



**FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 June 2017**

Level 22 MLC Centre  
19 Martin Place  
Sydney NSW 2000  
Australia

Postal Address:  
GPO Box 1615  
Sydney NSW 2001  
Australia

Tel: +61 2 9221 2099  
Fax: +61 2 9223 1762

www.pitcher.com.au  
sydneypartners@pitcher.com.au

Pitcher Partners is an association of independent firms  
Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle

## **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 2017 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.

PITCHER PARTNERS  
Sydney



**JOHN GAVLJAK**  
Partner

25 October 2017

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF CARITAS AUSTRALIA  
ABN 90 970 605 069**

**Report on the Audit of the Financial Report**

*Qualified Auditor's Opinion*

We have audited the financial report of Caritas Australia the "Registered Entity", which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Responsible Entities' Declaration.

In our opinion, except for the possible effects, if any, on the financial report of the matters referred to in the Basis for Qualified Audit Opinion section of our report, the financial report of Caritas Australia has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Registered Entity's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
- (c) complying with the Australian Council for International Development (ACFID) Code of Conduct.

*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.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with the auditor independence requirements of the *Australian Charities and Not for-profits Commission Act 2012* "ACNC Act" and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### *Other Information*

Those charged with governance are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of Responsible Entities and Those Charged with Governance for the Financial Report.*

The responsible entities of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the Registered Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.

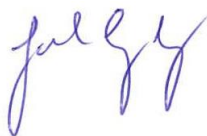
#### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



JOHN GAVLJAK  
Partner



PITCHER PARTNERS  
Sydney

25 October 2017

# 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 24<sup>th</sup> day of October 2017.

**CARITAS AUSTRALIA**  
**ABN 90 970 605 069**

**STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2017 \$	2016 \$
<b>REVENUE</b>			
Donations and gifts:			
Monetary		22,463,798	23,021,211
Non-monetary		119,666	116,544
Legacies and bequests		2,265,968	4,063,786
Grants:			
DFAT		10,641,414	11,740,756
Other Australian		1,074,003	85,580
Other overseas		912,323	296,583
Investment income		917,013	1,096,447
Other income		170,331	1,595,027
<b>TOTAL REVENUE</b>	2	<b>38,564,516</b>	<b>42,015,934</b>
<b>EXPENDITURE</b>			
<b>International Aid and Development Programs</b>			
<b>Expenditure</b>			
International programs:			
Funds to international programs		21,050,023	23,295,851
Program support costs		3,548,824	4,058,919
Community education		4,667,217	4,999,949
Fundraising costs:			
Public		4,633,125	4,152,025
Government, multilateral and private		97,606	84,532
Accountability and administration		1,667,895	1,255,028
Non-monetary expenditure		119,666	116,544
<b>Total International Aid and Development Programs</b>		<b>35,784,356</b>	<b>37,962,848</b>
<b>Expenditure</b>		<b>35,784,356</b>	<b>37,962,848</b>
Expenditure for international political or religious proselytisation programs		32,300	31,900
Domestic programs expenditure		1,689,503	1,946,843
<b>TOTAL EXPENDITURE</b>	3	<b>37,506,159</b>	<b>39,941,591</b>
<b>EXCESS OF REVENUE OVER EXPENDITURE</b>		<b>1,058,357</b>	<b>2,074,343</b>

*No Appeal generated 10 per cent or more of the total income for the year ended 30 June 2017. 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 2017**

	Note	2017 \$	2016 \$
<b>Excess of revenue over expenditure</b>		1,058,357	2,074,343
<b>Other comprehensive income:</b>			
Loss on revaluation of financial assets	13	<u>(276,376)</u>	<u>(325,555)</u>
<b>Total Other comprehensive income for the year</b>		<u>(276,376)</u>	<u>(325,555)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>781,981</u>	<u>1,748,788</u>

The accompanying notes form part of these financial statements.



**CARITAS AUSTRALIA**  
**ABN 90 970 605 069**

**BALANCE SHEET AS AT 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	28,574,289	29,759,239
Trade and other receivables		169,078	231,859
Prepayments		797,652	605,020
Other financial assets	5	-	3,989,362
<b>TOTAL CURRENT ASSETS</b>		<u>29,541,019</u>	<u>34,585,480</u>
<b>NON-CURRENT ASSETS</b>			
Intangible assets	6	450,023	-
Other financial assets	7	8,566,872	7,933,453
Leasehold improvements, plant and equipment	8	423,341	608,672
<b>TOTAL NON-CURRENT ASSETS</b>		<u>9,440,236</u>	<u>8,542,125</u>
<b>TOTAL ASSETS</b>		<u>38,981,255</u>	<u>43,127,605</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	2,229,257	4,377,852
Other financial liabilities	10	-	3,857,529
Other liabilities	11	307,276	2,233,836
Short term provisions	12	1,594,617	1,298,709
<b>TOTAL CURRENT LIABILITIES</b>		<u>4,131,150</u>	<u>11,767,926</u>
<b>NON-CURRENT LIABILITIES</b>			
Other liabilities	11	30,000	126,667
Long term provisions	12	231,935	254,794
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>261,935</u>	<u>381,461</u>
<b>TOTAL LIABILITIES</b>		<u>4,393,085</u>	<u>12,149,387</u>
<b>NET ASSETS</b>		<u>34,588,170</u>	<u>30,978,218</u>
<b>EQUITY</b>			
Reserves	13	16,721,688	17,954,923
Accumulated funds available for future use	14	17,866,482	13,023,295
<b>TOTAL EQUITY</b>		<u>34,588,170</u>	<u>30,978,218</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 2017**

	Note	Accumulated Funds Available for Future Use \$	Committed Funds Reserves \$	Specified Purpose Reserves \$	Financial Assets Reserve \$	Total \$
<b>Balance at 1 July 2015</b>		5,603,654	13,416,276	8,393,597	736,003	28,149,530
Excess of revenue over expenditure		2,074,343	-	-	-	2,074,343
Other comprehensive income for the year	13	325,555	-	-	(325,555)	-
<i>Transfers (to) from reserves:</i>						
Committed Funds Reserves	13	2,187,395	(1,433,050)	-	-	754,345
Specified Purpose Reserves	14	2,832,348	-	(2,832,348)	-	-
<b>Balance at 30 June 2016</b>	13,14	<u>13,023,295</u>	<u>11,983,226</u>	<u>5,561,249</u>	<u>410,448</u>	<u>30,978,218</u>
Excess of revenue over expenditure		1,058,357	-	-	-	1,058,357
Other comprehensive income for the year	13	276,376	-	-	(276,376)	-
<i>Transfers (to) from reserves:</i>						
Committed Funds Reserves	13	3,484,819	(933,224)	-	-	2,551,595
Specified Purpose Reserves	14	23,635	-	(23,635)	-	-
<b>Balance at 30 June 2017</b>	13,14	<u>17,866,482</u>	<u>11,050,002</u>	<u>5,537,614</u>	<u>134,072</u>	<u>34,588,170</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 2017**

	Note	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Grants and donations received		34,060,361	40,970,391
Payments for projects and to suppliers and employees		(34,290,976)	(41,457,808)
GST (net) remitted to the ATO		(251,948)	(950,415)
Dividends received		273,346	446,116
Interest received		<u>505,115</u>	<u>570,533</u>
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	16	<u>295,898</u>	<u>(421,183)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for leasehold improvements, plant and equipment		(130,948)	(152,577)
Payments for Intangible software cost		(450,023)	-
Proceeds from investments / (Payments for investments)		<u>(899,877)</u>	<u>507,890</u>
<b>NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES</b>		<u>(1,480,848)</u>	<u>355,313</u>
Net (decrease) in cash held		(1,184,950)	(65,870)
Cash at beginning of year		<u>29,759,239</u>	<u>29,825,109</u>
<b>CASH AT END OF FINANCIAL YEAR</b>	4	<u><u>28,574,289</u></u>	<u><u>29,759,239</u></u>

The accompanying notes form part of these financial statements.

**CARITAS AUSTRALIA**  
**ABN 90 970 605 069**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

The financial report covers the entity of Caritas Australia which is an agency of the Australian Catholic Bishops Conference. The financial report was authorised for issue by the Caritas Australia National Council, a delegated committee of the Bishops Commission on 24 October 2017. The Bishops Commission has the power to amend and reissue the financial report.

**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.asm.au](http://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 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 2017**

**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:

<b>Class of Non-Current Asset</b>	<b>Amortisation / Depreciation Rate</b>
Leasehold Improvements	10.0% or Shorter over life of lease
Motor Vehicles	25.0%
Plant and Equipment	10.0% – 33%

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 2017**

**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 2017**

**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 2017**

**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) Intangible Assets**

Software development expense is capitalised only if it can be measured reliably, it is technically feasible, future economic benefits are probable and the agency intends to, and has sufficient resources to complete the development and to use the asset. Intangible assets, both acquired and internally generated are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over the estimated useful life of the asset between 5-10 years. The estimated useful life varies and as a result the amortisation method is reviewed at the end of each annual reporting period.

**(g) 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.

**(h) 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 at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 1: Summary of Significant Accounting Policies (continued)**

**(h) Employee Benefits (continued)**

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.

**(i) 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.

**(j) 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 3 months or less.

**(k) 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).

**(l) 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 1: Summary of Significant Accounting Policies (continued)**

**(m) Comparative Figures**

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

**(n) 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.

**(o) Accumulated Funds Available for Future Use**

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

**(p) 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 \$8,566,872. 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.

**(q) 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 2017.

**CARITAS AUSTRALIA**  
**ABN 90 970 605 069**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Note 2: Revenue</b>		
<b>Revenue from Government and other grants</b>		
Government grants	10,641,414	11,740,756
Other Australian	1,074,003	85,580
Other overseas	912,323	296,583
	<u>12,627,740</u>	<u>12,122,919</u>
<b>Other revenue</b>		
Donations and gifts - monetary	22,463,798	23,021,211
Gifts in kind - non-monetary	119,666	116,544
Legacies and bequests	2,265,968	4,063,786
Interest - other corporations	504,406	564,034
Dividends - other corporations	412,607	532,414
Gain on foreign currency translation	-	1,332,885
Other income	170,331	262,141
	<u>25,936,776</u>	<u>29,893,015</u>
<b>Total Revenue</b>	<u><u>38,564,516</u></u>	<u><u>42,015,934</u></u>
<b>Note 3: Expenditure</b>		
Expenditure includes the following expenses:		
<b>Expenses</b>		
Rental expense on operating leases	853,869	851,493
Salaries	9,506,018	9,485,795
Depreciation and amortisation of leasehold improvements, plant and equipment	316,279	304,975
<b>Note 4: Cash and Cash Equivalents</b>		
Cash at bank and in hand	2,072,018	5,081,690
Short-term bank deposits	26,502,271	24,677,549
<b>Total Cash and Cash Equivalents</b>	<u><u>28,574,289</u></u>	<u><u>29,759,239</u></u>

**CARITAS AUSTRALIA**  
**ABN 90 970 605 069**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**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	13(a)	7,658	82	(7,740)	-
East Africa Appeal	13(a)	13,864	-	(13,864)	-
Typhoon Haiyan Appeal	13(a)	729,573	7,606	(737,179)	-
Other Designated Appeals	13(a)	4,810,154	2,988,191	(2,260,731)	5,537,614
Other Purposes		24,197,990	31,842,944	(33,004,259)	23,036,675
<b>Total</b>		<b>29,759,239</b>	<b>34,838,823</b>	<b>(36,023,773)</b>	<b>28,574,289</b>

**2017**  
**\$**

**2016**  
**\$**

**Note 5: Other Financial Assets - Current**

Financial assets at fair value through profit and loss	<u>-</u>	<u>3,989,362</u>
Financial assets at fair value through profit and loss comprise:		
Derivatives, at fair value		
- Foreign currency forward contract	<u>-</u>	<u>3,989,362</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: Intangibles – Non Current**

Software:		
At cost (capital work in progress)	450,023	-
Accumulated amortisation	<u>-</u>	<u>-</u>
	<u>450,023</u>	<u>-</u>

**Note 7: Other Financial Assets – Non Current**

Available-for-sale financial assets	<u>8,566,872</u>	<u>7,933,453</u>
Available-for-sale financial assets comprise:		
Unlisted Investments, at fair value:		
- Managed funds	<u>8,566,872</u>	<u>7,933,453</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.

**CARITAS AUSTRALIA**  
**ABN 90 970 605 069**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Note 8: Leasehold Improvements, Plant and Equipment</b>		
Office Equipment:		
At cost	1,807,450	1,842,934
Accumulated depreciation	(1,631,014)	(1,610,268)
	176,436	232,666
Motor Vehicles:		
At cost	261,721	192,515
Accumulated depreciation	(197,349)	(128,124)
	64,372	64,391
Leasehold Improvements:		
At cost	1,392,326	1,392,326
Accumulated amortisation	(1,209,793)	(1,080,711)
	182,533	311,615
<b>Total Leasehold Improvements, Plant and Equipment</b>	423,341	608,672

(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
	\$	\$	\$	\$
<b>Carrying amount at 1 July 2015</b>	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)
<b>Carrying amount at 30 June 2016</b>	232,666	64,391	311,615	608,672
Additions	61,741	69,207	-	130,948
Disposals	(97,225)	-	-	(97,225)
Accum. Depreciation/Amortisation	96,615	-	-	96,615
Depreciation and amortisation expense	(117,361)	(69,226)	(129,082)	(315,669)
<b>Carrying amount at 30 June 2017</b>	176,436	64,372	182,533	423,341

**Note 9: Trade and other payables**

	Note	2017	2016
		\$	\$
Trade payables		462,353	128,230
Other payables – Salary Sacrifice		66,354	103,621
Unexpended grants		757,293	3,246,132
Sundry payables and accrued expenses		943,257	899,869
		2,229,257	4,377,852

(a) Financial liabilities at amortised cost classified as trade and other payables:

- Total current		2,229,257	4,377,852
- Less unexpended grants		(757,293)	(3,246,132)
Financial liabilities as trade and other payables	18	1,471,964	1,131,720

**CARITAS AUSTRALIA**  
**ABN 90 970 605 069**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

		2017 \$	2016 \$
<b>Note 10: Other Financial Liabilities – Current</b>	<b>Note</b>		
Financial liabilities at fair value through profit and loss	18	-	<u>3,857,529</u>
Financial liabilities at fair value through profit and loss comprise:			
Derivatives, at fair value			
- Foreign currency forward contract		-	<u>3,857,529</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 11: Other Liabilities**

Current:			
Program Funding Commitment <i>(payments falling due within the next 12 months)</i>		260,852	2,191,039
Financed Lease		46,424	42,797
		<u>307,276</u>	<u>2,233,836</u>
Non-Current:			
Program Funding Commitment <i>(payments falling due after 12 months)</i>		30,000	126,667
<b>Total Other Liabilities</b>		<u>337,276</u>	<u>2,360,503</u>

**Note 12: Provisions**

	Short Term Employee Benefits \$	Long Term Employee Benefits \$	Total \$
Annual Leave	897,708	-	897,708
Long Service Leave	521,414	231,935	753,349
Overseas Staff Benefits	175,495	-	175,495
<b>Balance at 30 June 2017</b>	<u>1,594,617</u>	<u>231,935</u>	<u>1,826,552</u>
		<b>2017</b>	<b>2016</b>
		\$	\$
<b>Analysis of total provisions</b>			
Current		1,594,617	1,298,709
Non-Current		231,935	254,794
		<u>1,826,552</u>	<u>1,553,503</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.

**CARITAS AUSTRALIA**  
**ABN 90 970 605 069**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 13: 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**

<b>Reserve Category</b>	<b>Note</b>	<b>2017</b> \$	<b>2016</b> \$
Specified Purpose Reserve	13(a)	5,537,614	5,561,249
Committed Funds Reserve	13(b)	11,050,002	11,983,226
Financial Assets Reserve	13(c)	134,072	410,448
<b>Total Reserves</b>		<u>16,721,688</u>	<u>17,954,923</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.

	<b>2017</b> \$	<b>2016</b> \$
<i>East Africa Appeal:</i>		
Opening balance	13,864	13,404
Transfers to the reserve	-	500
Transfers from the reserve	(13,864)	(40)
Closing balance	<u>-</u>	<u>13,864</u>
<i>Haiti Earthquake Appeal:</i>		
Opening balance	7,658	106,009
Transfers to the reserve	82	1,657
Transfers from the reserve	(7,740)	(100,008)
Closing balance	<u>-</u>	<u>7,658</u>
<i>Typhoon Haiyan Appeal:</i>		
Opening balance	729,573	3,342,061
Transfers to the reserve	7,606	50,959
Transfers from the reserve	(737,179)	(2,663,447)
Closing balance	<u>-</u>	<u>729,573</u>
<i>Other Specified Purpose Reserve:</i>		
Opening balance	4,810,154	4,932,123
Transfers to the reserve	2,988,191	1,881,514
Transfers from the reserve	(2,260,731)	(2,003,483)
Closing balance	<u>5,537,614</u>	<u>4,810,154</u>
<b>Total Specified Purpose Reserve</b>	<u>5,537,614</u>	<u>5,561,249</u>

**CARITAS AUSTRALIA**  
**ABN 90 970 605 069**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 13: 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	4,152,323	5,714,748
Transfers to the reserve	(1,568,433)	-
Transfers from the reserve	-	(1,562,425)
Closing balance	<u>2,583,890</u>	<u>4,152,323</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.

	<b>2017</b>	<b>2016</b>
	\$	\$
<i>Caritas Foundation Reserve:</i>		
Opening balance	7,830,903	7,701,528
Transfers to the reserve	635,209	129,375
Transfers from the reserve	-	-
Closing balance	<u>8,466,112</u>	<u>7,830,903</u>
Total Committed Funds Reserve	<u>11,050,002</u>	<u>11,983,226</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	410,448	736,003
Revaluation increment – financial assets	(276,376)	(325,555)
Closing balance	<u>134,072</u>	<u>410,448</u>

**Note 14: Accumulated Funds Available for Future Use**

Accumulated funds available at beginning of year	13,023,295	5,603,654
Excess of revenue over expenditure	1,058,357	2,074,343
Transfers to /(from) reserves	3,784,830	5,345,298
Accumulated funds available at end of year	<u>17,866,482</u>	<u>13,023,295</u>

**Note 15: 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:



**CARITAS AUSTRALIA**  
**ABN 90 970 605 069**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 15: Governance Officers and Senior Management (Continued)**

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

<b>Key Governance Officers</b>	<b>Position</b>
Bishop Greg O'Kelly *	Council Chairman – non-executive
Bishop Peter Stasiuk CSsR DD *	Council Deputy Chairman – non-executive
Mr. Michael Burnett	Council member – non-executive
Ms. Louise Campbell-Price	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	Council member – non executive
Ms Patrice Scales	Council member – non executive
Ms Kathryn Fogarty	Council member – non executive
Ms Sarah Gowty (March 2017)	Council member – non executive

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

<b>Senior Management</b>	<b>Position</b>
Mr. Paul O'Callaghan	Chief Executive Officer
Mr. Rocky Naickar	Chief Finance & Operations Officer
Ms. Jamieson Davies	Head, International Programs
Mr David Armstrong	Head, Engagement & Sustainability
Sr. Anne McGuire	Head, Mission

(b) Senior Management Compensation:

	<b>Salary</b>	<b>Short-term benefits</b>		<b>Bonus</b>	<b>Post Employment Benefits Other</b>	<b>Total</b>
		<b>Super- annuation</b>	<b>Termina- tion Pay</b>			
<b>2017</b>						
Total Compensation	870,832	82,729				953,561
<b>2016</b>						
Total Compensation	<u>859,247</u>	<u>81,628</u>	-	-	-	<u>940,875</u>

**CARITAS AUSTRALIA**  
**ABN 90 970 605 069**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 16: Cash Flow Information**

<b>Reconciliation of Cash Flow from Operating Activities with Excess of Revenue over Expenditure</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Excess of revenue over expenditure for year	1,058,357	2,074,343
<b>Non-cash flows:</b>		
Depreciation and amortisation	316,279	304,975
Fair value adjustment to financial liabilities	2,949,886	(681,368)
<b>Changes in assets and liabilities:</b>		
(Increase) / Decrease in receivables	62,781	(33,222)
(Increase) / Decrease in prepayments	(192,633)	(291,443)
Increase / (Decrease) in payables	(4,089,551)	(1,849,339)
Increase in provisions	187,152	50,189
Increase / (Decrease) in other liabilities	3,627	4,682
<b>Cash flows from Operating Activities</b>	<u>295,898</u>	<u>(421,183)</u>

**Note 17: 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 18: 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:

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>			
Cash and cash equivalents	4	28,574,289	29,759,239
Trade and other receivables		169,078	231,859
Available-for-sale financial instruments	7	8,566,872	7,933,453
Financial assets at fair value through profit and loss	5	-	3,989,362
		<u>37,310,239</u>	<u>41,913,913</u>
<b>Financial Liabilities</b>			
Trade and other payables	9	1,471,964	1,131,720
Unexpended Grants	9	757,293	3,246,132
Financial liabilities at fair value through profit and loss	10	-	3,857,529
		<u>2,229,257</u>	<u>8,235,381</u>

**CARITAS AUSTRALIA**  
**ABN 90 970 605 069**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 18: 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 2017 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	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
<b>Financial Liabilities due for payment</b>								
Trade and other payables	1,471,964	1,131,720	-	-	-	-	1,471,964	1,131,720
Unexpended Grants	757,293	3,246,132	-	-	-	-	757,293	3,246,132
At fair value through profit and loss	-	3,857,529	-	-	-	-	-	3,857,529
<b>Total expected outflows</b>	<b>2,229,257</b>	<b>8,235,381</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,229,257</b>	<b>8,235,381</b>
<b>Financial Assets cash flows realisable</b>								
Cash and Cash Equivalents	28,574,289	29,759,239	-	-	-	-	28,574,289	29,759,239
Trade and other receivables	169,078	231,859	-	-	-	-	169,078	231,859
Available-for-sale investments	-	-	-	-	8,566,872	7,933,453	8,566,872	7,933,453
At fair value through profit and loss	-	3,989,362	-	-	-	-	-	3,989,362
<b>Total anticipated inflows</b>	<b>28,743,367</b>	<b>33,980,460</b>	<b>-</b>	<b>-</b>	<b>8,566,872</b>	<b>7,933,453</b>	<b>37,310,239</b>	<b>41,913,913</b>
<b>Net inflow on financial instruments</b>	<b>26,514,110</b>	<b>25,745,079</b>	<b>-</b>	<b>-</b>	<b>8,566,872</b>	<b>7,933,453</b>	<b>35,080,982</b>	<b>33,678,532</b>

**CARITAS AUSTRALIA**  
**ABN 90 970 605 069**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 18: 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 19: Capital and Leasing Commitments**

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

	<b>2017</b>	<b>2016</b>
	\$	\$
Payable: minimum lease payments		
– not later than 12 months	736,098	711,342
– between 12 months and 5 years	1,213,542	1,080,478
– greater than 5 years	-	-
	1,949,640	1,791,820
Payable: Software (CRM)		
- not later than 12 months	296,974	-
	2,246,614	1,791,820

**CARITAS AUSTRALIA**  
**ABN 90 970 605 069**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Note 20: Remuneration of Auditors**

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

	<b>2017</b>	<b>2016</b>
	\$	\$
Audit and Other Assurance Service Fees		
– Pitcher Partners	35,000	34,000
	<u>35,000</u>	<u>34,000</u>

**Note 21: 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 22: 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 23: 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.