



ANNUAL REPORT 2021



MACLEAN PARISH:

SUPPORTING MACLEAN PARISH'S FINANCIAL SECURITY

Thanks to the Diocesan Investment Fund, St Mary's Parish, Maclean will be able to develop another source of much needed rental income for the Parish.

According to Parish Priest, Fr Nicolas Maurice, the loan from the DIF meant the Parish can start the construction of a residential dwelling on an unused piece of Parish land.

"Maclean Parish is in an area that has a strong rental market, the construction of a house with the view to be rented will provide both income for the Parish and a house for someone who needs one," said Fr Maurice.

The loan from the DIF has meant the construction of a high quality house and as a result, tenants will be comfortable as well as provide an income to assist Parish operation expenses.

"It is difficult to imagine feasibility of the project without the help of a loan," said Fr Maurice.



a message from
THE BISHOP



Dear Friends,

2021 has been a year of lockdowns, Covid clusters, the closure of Churches and a general loss of confidence and community. As it draws to a close we are all feeling a sense of relief – we have survived the year.

It was also a year of devastating floods in the southern part of the diocese. Many, including the disadvantaged suffered the loss of property. Some lost almost all they had. Fortunately, we, the Church, were able to give monetary assistance to those who lost accommodation during the floods, and to farmers without feed for livestock.

DIF investments made it possible for the Church to help those in need. I would like to thank you for investing in the DIF. Without you, the charitable works and ministries of the Lismore Diocese would be greatly reduced.

As we begin to emerge from this Covid pandemic, I wish you a Blessed Christmas and a Happy New Year. I pray that the love and protection of Jesus will remain with you throughout the year.

Bishop Greg Homeming

a message from
THE CHAIRMAN



The year to 31 March 2021 certainly has been a challenging year for all. The Covid pandemic continues to disrupt our lives and settling into a new normal has been difficult with the delta variant being so transmissible. We now face constant outbreaks and rule changes, fading in and out of lockdowns.

Despite this, the DIF continues to provide a stable source of long term finance for Catholic parishes and institutions of the Lismore Diocese and provides an annual distribution to support the Diocese of Lismore.

Just when we thought the official cash interest rate couldn't get much lower than the 0.25% reported last year, the Reserve Bank of Australia (RBA) lowered rates again to 0.10% from November 2020. This rate has remained stable since then but significantly limits the return able to be achieved from the DIF's significant investment in Bank Term Deposits. The DIF was quite pleased to be able to return an average rate of 0.81% to investors for the year despite the investor rate reducing to 0.45% from 1 December 2020. The DIF continues to remain an important part of the Diocesan Finance structure for which it was created.

We finished the year with funds under management totalling \$589 million, up \$29 million on the previous year. Loans totalling \$47 million were advanced to Catholic parishes and institutions of the Lismore Diocese. Despite our lower returns we thank you, our loyal investors, for your continued support of our fund.

On behalf of the board, I would like to thank Bishop Greg for his guidance and encouragement, the priests of the Diocese, clergy, religious and other organisations within the Church for their wonderful ongoing commitment to the DIF. A very special thank you must go to our wonderful local agents who freely give their time and staff to provide our investors with additional access for their DIF transactions.

The fund is blessed to have Mr. Greg Isaac as our Diocesan Business Manager and Mr. Scott Patch as our Fund Manager to lead our exceptional customer service team.

Finally, I would like to thank my fellow board members who have contributed enormously to the success of the fund. Thank you for giving so freely of your time and expertise.

Stay safe,
Michael G. Shay.
Chairman.

DIOCESAN FINANCE COUNCIL



Most Reverend
Greg
Homeming
BISHOP OF LISMORE



Michael Shay
CHAIRMAN



Mark
Dougherty
DEPUTY CHAIRMAN



Peter Liddy



Fr Paul Gooley



Fr Peter Slack



EX OFFICIO:
Greg Isaac
DIOCESAN BUSINESS
MANAGER



EX OFFICIO:
Scott Patch
FUND MANAGER,
DIOCESAN
ACCOUNTANT

CHARTER: TO PROVIDE
A STABLE SOURCE OF
LONG TERM FINANCE AT
AFFORDABLE RATES OF
INTEREST, FOR CATHOLIC
PARISHES AND INSTITUTIONS
OF THE LISMORE DIOCESE
AND TO PROVIDE A STABLE
STATED RETURN TO
INVESTORS.

The Diocesan Investment Fund is a Religious charitable development fund that operates under ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813. The Australian Prudential Regulation Authority (APRA) has exempted the DIF from certain requirements of the Banking Act as described in Banking exemption No. 1 of 2017. The DIF issues debentures to promote it's charitable purpose of the advancement of religion by providing proceeds for loans to parishes and institutions of the Lismore Diocese.

Auditors: MF Partners

Solicitors: Hannigans Solicitors

Bankers: Westpac Banking Corporation



2021 CONCISE FINANCIAL REPORT

DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

INFORMATION ON DIOCESAN INVESTMENT FUND CONCISE FINANCIAL REPORT

The financial statements and disclosures in the concise financial report have been derived from the 2021 Financial Report of the Diocesan Investment Fund.

A copy of the full financial report and auditor's report will be sent to any member, free of charge, upon request.

The discussion and analysis is provided to assist members in understanding the concise financial report.

PROFIT AND LOSS AND STATEMENT OF COMPREHENSIVE INCOME

The Fund recorded a profit from ordinary activities after income tax for the year of \$3,525,574 (2020: \$4,810,728).

During the year the official cash interest rate as determined by the Reserve Bank of Australia was reduced to 0.1% which impacted the return achievable on Bank Term Deposits. A reduction in interest earned of \$5,491,927 was offset by a reduction in interest paid to investors of \$4,214,980.

STATEMENT OF FINANCIAL POSITION

Debentures issued increased by \$28,719,422 (2020: \$37,036,164). Loans receivable decreased by \$7,349,918 whilst financial assets (bank term deposits) decreased by \$40,062,000. Cash and cash equivalents increased by \$76,631,153.

Total assets increased by \$28,753,013 (2020: \$38,259,273). Equity at 31 March 2021 totalled \$34,489,902 (2020: \$33,831,409).

Net Assets increased by \$658,493 (2020: \$1,360,187) with a provision being made at year end for a distribution to the Lismore Diocese of \$2,867,081 (2020: \$3,450,541).

STATEMENT OF CASH FLOWS

Cash held at the end of the year increased by \$76,631,153 (2020: \$1,254,593). Cash flows provided by operating activities totalled \$3,950,354 (2020: \$5,845,318).

Net cash flows provided by financing activities was \$32,684,490 whilst cash flows provided by investing activities was \$39,996,309.

REPORT BY THE DIOCESAN FINANCE COUNCIL

The Trustees of the Roman Catholic Church for the Diocese of Lismore (AFSL 503537) acting as Trustee of the Diocesan Investment Fund ("the Fund") submit their report for the year ended 31 March 2021.

DIOCESAN FINANCE COUNCIL

The names of the members of the Diocesan Finance Council in office during the financial year, and until the date of this report, unless otherwise stated are:

Mr Michael Shay (Chairman), Mr Mark Dougherty, Rev Fr Peter Slack, Mr Peter Liddy and Rev Fr Paul Gooley.

PRINCIPAL ACTIVITIES

The DIF has a charitable purpose of the advancement of religion. It achieves this by providing a stable source of long term finance at affordable rates of interest, for Catholic parishes and institutions of the Lismore Diocese. The Fund issues debentures to provide the proceeds for these loans and proceeds held in excess of loan requirements are invested at a margin to provide a distribution to the Diocese of Lismore to assist with the ongoing financial needs of the Diocese.

No significant change in the nature of these activities occurred during the year.

FUND INFORMATION

The Fund was established in 1964. The Trustees of the Roman Catholic Church for the Diocese of Lismore operate the Fund and obtained an Australian Financial Services Licence (AFSL) to allow it to continue to offer debentures to investors as retail, non-associated clients from 1 January 2018. The principal place of business is 10 Orion Street Lismore NSW 2480.

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

The Fund made a profit of \$3,525,574 for the year ended 31 March 2021 (2020: \$4,810,728). There was a distribution to the Diocese of \$2,867,081 (2020: \$3,450,541). The decrease in profit was due to a lower margin on invested funds. The investments of the Fund as at 31 March 2021 included only loans to Catholic parishes and institutions of the Lismore Diocese (18%) and cash plus bank term deposits (82%).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There has been no significant changes in the state of affairs of the Fund during the year ended 31 March 2021.

SIGNIFICANT EVENTS AFTER BALANCE DATE

The Covid-19 pandemic has continued to evolve subsequent to the end of the financial year. The longer term impact of this on the Fund is unknown at the date of signing the report. No other matters have occurred since the end of the financial year which would require disclosure in this financial report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Fund will continue to allow for the investment of funds from associated and non-associated retail clients and wholesale investors, in order to continue its mission to assist with the ongoing financial needs of the Diocese of Lismore.

ENVIRONMENT REGULATION AND PERFORMANCE

The operations of the Fund are now subject to the requirements of the ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 and APRA's Banking exemption No.1 of 2017. There have been no known significant breaches of any environmental requirements of the Fund.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Fund indemnifies its officers (not including auditors) for costs incurred in defending civil and legal proceedings in which judgement is given in that persons favour, or they are acquitted, or any other proceeding which the court grants relief to the person. During the year, the Fund paid an insurance premium in respect of a contract insuring each of the members of the Diocesan Finance Council and officers of the Fund. The amount of the premium for the insurance was \$10,314. The auditors are not included as part of this policy.

AUDITOR'S INDEPENDENCE DECLARATION

An independence declaration has been provided to the Diocesan Finance Council by the auditor of the Diocesan Investment Fund, MF Partners Chartered Accountants and is attached to the Report by the Diocesan Finance Council.



Michael Shay - Chairman



Mark Dougherty - Deputy Chairman

Dated this 17th day of May 2021

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE MEMBERS OF THE DIOCESAN FINANCE COUNCIL

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2021 there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to this audit; and
- No contraventions of any Code of Professional Conduct of Chartered Accountants Australia and New Zealand in relation to the audit.



MF PARTNERS - MARK CHARTER (Partner)

Dated at Ballina this 17th day of May 2021. Address: 95 Tamar Street Ballina NSW 2478

PROFIT & LOSS AND STATEMENT OF COMPREHENSIVE INCOME *For the year ended 31 March 2021*

	Note	2021 \$	2020 \$
Revenues from investing activities	2	8,442,302	13,934,229
Other revenue	2	-	-
Interest incurred		(4,397,730)	(8,612,710)
Employee benefits expense		(209,070)	(183,639)
Depreciation and amortisation expenses		(1,285)	(1,305)
Other expenses from ordinary activities		(308,643)	(325,847)
Changes in fair value of financial assets and investment properties at fair value	2	-	-
Profit/(loss) from ordinary activities before income tax expense		3,525,574	4,810,728
Income tax expense relating to ordinary activities		-	-
Net profit /(loss) for the year after income tax expense attributable to Trustees of the Fund		3,525,574	4,810,728
Other comprehensive income		-	-
Change in net assets attributable to Trustees of the Fund		3,525,574	4,810,728

STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	2021 \$	2020 \$
ASSETS		
Cash and cash equivalents	93,109,356	16,478,203
Financial assets – at amortised cost	418,580,000	458,642,000
Loans and advances	114,474,846	121,824,764
Accrued interest	989,146	1,454,082
Property plant and equipment	3,183	4,468
TOTAL ASSETS	627,156,530	598,403,517
LIABILITIES		
Trade and other payables	2,960,723	3,597,171
Financial liabilities	589,674,161	560,954,739
Provisions	31,745	20,198
TOTAL LIABILITIES	592,666,629	564,572,109
NET ASSETS	34,489,902	33,831,409
EQUITY		
Accumulated Funds	34,489,902	33,831,409
TOTAL EQUITY	34,489,902	33,831,409

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Accumulated Funds	Total
Balance at 1 April 2019	32,471,222	32,471,222
Profit (loss) attributable to the entity	4,810,728	4,810,728
Sub-total	37,281,950	37,281,950
Distribution to Diocese paid or provided for	(3,450,541)	(3,450,541)
Balance at 31 March 2020	33,831,409	33,831,409
Profit (loss) attributable to the entity	3,525,574	3,525,574
Sub-total	37,356,983	37,356,983
Distribution to Diocese paid or provided for	(2,867,081)	(2,867,081)
Balance at 31 March 2021	34,489,902	34,489,902

STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	2021 \$	2020 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Interest received	8,907,238	14,980,692
Dividend received	-	-
Interest paid	(4,397,730)	(8,612,710)
Other receipts	-	-
Payments to suppliers and employees	(559,154)	(522,664)
Net cash provided by (used in) operating activities	3,950,354	5,845,318
CASH FLOW FROM INVESTING ACTIVITIES		
Movement in loans - loans advanced	(47,260,662)	(17,812,519)
- loans repaid	47,194,971	24,012,611
Movement in financial assets – at amortised cost		
Purchases	(563,313,600)	(742,954,000)
Proceeds on maturity	603,375,600	730,982,000
Payment for plant and equipment	-	-
Net cash provided by (used in) investing activities	39,996,309	(5,771,908)
CASH FLOW FROM FINANCING ACTIVITIES		
Investor debentures received	426,657,344	487,152,134
Investor debentures repaid	(390,522,313)	(482,396,510)
Grant paid	(3,450,541)	(3,574,441)
Net cash provided by (used in) financing activities	32,684,490	1,181,183
Net increase (decrease) in cash held	76,631,153	1,254,593
Cash at beginning of year	16,478,203	15,223,610
Cash at end of year	93,109,356	16,478,203

The accompanying notes form part of these financial statements.

NOTES TO THE CONCISE FINANCIAL REPORT

For the year ended 31 March 2021

NOTE 1: BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT

The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports. The financial statements, specific disclosures and other information included in the concise financial report are derived from and are consistent with the full financial report of the Diocesan Investment Fund. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of the Diocesan Investment Fund as the full financial report. A copy of the full financial report and auditors report will be sent to any member, free of charge, upon request.

The Diocesan Investment Fund is a not-for-profit entity as any profits generated are distributed back to the Trustees of the Roman Catholic Church for the Diocese of Lismore.

The accounting policies have been consistently applied by the Fund and are consistent with those of the previous financial year except where otherwise stated.

The Diocesan Investment Fund has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (IFRS).

NOTE 2: REVENUE

	Note	2021 \$	2020 \$
Operating activities			
- Interest Earned	2a	8,442,302	13,934,229
- Other income		-	-
		<hr/> 8,442,302	<hr/> 13,934,229
Total revenue		<hr/> 8,442,302	<hr/> 13,934,229
a. Interest from			
– other persons		8,442,302	13,934,229

NOTE 3: SEGMENT REPORTING

The Fund operates predominantly in one business and geographical segment being the Finance sector principally in the Roman Catholic Church Diocese of Lismore. The fund produces monthly management reports based on this one segment and as such all significant operating decisions are based upon the fund as one segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

The Covid-19 pandemic has continued to evolve subsequent to the end of the financial year. The longer term impact of this on the Fund is unknown at the date of signing the report. There was also \$50m invested in Australian fixed-income managed funds on 6 April 2021. No other matters have occurred since the end of the financial year which would require disclosure in this financial report.

NOTE 5: DISTRIBUTIONS

There was a distribution accrued of \$2,867,081 (2020: \$3,450,541) to be paid to the Roman Catholic Diocese of Lismore. A distribution of \$ 3,450,541 (2020: \$3,574,441) was paid during the year.

NOTE 6: CHANGE IN OPERATIONS

There has been no change in operations during the financial year with the Banking Exemption No 1 of 2017 issued by APRA, and ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 last amended in the 2018 financial year.

DECLARATION BY MEMBERS OF THE DIOCESAN FINANCE COUNCIL

In accordance with a resolution of the members of the Diocesan Finance Council:

1. The financial statements and notes, as set out in pages 7 to 9:
 - a. complies with Accounting Standard AASB 1039: Concise Financial Reports; and
 - b. has been derived from and is consistent with the full financial report of the Diocesan Investment Fund.
2. In the members' of the Diocesan Finance Council opinion there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the members of the Diocesan Finance Council and is signed for and on behalf of the members by:



Chairman - Michael Shay



Deputy Chairman - Mark Dougherty

Dated this 17th day of May 2021.

INDEPENDENT AUDIT REPORT TO THE BISHOP AND THE TRUSTEES OF THE ROMAN CATHOLIC DIOCESE OF LISMORE

Opinion

We have audited the concise financial report of the Diocesan Investment Fund for the financial year ended 31 March 2021 as set out on pages 7 to 9, in order to express an opinion on it to the Bishop and the Trustees of the Diocese of Lismore. The concise financial report does not contain all disclosures required by the Australian Accounting Standards.

In our opinion the concise financial report of the Diocesan Investment Fund complies with Accounting Standard AASB 1039: Concise Financial Reports.

Basis for Opinion

We have 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 Diocesan Investment Fund in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration given to the Members of the Finance Council, would be in the same terms if given to the Members' as at the same time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The members of the Finance Council are responsible for the other information. The other information comprises the information included in the Diocesan Investment Fund's annual report for the year ended 31 March 2021, 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 misstated. If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Members of the Finance Council for the Financial Report

The members of the Diocesan Finance Council are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039: Concise Financial Reports (including the Australian Accounting Interpretations), statutory and other requirements. In preparing the financial report, the Members are responsible for assessing the Diocesan Investment Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Members intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of the Diocesan Investment Fund for the year ended 31 March 2021. Our audit report on the financial report for the year was signed on 17th May 2021 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement. Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039: Concise Financial Reports and whether the discussion and analysis complies with the requirements laid down in AASB 1039: Concise Financial Reports.

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



MF PARTNERS - MARK CHARTER (Partner)

Dated at Ballina this 17th day of May 2021. Address: 95 Tamar Street Ballina NSW 2478

CUSTOMER SERVICE TEAM



Derelle Rose



Bronwyn Bodley



Scott Patch



Adam Huggins

The team in our DIF Office plus our agents across the Diocese are equipped to help you with any questions, receive investments, organise withdrawals or change any aspect of your investment. Visit our website for more information or contact us via phone or email. We are here to help you.

10 Orion Street, Lismore NSW 2480. 1800 802 516
dif@lismore.catholic.org.au | www.dif.org.au

The Trustees of the Roman Catholic Church for the Diocese of Lismore ABN: 72 863 788 198 AFSL: 503537

OUR AGENTS

The Diocesan Investment Fund is represented in various towns within the Diocese by the following Agents.

ALSTONVILLE

Bruno Ivan Chartered Accountant

BALLINA

L J Hooker Real Estate
Crowley Memorial Retirement Village

CASINO

Hannigan Solicitors
Parish Office

COFFS HARBOUR

Good Price Pharmacy Warehouse
Parish Office

EVANS HEAD

Elders Evans Head

GRAFTON

Westlawn Investments Parish Office

KEMPSEY

Paul Stubbs Law Office

KINGSCLIFF

Parish Office

KYOGLÉ

Hannigans Solicitors

LAURIETON

Parish Office

LISMORE

Parish Office

MULLUMBIMBY

Healthcare Pharmacy

MURWILLUMBAH

Australian Law Group

NAMBUCCA HEADS

Roberts Nambucca Real Estate

PORT MACQUARIE

DIF Office

SAWTELL

Parish Office
Marian Grove Retirement Village

TWEED HEADS

Parish Office

YAMBA

Yamba Soul Pattinson Pharmacy

Diocesan Investment Fund (the Fund) is required by law to make the following disclosure:

The Fund is not prudentially supervised by the Australian Prudential Regulation Authority nor has it been examined or approved by the Australian Securities and Investments Commission. An investor in the Fund will not receive the benefit of the financial claims scheme or the depositor protection provisions in the Banking Act 1959 (Cth). Investments in the Fund are intended to be a means for investors to support the charitable, religious and educational works of the Diocese of Lismore and for whom the consideration of profit are not of primary relevance in the investment decision. The investments that the Fund offers are not subject to the usual protections for investors under the Corporations Act (Cth) or regulation by Australian Securities and Investments Commission. Investors may be unable to get some or all of their money back when the investor expects or at all and any investment of the Fund are not comparable to investments with banks, finance companies or fund managers. The Fund's identification statement may be viewed at www.dif.org.au or by contacting the Fund.