123</u> | <u>537,681</u> |
| Total Specified Purpose Reserve | <u>8,393,597</u> | <u>5,846,250</u> |

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Note 12: Reserves (continued)

(b) Committed Funds Reserve:

Committed expenditure reserve fund was put in place to ensure that the agency has the financial means to continue to meet its current obligation to program partners where there is a current signed funding agreement in place, as well, to meet the ongoing obligation it may have towards any operating lease agreement.

Caritas Australia Committed Expenditure Reserve:

| | | |
|----------------------------|--------------------|------------------|
| Opening balance | 6,873,809 | 5,439,185 |
| Transfers to the reserve | - | 1,434,624 |
| Transfers from the reserve | <u>(1,159,061)</u> | - |
| Closing balance | <u>5,714,748</u> | <u>6,873,809</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.

| | 2015 | 2014 |
|------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| <i>Caritas Foundation Reserve:</i> | | |
| Opening balance | 7,164,643 | 6,254,381 |
| Transfers to the reserve | 536,885 | 910,262 |
| Transfers from the reserve | - | - |
| Closing balance | <u>7,701,528</u> | <u>7,164,643</u> |
| | | |
| Total Committed Funds Reserve | <u>13,416,276</u> | <u>14,038,452</u> |

(c) Financial Assets Reserve:

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

Financial Assets Reserve:

| | | |
|--|------------------|------------------|
| Opening balance | 1,208,688 | 364,235 |
| Revaluation increment – financial assets | <u>(472,685)</u> | <u>844,453</u> |
| Closing balance | <u>736,003</u> | <u>1,208,688</u> |

Note 13: Accumulated Funds Available for Future Use

| | | |
|--|------------------|---------------------|
| Accumulated funds available at beginning of year | 148,500 | 6,233,680 |
| Excess of revenue over expenditure | 3,237,865 | 8,256,339 |
| Transfers to /(from) reserves | <u>2,217,289</u> | <u>(14,341,519)</u> |
| Accumulated funds available at end of year | <u>5,603,654</u> | <u>148,500</u> |

Note 14: Governance Officers and Senior Management

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 14: Governance Officers and Senior Management (Continued)

| Key Governance Officers | Position |
|--|---|
| Archbishop Philip Wilson* ('till March 15) | Council Chairman – non-executive |
| Bishop Eugene Hurley* ('till April 15) | Council Deputy Chairman – non-executive |
| Bishop Greg O’Kelly* ('till May 15) | Council Deputy Chairman – non-executive |
| Bishop Greg O’Kelly* (commenced May 15) | Council Chairman – non-executive |
| Bishop Peter Stasiuk CSsR DD (commenced May 15) | Council Deputy Chairman – non-executive |
| Ms. Louise Campbell | Council member – non-executive |
| Mr. Christopher Carlile ('till June 15) | 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 |
| Mr Clyde Consetino | Council member – non-executive |
| Ms. Jennifer Stratton ('till June 15) | Council member – non-executive |
| Mr. Bob Ward | Council member – non-executive |
| Mr. Michael Burnett | Council member – non-executive |
| Mr. Anthony Fogarty ('till June 15) | Council member – non-executive |
| Mr John Warhurst (commenced June 15) | Council member – non-executive |
| Mr John Bouffier (commenced June 15) | Council member – non-executive |
| | |
| Senior Management | Position |
| Mr. Paul O’Callaghan | Chief Executive Officer |
| Mr. Rocky Naickar | Chief Finance & Operations Officer |
| Ms. Jamieson Davies | Head, International Programs |
| Ms. Helen Forde | Head, Community Engagement |
| Mr. Mark Green (<i>resigned November 2014</i>) | Head, Mission & People |
| Sr. Anne McGuire (commenced February 2015) | Head, Mission |

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

(b) Senior Management Compensation:

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

| | Short-term benefits | | | | Post Employment Benefits | | |
|--------------------|----------------------------|------------------------|------------------------|--------------|---------------------------------|----------------|--|
| | Salary | Super-annuation | Termination Pay | Bonus | Other | Total | |
| 2015 | | | | | | | |
| Total Compensation | 806,653 | 89,520 | 55,326 | - | - | 951,499 | |
| | | | | | | | |
| 2014 | | | | | | | |
| Total Compensation | <u>782,049</u> | <u>77,017</u> | <u>44,018</u> | - | - | <u>903,084</u> | |

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Note 15: Cash Flow Information

| Reconciliation of Cash Flow from Operating Activities with Excess of Revenue over Expenditure | 2015 | 2014 |
|--|------------------|------------------|
| | \$ | \$ |
| Excess of revenue over expenditure for year | 3,237,865 | 8,256,339 |
| Non-cash flows: | | |
| Depreciation and amortisation | 324,042 | 313,987 |
| Fair value adjustment to financial liabilities | (362,972) | (541,938) |
| Changes in assets and liabilities: | | |
| (Increase) / Decrease in receivables | (14,602) | 1,370 |
| (Increase) / Decrease in prepayments | (18,479) | (77,971) |
| Increase / (Decrease) in payables | 4,435,428 | (725,964) |
| Increase in provisions | 26,924 | (70,924) |
| Increase / (Decrease) in other liabilities | 38,115 | (5,180) |
| Cash flows from Operating Activities | <u>7,666,321</u> | <u>7,149,719</u> |

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 | 2015 | 2014 |
|---|-------------|-------------------|-------------------|
| | | \$ | \$ |
| Financial Assets | | | |
| Cash and cash equivalents | 4 | 29,825,109 | 22,345,962 |
| Trade and other receivables | | 198,636 | 184,034 |
| Available-for-sale financial instruments | 5 | 7,805,531 | 7,270,009 |
| Financial assets at fair value through profit and loss | 6 | 8,936,761 | 9,075,854 |
| | | <u>46,766,037</u> | <u>38,875,859</u> |
| Financial Liabilities | | | |
| Financial liabilities at amortised cost | | | |
| Trade and other payables | 8 | 2,039,764 | 1,290,868 |
| Financial liabilities at fair value through profit and loss | 9 | 9,604,830 | 8,867,214 |
| | | <u>11,644,594</u> | <u>10,158,082</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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Note 17: Financial Instruments (continued)

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 2015 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.

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 | |
|---|-------------------|-------------------|-------------|------------|------------------|------------------|-----------------------------|-------------------|
| | 2015 \$ | 2014 \$ | 2015 \$ | 2014 \$ | 2015 \$ | 2014 \$ | 2015 \$ | 2014 \$ |
| Financial Liabilities due for payment | | | | | | | | |
| Trade and other payables | 2,039,764 | 1,290,868 | - | - | - | - | 2,039,764 | 1,290,868 |
| Unexpended Grants | 3,331,860 | 414,413 | - | - | - | - | 3,331,860 | 414,413 |
| At fair value through profit and loss | 9,604,830 | 8,867,214 | - | - | - | - | 9,604,830 | 8,867,214 |
| Total expected outflows | <u>14,976,454</u> | <u>10,572,495</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>14,976,454</u> | <u>10,572,495</u> |
| Financial Assets cash flows realisable | | | | | | | | |
| Cash and Cash Equivalents | 29,825,109 | 22,345,962 | - | - | - | - | 29,825,109 | 22,345,962 |
| Trade and other receivables | 198,636 | 184,034 | - | - | - | - | 198,636 | 184,034 |
| Available-for-sale investments | - | - | - | - | 7,805,531 | 7,270,009 | 7,805,531 | 7,270,009 |
| At fair value through profit and loss | 8,936,761 | 9,075,854 | - | - | - | - | 8,936,761 | 9,075,854 |
| Total anticipated inflows | <u>38,960,506</u> | <u>31,605,850</u> | <u>-</u> | <u>-</u> | <u>7,805,531</u> | <u>7,270,009</u> | <u>46,766,037</u> | <u>38,875,859</u> |
| Net inflow on financial instruments | <u>23,984,052</u> | <u>21,033,355</u> | <u>-</u> | <u>-</u> | <u>7,805,531</u> | <u>7,270,009</u> | <u>31,789,583</u> | <u>28,303,364</u> |

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Note 17: Financial Instruments (continued)

(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 and taking out foreign currency forward contracts to mitigate fluctuations.

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.

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:

| | 2015 | 2014 |
|---------------------------------|------------------|------------------|
| | \$ | \$ |
| Payable: minimum lease payments | | |
| – not later than 12 months | 676,250 | 723,178 |
| – between 12 months and 5 years | 1,732,150 | 2,563,705 |
| – greater than 5 years | - | - |
| | <u>2,408,400</u> | <u>3,286,883</u> |

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.

| | | |
|--|---------------|---------------|
| Audit and Other Assurance Service Fees | | |
| – Moore Stephens | 24,000 | - |
| – PwC | - | 46,200 |
| | <u>24,000</u> | <u>46,200</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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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 did exercise 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.