

FINANCIAL REPORT FOR THE YEAR ENDED 30 June 2020

Head Office: Level 1, 24-32 O'Riordan Street, Alexandria, NSW 2015

Caritas Australia Responsible Entity Declaration

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

(a) There are reasonable grounds to believe that Caritas Australia is able to pay all its debts, as and when they become due and payable; and

(b) The financial statements and notes satisfy the requirements of the *Australian Charities and not-for-profits Commission Act 2012*.

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

Wendy Hughes

Wendy Hughes Chair – Audit & Risk Committee

Dated this 16th November 2020



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Auditor's Independence Declaration To the Responsible Entities' of Caritas Australia ABN 90 970 605 069

I declare that to the best of my knowledge and belief, during the year ended 30 June 2020 there have been no contraventions of:

- i. the auditor's independence requirements as set out in the Australian Charities and Notfor-profits Commission Act 2012 in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Caritas Australia during the year.

JOHN GAVLJAK Partner

PITCHER PARTNERS Sydney

16 November 2020

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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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 2020, 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:

- i. giving a true and fair view of the Registered Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended;
- ii. complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013; and
- iii. 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 (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

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 2020, 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.

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Independent Auditor's Report To the Members of Caritas Australia ABN 90 970 605 069

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 skepticism 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.



Independent Auditor's Report To the Members of Caritas Australia ABN 90 970 605 069

• 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.

for & J

JOHN GAVLJAK Partner

Pitcher Partners

PITCHER PARTNERS Sydney

16 November 2020

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 \$	2019 \$
REVENUE		т	Ŧ
Donations and gifts:			
Monetary		16,756,217	20,110,645
Non-monetary		39,814	68,259
Legacies and bequests		4,595,995	4,088,650
Grants:			
DFAT		8,028,846	8,092,609
Other Australian		6,497,378	5,712,563
Other overseas		199,899	845,585
Investment income		1,062,429	1,454,167
Other income	_	1,048,193	363,372
TOTAL REVENUE	2	38,228,771	40,735,850
EXPENDITURE			
International Aid and Development Programs			
Expenditure			
International programs:			
Funds to international programs		21,304,280	21,823,103
Program support costs		3,568,876	3,180,887
Community education		4,952,809	5,027,341
Fundraising costs:			
Public		4,571,041	4,259,020
Government, multilateral and private		191,143	162,839
Accountability and administration		1,683,751	1,045,074
Non-monetary expenditure		39,814	68,259
Total International Aid and Development Drograms			
Total International Aid and Development Programs Expenditure		36,311,714	35,566,523
•	_	30,311,714	55,500,525
Expenditure for international political or religious proselytisation programs		17 150	22 700
Domestic programs expenditure		17,150 1,174,897	33,700 1,429,975
Domestic programs expenditure	_	1,174,097	1,429,975
TOTAL EXPENDITURE	3 _	37,503,761	37,030,198
EXCESS OF REVENUE OVER EXPENDITURE	_	725,010	3,705,652

No Emergency Appeal generated 10 per cent or more of the total income for the year ended 30 June 2020. During the financial year, Caritas Australia received no income for international political or religious proselytisation programs.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		\$	\$
Excess of revenue over expenditure		725,010	3,705,652
Other comprehensive income:			
Gain/(Loss) on revaluation of financial assets	12(c)	1,248,842	(466,112)
Total Other comprehensive income for the year	-	1,248,842	(466,112)
TOTAL COMPREHENSIVE INCOME FOR THE			
YEAR	-	1,973,852	3,239,540

BALANCE SHEET AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	4	33,762,280	34,881,268
Trade and other receivables		941,736	207,907
Prepayments	-	694,728	533,749
TOTAL CURRENT ASSETS	-	35,398,744	35,622,924
NON-CURRENT ASSETS			
Intangible assets	5	1,109,759	1,143,449
Other financial assets	6	12,976,963	10,609,218
Property, plant and equipment	7	928,858	967,832
Right-of-use assets	9	3,629,721	
TOTAL NON-CURRENT ASSETS	-	18,645,301	12,720,499
TOTAL ASSETS	-	54,044,045	48,343,423
CURRENT LIABILITIES			
Trade and other payables	8	4,768,646	2,841,818
Other liabilities		53,435	98,055
Short term provisions	10	1,633,704	1,329,583
Lease liabilities	9	722,815	
TOTAL CURRENT LIABILITIES	-	7,178,600	4,269,456
NON-CURRENT LIABILITIES			
Long term provisions	10	267,064	176,766
Lease liabilities	9	2,948,677	
TOTAL NON-CURRENT LIABILITIES	-	3,215,741	176,766
TOTAL LIABILITIES	-	10,394,341	4,446,222
NET ASSETS	-	43,649,704	43,897,201
EQUITY			
Reserves	11	18,752,690	18,924,456
Accumulated funds available for future use	12	24,897,014	24,972,745
TOTAL EQUITY	=	43,649,704	43,897,201

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Note	Accumulated Funds Available for Future Use \$	11(b) Committed Funds Reserves \$	11(a) Specified Purpose Reserves \$	11(c) Financial Assets Reserve \$	Total \$
Balance at 1 July 2018	11000	23,424,063	10,440,338	6,045,337	(200,512)	39,709,226
Excess of revenue over expenditure		3,705,652	-	-	-	3,705,652
Other comprehensive income for the year	11(c)	466,112	-	-	(466,112)	-
Transfers (to) from reserves:						
Committed Funds Reserves	11(b)	(3,757,129)	4,239,452	-	-	482,323
Specified Purpose Reserves	11(a)	1,134,047	-	(1,134,047)		-
Balance at 30 June 2019		24,972,745	14,679,790	4,911,290	(666,624)	43,897,201
Excess of revenue over expenditure		725,010	-	-	-	725,010
Other comprehensive income for the year	11(c)	(1,248,842)	-	-	1,248,842	-
Transfers (to) from reserves:						
Committed Funds Reserves	11(b)	(156,411)	(816,095)	-	-	(972,506)
Specified Purpose Reserves	11(a)	604,513	-	(604,513)	-	-
Balance at 30 June 2020		24,897,014	13,863,695	4,306,777	582,218	43,649,704

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		*	Ŧ
Grants and donations received Payments for projects and to suppliers and employees GST (net) remitted to the ATO Dividends received Interest received		39,891,671 (37,287,044) (808,132) 549,111 473,014	40,866,128 (38,007,077) (549,245) 565,775 743,873
NET CASH PROVIDED BY OPERATING ACTIVITIES	14	2,818,620	3,619,454
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for leasehold improvements, plant and equipment Payments for intangible software cost Payments for investments NET CASH (USED IN) INVESTING ACTIVITIES		(197,655) (45,004) (3,391,223) (3,633,882)	(238,188) (61,403) (481,043) (780,634)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for lease liabilities		(303,726)	
NET CASH (USED IN) FINANCING ACTIVITIES		(303,726)	-
Net increase/(decrease) in cash held Cash at beginning of year		(1,118,988) 34,881,268	2,838,820 32,042,448
CASH AT END OF FINANCIAL YEAR	4	33,762,280	34,881,268

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 November 2020.

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 <u>www.acfid.asn.au</u>. Caritas Australia is a not-for-profit entity for the purpose of preparing the financial statements.

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

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Bishops Commission to exercise its judgement in the process of applying Caritas Australia's' accounting policies. The areas involving a higher degree judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1(p).

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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	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

Caritas Australia has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and AASB Interpretation 4. The details of accounting policies under AASB 117 and AASB Interpretation 4 are disclosed separately.

Policy applicable from 1 July 2019

At inception of a contract, the Caritas Australia assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Caritas Australia uses the definition of a lease in AASB 16.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (continued) (c) Leases (continued)

This policy is applied to contracts entered into, on or after 1 July 2019. (i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Caritas Australia allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property Caritas Australia has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Caritas Australia recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to Caritas Australia by the end of the lease term or the cost of the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Caritas Australia's incremental borrowing rate. Generally, Caritas Australia uses its incremental borrowing rate as the discount rate.

Caritas Australia determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that Caritas Australia is reasonably certain to exercise, lease payments in an optional renewal period if Caritas Australia is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Caritas Australia is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Caritas Australia's estimate of the amount expected to be payable under a residual value guarantee, if Caritas Australia changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (continued)

(c) Leases (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Caritas Australia presents right-of-use assets that do not meet the definition of investment property in right-of-use assets and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

Caritas Australia has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. Caritas Australia recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception or on modification of a contract that contains a lease component, Caritas Australia allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Policy applicable before 1 July 2019

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 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 of financial assets

Financial assets recognised by Caritas Australia are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether Caritas Australia irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVTOCI) in accordance with the relevant criteria in AASB 9 or fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Classification of financial liabilities

All financial liabilities recognised by Caritas Australia are subsequently measured at amortised cost.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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.

Derecognition

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

(e) Impairment of Assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (continued)

(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 5-15 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 yearend 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.

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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (continued)

(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

Revenue recognised under AASB 15 is measured at the amount which Caritas Australia expects to receive in consideration for satisfying performance obligations to a customer. A performance obligation is the distinct good or service defined within the contract with a customer. The transaction price is allocated to one or more performance obligations contained within the contract, with revenue being recognised as or when the performance obligation is satisfied.

Where consideration comprises variable components, the amount recognised as revenue is constrained to that amount that would not result in a significant reversal of the cumulative revenue recognised when that uncertainty is resolved.

Grant funding that contain specific conditions on the use of those funds are recognised as and when Caritas Australia satisfies its performance obligations by providing those goods and services. A contract liability is recognised for unspent grant funds for which a refund obligation exists in relation to the funding period. General grants that do not impose specific performance obligations on Caritas Australia are recognised as income when Caritas Australia obtains control of those funds, which is usually on receipt.

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.

Donations are recognised at the time the pledge is made.

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).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (continued)

(I) 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.

(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.

(q) New Accounting Standards

New or amended Accounting Standards and Interpretations adopted

Caritas Australia has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to Caritas Australia:

AASB 16: Leases

AASB 16 will replace AASB 117: *Leases* and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (continued)

(q) New Accounting Standards (continued)

of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- (a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
- i) investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
- ii) property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: *Property, Plant and Equipment* to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- (b) lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 15: Revenue from Contracts with Customers (applicable to not-for-profit entities for annual reporting periods commencing on or after 1 January 2019).

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue. The Standard provides a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

AASB 1058: Income of Not-for-Profit Entities

AASB 1058 replaces the income recognition requirements in AASB 1004: *Contributions* applicable to private sector not-for-profit entities with a model based on the principles of AASB 15: *Revenue from Contracts with Customers*. Consequently, AASB 1058 requires private sector not-for-profit entities to recognise all revenue from contracts with customers when the related performance obligations are satisfied, irrespective of whether the ultimate beneficiary of the goods or services provided by the not-for-profit entity is the grantor of the funds or another entity. An agreement involving a not-for-profit entity would be classified as a contract with a customer if the agreement:

- (a) creates enforceable rights and obligations between the parties; and
- (b) includes a promise by the not-for-profit entity to transfer a good or service that is sufficiently specific for the entity to determine when the obligation is satisfied.

For contracts with customers that comprise a donation component, AASB 1058 requires such components to be treated as part of the performance obligation(s) unless the entity can demonstrate that component is not related to the promised goods or services.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (continued)

(q) New Accounting Standards (continued)

When an arrangement does not meet the criteria for a contract with a customer, the inflows are accounted for in accordance with AASB 1058, which requires:

- (a) the asset received by the not-for-profit entity to be accounted for in accordance with the applicable Australian Accounting Standard; and
- (b) any difference between the consideration given for the asset and its fair value to be recognised in accordance with its substance (such as a contract liability, a financial instrument and/or a contribution by owners), and any residual amount recognised as income.

However, AASB 2018-8 provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. Electing to initially measure such right-of-use assets at cost rather than fair value has the corresponding effect of reducing the amount of income recognised by the entity under AASB 1058.

Impact of adoption

AASB 15 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2019.

On transition to AASB 16, Caritas Australia recognised an additional \$3,975,217 of right-of-use assets and \$3,975,217 of lease liabilities. The impact of transition is summarised below.

When measuring lease liabilities, Caritas Australia's discounted lease payments using the contract rates and its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 2.28%.

in AUD	1-July-19
Operating lease commitment at 30 June 2019 as disclosed under AASB 117 in the	4,657,647
financial statements	
Discount rates applied	(682,430)
Lease liabilities recognised at 1 July 2019	3,975,217

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 2: 1	FOR THE YEAR ENDED 30 JU Percenter	NE 2020	
Note 2:1	Revenue	2020	2019
	Revenue from Government and other grants	\$	\$
	Government grants	8,028,846	8,092,609
	Other Australian	6,497,378	5,712,563
	Other overseas	199,899	845,585
		14,726,123	14,650,757
	Other revenue		
	Donations and gifts - monetary	16,756,217	20,110,645
	Gifts in kind - non-monetary	39,814	68,259
	Legacies and bequests	4,595,995	4,088,650
	Interest - other corporations	457,977	716,611
	Dividends - other corporations	604,452	737,556
	Other income	1,048,193	363,372
		23,502,648	26,085,093
	Total Revenue	38,228,771	40,735,850
Note 3:	Expenditure		
	Expenditure includes the following expenses:		
		2020	2019
	Expenses	\$	\$
	Salaries	9,681,601	8,401,370
	Depreciation and amortisation of leasehold		
	improvements, plant and equipment	240,189	140,676
Note 4:	Cash and Cash Equivalents		
	-	2020	2019
		2020 \$	2019 \$
	Cash at bank and in hand	2,957,591	915,104
	Short-term bank deposits	30,804,689	33,966,164
	Total Cash and Cash Equivalents	33,762,280	34,881,268
Note 5:	Intangibles – Non Current		
	-	2020	2019
	Software:	\$	\$
	At cost	1,180,414	1,180,414
	Accumulated amortisation	<u>(177,062)</u> 1,003,352	(98,368) 1,082,046
	Work in Progress	1,005,552	61,403
	Total Intangibles – Non Current		
	\sim	1,109,759	1,143,449

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 6: Other Financial Assets – Non Current

	2020 \$	2019 \$
Financial assets at fair value through other comprehensive income	12,976,963	10,609,218
Financial assets at fair value through other comprehensive income comprise:		
Unlisted Investments, at fair value:		
- Managed funds	12,976,963	10,609,218

Financial assets at fair value through other comprehensive income 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: Property, Plant and Equipment

	2020 \$	2019 \$
Office Equipment:		
At cost	1,152,410	1,875,516
Accumulated depreciation	(1,046,639)	(1,678,240)
	105,771	197,276
Motor Vehicles:		
At cost	407,833	374,736
Accumulated depreciation	(182,038)	(247,942)
-	225,795	126,794
Property & Leasehold Improvements:		
At cost	1,956,007	1,956,007
Accumulated amortisation	(1,358,715)	(1,312,245)
	597,292	643,762
Total Property, Plant and Equipment	928,858	967,832

(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 \$	Property & Leasehold Improvements \$	Total \$
Carrying amount at 1 July 2018	122,851	84,478	659,917	867,246
Additions	163,760	69,360	5,068	238,188
Disposals	(125,865)	-	-	(125,865)
Accum. Depreciation/Amortisation	124,393	-	-	124,393
Depreciation and amortisation expense	(87,863)	(27,044)	(21,223)	(136,130)
Carrying amount at 30 June 2019	197,276	126,794	643,762	967,832
Additions Disposals	43,021 (766,128)	154,673 (121,576)	-	197,694 (887,704)
Accum. Depreciation/Amortisation	764,875	121,570)	-	(887,704) 886,451
Depreciation and amortisation expense	(133,273)	(55,672)	(46,470)	(235,415)
Carrying amount at 30 June 2020	105,771	225,795	597,292	928,858

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 8: Trade and other payables

10000	riade and other payables			
		Note	2020	2019
			\$	\$
	Trade payables		175,653	340,299
	Other payables – Salary Sacrifice		26,582	50,419
	Unexpended grants		3,536,073	1,466,648
	Sundry payables and accrued expenses	-	1,030,338	984,452
			4,768,646	2,841,818
Financia other pa	al liabilities at amortised cost classified as trade and vables:			
1	- Total current		4,768,646	2,841,818
	- Less unexpended grants	-	(3,536,073)	(1,466,648)
	Financial liabilities as trade and other payables	16	1,232,573	1,375,170

Note 9: Leases

20	020 \$	2019 \$
In the previous year, Caritas Australia only recognised lease assets and lease lia	ubilities in	Ŧ
relation to leases that were classified as 'finance leases' under AASB 117 Lease	s. Caritas	
Australia leases an office premise under operating leases. The leases typically r	un for a period	of

Australia leases an office premise under operating leases. The leases typically run for a period of 5 years.

There are no extension and termination options included in the leases.

Information about leases for which Caritas Australia is a lessee is presented below.

(a) Amounts recognised in the balance sheet Right of use assets Balance at 1 July 2019 3,975,217 Depreciation charge for the year (345,496) 3,629,721 Lease liabilities Current 722,815 Non-Current 2,948,677 (b) Amounts recognised in profit or loss Leases under AASB 16 Interest on lease liabilities 37,357 Leases under AASB 117 Minimum lease payments 1,019,052 _ Other rental arrangements 663,740 _

(c) Amounts recognised in statement of cash flows

The total cash outflow for capitalised leases in 2020 was \$303,726.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 10: Provisions

	Short Term Employee	Long Term Employee	
	Benefits	Benefits	Total
	\$	\$	\$
Annual Leave	965,539	-	965,539
Long Service Leave	638,448	267,064	905,512
Overseas Staff Benefits	29,717	-	29,717
Balance at 30 June 2020	1,633,704	267,064	1,900,768
Analysis of total provisions		2020	2019
		\$	\$
Current		1,633,704	1,329,583
Non-Current		267,064	176,766
		1,900,768	1,506,349

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.

Note 11: 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

Note	2020 \$	2019 \$
11(a)	4,306,777	4,911,290
11(b)	13,863,695	14,679,790
11(c)	582,218	(666,624)
-	18,752,690	18,924,456
	11(a) 11(b)	11(a) 4,306,777 11(b) 13,863,695 11(c) 582,218

(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.

	2020 \$	2019 \$
Specified Purpose Reserve:		
Opening balance	4,911,290	6,045,337
Transfers to the reserve	172,574	787,935
Transfers from the reserve	(777,087)	(1,921,982)
Closing balance	4,306,777	4,911,290
Total Specified Purpose Reserve	4,306,777	4,911,290

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 11: 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.

	2020	2019
	\$	\$
Caritas Australia Committed Expenditure Reserve:		
Opening balance	4,755,703	1,259,917
Transfers to the reserve	-	-
Transfers from the reserve	(828,472)	3,495,786
Closing balance	3,927,231	4,755,703

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 future expenditure.

	2020 \$	2019 \$
Caritas Foundation Reserve:	Ŷ	Ť
Opening balance	9,924,087	9,180,421
Transfers to the reserve	12,377	743,666
Transfers from the reserve		
Closing balance	9,936,464	9,924,087
Total Committed Funds Reserve	13,863,695	14,679,790

(c) Financial Assets Reserve:

Financial assets reserve records the mark to market movement in financial assets at fair value through other comprehensive income held by Caritas Australia.

\$ (666,624) 1,248,842	\$
· · · ·	(200.512)
1 249 942	(200,512)
1,248,842	(466,112)
582,218	(666,624)
2020	2019
\$	\$
24,972,745	23,424,063
725,010	3,705,652
(800,741)	(2,156,970)
24,897,014	24,972,745
	2020 \$ 24,972,745 725,010 (800,741)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 13: 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:

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

Key Governance Officers

Bishop Christopher A Saunders DD (till March 2020) Bishop Vincent Long Van Nguyen (from April 2020) Bishop Terence J Brady DD VG (till March 2020) Mr. Michael Burnett (till March 2020) Mr Clyde Cosentino (till September 2019) Prof. John Warhurst (till March 2020) Mr John Bouffler (till March 2020) Mr Sean Parnell (till March 2020) Ms Patrice Scales (till March 2020) Ms Kathryn Fogarty (till March 2020) Ms Sarah Gowty (till March 2020) Robert Fitzgerald, AM (from April 2020) Honourable John Watkins (from April 2020) Virginia Bourke (from April 2020) Patricia Faulkner AO (from April 2020) Wendy Hughes (from April 2020) Dr. Martin Laverty (from April 2020)

Senior Management

Ms Kirsty Robertson Mr. Rocky Naickar Ms. Caroline Preston Mr. Richard Landels Ms. Jane Comensoli Sr. Jo Brady

(b) Senior Management Compensation:

Position

Council Chairman -non executive
Council Chairman –non executive
Council Deputy Chairman - non executive
Council member – non executive
Council member – non executive
Council member – non executive
Council member – non executive
Council member – non executive
Council member – non executive
Council member – non executive
Council member – non executive
Council member – non executive
Council member – non executive
Council member – non executive
Council member – non executive
Council member – non executive
Council member – non executive

Position

Chief Executive Officer Chief Finance & Operations Officer Head, International Programs Head, Engagement & Sustainability Senior Manager, People & Culture Head, Mission

		Short-terr	n benefits	Post	
	Salary \$	Super- annuation \$	Termina- tion Pay \$	Employment Benefits Other \$	Total \$
2020 Total Compensation	1,023,270	92,819	-	-	1,116,089
2019 Total Compensation	1,001,949	95,185	-	-	1,097,134

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 14: Cash Flow Information

Reconciliation of Cash Flow from Operating Activities with Excess of Revenue over Expenditure	2020 \$	2019 \$ 3,705,652 214,825 (424,911)
Excess of revenue over expenditure for year	725,010	3,705,652
Non-cash flows:		
Depreciation and amortisation	659,606	214,825
Fair value adjustment to financial liabilities	52,186	(424,911)
Changes in assets and liabilities:		
Net gain on sale of property	-	1,339,000
(Increase) / Decrease in receivables	(733,829)	379,320
(Increase) / Decrease in prepayments	(160,979)	216,854
Increase / (Decrease) in payables	1,868,125	(1,603,208)
Increase / (Decrease) in provisions	453,121	(280,775)
Increase / (Decrease) in other liabilities	(44,620)	72,697
Cash flows from Operating Activities	2,818,620	3,619,454

Note 15: 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 16: 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 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 \$	2019 \$
Financial Assets			
Cash and cash equivalents	4	33,762,280	34,881,268
Trade and other receivables		941,736	207,907
Financial assets at fair value through other			
comprehensive income	6	12,976,963	10,609,218
-	-	47,680,980	45,698,393
Financial Liabilities			
Trade and other payables	8	1,232,573	1,375,171
Unexpended Grants	8	3,536,073	1,466,648
	-	4,768,646	2,841,819

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 16: 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 2020 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 Y	1 – 5 Years Over 5 Years		ears	Total contractual cash flow		
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	
Financial Liabilities due for payment Trade and other									
payables Unexpended	1,232,573	1,375,171	-	-	-	-	1,232,573	1,375,171	
Grants	3,536,073	1,466,648	-	-	-	-	3,536,073	1,466,648	
Total expected outflows	4,768,646	2,841,819		-	-		4,768,646	2,841,819	

T (**1**) (**1**)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 16: Financial Risk Management (Continued)

	Within 1 Year		1 – 5 Years		Over 5 Years		Total contractual cash flow	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Financial Assets cash flows realisable Cash and Cash								
Equivalents Trade and other	33,762,280	34,881,268	-	-	-	-	33,762,280	34,881,268
receivables Financial assets at fair value through other	941,736	207,907	-	-	-	-	941,736	207,907
comprehensive income Assets held for	-	-	-	-	12,976,963	10,609,218	12,976,963	10,609,218
sale Total anticipated		-				-		
inflows Net inflow on financial	34,704,016	35,089,175		-	12,976,963	10,609,218	47,680,979	45,698,393
instruments	29,935,370	32,247,356		_	12,976,963	10,609,218	42,912,333	42,856,574

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 17: Commitments

	2020 \$	2019 \$
Payable: minimum lease payments		
– not later than 12 months	-	783,851
– between 12 months and 5 years	-	3,873,796
– greater than 5 years	-	-
	-	4,657,647

There were no capital commitments as at 30 June 2020 (2019: nil).

Note 18: Remuneration of Auditors

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

	2020 \$	2019 \$
Audit and Other Assurance Service Fees – Pitcher Partners	39,740	39,780
	39,740	39,780

Note 19: Change in Accounting Policy

Caritas Australia has not changed its accounting policy from the previous financial year except for as required by the new accounting standards as detailed in Note 1. All accounting is undertaken in compliance with the ACFID Code of Conduct.

Note 20: 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 five year lease term being January 2025.

Note 21: Events After the Reporting Date

Deed of Transfer

Caritas Australia operates as an agency of Australian Episcopal Conference of the Roman Catholic Church. Caritas Australia Limited was incorporated on 17 March 2020 for the purpose of continuing the operations of Caritas Australia through a corporation created pursuant to the Corporations Act 2001 (Cth) with perpetual succession and separate legal personality. Caritas Australia Limited assumed the responsibility for the operations of Caritas Australia on and from the effective date being 1 October 2020. Deed of transfer was entered between Caritas Australia Limited and Australian Episcopal Conference of the Roman Catholic Church trading as Caritas Australia (AECRCC) transferring all the assets, liabilities and operations including employees from AECRCC to Caritas Australia Limited from 1 October 2020.

Coronavirus (COVID-19)

The Coronavirus (COVID-19), which was declared a pandemic by the World Health Organisation on 11 March 2020, has had significant impact on the global and Australian economy. The impacts on the company cannot be determined at this time.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 21: Subsequent Events After the Reporting Date (Continued)

Except for the above and subsequent government actions, there has been no matter or circumstance, which has arisen since 30 June 2020 which has significantly affected, or which may significantly affect:

- 1. The operations, in financial years subsequent to 30 June 2020,
- 2. The results of those operations, or
- 3. State of affairs, in financial years subsequent to 30 June 2020