

FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2022



Caritas
AUSTRALIA

End poverty
Promote justice
Uphold dignity

I
To the Members of Caritas Australia Limited
ABN 90 970 605 069

- iii. the *WA Charitable Collections Act 1946*; and
 - iv. the *WA Charitable Collections Regulations 1947*.
- b) The money received as a result of fundraising appeals concluded by the Company during the financial year ended 30 June 2022 has been properly accounted for and applied, in all material respects, in accordance with the abovementioned Acts and Regulations.

I, John Gavljak, am currently a member of the Chartered Accountants Australia and New Zealand and my membership number is 90735.



John Gavljak
Partner

Pitcher Partners
Sydney

22 November 2022

CARITAS AUSTRALIA LIMITED
ABN 90 970 605 069

STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	Year ended 30 Jun 2022 \$	Period 1 Oct 2020 - 30 June 2021 \$
REVENUE			
Donations and gifts:			
Monetary		24,330,149	18,711,607
Non-monetary		25,874	29,062
Legacies and bequests		3,320,162	8,937,418
Grants:			
DFAT		7,379,195	4,532,807
Other Australian		9,302,051	6,454,611
Other overseas		89,410	230,451
Investment income		1,073,518	381,847
Other income		362,241	1,928,803
TOTAL REVENUE	2	45,882,600	41,206,606
EXPENDITURE			
International Aid and Development Programs			
Expenditure			
International programs:			
Funds to international programs		30,907,332	17,741,835
Program support costs		5,326,573	3,544,614
Community education		4,762,208	3,665,282
Fundraising costs:			
Public		6,778,611	4,029,150
Government, multilateral and private		128,574	95,426
Accountability and administration		3,508,838	1,305,477
Non-monetary expenditure		25,874	29,062
Total International Aid and Development Programs		51,438,010	30,410,846
Expenditure			
Expenditure for international political or religious proselytisation programs		-	-
Domestic programs expenditure		1,248,904	1,080,219
TOTAL EXPENDITURE	3	52,686,914	31,491,065
(DEFICIT) / EXCESS OF REVENUE OVER EXPENDITURE		(6,804,314)	9,715,541

No Emergency Appeal generated 10 per cent or more of the total income for the period 1 Jul 2021 to 30 June 2022. During the period 1 Jul 2021 to 30 June 2022, Caritas Australia received no income for international political or religious proselytisation programs.

The accompanying notes form part of these financial statements.

CARITAS AUSTRALIA LIMITED
ABN 90 970 605 069

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2022

	Note	Year ended 30 Jun 2022	Period 1 Oct 2020 - 30 Jun 2021
		\$	\$
(Deficit) / Excess of revenue over expenditure		(6,804,314)	9,715,541
Other comprehensive income:			
Net (Loss) / Gain on revaluation of financial assets	12(c)	<u>(84,261)</u>	<u>500,205</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(6,888,575)</u>	<u>10,215,746</u>

The accompanying notes form part of these financial statements.

CARITAS AUSTRALIA LIMITED
ABN 90 970 605 069

BALANCE SHEET AS AT 30 JUNE 2022

	Note	30 June 2022 \$	30 June 2021 \$
CURRENT ASSETS			
Cash and cash equivalents	4	34,867,227	41,872,635
Trade and other receivables		340,624	217,529
Prepayments		<u>1,270,611</u>	<u>756,478</u>
TOTAL CURRENT ASSETS		<u>36,478,462</u>	<u>42,846,642</u>
NON-CURRENT ASSETS			
Other financial assets	6	13,301,165	14,979,107
Property, plant and equipment	7	654,086	874,503
Right-of-use assets	9	2,038,046	2,833,883
Intangible assets	5	<u>1,060,781</u>	<u>972,574</u>
TOTAL NON-CURRENT ASSETS		<u>17,054,078</u>	<u>19,660,067</u>
TOTAL ASSETS		<u>53,532,540</u>	<u>62,506,709</u>
CURRENT LIABILITIES			
Trade and other payables	8	1,645,638	1,345,044
Contract Liabilities	11	1,960,700	3,336,507
Other liabilities		-	19,684
Lease liabilities	9	814,664	767,727
Short term provisions	10	<u>1,750,210</u>	<u>1,762,692</u>
TOTAL CURRENT LIABILITIES		<u>6,171,212</u>	<u>7,231,654</u>
NON-CURRENT LIABILITIES			
Lease liabilities	9	1,366,285	2,180,949
Long term provisions	10	<u>137,186</u>	<u>267,064</u>
TOTAL NON-CURRENT LIABILITIES		<u>1,503,471</u>	<u>2,448,013</u>
TOTAL LIABILITIES		<u>7,674,683</u>	<u>9,679,667</u>
NET ASSETS		<u>45,857,857</u>	<u>52,827,042</u>
EQUITY			
Reserves	12	19,730,375	19,658,378
Accumulated funds available for future use	13	<u>26,127,482</u>	<u>33,168,664</u>
TOTAL EQUITY		<u>45,857,857</u>	<u>52,827,042</u>

The accompanying notes form part of these financial statements.

CARITAS AUSTRALIA LIMITED
ABN 90 970 605 069

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2021

	Note	Accumulated Funds Available for Future Use \$	12(b) Committed Funds Reserves \$	12(a) Specified Purpose Reserves \$	12(c) Financial Assets Reserve \$	Total \$
Balance at 1 October 2020		-	-	-	-	-
Deed of transfer		24,147,881	13,795,421	4,295,392	420,188	42,658,882
Excess of revenue over expenditure		9,715,541	-	-	-	9,715,541
Other comprehensive income for the year	12(c)	-	-	-	500,205	500,205
<i>Transfers (to) from reserves:</i>						
Financial Assets Reserves	12(c)	(1,575,491)	-	-	1,575,491	-
Committed Funds Reserves	12(b)	355,174	(402,760)	-	-	(47,586)
Specified Purpose Reserves	12(a)	525,559	-	(525,559)	-	-
Balance at 30 June 2021		<u>33,168,664</u>	<u>13,392,661</u>	<u>3,769,833</u>	<u>2,495,884</u>	<u>52,827,042</u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

Balance at 30 June 2021		33,168,664	13,392,661	3,769,833	2,495,884	52,827,042
Excess of revenue over expenditure		(6,804,314)	-	-	-	(6,804,314)
Other comprehensive income for the year	12(c)	100,977	-	-	(185,238)	(84,261)
<i>Transfers (to) from reserves:</i>						
Financial Assets Reserves	12(c)	(80,774)	-	-	(1,583,079)	(1,663,853)
Committed Funds Reserves	12(b)	1,838,967	(255,724)	-	-	1,583,243
Specified Purpose Reserves	12(a)	(2,096,038)	-	2,096,038	-	-
Balance at 30 June 2022		<u>26,127,482</u>	<u>13,136,937</u>	<u>5,865,871</u>	<u>727,567</u>	<u>45,857,857</u>

The accompanying notes form part of these financial statements.

CARITAS AUSTRALIA LIMITED
ABN 90 970 605 069

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2022

	Note	2022	Period 1 Oct 2020 - 30 Jun 2021
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Grants and donations received		44,850,683	36,598,524
Payments for projects and to suppliers and employees		(50,993,434)	(30,343,987)
GST (net) remitted to the ATO		(227,868)	(175,966)
Dividends received		873,997	173,996
Interest received		<u>73,690</u>	<u>72,428</u>
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	15	<u>(5,422,932)</u>	<u>6,324,995</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for leasehold improvements, plant and equipment		(8,018)	114
Payments for intangible software cost		(195,154)	(50,000)
Payments for investments		<u>(611,576)</u>	<u>83,957</u>
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES		<u>(814,748)</u>	<u>34,071</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for lease liabilities		<u>(767,728)</u>	<u>(546,457)</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>(767,728)</u>	<u>(546,457)</u>
Net (decrease)/increase in cash held		(7,005,408)	5,812,609
Cash at beginning of year		<u>41,872,635</u>	<u>36,060,026</u>
CASH AT END OF FINANCIAL PERIOD	4	<u>34,867,227</u>	<u>41,872,635</u>

The accompanying notes form part of these financial statements.

CARITAS AUSTRALIA LIMITED
ABN 90 970 605 069

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and the Australian Council for International Development (ACFID) Code of Conduct and the Corporations Act 2001, as appropriate for not-for profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

For further information of the ACFID Code of Conduct, please refer to the ACFID Code of Conduct Guidance available at www.acfid.asn.au. Caritas Australia is a not-for-profit entity for the purpose of preparing the financial statements.

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

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Board 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.

CARITAS AUSTRALIA LIMITED
ABN 90 970 605 069

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

Note 1: Summary of Significant Accounting Policies (continued)

(c) Leases (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

Note 1: Summary of Significant Accounting Policies (continued)

(c) Leases (continued)

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.

(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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

Note 1: Summary of Significant Accounting Policies (continued)

(d) Financial Instruments(continued)

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.

(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 2-15 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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

Note 1: Summary of Significant Accounting Policies (continued)

(g) Foreign Currency Transactions and Balances (continued)

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.

(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 and Other Income

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

Note 1: Summary of Significant Accounting Policies (continued)

(k) Revenue and Other Income (continued)

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).

(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.

(m) Comparative Figures

Caritas Australia Limited was incorporated on 17 March 2020, and commenced operations on and from 1 October 2020 when the Company assumed the responsibility for the operations of Caritas Australia including transfer of all the assets, liabilities and operations including employees from AECRCC to Caritas Australia Limited. Accordingly, the comparative figures reflect the period from 1 October 2020 to 30 June 2021.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

(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

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Key estimates — Useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(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.

Note 2: Revenue and Other Income

	2022	Period 1 Oct 2020 - 30 Jun 2021
	\$	\$
Revenue from Government and other grants		
Government grants	7,379,195	4,532,807
Other Australian	9,302,051	6,454,611
Other overseas	89,410	230,451
	16,770,656	11,217,869
Other revenue		
Donations and gifts - monetary	24,330,149	18,711,607
Gifts in kind - non-monetary	25,874	29,062
Legacies and bequests	3,320,162	8,937,418
	27,676,185	27,678,087
Other income		
Interest - other corporations	101,530	72,324
Dividends - other corporations	971,988	309,523
Other income	450,498	353,312
(Loss) / Gain on Disposal of Fixed Assets	(88,257)	-
Gain on Financial Assets at fair value through profit & loss	-	1,575,491
	1,435,759	2,310,650
Total Revenue and Other Income	45,882,600	41,206,606

CARITAS AUSTRALIA LIMITED
ABN 90 970 605 069

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

Note 3: Expenditure

Expenditure includes the following expenses:

	2022	Period
		1 Oct 2020 -
		30 Jun 2021
	\$	\$
Expenses		
Salaries	9,327,728	6,081,149
Superannuation	1,035,912	639,581
Depreciation and Amortisation	247,125	183,916
Finance Costs	158,450	101,199
Loss on Financial Assets at fair value through profit & loss	1,489,418	-

Note 4: Cash and Cash Equivalents

	2022	2021
	\$	\$
Cash at bank and in hand	1,745,998	1,087,156
Short-term bank deposits	33,121,229	40,785,479
Total Cash and Cash Equivalents	<u>34,867,227</u>	<u>41,872,635</u>

Note 5: Intangibles – Non Current

	2022	2021
	\$	\$
At cost	1,425,567	1,230,413
Accumulated amortisation	(364,786)	(257,839)
	<u>1,060,781</u>	<u>972,574</u>
Total Intangibles – Non Current	<u>1,060,781</u>	<u>972,574</u>

(a) **Movements in Carrying Amounts**

Movement in the carrying amounts between the beginning and end of the current financial period.

	Intangibles	Total
	\$	\$
Carrying amount at 1 Oct 2020	983,677	983,677
Additions	50,000	50,000
Disposals	-	-
Depreciation and amortisation expense	(61,103)	(61,103)
Carrying amount at 30 June 2021	<u>972,574</u>	<u>972,574</u>
Additions	195,154	195,154
Disposals	-	-
Depreciation and amortisation expense	(106,947)	(106,947)
Carrying amount at 30 June 2022	<u>1,060,781</u>	<u>1,060,781</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

Note 6: Other Financial Assets – Non Current

	2022	2021
	\$	\$
Financial assets at fair value through other comprehensive income:		
- Listed shares	2,554,966	2,835,582
Financial assets at fair value through profit or loss:		
- Managed funds	10,746,199	12,143,525
Total Other Financial Assets	13,301,165	14,979,107

Note 7: Property, Plant and Equipment

	2022	2021
	\$	\$
Office Equipment:		
At cost	91,604	969,279
Accumulated depreciation	(47,637)	(842,771)
	43,967	126,508
Motor Vehicles:		
At cost	356,012	356,012
Accumulated depreciation	(285,893)	(236,661)
	70,119	119,351
Property & Leasehold Improvements:		
At cost	540,000	1,365,657
Accumulated amortisation	-	(737,013)
	540,000	628,644
Total Property, Plant and Equipment	654,086	874,503

(b) **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 period.

	Office Equipment	Motor Vehicles	Property & Leasehold Improvements	Total
	\$	\$	\$	\$
Carrying amount at 1 Oct 2020	93,362	185,813	593,217	872,392
Additions	87,690	-	58,103	145,793
Disposals	-	(20,869)	-	(20,869)
Depreciation and amortisation expense	(54,544)	(45,593)	(22,676)	(122,813)
Carrying amount at 30 June 2021	126,508	119,351	628,644	874,503
Additions	8,018	-	-	8,018
Disposals	(82,541)	-	(5,716)	(88,257)
Depreciation and amortisation expense	(8,018)	(49,232)	(82,928)	(140,178)
Carrying amount at 30 June 2022	43,967	70,119	540,000	654,086

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

Note 8: Trade and other payables

	Note	2022	2021
		\$	\$
Trade payables		1,046,723	545,322
Other payables – Salary Sacrifice		36,918	25,739
Sundry payables and accrued expenses		561,997	773,983
		1,645,638	1,345,044
Financial liabilities at amortised cost classified as trade and other payables:			
- Total current		1,645,638	1,345,044
Financial liabilities as trade and other payables	17	1,645,638	1,345,044

Note 9: Leases

Caritas 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

	2022	Period 1 Oct 2020- 30 Jun 2021
	\$	\$
Right of use assets		
Balance at 1 July	2,833,884	3,430,762
Depreciation charge for the period	(795,838)	(596,878)
	2,038,046	2,833,884
Lease liabilities		
Current	814,664	767,727
Non-Current	1,366,285	2,180,949

(b) Amounts recognised in profit or loss

	2022	Period 1 Oct 2020 - 30 Jun 2021
	\$	\$
Interest on lease liabilities	57,750	54,528
Other rental arrangements	220,158	137,685

(c) Amounts recognised in statement of cash flows

The total cash outflow for capitalised leases during the financial period was \$767,728

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NOTES TO THE FINANCIAL STATEMENTS
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Note 10: Provisions

	Short Term Employee Benefits	Long Term Employee Benefits	Total
	\$	\$	\$
Annual Leave	1,078,172	-	1,078,172
Long Service Leave	611,046	137,186	748,232
Overseas Staff Benefits	60,992	-	60,992
Balance at 30 June 2022	1,750,210	137,186	1,887,396
Analysis of total provisions		2022	2021
		\$	\$
Current		1,750,210	1,762,692
Non-Current		137,186	267,064
		1,887,396	2,029,756

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: Contract Liabilities

	2022	2021
	\$	\$
Contract Liabilities	1,960,700	3,336,507

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	3,336,507	6,807,669
Payments received in advance	15,653,822	7,492,390
Transfer to revenue - performance obligations satisfied in previous periods	(17,029,629)	(10,963,552)
Closing balance	1,960,700	3,336,507

Contract liabilities relate to amounts received in advance of completion of the satisfaction of the relevant performance obligations. Included in this amount is \$222,894 (2021: \$164,279) relating to performance obligations which had not yet been satisfied in the current year and will be satisfied in the following financial year

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

Note 12: Reserves

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

Reserve Summary

Reserve Category	Note	2022	2021
		\$	\$
Specified Purpose Reserve	12(a)	5,865,871	3,769,833
Committed Funds Reserve	12(b)	13,136,937	13,392,661
Financial Assets Reserve	12(c)	727,567	2,495,884
Total Reserves		19,730,375	19,658,378

(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.

	2022	2021
	\$	\$
<i>Specified Purpose Reserve:</i>		
Opening balance	3,769,833	4,295,392
Transfers to the reserve	5,665,073	946,535
Transfers from the reserve	(3,569,035)	(1,472,094)
Closing balance	5,865,871	3,769,833
Total Specified Purpose Reserve	5,865,871	3,769,833

(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.

	2022	2021
	\$	\$
<i>Caritas Australia Committed Expenditure Reserve:</i>		
Opening balance	3,089,287	3,718,900
Transfers to the reserve	-	-
Transfers from the reserve	(845,161)	(629,613)
Closing balance	2,244,126	3,089,287

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

Note 12: Reserves (continued)

Note (b) Committed Funds Reserves

	2022	2021
	\$	\$
<i>Caritas Foundation Reserve:</i>		
Opening balance	10,392,661	10,076,521
Transfers to the reserve	500,150	226,853
Transfers from the reserve	-	-
Closing balance	10,892,811	10,303,374
 Total Committed Funds Reserve	 13,136,937	 13,392,661

(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. The fair value movement of financial assets at fair value through profit or loss are initially recognised in profit or loss and subsequently transferred to the financial assets reserve at the year end.

	2022	2021
	\$	\$
<i>Financial Assets Reserve:</i>		
Opening balance	2,495,884	420,188
Revaluation increment/(decrement) – financial assets	(1,768,317)	500,205
Transfer from Accumulated Funds Available for Future Use	-	1,575,491
Closing balance	727,567	2,495,884

Note 13: Accumulated Funds Available for Future Use

	2022	2021
	\$	\$
Accumulated funds available at beginning of period	33,168,664	24,147,881
Excess of revenue over expenditure	(6,804,314)	9,715,541
Transfers to /(from) reserves	(236,868)	(694,758)
Accumulated funds available at end of year	26,127,482	33,168,664

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

Note 14: Governance Officers and Senior Management

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

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

Key Governance Officers

Robert Fitzgerald, AM	Chair – non executive
Most Reverend Vincent Long Van Nguyen OFM	Council member – non executive
Honourable John Watkins	Council member – non executive
Virginia Bourke	Council member – non executive
Patricia Faulkner AO	Council member – non executive
Wendy Hughes	Council member – non executive
Dr. Martin Laverty	Council member – non executive
Jack de Groot	Council member – non executive
Christine Grima	Council member – non executive

Position

Senior Management

Ms Kirsty Robertson	Chief Executive Officer
Mr. Rocky Naickar	Chief Finance & Operations Officer
Mr. Dan Skehan	Programs Director
Mr. Richard Landels	Advancement Director
Ms. Alicia Benardos	People Director
Michael McGirr	Mission Director
Ms. Leigh Matthews	Impact Director

Position

- (b) Senior Management Compensation:

	Short-term benefits		Post Employment Benefits		Total
	Salary	Termination Pay	Superannuation	Other	
	\$	\$	\$	\$	\$
2022					
Total Compensation	1,273,796	56,230	137,772	-	1,467,798
1Oct–30Jun 2021					
Total Compensation	777,854	-	81,579	-	859,433

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

Note 15: Cash Flow Information

Reconciliation of Cash Flow from Operating Activities with (Shortfall) Excess of Revenue over Expenditure	2022	Period 1 Oct 2020- 30 Jun 2021
	\$	\$
(Shortfall)Excess of revenue over expenditure for period	(6,804,314)	9,715,541
Non-cash flows:		
Depreciation and amortisation	1,042,962	780,795
Fair value adjustment to financial liabilities	723,486	(84,594)
Fair value adjustment to financial assets	1,489,418	(1,575,491)
Changes in assets and liabilities:		
Decrease / (Increase) in receivables	(123,095)	168,329
Decrease / (Increase) in prepayments	(514,133)	183,006
(Decrease) in payables	(1,075,213)	(3,017,232)
Increase / (Decrease) in provisions	(142,361)	179,953
(Decrease) in other liabilities	(19,684)	(25,312)
Cash flows from Operating Activities	<u>(5,422,934)</u>	<u>6,324,995</u>

Note 16: Related Party Transactions

There were no transactions nor any outstanding balances related to key management personnel and entities over which they have control or significant influence during the financial year.

Note 17: Financial Risk Management

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	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Liabilities due for payment								
Trade and other payables	1,645,638	1,345,044	-	-	-	-	1,645,638	1,345,044
Contract Liabilities	1,960,700	3,336,507	-	-	-	-	1,960,700	3,336,507
Lease Liabilities	814,664	767,727	1,366,285	2,180,949	-	-	2,180,949	2,948,676
Total expected outflows	<u>4,421,002</u>	<u>5,449,278</u>	<u>1,366,285</u>	<u>2,180,949</u>	<u>-</u>	<u>-</u>	<u>5,787,287</u>	<u>7,630,227</u>

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FOR THE PERIOD ENDED 30 JUNE 2022

Note 17: Financial Risk Management (continued)

	Within 1 Year		1-5 Years		Over 5 Years		Total contractual cash flow	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets cash flows realisable								
Cash and Cash Equivalents	34,867,228	41,872,635	-	-	-	-	34,867,228	41,872,635
Trade and other receivables	340,624	217,529	-	-	-	-	340,624	217,529
Financial assets	-	-	13,301,165	14,979,107	-	-	13,301,165	14,979,107
Total anticipated inflows	35,207,852	42,090,164	13,301,165	14,979,107	-	-	48,509,017	57,069,271
Net inflow on financial instruments	30,786,850	36,640,886	11,934,880	12,798,158	-	-	42,721,730	49,439,044

(a) Credit Risk:

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

(b) 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.

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NOTES TO THE FINANCIAL STATEMENTS
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Note 18: Remuneration of Auditors

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

	2022	Period
		1 Oct 2020-
		30 Jun 2021
	\$	\$
Audit and Other Assurance Service Fees		
– Pitcher Partners	46,000	43,000
	<u>46,000</u>	<u>43,000</u>

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

Note 20: Charitable Fundraising Act 1991 (New South Wales)

The following information is provided to comply with relevant provisions of the *Charitable Fundraising Act 1991 (New South Wales)*.

The Income Statement gives a true and fair view with respect to fundraising appeals conducted by the Company. The fundraising provisions of the Act as they apply to the Company's fundraising in New South Wales have been complied with and the internal controls exercised are appropriate and effective in accounting for all income received by the Company from fundraising.

	2022	2022	2022	1 Oct 2020- 30Jun 2021	1 Oct 2020- 30 Jun 2021	1 Oct 2020- 30Jun 2021
	Total Income	Total Fundraising Direct Expenses	Net Income	Total Income	Total Fundraising Direct Expenses	Net Income
Fundraising Information						
Donations and Gifts						
Monetary	24,330,149	6,617,045	17,713,104	18,711,607	3,935,881	14,775,726
Non-monetary	25,874	0	25,874	29,062	0	29,062
	24,356,023	6,617,045	17,738,978	18,740,669	3,935,881	14,804,788
Legacies and bequests	3,320,162	161,566	3,158,596	8,937,418	93,269	8,844,149
Grants:						
DFAT	7,379,195	128,574	7,250,621	4,532,807	95,426	4,437,381
Other Australian	9,302,051		9,302,051	6,454,611		6,454,611
Other overseas	89,410		89,410	230,451		230,451
	16,770,656	128,574	16,642,082	11,217,869	95,426	11,122,443
Investment income	1,073,519	0	1,073,519	381,847	0	381,847
Other income	362,241	0	362,241	1,928,803	0	1,928,803
Total Net income Contribution	45,882,601	6,907,185	38,975,416	41,206,606	4,124,576	37,082,030
Program Administration and Other		Total Indirect Expenses			Total Indirect Expenses	
International Programs						
Funds to international programs		30,907,332			17,741,835	
Program support costs		5,326,573			3,544,614	
Community education		4,762,208			3,665,282	
Accountability and administration		3,508,838			1,305,477	
Non-monetary expenditure		25,874			29,062	
Domestic program expenditure		1,248,904			1,080,219	
		45,779,729			27,366,489	
Operating Surplus(Shortfall)	45,882,601	52,686,914	(6,804,313)	41,206,606	31,491,065	9,715,541

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NOTES TO THE FINANCIAL STATEMENTS
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Note 21: Events After the Reporting Date

Subsequent to the reporting date, Caritas Australia relocated its Head office to 189 O’riordan Street, Mascot for the purpose of right-sizing the office accommodation in line with our working from home arrangements. This relocation will not have any adverse financial impact on the organisation and is expected to generate cost savings over the lease-life.

No other matters or circumstances have arisen since 30 June 2022 which has significantly affected, or which may significantly affect the Caritas Australia’s operations, the results of those operations or the Caritas Australia’s state of affairs in future financial years.



End poverty
Promote justice
Uphold dignity

The Catholic Agency for International Aid and Development

Level 2, Suite 1, Building 3, 189 O'Riordan
Street, Mascot, NSW 2020

 questions@caritas.org.au

 1800 024 413

 facebook.com/CaritasAU

 twitter.com/CaritasAust

 youtube.com/CaritasAustralia

 www.caritas.org.au