

# **Diocesan Development Fund**

**ABN: 81 462 509 988**

## **Financial Statements**

**For the Year Ended 30 June 2021**

# Diocesan Development Fund

ABN: 81 462 509 988

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For the Year Ended 30 June 2021

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## Diocesan Development Fund

ABN: 81 462 509 988

### Board Report For the Year Ended 30 June 2021

The Board presents their report on Diocesan Development Fund for the financial year ended 30 June 2021.

#### General information

The names of Board members in office at any time during, or since the end of, the year are:

| <b>Names</b>          | <b>Position</b>                          | <b>Appointed/Resigned</b> |
|-----------------------|--|---------------------------|
| Mr Timothy McGhie     | Chairman from 1 July to 1 September 2020 |                           |
| Mr James Kahl         | Chairman 1 September 2020 onwards        |                           |
| Mr Hugh Castleden     |  |                           |
| Rev Christopher Pears |  |                           |
| Mr Paul Harvey        |  |                           |
| Mr Bryan Coleman      |  | Appointed 1 December 2020 |

Board members have been in office since the start of the financial year to the date of this report unless otherwise stated.

#### Principal activities and significant changes in nature of activities

The principal activities of Diocesan Development Fund during the financial year were:

- receive funds from entities within the Anglican Diocese of Armidale and individual investors;
- make loans to Diocesan entities, clergy and Diocesan staff; and
- to invest any surplus in cash, securities and interest-earning securities to provide a return to the Diocese and its investors.

#### Objective

The objective of the Diocesan Development Fund is to support the mission of the Anglican Diocese of Armidale by funding the development of facilities within the Diocese and to make grants to the Diocese out of the surplus generated from its activities for such purposes as the Diocesan Council may from time to time determine.

#### Strategies for achieving the objectives

To achieve this objective, the Diocesan Development Fund has adopted the following strategies:

- to accept funds from the Diocesan entities and other investors;
- to use these funds as a basis for lending to Diocesan bodies, clergy and staff; and
- to invest or re-invest funds not immediately required for loans.

The strategy is intended to realise a surplus out of which a distribution can be paid to the Diocese to support its work.

**Diocesan Development Fund**

ABN: 81 462 509 988

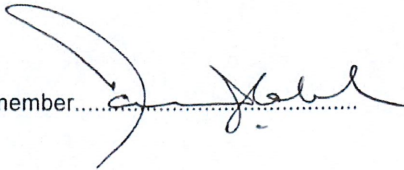
**Board Report  
For the Year Ended 30 June 2021**


**Performance Measures**

The following measures are used within the Diocesan Development Fund to monitor performance:

- the Fund's ability to generate a surplus out of which a distribution can be paid to the Diocese; and
- an increase in funds flowing to the Diocesan entities and projects from the on-line savings facility and other investment options.

Signed in accordance with a resolution of the Board of the Diocesan Development Fund:

Board member.....

Board member.....

Dated this.....19<sup>th</sup>.....day of August 2021

## Diocesan Development Fund

ABN: 81 462 509 988



### **Auditor's Independence Declaration under Section 60 - 40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Members of Diocesan Development Fund**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF NENW Audit & Assurance Pty Ltd

A handwritten signature in blue ink that reads 'Margaret van Aanholt'.

Margaret van Aanholt  
Director

19 August 2021

Tamworth NSW 2340

PKF NENW Audit & Assurance Pty Limited  
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## Diocesan Development Fund

ABN: 81 462 509 988

### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

|   |      | 2021           | 2020      |
|---|------|----------------|-----------|
|   | Note | \$             | \$        |
| Revenue   | 3    | 266,194        | 289,705   |
| Distributions   |      | (30,000)       | (25,000)  |
| Net profit on disposal of investments   |      | 3,514          | 5,977     |
| Interest paid on investments  | 4    | (108,092)      | (132,428) |
| Other expenses  | 4    | (85,490)       | (64,552)  |
| <b>Surplus before income tax</b>  |      | <b>46,126</b>  | 73,702    |
| Income tax  |      | -              | -         |
| <b>Surplus for the year</b>   |      | <b>46,126</b>  | 73,702    |
| <b>Other comprehensive income, net of income tax</b>                                      |      |                |           |
| <b>Items that will be reclassified to profit or loss when specific conditions are met</b> |      |                |           |
| Net fair value movements for available-for-sale financial assets                          |      | 110,411        | (263,672) |
| <b>Other comprehensive income for the year, net of tax</b>                                |      | <b>110,411</b> | (263,672) |
| <b>Total comprehensive income for the year</b>  |      | <b>156,537</b> | (189,970) |

The accompanying notes form part of these financial statements.

## Diocesan Development Fund

ABN: 81 462 509 988

### Statement of Financial Position

As At 30 June 2021

|   | Note | 2021<br>\$       | 2020<br>\$       |
|---|------|------------------|------------------|
| <b>ASSETS</b>   |      |                  |                  |
| Cash and cash equivalents   | 5    | 757,019          | 98,170           |
| Trade and other receivables                                       | 6    | 132,630          | 162,828          |
| Financial assets at fair value through other comprehensive income | 7    | 5,715,206        | 4,684,070        |
| Financial assets at amortised cost                                | 8    | 2,394,983        | 1,983,190        |
| TOTAL ASSETS  |      | <u>8,999,838</u> | <u>6,928,258</u> |
| <b>LIABILITIES</b>  |      |                  |                  |
| Trade and other payables  | 9    | 289,243          | 38,128           |
| Amounts owed to investors   | 10   | 7,634,479        | 5,970,551        |
| TOTAL LIABILITIES   |      | <u>7,923,722</u> | <u>6,008,679</u> |
| NET ASSETS  |      | <u>1,076,116</u> | <u>919,579</u>   |
| <b>EQUITY</b>   |      |                  |                  |
| Investment Revaluation Reserve                                    |      | (63,141)         | (173,552)        |
| Retained Earnings   |      | 1,139,257        | 1,093,131        |
| TOTAL EQUITY  |      | <u>1,076,116</u> | <u>919,579</u>   |

The accompanying notes form part of these financial statements.

## Diocesan Development Fund

ABN: 81 462 509 988

### Statement of Changes in Equity For the Year Ended 30 June 2021

#### 2021

|                                      | Retained<br>Earnings | Investment<br>Revaluation<br>Reserve | Total            |
|--------------------------------------|----------------------|--------------------------------------|------------------|
|                                      | \$                   | \$                                   | \$               |
| <b>Balance at 1 July 2020</b>        | <b>1,093,131</b>     | <b>(173,552)</b>                     | <b>919,579</b>   |
| Increase in reserves during the year | -                    | 110,411                              | 110,411          |
| Surplus for the year                 | 46,126               | -                                    | 46,126           |
| <b>Balance at 30 June 2021</b>       | <b>1,139,257</b>     | <b>(63,141)</b>                      | <b>1,076,116</b> |

#### 2020

|                                      | Retained<br>Earnings | Investment<br>Revaluation<br>Reserve | Total          |
|--------------------------------------|----------------------|--------------------------------------|----------------|
|                                      | \$                   | \$                                   | \$             |
| <b>Balance at 1 July 2019</b>        | 1,019,429            | 90,120                               | 1,109,549      |
| Decrease in reserves during the year | -                    | (263,672)                            | (263,672)      |
| Surplus for the year                 | 73,702               | -                                    | 73,702         |
| <b>Balance at 30 June 2020</b>       | <b>1,093,131</b>     | <b>(173,552)</b>                     | <b>919,579</b> |

The accompanying notes form part of these financial statements.



## Diocesan Development Fund

ABN: 81 462 509 988

### Statement of Cash Flows For the Year Ended 30 June 2021

|   | 2021                    | 2020                 |
|---|-------------------------|----------------------|
| Note  | \$                      | \$                   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>              |                         |                      |
| Receipts from interest, dividends and distributions       | 266,731                 | 275,369              |
| Payments to suppliers and employees                       | (82,994)                | (185,320)            |
| Interest paid   | (106,250)               | (132,428)            |
| Net cash provided by/(used in) operating activities       | 14 <u>77,487</u>        | <u>(42,379)</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>              |                         |                      |
| Proceeds from sale of investments                         | 1,464,661               | 1,042,631            |
| Purchase of investments                                   | (2,161,872)             | (3,213,568)          |
| Net cash used in investing activities                     | <u>(697,211)</u>        | <u>(2,170,937)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>              |                         |                      |
| Net increase/(decrease) in deposits and loans made        | <u>1,278,573</u>        | 1,878,350            |
| Net cash provided by/(used in) financing activities       | <u>1,278,573</u>        | <u>1,878,350</u>     |
| Net increase/(decrease) in cash and cash equivalents held | 658,849                 | (334,966)            |
| Cash and cash equivalents at beginning of year            | 98,170                  | 433,136              |
| Cash and cash equivalents at end of financial year        | 5 <u><u>757,019</u></u> | <u><u>98,170</u></u> |

The accompanying notes form part of these financial statements.

## Diocesan Development Fund

ABN: 81 462 509 988

### Notes to the Financial Statements For the Year Ended 30 June 2021

The financial statements cover Diocesan Development Fund as an individual entity. The Diocesan Development Fund is a not-for-profit organisation established under an instrument by the Anglican Diocese of Armidale. The Diocesan Development Fund is a registered charity under the Australian Charities and Not-for-profits Commission (ACNC).

In accordance with the Ordinance for the fund, there is a requirement to prepare separate financial statements.

The functional and presentation currency for the Diocesan Development Fund is the Australian dollar.

The Diocesan Development Fund financial statements have been rounded to the nearest dollar.

Comparatives are consistent with prior years, unless otherwise stated.

#### 1 Basis of Preparation

In the Directors' opinion, the Diocesan Development Fund is a non-reporting since there are unlikely to be any users who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. This special purpose financial report has been prepared to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and to comply with the financial reporting divisions of the Diocesan Development Fund Ordinance 2017.

The special purpose financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1048 *Interpretation of Standards* and AASB 1054 *Australian Additional Disclosures*.

#### 2 Summary of Significant Accounting Policies

##### (a) Income Tax

No provision for income tax has been raised as the Diocesan Development Fund is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

##### (b) Revenue and other income

Revenue is recognised when the business is entitled to it.

##### Interest revenue

Interest is recognised using the effective interest method.

##### Dividend revenue

Dividends are recognised when the entity's right to receive payment is established.

##### (c) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## Diocesan Development Fund

ABN: 81 462 509 988

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

### 2 Summary of Significant Accounting Policies

#### (d) Financial instruments

Financial instruments are recognised initially on the date that the organisation becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Classification*

On initial recognition, the Diocesan Development Fund classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - equity instruments (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Diocesan Development Fund changes its business model for managing financial assets.

#### *Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Diocesan Development Fund's financial assets measured at amortised cost comprise loans receivable, trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

#### *Fair value through other comprehensive income*

#### Equity instruments

The Diocesan Development Fund has a number of strategic investments in listed entities over which they do not have significant influence nor control. The Diocesan Development Fund has made an irrevocable election to classify these equity investments as fair value through other comprehensive income.

## Diocesan Development Fund

ABN: 81 462 509 988

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

### 2 Summary of Significant Accounting Policies

#### (d) Financial instruments

##### Financial assets

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (investment revaluation reserve).

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

##### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Diocesan Development Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Diocesan Development Fund's historical experience and informed credit assessment and including forward looking information.

The Diocesan Development Fund uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Diocesan Development Fund uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Diocesan Development Fund in full, without recourse to the Diocesan Development Fund to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Diocesan Development Fund in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

##### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

##### Financial liabilities

The Diocesan Development Fund measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Diocesan Development Fund comprise amounts owed to investors and trade payables.

## Diocesan Development Fund

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### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 3 Revenue and Other Income

|   | 2021           | 2020           |
|---|----------------|----------------|
|   | \$             | \$             |
| - Interest received - loans and investments | 89,837         | 106,378        |
| - Dividend income                           | 176,357        | 183,327        |
| <b>Total Revenue</b>                        | <b>266,194</b> | <b>289,705</b> |

#### 4 Result for the Year

The result for the year was derived after charging / (crediting) the following items:

|  | 2021           | 2020           |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>Other expenses include:</b>           |                |                |
| - Audit and accounting fees (inc GST)    | 7,590          | 6,775          |
| - Audit and accounting fees - prior year | 1,425          | -              |
| - Salaries and wages                     | 36,418         | 31,334         |
| - Superannuation contributions           | 3,463          | 3,066          |
| - Management fees                        | 28,426         | 23,384         |
| - Legal fees                             | 5,280          | -              |
| - Movement in leave provisions           | -              | (4,925)        |
| - Other administrative expenses          | 2,888          | 4,918          |
|  | <b>85,490</b>  | <b>64,552</b>  |
| <b>Interest expense paid:</b>            |                |                |
| - Community Saver Accounts               | 43,093         | 62,290         |
| - Term investments                       | -              | 709            |
| - Parish Investments                     | 14,275         | 21,235         |
| - Nominated interest distribution        | 19,960         | 17,326         |
| - Monthly Saver Accounts                 | 24,743         | 23,070         |
| - Historical investments                 | 6,021          | 7,799          |
| <b>Total finance costs</b>               | <b>108,092</b> | <b>132,429</b> |

#### 5 Cash and Cash Equivalents

|              | 2021    | 2020   |
|--------------|---------|--------|
|              | \$      | \$     |
| Cash at bank | 757,019 | 98,170 |

#### 6 Trade and Other Receivables

|  | 2021           | 2020           |
|--|----------------|----------------|
|  | \$             | \$             |
| Trade receivables                        | 90,911         | 119,179        |
| Franking credits due                     | 41,719         | 43,649         |
| <b>Total trade and other receivables</b> | <b>132,630</b> | <b>162,828</b> |

## Diocesan Development Fund

ABN: 81 462 509 988

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 7 Financial assets at fair value through other comprehensive income

|                                 | 2021      | 2020      |
|---------------------------------|-----------|-----------|
|                                 | \$        | \$        |
| Listed investments - fair value |           |           |
| Listed Securities               | 5,715,206 | 4,684,070 |

#### 8 Financial assets at amortised cost

|  | 2021             | 2020      |
|--|------------------|-----------|
|  | \$               | \$        |
| <b>Loans and advances - Secured</b>          |                  |           |
| Parish loans                                 | 204,979          | 259,194   |
| Clergy loans                                 | 731,767          | 313,329   |
| School loans                                 | 700,000          | 700,000   |
|  | <b>1,636,746</b> | 1,272,523 |
| <b>Loans and advances - unsecured</b>        |                  |           |
| Clergy loans                                 | 172,237          | 124,667   |
| Corporate Trustees of the Dioces of Armidale | 586,000          | 586,000   |
|  | <b>758,237</b>   | 710,667   |
|  | <b>2,394,983</b> | 1,983,190 |

#### 9 Trade and other payables

|                                      | 2021           | 2020   |
|--------------------------------------|----------------|--------|
|                                      | \$             | \$     |
| Trade payables                       | 58,601         | 29,955 |
| Sundry payables and accrued expenses | 10,642         | 8,173  |
| Uncleared trades                     | 220,000        | -      |
|                                      | <b>289,243</b> | 38,128 |

#### 10 Amounts owed to investors

|  | 2021             | 2020      |
|--|------------------|-----------|
|  | \$               | \$        |
| Investments - Parishes                       | 1,161,144        | 917,756   |
| Investments - Interest bearing               | 406,009          | 415,679   |
| Investments - Deposits, Investor Funds       | 25,412           | 26,412    |
| Investments - Community Saver Investor Funds | 3,072,782        | 3,174,686 |
| Investments - Monthly Saver Investment Funds | 2,969,132        | 1,436,018 |
|  | <b>7,634,479</b> | 5,970,551 |

## Diocesan Development Fund

ABN: 81 462 509 988

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 11 Auditors' Remuneration

|   | 2021         | 2020         |
|---|--------------|--------------|
|   | \$           | \$           |
| Remuneration of the auditor: PKF NENW Audit & Assurance Pty Ltd |              |              |
| - auditing and accounting fees                                  | <u>6,900</u> | <u>6,750</u> |

#### 12 Contingencies

In the opinion of the Board, the Diocesan Development Fund did not have any contingencies at 30 June 2021 (30 June 2020:None).

#### 13 Related Parties

(a) **The organisation's main related parties are as follows:**

The Diocesan Development Fund is an organisation established under an instrument by the Anglican Diocese of Armidale. The Corporate Trustees of the Diocese of Armidale are the Trustees of the Fund. The Diocesan Development Fund's main related parties include clergy, and their immediate family members, and other parishes of the Anglican Diocese.

(b) **Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

|                                      |                         | Balance outstanding         |                             |
|--------------------------------------|-------------------------|-----------------------------|-----------------------------|
|                                      | Payments/<br>(receipts) | Owed to the<br>organisation | Owed by the<br>organisation |
|                                      | \$                      | \$                          | \$                          |
| <b>Related parties</b>               |                         |                             |                             |
| Parish Loans                         | -                       | 204,979                     | -                           |
| Clergy, staff and school loans       | -                       | 1,604,004                   | -                           |
| Corporate Trustee Loans              | -                       | 586,000                     | -                           |
| Investor funds - parishes and clergy | -                       | -                           | 2,527,446                   |
| Interest received from loans         | (89,746)                | -                           | -                           |
| Distribution to the Anglican Diocese | 30,000                  | -                           | -                           |
| Interest paid on investor funds      | 32,350                  | -                           | -                           |

## Diocesan Development Fund

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### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 14 Cash Flow Information

##### Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

|   | 2021          | 2020            |
|---|---------------|-----------------|
|   | \$            | \$              |
| Surplus for the year  | 46,126        | 73,702          |
| Cash flows excluded from surplus attributable to operating activities |               |                 |
| Non-cash flows included in the surplus:                               |               |                 |
| - net (gain)/loss on disposal of investments                          | (3,514)       | (5,977)         |
| Changes in assets and liabilities:                                    |               |                 |
| - (increase)/decrease in trade and other receivables                  | 564           | (104,560)       |
| - increase/(decrease) in trade and other payables                     | 34,311        | (619)           |
| - increase/(decrease) in provisions                                   | -             | (4,925)         |
| Cashflows from operations   | <u>77,487</u> | <u>(42,379)</u> |

#### 15 Events after the end of the Reporting Period

The global COVID-19 pandemic has had a financial impact on the organisation during the financial year. As this pandemic is continuing there is material uncertainty as to any financial effects since the end of the financial year.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the organisation, the results of those operations or the state of affairs of the organisation in future financial years.



## Diocesan Development Fund

ABN: 81 462 509 988

### Statement by the Board

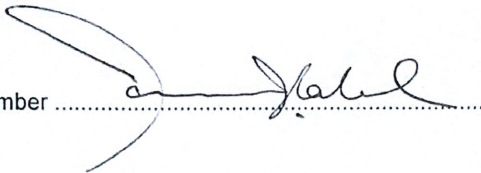
The Board has determined that the Diocesan Development Fund is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements and satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The Board declares that:

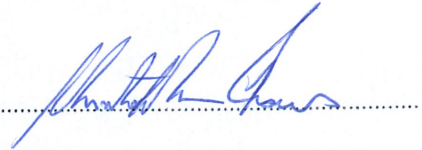
- The financial statements and notes, as set out on pages 4 to 14, present fairly the financial position as at 30 June 2021 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
- there are reasonable grounds to believe that the Diocesan Development Fund is able to pay all of its debts as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

This declaration is made in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013* and a resolution of the Board.

Board member .....



Board member .....



Dated this ..... 19<sup>th</sup> ..... day of August 2021



## Independent Auditor's Report to the members of Diocesan Development Fund

### Opinion

We have audited the accompanying financial report, being a special purpose financial report of Diocesan Development Fund (the Trust), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the statement by the Board.

In our opinion, the accompanying financial report of the Trust for the year ended 30 June 2021 is prepared, in all material respects, including:

- (i) giving a true and fair view of the Diocesan Development Fund's financial position as at 30 June 2021 and of its financial performance for the year ended; and
- (ii) complying with Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

### Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report is prepared to assist the Diocesan Development Fund to comply with the financial reporting provisions of the Diocesan Development Fund Ordinance 2017 and the reporting requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Diocesan Development Fund and should not be distributed to or used by parties other than the Diocesan Development Fund. Our opinion is not modified in respect of this matter.

### Responsibilities of Members of the Board

Members of the Board are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as they determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Members of the Board are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Members of the Board either intend to liquidate the Diocesan Development Fund or to cease operations, or have no realistic alternative but to do so.

PKF NENW Audit & Assurance Pty Limited  
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## Independent Auditor's Report to the members of Diocesan Development Fund

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

Our responsibility is to express an opinion on the financial report based on our audit. 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, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation of the financial report that gives a true and fair view 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 Trust's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of management'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 Trust'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 Diocesan Development Fund to cease to continue as a going concern.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Diocesan Development Fund to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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**Diocesan Development Fund**



**Independent Auditor's Report to the members of Diocesan Development Fund**

We communicate with Members of the Board 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.

PKF NENW Audit & Assurance Pty Ltd

Margaret van Aanholt

A handwritten signature in blue ink that reads 'M van Aanholt'.

22-24 Bourke Street, Tamworth  
Dated this 25th day of August 2021

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