



SERVING ALL HUMANITY

FULL FINANCIAL REPORT
2015-16

The Catholic Agency for
International Aid and Development



Caritas
AUSTRALIA

End poverty
Promote justice
Uphold dignity

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. Michael Burnett, Chair – Audit & Risk Management Committee

Dated this 27th day of September 2016.

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 2016 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.



S TZANNES
Partner

PITCHER PARTNERS
Sydney

Dated this 27th day of September 2016.

**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 2016, 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 qualified 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

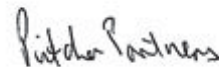
In our opinion, except for the possible effects, if any, on the financial report of the matters referred to in the qualification paragraph, the financial report of Caritas Australia is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the entity's financial position as at 30 June 2016 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.



S TZANNES
Partner

27 September 2016



PITCHER PARTNERS
Sydney

CARITAS AUSTRALIA
ABN 90 970 605 069

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 \$	2015 \$
REVENUE			
Donations and gifts:			
Monetary		23,021,211	27,867,042
Non-monetary		116,544	120,882
Legacies and bequests		4,063,786	2,318,406
Grants:			
DFAT		11,740,756	13,744,381
Other Australian		85,580	727,720
Other overseas		296,583	28,629
Investment income		1,096,447	938,741
Other income		1,595,027	171,228
TOTAL REVENUE	2	42,015,934	45,917,029
EXPENDITURE			
International Aid and Development Programs			
Expenditure			
International programs:			
Funds to international programs		23,295,851	24,945,430
Program support costs		4,058,919	4,102,750
Community education		4,999,949	5,343,721
Fundraising costs:			
Public		4,152,025	4,152,167
Government, multilateral and private		84,532	75,736
Accountability and administration		1,255,028	1,699,470
Non-monetary expenditure		116,544	120,882
Total International Aid and Development Programs		37,962,848	40,440,156
Expenditure		37,962,848	40,440,156
Expenditure for international political or religious proselytisation programs		31,900	31,400
Domestic programs expenditure		1,946,843	2,207,608
TOTAL EXPENDITURE	3	39,941,591	42,679,164
EXCESS OF REVENUE OVER EXPENDITURE		2,074,343	3,237,865

No Appeal generated 10 per cent or more of the total income for the year ended 30 June 2016. 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 2016

	Note	2016	2015
		\$	\$
Excess of revenue over expenditure		2,074,343	3,237,865
Other comprehensive income:			
(loss)/gain on revaluation of financial assets	12	<u>(325,555)</u>	<u>(472,685)</u>
Total Other comprehensive income for the year		<u>(325,555)</u>	<u>(472,685)</u>
 TOTAL COMPREHENSIVE INCOME FOR THE YEAR		 <u>1,748,788</u>	 <u>2,765,180</u>

The accompanying notes form part of these financial statements.

CARITAS AUSTRALIA
ABN 90 970 605 069

BALANCE SHEET AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	4	29,759,239	29,825,109
Trade and other receivables		231,859	198,636
Prepayments		605,020	313,577
Other financial assets	5	<u>3,989,362</u>	<u>8,936,761</u>
TOTAL CURRENT ASSETS		<u>34,585,480</u>	<u>39,274,083</u>
NON-CURRENT ASSETS			
Other financial assets	6	7,933,453	7,805,531
Leasehold improvements, plant and equipment	7	<u>608,672</u>	<u>761,071</u>
TOTAL NON-CURRENT ASSETS		<u>8,542,125</u>	<u>8,566,602</u>
TOTAL ASSETS		<u>43,127,605</u>	<u>47,840,685</u>
CURRENT LIABILITIES			
Trade and other payables	8	4,377,852	5,371,624
Other financial liabilities	9	3,857,529	9,604,830
Other liabilities	10	2,233,836	2,588,642
Short term provisions	11	<u>1,298,709</u>	<u>1,183,322</u>
TOTAL CURRENT LIABILITIES		<u>11,767,926</u>	<u>18,748,418</u>
NON-CURRENT LIABILITIES			
Other liabilities	10	126,667	717,706
Long term provisions	11	<u>254,794</u>	<u>225,031</u>
TOTAL NON-CURRENT LIABILITIES		<u>381,461</u>	<u>942,737</u>
TOTAL LIABILITIES		<u>12,149,387</u>	<u>19,691,155</u>
NET ASSETS		<u>30,978,218</u>	<u>28,149,530</u>
EQUITY			
Reserves	12	17,954,923	22,545,876
Accumulated funds available for future use	13	<u>13,023,295</u>	<u>5,603,654</u>
TOTAL EQUITY		<u>30,978,218</u>	<u>28,149,530</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 2016

	Note	Accumulated Funds Available for Future Use \$	Committed Funds Reserves \$	Specified Purpose Reserves \$	Financial Assets Reserve \$	Total \$
Balance at 1 July 2014		148,500	14,038,452	5,846,250	1,208,688	21,241,890
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>
Excess of revenue over expenditure		2,074,343	-	-	-	2,074,343
Other comprehensive income for the year	12	325,555	-	-	(325,555)	-
<i>Transfers (to) from reserves:</i>						
Committed Funds Reserves	12	2,187,395	(1,433,050)	-	-	754,345
Specified Purpose Reserves	13	2,832,348	-	(2,832,348)	-	-
Balance at 30 June 2016	12,13	<u>13,023,295</u>	<u>11,983,226</u>	<u>5,561,249</u>	<u>410,448</u>	<u>30,978,218</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 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Grants and donations received		40,970,391	49,596,769
Payments for projects and to suppliers and employees		(41,457,808)	(41,007,342)
GST (net) remitted to the ATO		(950,415)	(1,816,142)
Dividends received		446,116	329,573
Interest received		<u>570,533</u>	<u>563,463</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	15	<u>(421,183)</u>	<u>7,666,321</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for leasehold improvements, plant and equipment		(152,577)	(287,463)
Proceeds from investments / (Payments for investments)		<u>507,890</u>	<u>100,289</u>
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		<u>355,313</u>	<u>(187,174)</u>
Net (decrease) increase in cash held		(65,870)	7,479,147
Cash at beginning of year		<u>29,825,109</u>	<u>22,345,962</u>
CASH AT END OF FINANCIAL YEAR	4	<u>29,759,239</u>	<u>29,825,109</u>

The accompanying notes form part of these financial statements.

CARITAS AUSTRALIA
ABN 90 970 605 069

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, and other authoritative pronouncements of the Australian Accounting Standards Board, Australian Charities and Not-for-profits Commission Act 2012 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.asn.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 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 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 2016

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 2016

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of Significant Accounting Policies (continued)

(e) Impairment of Assets (continued)

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.

(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 the 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of Significant Accounting Policies (continued)

(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.

(j) Revenue

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 2016

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 \$7,933,453. 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.

(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. Caritas Australia has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 01 July 2016.

CARITAS AUSTRALIA
ABN 90 970 605 069

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

The financial report was authorised for issue by the Caritas Australia National Council, a delegated committee of the Bishops Commission on 27 September 2016. The Bishops Commission has the power to amend and reissue the financial report.

	2016	2015
	\$	\$
Note 2: Revenue		
Revenue from Government and other grants		
Government grants	11,740,756	13,744,381
Other Australian	85,580	727,720
Other overseas	296,583	28,629
	<u>12,122,919</u>	<u>14,500,730</u>
Other revenue		
Donations and gifts - monetary	23,021,211	27,867,042
Gifts in kind - non-monetary	116,544	120,882
Legacies and bequests	4,063,786	2,318,406
Interest - other corporations	564,034	564,192
Dividends - other corporations	532,414	374,549
Gain on foreign currency translation	1,332,885	10,276
Other income	262,141	160,952
	<u>29,893,015</u>	<u>31,416,299</u>
Total Revenue	<u>42,015,934</u>	<u>45,917,029</u>
Note 3: Expenditure		
Expenditure includes the following expenses:		
Expenses		
Rental expense on operating leases	851,493	763,826
Salaries	9,485,795	8,978,972
Depreciation and amortisation of leasehold improvements, plant and equipment	304,975	307,688
Note 4: Cash and Cash Equivalents		
Cash at bank and in hand	5,081,690	2,459,309
Short-term bank deposits	<u>24,677,549</u>	<u>27,365,800</u>
Total Cash and Cash Equivalents	<u>29,759,239</u>	<u>29,825,109</u>

CARITAS AUSTRALIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 4: Cash and Cash Equivalents (continued)

Table of Cash Movements for Designated Purposes

Designated Purpose / Appeal	Note	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	12(a)	106,009	1,657	(100,008)	7,658
East Africa Appeal	12(a)	13,404	500	(40)	13,864
Typhoon Haiyan Appeal	12(a)	3,342,061	50,959	(2,663,447)	729,573
Other Designated Appeals	12(a)	4,932,123	1,881,514	(2,003,483)	4,810,154
Other Purposes		21,431,512	40,052,410	(37,285,932)	24,197,990
Total		29,825,109	41,987,040	(42,052,910)	29,759,239

2016
\$

2015
\$

Note 5: Other Financial Assets - Current

Financial assets at fair value through profit and loss	<u>3,989,362</u>	<u>8,936,761</u>
Financial assets at fair value through profit and loss comprise:		
Derivatives, at fair value		
- Foreign currency forward contract	<u>3,989,362</u>	<u>8,936,761</u>

Financial assets comprise foreign currency forward contracts that Caritas Australia has entered into to minimise the effect of foreign currency fluctuations on future project payments. Asset is recognised at the time the forward contract is signed with a matching liability.

Note 6: Other Financial Assets – Non Current

Available-for-sale financial assets	<u>7,933,453</u>	<u>7,805,531</u>
Available-for-sale financial assets comprise:		
Unlisted Investments, at fair value:		
- Managed funds	<u>7,933,453</u>	<u>7,805,531</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 7: Leasehold Improvements, Plant and Equipment

Office Equipment:		
At cost	1,842,934	1,763,477
Accumulated depreciation	<u>(1,610,268)</u>	<u>(1,478,350)</u>
	<u>232,666</u>	<u>285,127</u>

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NOTES TO THE FINANCIAL STATEMENTS
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	2016	2015
	\$	\$
Note 7: Leasehold Improvements, Plant and Equipment (continued)		
Motor Vehicles:		
At cost	192,515	121,576
Accumulated depreciation	(128,124)	(87,249)
	64,391	34,327
Leasehold Improvements:		
At cost	1,392,326	1,390,147
Accumulated amortisation	(1,080,711)	(948,530)
	311,615	441,617
Total Leasehold Improvements, Plant and Equipment	608,672	761,071

(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 2014	265,586	80,162	451,902	797,650
Additions	155,636	30,235	130,849	316,720
Disposals	(42,808)	(81,418)	-	(124,226)
Accum. Depreciation/Amortisation	42,848	30,964	-	73,812
Depreciation and amortisation expense	(136,135)	(25,616)	(141,134)	(302,885)
Carrying amount at 30 June 2015	285,127	34,327	441,617	761,071
Additions	79,457	70,939	2,180	152,576
Disposals	-	-	-	-
Accum. Depreciation/Amortisation	-	-	-	-
Depreciation and amortisation expense	(131,918)	(40,875)	(132,182)	(304,975)
Carrying amount at 30 June 2016	232,666	64,391	311,615	608,672

Note 8: Trade and other payables

	Note	2016	2015
		\$	\$
Trade payables		128,230	572,951
Other payables – Salary Sacrifice		103,621	120,477
Unexpended grants		3,246,132	3,331,860
Sundry payables and accrued expenses		899,869	1,346,336
		4,377,852	5,371,624
(a) Financial liabilities at amortised cost classified as trade and other payables:			
- Total current		4,377,852	5,371,624
- Less unexpended grants		(3,246,132)	(3,331,860)
Financial liabilities as trade and other payables	17	1,131,720	2,039,764

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
		\$	\$
Note 9: Other Financial Liabilities – Current	Note		
Financial liabilities at fair value through profit and loss	17	<u>3,857,529</u>	<u>9,604,830</u>
Financial liabilities at fair value through profit and loss comprise:			
Derivatives, at fair value			
- Foreign currency forward contract		<u>3,857,529</u>	<u>9,604,830</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>		2,191,039	2,550,527
Financed Lease		<u>42,797</u>	<u>38,115</u>
		<u>2,233,836</u>	<u>2,588,642</u>
Non-Current:			
Program Funding Commitment <i>(payments falling due after 12 months)</i>		<u>126,667</u>	<u>717,706</u>
Total Other Liabilities		<u>2,360,503</u>	<u>3,306,348</u>

Note 11: Provisions

	Short Term Employee Benefits	Long Term Employee Benefits	Total
	\$	\$	\$
Annual Leave	850,356	-	850,356
Long Service Leave	<u>448,353</u>	<u>254,794</u>	<u>703,147</u>
Balance at 30 June 2016	<u>1,298,709</u>	<u>254,794</u>	<u>1,553,503</u>
		2016	2015
		\$	\$
Analysis of total provisions			
Current		1,298,709	1,183,322
Non-Current		<u>254,794</u>	<u>225,031</u>
		<u>1,553,503</u>	<u>1,408,353</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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FOR THE YEAR ENDED 30 JUNE 2016

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	Note	2016 \$	2015 \$
Specified Purpose Reserve	12(a)	5,561,249	8,393,597
Committed Funds Reserve	12(b)	11,983,226	13,416,276
Financial Assets Reserve	12(c)	410,448	736,003
Total Reserves		<u>17,954,923</u>	<u>22,545,876</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.

	2016 \$	2015 \$
<i>East Africa Appeal:</i>		
Opening balance	13,404	12,944
Transfers to the reserve	500	500
Transfers from the reserve	(40)	(40)
Closing balance	<u>13,864</u>	<u>13,404</u>
<i>Haiti Earthquake Appeal:</i>		
Opening balance	106,009	103,648
Transfers to the reserve	1,657	2,361
Transfers from the reserve	(100,008)	-
Closing balance	<u>7,658</u>	<u>106,009</u>
<i>Typhoon Haiyan Appeal:</i>		
Opening balance	3,342,061	5,191,977
Transfers to the reserve	50,959	107,156
Transfers from the reserve	(2,663,447)	(1,957,072)
Closing balance	<u>729,573</u>	<u>3,342,061</u>
<i>Other Specified Purpose Reserve:</i>		
Opening balance	4,932,123	537,681
Transfers to the reserve	1,881,514	6,544,712
Transfers from the reserve	(2,003,483)	(2,150,270)
Closing balance	<u>4,810,154</u>	<u>4,932,123</u>
Total Specified Purpose Reserve	<u>5,561,249</u>	<u>8,393,597</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	5,714,748	6,873,809
Transfers to the reserve	-	-
Transfers from the reserve	<u>(1,562,425)</u>	<u>(1,159,061)</u>
Closing balance	<u>4,152,323</u>	<u>5,714,748</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.

	2016	2015
	\$	\$
<i>Caritas Foundation Reserve:</i>		
Opening balance	7,701,528	7,164,643
Transfers to the reserve	129,375	536,885
Transfers from the reserve	-	-
Closing balance	<u>7,830,903</u>	<u>7,701,528</u>
Total Committed Funds Reserve	<u>11,983,226</u>	<u>13,416,276</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	736,003	1,208,688
Revaluation decrement – financial assets	<u>(325,555)</u>	<u>(472,685)</u>
Closing balance	<u>410,448</u>	<u>736,003</u>

Note 13: Accumulated Funds Available for Future Use

Accumulated funds available at beginning of year	5,603,654	148,500
Excess of revenue over expenditure	2,074,343	3,237,865
Transfers to /(from) reserves	<u>5,345,298</u>	<u>2,217,289</u>
Accumulated funds available at end of year	<u>13,023,295</u>	<u>5,603,654</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 2016

Note 14: Governance Officers and Senior Management (Continued)

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

Key Governance Officers	Position
Bishop Greg O’Kelly *	Council Chairman – non-executive
Bishop Peter Stasiuk CSsR DD	Council Deputy Chairman – non-executive
Mr. Richard Haddock (‘till March 2016)	Council member – non-executive
Mr. Michael Burnett	Council member – non-executive
Ms. Louise Campbell	Council member – non-executive
Mr Clyde Consetino	Council member – non-executive
Prof. John Warhurst	Council member – non-executive
Mr John Bouffler	Council member – non-executive
Mr Sean Parnell (Commenced October 2015)	Council member – non executive
Ms Patrice Scales (commenced May 2016)	Council member – non executive
Ms Kathryn Fogarty (commenced May 2016)	Council member – non executive
Ms. Louise Crowe (‘till March 2016)	Council member – non-executive
Dr. Leoni Degenhardt (‘till October 2015)	Council member – non-executive
Mr. Bob Ward (‘till October 2015)	Council member – non-executive

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

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 (‘till March 2016)	Head, Community Engagement
Mr. John Alexander (Commenced August 2015)	Head, Human Resource
Sr. Anne McGuire	Head, Mission

(b) Senior Management Compensation:

	Short-term benefits			Bonus	Post	Total
	Salary	Super- annuation	Termina- tion Pay		Employment Benefits Other	
2016						
Total						
Compensation	859,247	81,628	-	-	-	940,875
2015						
Total						
Compensation	<u>806,653</u>	<u>89,520</u>	<u>55,326</u>	<u>-</u>	<u>-</u>	<u>951,499</u>

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Note 15: Cash Flow Information

Reconciliation of Cash Flow from Operating Activities with Excess of Revenue over Expenditure	2016	2015
	\$	\$
Excess of revenue over expenditure for year	2,074,343	3,237,865
Non-cash flows:		
Depreciation and amortisation	304,975	324,042
Fair value adjustment to financial liabilities	(681,368)	(362,972)
Changes in assets and liabilities:		
(Increase) / Decrease in receivables	(33,222)	(14,602)
(Increase) / Decrease in prepayments	(291,443)	(18,479)
Increase / (Decrease) in payables	(1,849,339)	4,435,428
Increase in provisions	50,189	26,924
Increase / (Decrease) in other liabilities	4,682	38,115
Cash flows from Operating Activities	<u>(421,183)</u>	<u>7,666,321</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 Risk Management

Caritas Australia's financial instruments consist foreign exchange forward contracts, 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	2016	2015
		\$	\$
Financial Assets			
Cash and cash equivalents	4	29,759,239	29,825,109
Trade and other receivables		231,859	198,636
Available-for-sale financial instruments	6	7,933,453	7,805,531
Financial assets at fair value through profit and loss	5	3,989,362	8,936,761
		<u>41,913,913</u>	<u>46,766,037</u>
Financial Liabilities			
Trade and other payables	8	1,131,720	2,039,764
Unexpended Grants	8	3,246,132	3,331,860
Financial liabilities at fair value through profit and loss	9	3,857,529	9,604,830
		<u>8,235,381</u>	<u>11,644,594</u>

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NOTES TO THE FINANCIAL STATEMENTS
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Note 17: Financial Risk Management (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 2016 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	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
Financial Liabilities due for payment								
Trade and other payables	1,131,720	2,039,764	-	-	-	-	1,131,720	2,039,764
Unexpended Grants	3,246,132	3,331,860	-	-	-	-	3,246,132	3,331,860
At fair value through profit and loss	3,857,529	9,604,830	-	-	-	-	3,857,529	9,604,830
Total expected outflows	<u>8,235,381</u>	<u>14,976,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,235,381</u>	<u>14,976,454</u>
Financial Assets cash flows realisable								
Cash and Cash Equivalents	29,759,239	29,825,109	-	-	-	-	29,759,239	29,825,109
Trade and other receivables	231,859	198,636	-	-	-	-	231,859	198,636
Available-for-sale investments	-	-	-	-	7,933,453	7,805,531	7,933,453	7,805,531
At fair value through profit and loss	3,989,362	8,936,761	-	-	-	-	3,989,362	8,936,761
Total anticipated inflows	<u>33,980,460</u>	<u>38,960,506</u>	<u>-</u>	<u>-</u>	<u>7,933,453</u>	<u>7,805,531</u>	<u>41,913,913</u>	<u>46,766,037</u>
Net inflow on financial instruments	<u>25,745,079</u>	<u>23,984,052</u>	<u>-</u>	<u>-</u>	<u>7,933,453</u>	<u>7,805,531</u>	<u>33,678,532</u>	<u>31,789,583</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:

	2016	2015
	\$	\$
Payable: minimum lease payments		
– not later than 12 months	711,342	676,250
– between 12 months and 5 years	1,080,478	1,732,150
– greater than 5 years	-	-
	<u>1,791,820</u>	<u>2,408,400</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		
– Pitcher Partners	34,000	-
– Moore Stephens	-	24,000
	<u>34,000</u>	<u>24,000</u>

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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 2019. 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.

Sarita (front) and other members of the
Kolkatla Fish Raising Cooperative in Nepal.
This program is supported by Caritas Australia.
Photo: Nicole Clements/Caritas Australia





End poverty
Promote justice
Uphold dignity

The Catholic Agency for International
Aid and Development


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