



To be the trusted financial services provider of the Diocese of Grafton,  
enabling ministry growth.

**Agenda**  
**Thursday 24<sup>th</sup> August 2017 9.00 am**  
**Level 1 50 Victoria St Grafton**

**1. Opening Prayer**

**2. Attendees:**

**Apologies:**

**3. Call for additional Agenda items and close of Agenda –**

**4. Confirmation of**

a) **Minutes - 27<sup>th</sup> July 2017 – 4 pages**

**5. Conflict of Interest Declarations - Standing Register of interests at present**

- Bishop Sarah Macneil - various Diocesan Board representations
- Chris Nelson - various Diocesan Board representations
- Blaine Fitzgerald – Anglicare North Coast
- David Ford - Bishop Druitt College (BDC)
- Ted Clarke – Clarence Valley Anglican School (CVAS)
- Lisa Mulvaney – past association with CVAS (Husband David Mulvaney is prior Chair of CVAS)

**6. Correspondence In & Out**

**In: i. Nil**

**Out: i. CVAS Financial Performance update dated 28/7/17**

**7. Matters for Decision/Discussion:**

**a) APRA/ASIC update and next steps – linked to item 7.b)**

For information purposes only – legal clarity for Board members on the potential ramifications for breaches of the Corporations Act. – 5 pages

Consistent with key result area 5. Governance Compliance and Risk Management

**b) AFS Licence update - (Australian Financial Services licence)**

Refer to email from Matt Fletcher MSC dated 9/8/17 – 7b i            3 pages  
Refer to powerpoint presentation to the Corporate Trustees 7b ii            10 pages

Consistent with key result area 5. Governance Compliance and Risk Management.

c) **AFGD – Auditor Selection** - prepared by Chris Nelson -

18 pages

**8. Matters for Update:**

a) **Staff update** - Manager to discuss refer Fund Managers report

Consistent with key result area 4. Human Resources

**9. Matters for Noting**

a) **Fund Managers Report** - to 20/7/17 to 18/8/17 -

6 pages

b) **Financial Reports** - as at 31/7/17 – includes forecast update with mitigants.

21 pages

**Next Meeting – 21<sup>st</sup> September 2017**

**Minutes**  
**Thursday 27<sup>th</sup> July 2017**  
**Level 1 50 Victoria St Grafton**

**Meeting Commenced**

9.03am

**1. Opening Prayer**

**2. Attendees**

David Ford (Chair), Chris Nelson, Terry Hunt, Phil Crandon, John Adlington,  
Lisa Mulvaney and Blaine Fitzgerald.

**Apologies**

Bishop Sarah, Ted Clarke and Gary Boyd

**3. Call for additional Agenda items and close of Agenda**

Update on Diocesan Schools Cashflow position as at 31 December 2017  
*Refer to Agenda Item 9c*

**4. Confirmation of Minutes**

**a) Minutes 20 April 2017 and 11 May 2017**

**Motion**

*That the minutes of 20 April 2017 and 11 May 2017 be accepted as true and correct.*

**Moved:** Terry Hunt

**Seconded:** John Adlington

**Carried**

**b) Flying Minute Grafton Cathedral 2 June 2017**

Flying Minute was withdrawn

**5. Conflict of Interest Declarations**

Standing Register of interests at present

- Bishop Sarah Macneil - various Diocesan Board representations
- Chris Nelson - various Diocesan Board representations including Anglicare North Coast
- Blaine Fitzgerald - Anglicare North Coast
- David Ford - Bishop Druitt College (BDC)
- Ted Clarke – Clarence Valley Anglican School (CVAS)

**6. Correspondence In & Out**

Nil Correspondence

**7. Matters for Decision/Discussion:**

**a) APRA/ASIC update and next steps – linked to item 7.b)**

Consistent with key result area 5 - Governance Compliance and Risk Management

**b) AFS Licence update - (Australian Financial Services licence)**

Refers to Business papers for emails and commentary ASIC, Matt Fletcher -  
Melbourne Securities Corporation and Ron Perry - Armidale Diocese.

**Motion**

*That AFGD looks to enter into a contractual arrangement with Melbourne Securities Corporation to maintain our ability to attract retail funds and requests the AFGD Manager to develop a program with Melbourne Securities Corporation that;*

- 1. Reduces the discrimination between the types of retail customers*
- 2. Creates as far as possible a seamless experience for retail customers; and*
- 3. Sets up standing delegations that allows Melbourne Securities Corporation and the Fund Manager work in a timely manner.*

**Moved:** Chris Nelson

**Seconded:** Terry Hunt

**Carried**

**Motion**

*That the AFGD Board recommends to the Corporate Trustees that a contractual arrangement be entered into with Melbourne Securities Corporation to ensure that AFGD can maintain its retail client base in compliance with ASIC and APRA regulations.*

**Moved:** Terry Hunt

**Seconded:** John Adlington

**Carried**

**c) R19/17: Renewable Energy**

Consistent with key result area 2 - Marketing & Business Development

**Resolution from Synod 16-18 June 2017**

'That the Corporate Trustees, AFGD and the Buildings and Property Committee of the Anglican Diocese of Grafton explore investing in renewable energy through the Parishes. This Synod commends a method of doing this would be: at the request of a Parish, providing low interest loans to install Solar or Wind Power, with battery storage, for Rectories.'

Referred to discussion paper for renewable energy loans.

**Motion**

*That AFGD prepare documentation to enable Diocesan Organisations to access loan funds at a discounted rate for renewable energy loans.*

**Moved:** Terry Hunt

**Seconded:** Phil Crandon

**Carried**

**d) St Columba Anglican School - Half yearly review**

Consistent with key result area 5 - Governance Compliance and Risk Management

**Motion**

*That the AFGD Board note the Fund Manager's report on the half yearly review for St Columba Anglican School.*

**Moved:** Terry Hunt

**Seconded:** John Adlington

**Carried**

**e) Emmanuel Anglican College - Half yearly review**

Consistent with key result area 5 - Governance Compliance and Risk Management

**Motion**

*That the AFGD Board note the Fund Manager/s report on the half yearly review for Emmanuel Anglican College.*

**Moved:** Lisa Mulvaney

**Seconded:** Phil Crandon

**Carried**

**f) Clarence Valley Anglican School - Half yearly review**

Consistent with key result area 5 - Governance Compliance and Risk Management

**Motion**

*That the AFGD Board concerned by the progressive deterioration of the financial indicators of the school seeks CVAS Chair and Principal to report by 30 September 2017 showing plans for sustainability of the school operations which include a updated/forecast for the balance of 2017 and for the full year of 2018 (having a minimum of a breakeven budget) and considers at least the following;*

- *A plausible forecast of student numbers.*
- *Viable student/teachers ratios and cost of teachers per student.*
- *Reliable payment of loan interest and reduction of principal.*
- *Tight control of the non-teaching expenses.*
- *A capital expense program that at least maintains the standard of the school.*

*Further, AFGD board requests that specialist assistance be sought from AIS to guide key actions.*

**Moved:** Chris Nelson

**Seconded:** John Adlington

**Carried**

**g) Lending Interest rate review Q3 2017 – 1 July 2017 to 30 September 2017**

Consistent with key result area 5 - Governance Compliance and Risk Management

**Motion**

*That the AFGD Board accepts the Fund Manager's recommendation that the interest rate remain unchanged.*

**Moved:** Terry Hunt

**Seconded:** Phil Crandon

**Carried**

**8. Matters for Update:**

**a) Staff update**

Consistent with key result area 3 - Human Resources

**Motion**

*That the AFGD Board requests the Fund Manager pursue a temporary employee to fill the gap during staff leave.*

**Moved:** Phil Crandon

**Seconded:** Terry Hunt

**Carried**

**9. Matters for Noting**

**a) Fund Managers Report**

**Motion**

*That the Fund Managers reports be accepted.*

**Moved:** John Adlington

**Seconded:** Lisa Mulvaney

**Carried**

**b) Financial Reports - as at 31/5/17 & 30/6/17**

**Motion**

*That the financial reports be accepted and the Board notes that AFGD is trading solvently.*

**Moved:** Terry Hunt

**Seconded:** Chris Nelson

**Carried**

**Motion**

*That the Fund Manager provides a revised forecast to the August Meeting for consideration.*

**Moved:** Chris Nelson

**Seconded:** John Adlington

**Carried**

**c) Update on Diocesan Schools Cashflow position as at 31 December 2017**

No Action Required

- 10. Next Meeting** Thursday 24 August 2017  
September meeting rescheduled to 5 October 2017

- 11. Close of meeting** 12.54pm

CONFIRMED – As a true and correct record of proceedings of Anglican Funds Grafton Diocese (AFGD) meeting of 27<sup>th</sup> July 2017

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Chair – David Ford



**BOARD MEETING DATE:**

24/08/2017

**No 6 Correspondence Out**

**Item: i**

**Title: CVAS Performance Update**

**No of Pages. 2 incl Header**

COPY FOR BOARD PAPERS.



Mr Phillip Bonser – Acting Chair  
Clarence Valley Anglican School Council  
PO Box 500  
Grafton NSW 2460

Mr Martin Oates - Principal  
Clarence Valley Anglican School Council  
PO Box 500  
Grafton NSW 2460

By email to: [p.bonser@icloud.com](mailto:p.bonser@icloud.com)

By email to: [moates@cvas.nsw.edu.au](mailto:moates@cvas.nsw.edu.au)

28<sup>th</sup> July 2017

Dear Phillip and Martin

**RE: Clarence Valley Anglican School Financial Performance update**

In the meeting of the AFGD Board on 27 July 2017, the Board was presented with information on the half-yearly review of Clarence Valley Anglican School. In the meeting the AFGD Board expressed concern at the progressive deterioration of the financial indicators of the school and has asked me to write to you seeking information that will assure the Board that the school will operate sustainably.

To assist us to better assess the position of the school we require the following information to be made available to us by 30 September 2017.

A clear plan for the sustainability of the school operation's which include an updated/forecast for the remainder of 2017 and for the full year of 2018 (having a minimum of a breakeven budget) with supporting assumptions and considers at least the following:

- o A plausible forecast of student numbers.
- o Viable student/teacher ratios and cost of teachers per student.
- o Reliable payment of loan interest and reduction of principal.
- o Tight control of the non-teaching expenses.
- o A capital expense program that at least maintains the standard of the school.

The AFGD Board recognises that some specialist assistance will be required to guide the school in some of these key decisions and requests that the expertise of AIS NSW be used to guide key actions.

We look forward to your response.

A handwritten signature in black ink, appearing to read "Blaine Fitzgerald", written over a circular scribble.

Blaine Fitzgerald  
Fund Manager - AFGD





**BOARD MEETING DATE:**

24/08/2017

**No 7 Matters for Decision/Discussion**

**Item: a**

**Title: APRA/ASIC Update**

**No of Pages. 5 incl Header**

Dear Blaine

You have asked us to advise you regarding the possible consequences of breach of the *Corporations Act 2001*.

In her email of 27 February 2017, Stella Lee indicated that she would be referring the issue of AFGD's possible breaches of the *Corporations Act 2001* to ASIC's Misconduct and Breach Reporting team.

It is difficult to anticipate what action, if any, ASIC's Misconduct and Breach Reporting team will take in relation to AFGD's possible breaches of the *Corporations Act 2001*.

If ASIC chooses to take action against AFGD, it could do so under section 727 *Corporations Act 2001* for offering debentures without a current disclosure document. For a body corporate, the maximum penalty for breach of section 727 prescribed by Schedule 3 of the *Corporations Act 2001* is 1,000 penalty units (\$180,000).

ASIC could also find that AFGD has breached section 911A of the *Corporations Act 2001* by carrying on a financial services business without an Australian financial services licence, which offence is also subject to a maximum penalty of 1,000 penalty units (\$180,000).

Although these are the maximum penalties that could be awarded, ASIC has broad discretion to respond to allegations of misconduct and could determine that pursuing AFGD is not within its enforcement priorities.

In accordance with its enforcement policy (attached), ASIC is likely to consider the following factors in determining what action, if any, to take against AFGD:

- **Nature and seriousness of the suspected misconduct:** Whether there is evidence that the contravention involved dishonesty or was intentional, reckless or negligent; The amount of any benefit and detriment caused as a result of the contravention; The impact of the misconduct on the market, including potential loss of public confidence; The amount of any loss caused to investors and consumers; Whether the conduct is continuing; Whether the misconduct indicates systemic compliance failures; Whether the subject has a poor compliance record (e.g. the subject has previously engaged in the misconduct);
- **Conduct of the person or entity after the alleged contravention:** When and how the breach came to the attention of ASIC; The level of cooperation with ASIC's investigation; Whether remedial steps have been taken;
- **The strength of ASIC's case:** What evidence is available or is likely to become available, to prove the alleged misconduct; The prospects of the case;
- **The expected level of public benefit:** Whether the case is likely to clarify the law and help participants in financial markets to better understand their obligations; The length and expense of a contested hearing and the remedies available compared with other remedies that may be available more quickly (e.g. improved compliance under an enforceable undertaking);

- **Likelihood that the person's or entity's behaviour will change in response to a particular action and that the business community is generally deterred from similar conduct through greater awareness of its consequences:** The compliance history of the person or entity; Whether behaviour (of an entity or broader industry) is more likely to change if the person or entity suffers imprisonment or a financial penalty; Whether the compliance of the person or entity will improve if they give ASIC a public enforceable undertaking; Whether the behaviour is systemic or part of a growing industry trend;
- **Mitigating factors:** Whether the misconduct relates to an isolated complaint and consumers have generally not suffered substantial detriment; Whether the misconduct was inadvertent and the person undertakes to cease or correct the conduct.

Again, given ASIC's broad enforcement powers and discretion, we cannot predict what action, if any, ASIC might take. However, these factors suggest that ASIC could take a more lenient approach if AFGD could establish, for example, that its actions were inadvertent and did not result in any harm to the public. ASIC might even altogether ignore the matter of AFGD's breaches of the *Corporations Act 2001*.

In order to mitigate any breaches of the *Corporations Act 2001*, we suggest that AFGD carefully review, and ensure compliance with, the conditions described in its Identification Statement, such as detailing in all offer documents that AFGD's products are not subject to the normal *Corporations Act* protections for investors or regulation by ASIC.

Please let us know if at any point ASIC contacts AFGD in relation to breaches of the *Corporations Act 2001* as at that point we would be able to provide more specific advice on how to respond.

Regards,

*David and Joseph*

David C Ford

Partner

Joseph O'Mara

Lawyer



EMIL FORD  
Lawyers



Emil Ford Lawyers

Level 5, 580 George Street

Sydney NSW 2000

Australia



Blaine Fitzgerald &lt;blaine.fitzgerald@afgd.com.au&gt;

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**ASIC extends deadline for transitional relief for charitable investment fundraisers**

3 messages

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**Blaine Fitzgerald** <fundmanager@afgd.com.au>

13 June 2017 at 09:50

To: David Ford &lt;David.Ford@emilford.com.au&gt;, Joseph Omara &lt;joseph.omara@emilford.com.au&gt;

Dear David &amp; Joseph

Thought I would share this information with you both regarding ASIC's decision to extend the transitional relief deadline.

AFGD is continuing with its discussions with Melbourne Securities Corporation and I anticipate the fund will be clear on its strategy and next steps by 30/6/17.

<http://asic.gov.au/about-asic/media-centre/find-a-media-release/2017-releases/17-179mr-asic-extends-deadline-for-transitional-relief-for-charitable-investment-fundraisers/>

The Board in our earlier conversations sought advice in relation to the impact of potential breaches of the Corporations Act.

As we continued our discussions with ASIC this no longer became as critical, however I believe a report was completed by yourselves. Was the report covered by the fee for services that was paid and if so is it possible to obtain a copy of the report?

I look forward to your response.

kind regards,

**Blaine Fitzgerald FICDA, Dip. Bus. (Gov), Assoc. Dip. Acc**  
**Manager - Anglican Funds Grafton Diocese**  
Level 1, 50 Victoria Street GRAFTON NSW 2460  
PO Box 4 GRAFTON NSW 2460  
Ph: 02 6642 4480 Fax: 02 6643 2391 Mobile: 0488 724 480  
FreeCall 1800 810 919 (NSW Only)

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**Joseph Omara** <joseph.omara@emilford.com.au>

13 June 2017 at 18:26

To: "fundmanager@afgd.com.au" &lt;fundmanager@afgd.com.au&gt;

Cc: David Ford &lt;David.Ford@emilford.com.au&gt;

Dear Blaine,

As you know, we were aware of ASIC's removal of the deadline for lodgement from Stephanie Rickard's email to you of 1 May 2017.

We had drafted some advice regarding AFGD's potential breaches of the *Corporations Act 2001*. The time spent preparing this advice was included in our most recent invoice. However, we spent no further time finalising this advice once you forwarded Stephanie's email to us as Stephanie's email indicated that ASIC would adopt a no-action position in relation to AFGD's potential breaches of the *Corporations Act 2001*.

Below, **in draft form**, is the advice that we had prepared. We also attach the ASIC Enforcement Policy referred to below.

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Global Cross Legal with associated legal firms throughout Australia, New Zealand,

Asia, Europe and North America

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**From:** Blaine Fitzgerald [mailto:fundmanager@afgd.com.au]

**Sent:** Tuesday, 13 June 2017 9:51 AM

**To:** David Ford; Joseph Omara

**Subject:** ASIC extends deadline for transitional relief for charitable investment fundraisers

[Quoted text hidden]

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 **INFO 151 - ASIC approach to enforcement.pdf**  
128K

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**Blaine Fitzgerald** <fundmanager@afgd.com.au>  
To: Joseph Omara <joseph.omara@emilford.com.au>  
Cc: David Ford <David.Ford@emilford.com.au>

14 June 2017 at 11:47

Dear Joseph,

Thank you for the updated information. I will pass it onto the Board at the next opportunity.

kind regards,

**Blaine Fitzgerald FICDA, Dip. Bus. (Gov), Assoc. Dip. Acc**  
**Manager - Anglican Funds Grafton Diocese**  
Level 1, 50 Victoria Street GRAFTON NSW 2460  
PO Box 4 GRAFTON NSW 2460  
Ph: 02 6642 4480 Fax: 02 6643 2391 Mobile: 0488 724 480  
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[Quoted text hidden]



**BOARD MEETING DATE:**

24/08/2017

**No 7 Matters for Decision/Discussion**

**Item: b (i)**

**Title: AFS Licence Update**

**No of Pages. 3 incl Header**

ITM 7 B i  
2 pages



Blaine Fitzgerald <blaine.fitzgerald@afgd.com.au>

**RE: AFGD update - steps for trust registration**

2 messages

**Matt Fletcher** <mfletcher@melbournesecurities.com.au>

9 August 2017 at 10:57

To: Blaine Fitzgerald <fundmanager@afgd.com.au>

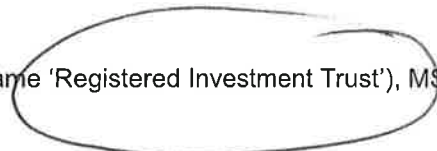
Cc: Alison Perrott <aperrott@ords.com.au>, Ben Hollier <bhollier@mscadvisory.com.au>

Hi Blaine – thanks again for the great news. Thanks also to Alison, this is a good team and I love it when a plan comes together!

As promised here are the steps I think need to be completed from here:

Registration

1. Registration application (submitted to ASIC 11/7/17 under the generic name 'Registered Investment Trust'), MSC will continue to work with ASIC (indicative timeframe approx. 2.5mths)
2. AFGD to consider suitable name for the trust, happy to discuss
3. ASIC will initially issue draft registration authority, prompting request for constitution (trust deed) and compliance plan
4. Upon lodgement of constitution and plan, ASIC then have 14 days to register and issue the ARSN number
5. The PDS can be finalised and brought to market any time after this.



↓  
AUSTRALIAN REGISTERED SCHEME NUMBER

Documentation

- 1., AFGD to instruct lawyer (Mills Oakley?) to prepare constitution and commence work on PDS (only the constitution needs to be ready when ASIC issue the draft registration authority, the PDS can be finalised in own time and will not delay registration)
2. Ancillary documentation will include documents facilitating method of funding/capitalising of the AFGD from the registered trust
3. AFGD to sign MSC proposal and nominate management entity AFSL representative entity
4. MSC to issue Management Agreement (MA) and Representative Agreement (CARA), and draft Compliance Plan
5. AFGD to execute MA and CARA
6. MSC to execute (settle) trust deed following 14 day ASIC review
7. Financial Services Guide (FSG) most likely required, to be prepared by AFGD lawyer (with MSC input) ?

↳

Consultation

1. AFGD need legal & tax advice on method of delivery of capital from registered trust to AFGD (ASAP) ✓
2. Legal & tax input required for constitution ✓
3. Tax advice likely needed for PDS ✓

Other

- 1. MSC to conduct background checks to meet requirements of the rep appointment
- 2. AFGD to arrange professional indemnity/D&O insurance for the manager (MSC can provide broker details in need)

Please call me to discuss any aspect.

↳      ↳      DIRECTORS & OFFICERS  
 INSURANCE

Kind regards

**Matthew Fletcher** | Managing Director

**Melbourne Securities Corporation Ltd** | ACN 160 326 545 AFSL 428289 ACL 428289



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**From:** Blaine Fitzgerald [mailto:fundmanager@afgd.com.au]  
**Sent:** Monday, July 31, 2017 3:24 PM  
**To:** Matt Fletcher <mffletcher@melbournesecurities.com.au>  
**Cc:** Alison Perrott <aperrott@ords.com.au>  
**Subject:** AFGD update

Hi Matt,





**BOARD MEETING DATE:**

24/08/2017

**No 7 Matters for Decision/Discussion**

**Item: b (ii)**

**Title: AFS Licence Update**

**No of Pages. 10 incl Header**



# Presentation to The Corporate Trustees of the Diocese of Grafton



Christ Church Cathedral Grafton

## Mission

“To be the trusted financial services provider of the Anglican Diocese of Grafton, enabling ministry growth.”

713 ii 9 pages

# Purpose of today's presentation

- To discuss the short and medium term cost/benefit analysis of our respective Melbourne Securities Corporation proposal.
- To get to this point it is worth revisiting the two choices we have available to us as a result of the ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 in relation to increased regulatory requirements placed on Religious Charitable Development Funds (RCDF's).

# Purpose of today's presentation

- AFGD had two clear options to consider if it was to comply with the new class order.
  - Option 1. Return all investments for clients considered to be retail-non associated clients. Circa \$10M in FUM.
  - Option 2. Find a reputable and cost effective third party provider to register and administer a Managed Investment Scheme approved and regulated by ASIC enabling AFGD to retain its retail non-associated clients.
- To maintain the impartiality of the Fund Manger, the Board of AFGD sought and independent review of these options .

# Purpose of today's presentation

- David Burton Acting Chief Financial Officer of the Anglican Diocese of Southern Queensland after completing his review replied as follows:

Blaine

As discussed, while I am not in a position to make a recommendation to you or your Board, I have reviewed your calculations and assumptions around margins, income and expense impacts under your proposed scenarios. I can see no issues with the calculations, and I think these assumptions are reasonable. On the basis of this information, I see no reason why you should not proceed with your proposal for an agreement with MSC.

All the best

David Burton

**David Burton**  
Chief Financial Officer (Acting)

Level 2 Webber House  
439 Ann St, Brisbane Q 4000  
GPO Box 421, Brisbane Q 4001

**P:** (07) 3838 7753

**E:** [dburton@anglicanchurchsq.org.au](mailto:dburton@anglicanchurchsq.org.au)

**W:** [anglicanchurchsq.org.au](http://anglicanchurchsq.org.au)

# Current position MSC

## AFGD's – MSC proposal – Annual cost

- Engagement Fee \$20K +GST. \$10K up front & a further \$10K on successful registration of scheme
- Ongoing trustee fee payable quarterly in arrears

FUM	RATE (p.a.)
\$0 - \$50M	0.15%
\$50M - \$100M	0.08%
\$100M - \$150M	0.06%
\$150M+	0.04%

- Minimum of \$30K per annum
- FUM would need to exceed \$20M before sliding scale would take effect.

- *Corporate Authorised Representative Agent Fee Covering Fund Manager & key Officers payable quarterly in arrears.*

FUM	RATE
< \$10M	\$8K p.a.
> \$10M	\$12K p.a.

- Other costs – associated trust documentation legals one off \$12K and annual audit \$5K.

# Current position MSC

AFGD's – MSC proposal – Annual Net Income retained by entering into MSC proposal

		10,000,000.00	
Loans and investments weighted		4.000%	400,000.00
Loan Portfolio		5.000%	200,000.00
Diversified Investment Portfolio		4.000%	160,000.00
Cash at Bank		2.000%	40,000.00
<b>NET INCOME</b>			<b>400,000.00</b>
Cost of Funds Invested		2.4000%	\$ 240,000.00
Plus MSC Management Fee			\$ 47,000.00
<b>NET BENEFIT</b>			<b>\$ 113,000.00</b>

# SWOT analysis

## Strength's

- Greater protection for retail clients/members
- Regulated approved scheme by ASIC
- Independent third party providing audit and scrutiny of the fund.
- Opens up the target market to all investors.
- Improves liquidity of retail investors funds when they are seeking redemption or release.
- Enables our capacity to retain our market share in wholesale.
- Enables us to continue to remain profitable and make regular distributions to the diocese.

## Weaknesses

- Upfront set up costs year one make the proposal marginal.
- New ongoing Management Fee without producing additional returns erodes profit.
- Increased administrative burden to ensure compliance.
- Increased Liquidity Management to efficiently run the wholesale book will be required.

## Opportunities

- Increase our retail investor base by offering our product to all investors – ie parents of schools and the wider community.
- Offer our product offering and solution to other Diocese looking for a cost effective solution for retail clients/members.

## Threats

- Run of funds by retail clients who are uncertain or unsure about the new structure and documents required to invest their funds.
- Increased regulatory cost if ASIC expands its regulatory position to include wholesale.
- Fraud or misconduct by staff or Management.
- Third party provider MSC – withdrawing their support as a result of continued multiple breaches.



# The customer experience

- As we transition our retail clients through they will be required to be issued with and sign some new documentation.
  - Product Description Statement. (PDS)
  - Financial Services Guide. (FSG)
  - Disclosure statements.
- From our current understanding retail clients
  - will still be able to view their investments through our Core Banking System. (seamless no change)
  - We will still offer a blackboard type rates table for the various types of investment classes we offer to them. (seamless no change)

Any Questions ?????



**BOARD MEETING DATE:**

24/08/2017

**No 7 Matters for Decision/Discussion**

**Item: c**

**Title: AFGD Auditor Selection**

**No of Pages. 80 incl Header**

**ANGLICAN FUNDS GRAFTON DIOCESE**

<b>AGENDA ITEM NO</b>	<b>SUBJECT:</b>	<b>PREPARED BY:</b>	<b>DATE:</b>
	Auditor Selection	Mr Chris Nelson Registrar	24 August 2017

**PURPOSE:**

To advise the Board of Anglican Funds Grafton Diocese of the Audit Committee's review of external audit services and to seek support for the Audit Committee's recommendation.

**BACKGROUND:**

The independent external financial audit for the Anglican Diocese of Grafton is in three parts: Anglican Diocese of Grafton (Bishop-in-Council); Corporate Trustees and Anglican Funds Grafton Diocese. These audits have a common auditor and audit program because of the close relationship of the three entities.

The current auditor for the Anglican Diocese of Grafton is Crowe Horwath. Crowe Horwath and its local predecessors have been auditors of the Diocese for many years.

The Audit Committee determined to conduct a review of external audit services. The reasons for conducting this review were:

- It is prudent at least every 5 years to review the supplier of external audit services;
- A review of external audit services has not been conducted for many years;
- There has been a sustained improvement in accounting standards at the Diocese of Grafton; and
- There have been concerns about the performance of Crowe Horwath.

The concerns about the performance of Crowe Horwath have related to:

- Insufficient partner-level involvement;
- Ability to handle absences in the audit team;
- Delays caused by the above factors; and
- Lack of attention to reviewing accounting processes and standards.

A number of these issues were included in a letter sent by the Registrar at the request of the Audit Committee to the responsible partner of Crowe Horwath. The Audit Committee was disappointed with the response received as it felt that it showed a lack of willingness to address the issues of concern.

**PROCESS:**

The Audit Committee selected the following firms as firms to be invited to submit a proposal for providing audit services to the Anglican Diocese of Grafton:

- Crowe Horwath (incumbent auditor)
- DKM Group
- Thomas, Noble & Russell (TNR)
- WCA Audit & Assurance Services

Each firm was supplied with the same request for proposal document (attached).

After receipt of all proposals the Audit Committee evaluated the pros and cons of

each proposal and then requested the Registrar to contact the referees of TNR and DKM Group.

Following the receipt of referee comments, the Audit Committee used an evaluation scale to assist them to decide between Crowe Horwath, DKM Group and TNR.

On the basis of the less than satisfactory response of Crowe Horwath to the concerns raised by the Audit Committee and the clearly better ranking of both DKM Group and TNR on the evaluation scale, the Audit Committee made the following resolution:

*That the Audit Committee recommends that the Corporate Trustees, Bishop-in-Council and Anglican Funds Grafton Diocese audit relationship with Crowe Horwath cease.*

On the basis of their evaluation of the short-listed audit firms, the Audit Committee made the following resolution:

*That the Audit Committee recommends to the Corporate Trustees, Bishop in Council and Anglican Funds Grafton Diocese that Thomas, Noble & Russell be appointed as the Auditors for the 2017 financial year and their quote of the 31 July 2017 be accepted.*

A copy of TNR's proposal is attached.

#### **DISCUSSION:**

TNR is a Lismore based accounting and audit firm. They rated strongly in all aspects of the Audit Committee's evaluation scale.

Included in TNR's expertise is experience with financial institutions including:

- Westlawn Finance
- Summerland Credit Union
- Southern Cross Credit Union
- Railways Credit Union
- Australian Mortgage Fund Limited
- Assured Mortgage Management Ltd

TNR's broad exposure to financial institutions should be valuable to AFGD as it navigates an evolving regulatory environment and looks to maintain fiduciary standards.

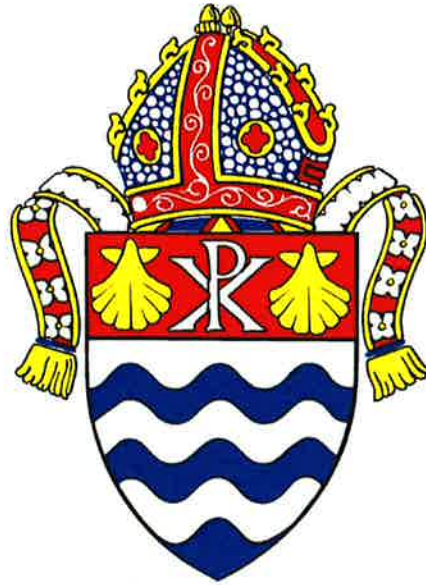
It is expected that AFGD will get more value from the Audit Partner relationship with TNR than Crowe Horwath. The former is local and has proposed on-site meetings. The latter is based in Albury and has never appeared on site.

The cost structure of the TNR and Crowe Horwath quotes are comparable.

#### **RECOMMENDATION:**

It is recommended that the Board of Anglican Funds Grafton Diocese resolve as follows:

**That the AFGD Board supports the recommendation of the Audit Committee and recommends to the Corporate Trustees that Thomas Noble & Russell be appointed as auditor for the 2017 financial year.**



Anglican Diocese of Grafton  
Request for Proposal  
External Audit Services  
2017

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## INTRODUCTION

### Organisation Structure

The Anglican Diocese of Grafton consists of three entities that require an independent external audit of its financial position and systems by a suitably qualified auditor.

Those entities are:

Anglican Diocese of Grafton (ABN 54 538 850 840) is a religious charitable organisation operating in north-east coastal NSW from Tweed Heads to Port Macquarie. The financial report focusses on the operations and activities of the Bishop's Registry, Bishop's Endowment Fund and the Bishop's Appeal for Sustainable Ministry. The financial report does not seek to consolidate the finances of local ministries (e.g. parishes) which are subject to their own audit or review.

The governing body of the Anglican Diocese of Grafton is its Synod under the leadership of the Bishop of Grafton. From the Synod, a Bishop-in-Council is formed to be the standing committee of the Synod charged with the governance of the diocese within the framework of the Grafton Diocesan Governance Ordinance 2008.

The Anglican Diocese of Grafton is required to produce financial reports in compliance with the Grafton Diocesan Governance Ordinance 2008 and the Australian Charities and Not-for-profits Commission Act 2012.

The Corporate Trustees of the Diocese of Grafton (ABN 88 144 942 068) is an entity incorporated under the Anglican Church of Australia Trust Property Act 1917 (NSW) to hold the real property and trust funds of the Anglican Diocese of Grafton.

There are six individual Corporate Trustees consisting of the Bishop of Grafton and five other trustees who are elected by the Synod for a term of office. Collectively the Corporate Trustees govern their affairs for the benefit of the Anglican Diocese of Grafton within the framework of Chapter 15 of the Grafton Diocesan Governance Ordinance 2008 and the Anglican Church of Australia Trust Property Act 1917 (NSW).

The Corporate Trustees of the Diocese of Grafton are required to produce financial reports in compliance with the Grafton Diocesan Governance Ordinance 2008 and the Australian Charities and Not-for-profits Commission Act 2012.

Anglican Funds Grafton Diocese (ABN 42 489 753 905) is a Religious Charitable Development Fund (RCDF) activity of The Corporate Trustees of the Diocese of Grafton that is able to carry out investment, lending and transactional activities similar to a small regional based credit union. Surpluses generated by AFGD may be distributed to the Anglican Diocese of Grafton to assist with administration, mission and ministry.

Anglican Funds Grafton Diocese is governed by a Board whose members are appointed by the Bishop-in-Council and are charged with operating the Fund under the framework of Chapter 18 of the Grafton Diocesan Governance Ordinance 2008 and under the governance oversight of The Corporate Trustees of the Diocese of Grafton.

Anglican Funds Grafton Diocese is required to produce financial reports in compliance with the Grafton Diocesan Governance Ordinance 2008, the Australian Charities and Not-for-profits Commission Act 2012 and the ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813. Details of the ASIC Instrument and the Identification Statement lodged by AFGD in response to that instrument can be found at Appendix D.

AFGD also participates in an exemption from the Banking Act 1959. This exemption can be found at Appendix D.



Each of the above entities has a reporting year that is 1 January to 31 December.

A chart showing the staffing relevant to the Organisation is at Appendix B.

Audited Financial Statements for each of the above entities of the Organisation for the Financial Year ending 31 December 2016 will be supplied after submission of a Letter of Compliance in the form found at Appendix C. At the time of issue, there has been no significant change of financial position from that disclosed in the audited financial statements.

## **Organisation Purpose**

The Anglican Diocese of Grafton exists for the promotion of the Christian religion in north-east coastal NSW and as such is involved in religious, educational, welfare and advocacy activities.

The Organisation is charitable and not-for-profit and, apart from wages for employees, stipends for clergy and reimbursement of expenses incurred in service of the Organisation, does not make any distribution to members.

The Diocese's Vision Statement is: "We are Anglican communities of God's people embracing the Spirit of Christ in our time. We are compassionate signs and channels of God's reconciling transforming mission in the world."

## **Purpose of the Document**

This document is intended to provide sufficient information to assist selected firms in preparing a proposal for the provision of external audit services to the Diocese.

## **Audience**

The document is primarily for use by the selected firms and Audit Committee of the Diocese of Grafton. The document may be provided to the Bishop-in-Council, The Corporate Trustees of the Diocese of Grafton and/or the Anglican Funds Grafton Diocese Board to apprise them with process undertaken by the Audit Committee.

The audited financial statements are provided to the respective governing bodies (i.e. Bishop-in-Council, The Corporate Trustees of the Diocese of Grafton and the Anglican Funds Grafton Diocese Board) after being reviewed by the Audit Committee of the Diocese of Grafton on behalf of the Organisation.

## **Confidentiality**

The material included in or appended to this document is considered commercial-in-confidence. As such, by accepting to take part in this proposal process, you agree to keep in confidence all information imparted to you in connection with the proposal process, not to disclose it to third parties and not to use it for any other purpose than for this proposal.

We would appreciate the return of a signed version of the letter in Appendix C as evidence of your wish to participate in the proposal process and your agreement to these conditions.

## REQUEST FOR PROPOSAL

### Scope of the Proposal

The Audit Committee of the Diocese of Grafton believes that it is in the best interest of the Diocese to review its external audit relationship from time to time. This review seeks to identify a suitable audit partner for three years being the audits for the years ending 31 December 2017, 31 December 2018 and 31 December 2019.

We place the highest emphasis on the integrity of our financial processes and disclosures. We believe that our audit must deliver the optimum levels of assurance to all key stakeholders.

Set out below is a summary of the services we will or may require into the future:

- Audit of annual accounts - being special purpose
- Preparation of annual financial statements

Whilst the tendered cost of audit services to be provided will be a significant factor in determining the successful proposal, consideration will also be given to the level of value-added services that the audit partner will be able to provide as part of the provision of the audit (and accounting services, if required). The evaluation criteria are detailed on page 7.

The successful tenderer will need to demonstrate how a planned approach and disciplined work ethic, consistent with Diocesan values, will ensure the timely completion of all tasks thereby enabling the Diocese to meet its compliance obligations in a timely manner.

The ability to provide sound and practical feedback on improvements to business processes and integrity of financial systems as a result of undertaking the annual audit will also be highly regarded.

An additional important consideration in assessing the suitability of a potential new audit and accounting services partner is the ability to demonstrate a sound working relationship with all stakeholders.

Further, prior to appointment, the preferred firm will need to provide at least three senior referees who, via recent experience, can attest to the applicant's skill and experience in relevant sectors (e.g. Not-for-profit; Religious charitable; financial institutions) and that, from their experiences, the applicant has the knowledge resources and human resources to complete the specified tasks in a timely manner.

### Proposal Specifications

Your proposal must address each of the following requirements:

#### Audit Standard Guidelines

The Diocese has adopted minimum standard guidelines for appointment of auditors. These have been included as Appendix A of this document. The proposal must address each of the requirements as outlined in this document.

The Diocese is obligated to present audited financial statements for the year ending 31 December to its Synod which is usually held in mid-June of each year. So that the financial statements can be presented to the synod, they must be endorsed by a meeting of each relevant entity by 15 May. To

ensure this timeframe is met the financial statements must be ready for presentation to Audit Committee by no later than 15 April each year but only after adequate consultation with Diocesan management.

The Diocese recognises its responsibility with respect to meeting this obligation and commits to providing information and responses to queries in a timely manner. To assist in this regard, it is expected that the audit timing will be negotiated with the Diocese and will be undertaken in two stages - an interim audit occurring prior to year-end and the final audit as soon as practicable after the end of financial year.

The Diocese will ensure that reconciled trial balances are produced in preparation for the audit.

Further, it is also expected that the successful proposal will provide the Diocese with a detailed listing of documentation required for audit purposes prior to attendance on site, with adequate time provided for preparation.

#### **Qualifications of the Firm**

- A page statement summarising the benefit to the Diocese of engaging the firm;
- Outline the background of the firm, both locally and nationally; and,
- Depth of the firm's practice in serving clients in sectors relevant to the Diocese.

#### **External Audit Team**

- Structure and members of the external audit service team
- Qualifications and relevant experience;
- List major clients relevant to the Diocese;
- Outline the means by which the firm's staff are kept abreast of developments impacting the Diocese; and,
- Identify any conflicts of interest issues.

#### **Audit Methodology and Processes**

- Processes for delivery of services
- Description of the audit methodology
- What value added benefits arising from the audit approach and methodology; and,
- Processes employed addressing client satisfaction, performance measurement and continuous improvement.

#### **Quality Assurance**

- Description of quality assurance processes for adherence to Auditing Standards; and,
- Manner in which accounting and audit issues are resolved.

#### **Independence**

- Describe the manner by which independence requirements are complied with; and,
- Confirmation by the firm that it will take all necessary steps to ensure its independence.

#### **Audit Reporting**

- Preferred means of reporting the results of the audit to the boards/councils of relevant entities.

#### **Audit Transition**

- Processes to assist in the transition from existing to new audit services.

## Fees

Please provide:

- Proposed fee re first year's audit of each required entity (itemised by entity and including the preparation of the annual financial statement);
- Fees for subsequent years; and
- Billing Plan.

## Other

- Provide three referees with contact information; and,
- Signed Letter of Compliance (refer Appendix C).

## EVALUATION CRITERIA

The evaluation process will focus on:

- a) Relevant qualifications and industry experience of both the firm and the nominated audit team assigned;
- b) Proposed level of fees;
- c) Proposed method of delivery of audit services and maintenance of relationships;
- d) Ability to meet the audit guidelines and ensure delivery of financial statements by the due date; and
- e) Methodology to ensure audit team members are trained in servicing clients of sectors relevant to the Diocese.

The Diocese will invite no more than four firms to submit a proposal.

## THE PROPOSAL

Submission of a formal written proposal will close at **5:00pm 30 June 2017**. Please submit one printed copy and one electronic copy of your proposal. The printed copy shall be delivered by post to:

Mr Chris Nelson  
Registrar/General Manager  
Anglican Diocese of Grafton  
PO Box 4  
GRAFTON NSW 2460

Alternatively, printed copies can be hand-delivered to Level 1, 50 Victoria Street, Grafton NSW 2460.

The electronic copy of your proposal shall be in pdf format and delivered by email to [registrar@graftondiocese.org.au](mailto:registrar@graftondiocese.org.au)

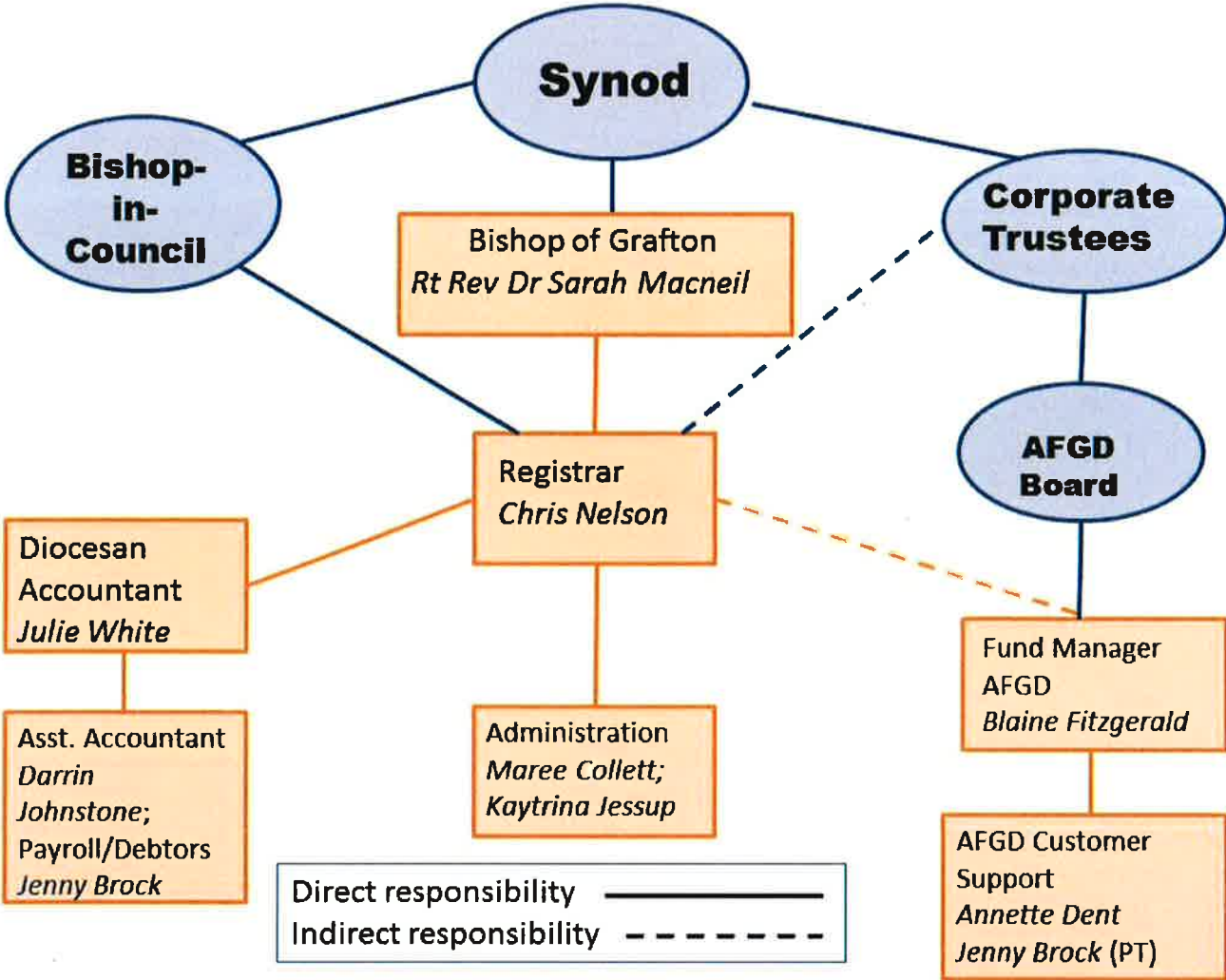
It is anticipated that following receipt of proposals and our review, selected firm(s) will be interviewed by members of the Audit Committee at a mutually convenient time. The Audit Committee expects to resolve the appointment of an audit partner by 31 August 2017

## APPENDICES

### Appendix A - Audit Standard Guidelines

1. The audit must be conducted by a Registered Company Auditor.
2. At a minimum, the audit team leader must have professional membership to an accounting body such as CPA or CA.
3. When appointing Auditors, the Audit firm must be able to confirm that at least one member of the team (a partner/senior team member) is experienced in auditing clients in sectors relevant to the Diocese.
4. The Audit firm is required to provide annual assurance that they have a contingency plan in the event of the loss of key members of their audit team.
5. Auditors are to be appointed on an annual basis, with a review every three years.
6. The audit firm to provide an Audit Engagement Letter prior to commencement of the audit and this is to be tabled by the Registrar at the next meeting of each relevant entity of the Diocese.
7. Prior to the audit team finalising their work on site, a "closing" meeting is to be convened by the team leader with the Bishop of Grafton (if available), the Registrar and the Diocesan Accountant.
8. An Audit Management Letter to be provided to the Bishop of Grafton and the Registrar for comment prior to submission to the board/council of each relevant entity.
9. The audit partner and team leader shall meet with the Audit Committee in early April following the finalisation of the draft audited financial statements such that the Audit Committee can thoroughly review the financial statements and request changes where appropriate.
10. A senior member of the audit firm shall make themselves available in May to attend that part of the board/council meeting of each relevant Diocesan entity in which the audited financial reports are presented and discussed.
11. The timeframes for the completion of financial reports for the Diocese as set out in this document are critical to the proper governance of the Diocese. This is reliant on the appointed auditors of the Diocese having the required information available in a timely manner. Where this does not occur the Bishop-in-Council may direct the Audit Committee to review the auditor appointment.
12. The Diocese is a Christian organisation and it is expected that the audit firm and its staff are respectful of the Christian beliefs and ethos of the Diocese.

Appendix B: Organisation Chart



The Finance Section of the Diocese of Grafton (i.e. the Diocesan Accountant and direct reports) handles all of the financial transactions and accounting for The Anglican Diocese of Grafton, The Corporate Trustees of the Diocese of Grafton and Anglican Funds Grafton Diocese with the exception of the handling of AFGD investor and borrower accounts and transactions related to those accounts.

## Appendix C – Letter of Compliance

Date

Mr Chris Nelson  
Registrar  
Anglican Diocese of Grafton  
PO Box 4  
GRAFTON NSW 2460

Dear Mr Nelson,

We acknowledge receipt of your request for information external audit services and thank you for the opportunity to supply our proposal.

We confirm that we will comply with your requirements regarding confidentiality.

Yours faithfully,

Name of firm

Firm signatory

## Appendix D – Anglican Funds Grafton Diocese Regulatory Exemptions

A copy of the ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 can be found at <https://www.legislation.gov.au/Details/F2017C00234>

The following pages show:

- Anglican Funds Grafton Diocese Identification Statement;
- Correspondence from ASIC accepting the AFGD Identification Statement.
- Banking Exemption No. 1 of 2016



Identification Statement – Anglican Funds Grafton Diocese  
**ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813**  
complying with ASIC's Regulatory Guide 87 (issued September 2016)

### IDENTIFICATION INFORMATION

Anglican Funds Grafton Diocese (AFGD) is the business name of The Corporate Trustees of the Diocese of Grafton Investment Fund (ABN 42 489 753 905), which is a trading entity of The Corporate Trustees of the Diocese of Grafton (ABN 88 144 942 068), a body corporate incorporated by section 5 of the *Anglican Church of Australia Trust Property Act 1917* (NSW). AFGD was created under the *Diocese of Grafton Investment Fund Ordinance 1981*, now continued under Chapter 18 of the *Diocese Governance Ordinance 2008*. AFGD is located at Level 1, 50 Victoria Street, Grafton NSW 2450.

### COMPLIANCE

AFGD raises funds to support the charitable purposes of The Anglican Diocese of Grafton by issuing debentures. It relies on exemptions contained in paragraphs 5.(1)(b) and 5(2) of *ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813*. It also relies on exemptions to Sections 7 and 8 of the *Banking Act 1959* provided by APRA – Banking Exemption No.1 of 2016.

AFGD ensures compliance with the conditions of the above exemptions in the following ways:

- AFGD has lodged this Identification Statement with ASIC and it is made available to the public via the AFGD website.
- AFGD regularly reviews its Identification Statement and all relevant offer documents to ensure that they are up to date, complete and not misleading.
- As of 31 December 2016, AFGD no longer offers short term investment products to clients who are retail, non-associated clients. AFGD is paying out all existing short term investments to retail non-associated clients as the relevant short term investments mature so that on and after 1 January 2018, no person is to hold a short-term investment product issued by AFGD.
- None of AFGD itself, its products, its promotional material or offer documents has been examined or approved by ASIC, nor does AFGD or any of the above documents state or imply that AFGD, its promotional material, or offer documents have been examined or approved by ASIC.
- AFGD ensures that all relevant offer documents detail that:
  - the investment funds will be used to support the charitable purposes of AFGD;
  - this Identification Statement may be viewed on AFGD's website;
  - AFGD is required by law to notify investors that its products are not subject to the normal *Corporations Act* protections for investors under the *Corporations Act* or regulation by ASIC;
  - AFGD does not hold an Australian Financial Services Licence;
  - the investment is only intended to attract investors whose primary purpose for making the investment is to support the charitable purposes of AFGD;
  - investors may be unable to get some or all of their money back when the investor expects or at all; and
  - the investment is not comparable to investments with banks, finance companies or fund managers.
- Any false or misleading material statements relating to this Identification Statement are rectified as soon as practicable via the issue of a supplementary or replacement Identification Statement.
- AFGD lodges with ASIC audited financial statements, which comply with relevant accounting standards, within 6 months after the end of each financial year. Such statements are made available to the public via AFGD's website for a minimum period of 3 years from the date of issue.

### METHOD OF FUNDRAISING

AFGD issues debentures and lends the funds raised for profit to assist and grow the mission of the Anglican Church in the Diocese of Grafton. AFGD generates a margin between the rates paid to investors and those charged to borrowers. This surplus funds the operating costs of AFGD. AFGD retains minimum surpluses to strengthen its capital adequacy aspiring to reach a benchmark of 8-10% of Risk Weighted Assets.

### FINANCIAL YEAR

AFGD has a financial year of 1 January to 31 December.

## AFS LICENCE

AFGD is not required to hold an Australian Financial Services Licence and does not hold an Australian Financial Services Licence.

## CHARITABLE PURPOSE

The charitable purpose of Anglican Funds Grafton Diocese (AFGD) as set out in paragraph 218.2 of *Diocese Governance Ordinance 2008* is to be a fiscally responsible entity which generates financial resources to support and serve the community of faith that is the Anglican Diocese of Grafton. The issue of debentures by AFGD promotes this charitable purpose by providing operating surpluses to the Anglican Diocese of Grafton for Mission, Ministry & Administration.

## KEY TERMS

AFGD offers several classes of debentures on the terms set out below. As a general rule, no fees or costs are payable by the holder of a debenture. However, if the holder of a debenture causes AFGD to incur a third-party cost, such as a dishonour fee, then this cost will be charged back to the holder on a pass-through basis.

AFGD has a Hardship Policy, which allows for early release of funds on certain grounds.

The following classes of debentures are available to all but retail, non-associated clients:

### Fixed term Investments

- Minimum investment \$500
- Interest is paid at maturity.
- View only Online Access
- The terms offered on investments are
  - > 31 Days
  - > 90 Days
  - > 180 Days
  - > 365 Days
  - > 18 Month
- Except for 18 month investments, interest is calculated daily and paid at maturity to a nominated account or can be capitalised with the initial investment.
- For the 18 month fixed investment, interest is either calculated daily and paid half yearly to a nominated account or capitalised with the initial investment.
- Interest rates offered on fixed investments are reviewed monthly by the Board of AFGD.
- The interest rate applied on the initial investment is advised at the time of application.
- Interest rate changes are provided via correspondence to all existing investors at pre-maturity and via the AFGD website.

### Short Term Investments < 31 days

#### Savings Account

- Minimum investment amount Nil
- Online Access
- EFT & BPay facilities.
- Interest is calculated daily and paid half yearly capitalised to the account.
- The interest rate is linked to an AFGD benchmark, plus or minus an applicable margin.
- The interest rate applied is tiered, based on the dollar amount of funds under management in the account.
  - > 0- \$4,999
  - > \$5,000 - \$49,999
  - > \$50,000 & over
- The interest rate applicable to this product is reviewed monthly by the AFGD Board. 21 days' notice is given prior to any proposed change taking effect.
- The interest rate applied on the initial investment is advised at the time of application.
- Existing clients will be advised of any interest rate change via the AFGD website.

<p><b>Short Term Investments &lt; 31 days</b></p>	<p><b>Cheque Account</b></p> <ul style="list-style-type: none"> <li>• Minimum investment amount Nil</li> <li>• Online Access.</li> <li>• EFT &amp; BPay facilities.</li> <li>• Cheque Books and customised A4 cheque stationery available.</li> <li>• Interest is calculated daily and paid monthly capitalised to the account.</li> <li>• The interest rate is linked to an AFGD benchmark, plus or minus an applicable margin.</li> <li>• The interest rate applicable to this product is reviewed monthly by the AFGD Board. 21 days' notice is given prior to any proposed change taking effect.</li> <li>• The interest rate applied on the initial investment is advised at the time of application.</li> <li>• Existing clients will be advised of any interest rate change via the AFGD website.</li> </ul>
<p><b>Short Term Investments &lt; 31 days</b></p>	<p><b>Cash Management Account</b></p> <ul style="list-style-type: none"> <li>• Minimum investment amount Nil</li> <li>• Online Access</li> <li>• EFT &amp; BPay facilities.</li> <li>• Interest is calculated daily and paid monthly capitalised to the account.</li> <li>• The interest rate applicable to this product is reviewed monthly by the AFGD Board.</li> <li>• The interest rates applicable to this product is linked to the current RBA cash rate, plus or minus an applicable margin.</li> <li>• The interest rate applied including the RBA benchmark and applicable margin is advised at the time of application.</li> <li>• Any change in the interest rate is effective the following day after any RBA rate change is released.</li> </ul>

## INVESTORS

AFGD offers debentures to the following classes of investors as defined by *ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813*:

### 1. Associates

Products are promoted to this class of investor in the following ways:

- advertising in the AFGD internal publication, "the North Coast Anglican Newspaper";
- promotional material and brochures;
- direct written correspondence;
- advertising on the AFGD website; and
- word of mouth.

A product is offered to this class of investor after a formal signed application is received by AFGD.

Associates are defined by *ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813* as:

- a) A body constituted by or under the authority of a decision of the charity or is controlled by the charity.
- b) A person or body that constituted the charity or under whose authority the charity was constituted or controls the charity.
- c) A charity with a charitable purpose (*related charitable purpose*) which is the same or similar to the charity.
- d) A person acting as a trustee of a trust for the charity or a charity with a related charitable purpose.
- e) A member of clergy, employee or \*\*voluntary staff member who works for a person in paragraphs (a) to (d).
- f) A person undertaking training or education to enable them to be a person mentioned in paragraph (e) who receives money from a person mentioned in paragraph's (a) to (e).

AFGD considers the following individuals to be volunteer staff members:

- Any unpaid member of any Board or Council of the Anglican Diocese of Grafton or one of its committees or sub committees. This refers to, but is not limited to, any governance group described in the *Diocesan Governance Ordinance 2008* or described in any constitution established under the *Anglican Church of Australia (Bodies Corporate) Act 1938 (NSW)*.
- Any unpaid member of a Parish Council.
- Parish volunteers who undertake ongoing volunteering for their Parish of at least 8 hours per week.
- A person who works on a regular and ongoing basis for at least 8 hours per week for an organisation of the Anglican Community without being paid, or an honorary office bearer recognised by the Ordinances of the Synod, for example, members of Diocesan Council, and its associated Boards and Committee.

**2. Non-associated, non-retail clients**

Products for this class of investor are not actively promoted. However, AFGD can be approached by this class of investor as a consequence of its promotion to other classes of investors.

A product is offered to this class of investor after a formal signed application is received by AFGD. Products offered to this class of investor are customised to meet the requirements of each client.

**AUDITED FINANCIAL STATEMENTS**

AFGD is a basic religious charity and is currently not required to lodge audited financial statements with the Australian Charities and Not-for-profits Commission (ACNC).

AFGD is required to lodge audited financial statements with ASIC within 6 months of each financial year end.

**GUARANTEES OR OBLIGATIONS**

No guarantees or obligations of interests by any person apply.

**ASSET TYPES**

AFGD currently holds the following asset classes in Australia:

- **Cash deposits at ADIs.**
- **Interest bearing securities, Australian Banks and large corporations, rated at investment grade or better. No hybrid securities, except for Australian bank securities containing an APRA mandated capital trigger.**
- **Loans advanced to Anglican parishes and Anglican Entities when they borrow from the Fund to undertake charitable activities within their communities**

No assets are held outside of Australia.

**SPONSOR**

There is no sponsor involvement in regard to acceptance of this Identification Statement.

**CONSENT**

AFGD consents to any person, on request to ASIC, examining this Identification Statement and AFGD's application to ASIC to accept this Identification Statement for lodgement.

**DATED:** 10 TH MAY 2017

  
Signature

BLAINE FITZGERALD  
Print Name

FUND MANAGER.  
Capacity



ASIC

Australian Securities & Investments Commission

11 May 2017

Mr David Ford  
Emil Ford Lawyers  
Level 5, 580 George St  
Sydney NSW 2000

Level 5, 100 Market Street,  
Sydney NSW 2000  
GPO Box 9827, Sydney NSW 2001  
DX 653 Sydney

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Facsimile: +61 2 9911 2414  
www.asic.gov.au

**By email:** [david.ford@emilford.com.au](mailto:david.ford@emilford.com.au); [fundmanager@afgd.com.au](mailto:fundmanager@afgd.com.au)

Dear Mr Ford,

**THE CORPORATE TRUSTEES OF THE DIOCESE OF GRAFTON INVESTMENT  
FUND ABN 42 489 753 905, TRADING AS ANGLICAN FUNDS GRAFTON  
DIOCESE**

**APPLICATION FOR REGISTRATION OF AN IDENTIFICATION STATEMENT  
PURSUANT TO ASIC INSTRUMENT 2016/813**

I refer to your application dated 28 April 2017 on behalf of The Corporate Trustees of the Diocese of Grafton Investment Fund ABN 42 489 753 905, trading as Anglican Funds Grafton Diocese (AFGD) for registration of an identification statement (the **Identification Statement**).

I am pleased to advise that the application to register the Identification Statement pursuant to Australian Securities and Investments Commission (ASIC) Corporations (Charitable Investment Fundraising) Instrument 2016/813 (the **Instrument**) has been accepted by ASIC.

I take this opportunity to remind AFGD of its obligations under the Instrument, in particular, the obligations to ensure that the Identification Statement remains up to date.

Please note that this relief only applies for so long as AFGD continues to meet the requirements in subsection 5(3) of the Instrument. Additionally, AFGD must meet the conditions in section 7 of the Instrument.

Please contact me on (02) 9911 2631 if you wish to discuss this matter.

Yours sincerely

Sarah-Jane Farlow  
Lawyer  
Corporations



## Banking exemption No. 1 of 2016

### Religious charitable development funds

#### *Banking Act 1959*

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I, Pat Brennan, a delegate of APRA, under subsection 11(1) of the *Banking Act 1959* (the Act), DETERMINE that sections 7 and 8 of the Act do not apply to the class of persons described in the attached Schedule, while this determination continues in force, AND under paragraph 11(2)(c) of the Act, I make this determination subject to the conditions specified in the attached Schedule of conditions.

This determination commences on 1 January 2017.

Dated: 31 August 2016

[Signed]

Pat Brennan  
Executive General Manager  
APRA

#### **Interpretation**

In this determination

**APRA** means the Australian Prudential Regulation Authority.

**person** in accordance with section 2C of the *Acts Interpretation Act 1901*, includes a body corporate as well as an individual.

*Note 1* This determination is a legislative instrument (see subsection 11(6) of the Act).

*Note 2* Under subsection 11(3) of the Act, a person is guilty of an offence if the person does or fails to do an act and doing or failing to do that act results in a contravention of a condition to which a determination under section 11 is subject (being a determination that is in force and that applies to the person). The penalty is 200 penalty units or, by virtue of subsection 4B(3) of the *Crimes Act 1914* in the case of a body corporate, a penalty not exceeding 1,000 penalty units. By virtue of subsection 11(3A) of the Act, an offence against subsection 11(3) is an indictable offence. Under subsection 11(3B) of the Act, if a person commits an offence against subsection 11(3), the person is guilty of an offence against that subsection in respect of the first day on which the offence is committed and each subsequent day (if any) on which the circumstances that gave rise to the person committing the offence continue (including the day of conviction for any such offence or any later day).

## **Schedule - the class of persons to whom this determination applies**

1. Section 7 of the *Banking Act 1959* does not apply to a person who is a controlling entity of a fund in the list below; and
2. Section 8 of the *Banking Act 1959* does not apply to a fund that is a body corporate, or a body corporate that is a controlling entity of a fund, in the list below:
  - Anglican Funds – South Australia
  - Anglican Community Fund (Inc) (previously known as Anglican Deposit Fund Perth (Inc))
  - Anglican Development Fund – Gippsland
  - Anglican Development Fund (Diocese of Melbourne)
  - Anglican Development Fund (Diocese of Tasmania)
  - Anglican Development Fund Diocese of Bathurst
  - Anglican Financial Services (ANFIN) (Diocese of Brisbane)
  - Anglican Investment and Development Fund
  - Anglican Managed Investments Fund Diocese of Bathurst
  - Anglican Savings and Development Fund Diocese of Newcastle
  - Archdiocese of Adelaide – Catholic Development Fund
  - Archdiocese of Brisbane – Archdiocesan Development Fund (or The Corporation of the Trustees of the Roman Catholic Archdiocese of Brisbane)
  - Archdiocese of Canberra and Goulburn – Catholic Development Fund (or The Trustees of the Roman Catholic Church for the Archdiocese of Canberra and Goulburn (ACT) & (NSW))
  - Archdiocese of Hobart – Catholic Development Fund
  - Archdiocese of Melbourne – Catholic Development Fund
  - Archdiocese of Perth – Catholic Development Fund
  - Archdiocese of Sydney – Catholic Development Fund (or The Trustees of the Roman Catholic Church for the Archdiocese of Sydney)
  - Armidale Diocesan Investment Group
  - Assemblies of God in Australia Ltd
  - Baptist Financial Services Australia Limited
  - Catholic Development Fund Diocese of Port Pirie
  - Centenary Development Foundation
  - Christian Outreach Centre
  - Churches of Christ Building Extension Mutual Fund Incorporated
  - Churches of Christ Financial Services Limited
  - Diocesan Cash Investment Fund (Anglican Church Diocese of Sydney)
  - Diocesan Development Fund – Anglican Diocese of Bendigo
  - Diocesan Development Fund (Diocese of Armidale)
  - Diocese of Ballarat – Catholic Development Fund
  - Diocese of Bathurst – Catholic Development Fund
  - Diocese of Broken Bay – Catholic Development Fund (or Trustees of the Roman Catholic Church for the Diocese of Broken Bay)

- Diocese of Bunbury – Catholic Development Fund
- Diocese of Cairns – Catholic Development Fund (or The Roman Catholic Trust Corporation for the Diocese of Cairns)
- Diocese of Darwin – Diocesan Development Fund (or Catholic Church of the Diocese of Darwin Property Trust – Darwin Diocesan Development Fund)
- Diocese of Lismore – Diocesan Investment Fund (or The Trustees of the Roman Catholic Church for the Diocese of Lismore)
- Diocese of Maitland – Newcastle – Catholic Development Fund (or The Trustees of Church Property for the Diocese of Newcastle)
- Diocese of Parramatta – Diocesan Development Fund
- Diocese of Rockhampton – Diocesan Development Fund
- Diocese of Sale – Catholic Development Fund
- Diocese of Sandhurst – Diocesan Development Fund
- Diocese of Toowoomba – Diocesan Development Fund
- Diocese of Townsville – Diocesan Development Fund
- Diocese of Wagga Wagga – Diocesan Provident Fund (or The Trustees of the Roman Catholic Church for the Diocese of Wagga Wagga)
- Diocese of Wollongong – Catholic Development Fund
- EFKS Financial and Investment Services
- National Spiritual Assembly of the Baha'is of Australia Incorporated – Baha'i Investment Fund
- Riverina Anglican Development Fund
- Stewards' Foundation of Christian Brethren
- Temple Society Australia
- The Baptist Union of Queensland
- The Churches of Christ Property Trust
- The Corporate Trustees of the Diocese of Grafton – Grafton Diocese Investment Fund
- The Uniting Church in Australia Property Trust (SA)
- The Uniting Church Investment Service
- UCA Funds (incorporating UCA Cash Management Fund Limited, UCA Growth Fund Limited, UCA Funds Management Limited, the Development Fund, The Uniting Church in Australia Property Trust (Victoria) and the Funeral Fund)
- Uniting Church in Australia Synod of Western Australia Uniting Church Investment Fund
- Uniting Financial Services (incorporating The Uniting Church (NSW) Trust Association Limited, The Uniting Church in Australia Property Trust (NSW), the Funeral Fund and the Self– Help Fund)
- Wangaratta Anglican Development Fund

## **Definitions**

**In this Schedule:**

***controlling entity*** means a person or body corporate who or which is a trustee of, or otherwise concerned in the management of, a fund.



## Schedule of conditions

1. The Fund must be and continue to be:
  - (a) recognised at law as being formed for religious and charitable purposes stated in a trust deed, ordinance or other foundation document governing the Fund (Fund constitution);
  - (b) limited to the purposes stated in the Fund constitution; and
  - (c) operated not-for-profit.
2. The Fund's retail products must have the sole or dominant intention of furthering the religious and charitable purposes of the Fund.
3. A copy of the Fund constitution setting out the Fund's religious and charitable purposes must be available for inspection on request by APRA.
4. Subject to Condition 5, where a Fund offers, issues or sells a retail product to a retail investor on or after 1 January 2017:
  - (a) the retail product must have a minimum term or call period of 31 days; and
  - (b) subject to Condition 7, the retail investor must not be able to redeem any funds for 31 days from the date they are invested in the retail product.
5. A Fund may continue to make available to a retail investor, a retail product that:
  - (a) was offered, issued or sold to the investor prior to 1 January 2017; and
  - (b) which does not meet the requirements in Condition 4;until 1 January 2018.
6. When money held in a retail product that is issued or sold by a Fund to a retail investor reaches its 31 day maturity, the Fund must:
  - (a) roll over the retail investor's funds for a further period of at least 31 days; or
  - (b) if the retail investor requests that the funds not be rolled over, repay the retail investor's funds in the form of cash, cheque or direct credit to an account held at an authorised deposit-taking institution (ADI) as defined in the *Banking Act 1959*.
7. A Fund may, upon written request from a retail investor at any time, pay to the investor some or all of the funds invested in a retail product, provided that the Fund is satisfied that the investor has demonstrated that he or she is subject to exceptional circumstances that may lead to hardship and that it is appropriate to release the funds.
8. A Fund may only release funds under Condition 7 if the release complies with a written procedure prepared by the Fund. The procedure must set out the basis upon which the Fund will determine whether exceptional circumstances that may lead to hardship exist that would warrant the early release of an investor's funds.
9. The Fund must not offer to retail investors:
  - (a) cheque account facilities; or
  - (b) BPAY facilities,in relation to retail products.

10. The Fund must not offer to retail investors or affiliates:
  - (a) Electronic Funds Transfer at Point Of Sale (EFTPOS) facilities; or
  - (b) Automatic Teller Machine (ATM) facilities,
 in relation to retail products.
11. Condition 9 does not preclude a Fund from making or receiving payments to or from a retail investor using such facilities.
12. The Fund or its controlling entity must in all cases ensure that advertising and marketing material of the Fund contains, at a minimum, the following disclosure:

*{Insert name of Fund} (the Fund) is not prudentially supervised by the Australian Prudential Regulation Authority. Therefore, 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. Investments in the Fund are intended to be a means for investors to support the charitable purposes of the Fund.*

13. The Fund or its controlling entity may advertise and market the Fund on-line or in print produced by or under the auspices of the controlling entity (or the religious institution that established the Fund). All advertising and marketing material of the Fund must contain the disclosure required under Condition 12.
14. A Fund must not use or assume the words or expressions deposit or at-call, or any other word or expression (whether or not in English) of like import, in relation to a retail product offered, issued or sold to a retail investor.
15. A reference to a word or expression being used or assumed includes a reference to the word or expression being used or assumed:
  - (a) as part of another word or expression; or
  - (b) in combination with other words, letters or other symbols.

### **Definitions**

16. In this Schedule:
 

**affiliate** means:

  - (a) a body constituted by or under the authority of a decision of the central governing body of a related religious organisation;
  - (b) a body in relation to which the central governing body of a related religious organisation is empowered to make ordinances or other binding rules;
  - (c) a person acting as a trustee of a trust for or for the use, benefits or purposes of a related religious organisation;
  - (d) a body that is of the same religious denomination;
  - (d) an employee or voluntary staff member of a body mentioned in sub-paragraphs (a) to (d) above; or
  - (e) a member of the clergy, or equivalents in other denominations, within a related religious organisation; or
  - (f) a person undertaking training or education for the purpose of becoming a member of the clergy, or equivalents in other religious denominations, within a related religious organisation.

***controlling entity*** means a person or body corporate who or which is a trustee of, or otherwise concerned in the management of, a Fund.

***retail investor*** means a person who would be a retail client under section 761G of the *Corporations Act 2001*, but excludes affiliates.

***retail product*** means securities, a financial product or any other arrangement involving the taking of money on deposit offered to a retail investor.

# PROPOSAL FOR AUDIT SERVICES

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## Anglican Diocese of Grafton



[www.tnr.com.au](http://www.tnr.com.au)

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## 1. A SITUATION REVIEW & ANALYSIS

The Anglican Diocese of Grafton (the Diocese) is seeking a proposal for audit services from a firm that commits to building relationships and adding value. The directors require a quality and timely audit service that will provide assurance to users of the financial reporting satisfy the requirements of regulators.

In partnering with TNR, you will have access to an exceptional regional (national and internationally affiliated) chartered accounting firm which can provide you with the infrastructure and technical knowledge expected from a large firm, but with the personalised service provided by a smaller firm. We offer a personalised service where the Diocese governing bodies and management can work closely with audit partners and managers.

TNR has the experience and expertise to provide audit and other professional services that will provide assurance on the annual financial reporting as well as enhancing the governance and financial systems of the Diocese.

The requirements sought from TNR include:

- The provision of quality assured audit services;
- Providing an independent and expert opinion with high service standards;
- Being proactive in providing pragmatic solutions relating to financial, governance and operational areas of the organisation;
- Working closely with the governing bodies and management;
- The ability to meet your deadlines; and
- Providing a competitive fee with no billing surprises.

Appendix 1 addresses the Audit Standard Guidelines that are required by the Diocese.

***“One of the things we focus on at TNR is being Experts in Our Field, Accessible, Supportive and Trustworthy.***

***We believe our values align with your requirements.”***

## 2. WHAT WE BRING TO THE TABLE

Your decision to consider TNR as your provider of audit services presents the Diocese with an opportunity to partner with an energetic and experienced team of professionals who can present a fresh set of eyes, a new perspective, and a total commitment to providing an effective and efficient service.

### Stability

We have been operating successfully for over 115 years (since 1899) delivering quality audit and other services to clients located between Sydney and Rockhampton and West to Broken Hill.

### Quality Assured Audit Services

We are at the leading edge in the delivery of auditing and financial reporting services. The NSW and QLD Auditor-Generals continually review our quality systems and audit approaches and contract us to undertake audits of large not-for-profit organisations such as universities, schools, health services, local government and other entities.

TNR has an effective quality control system which:

- Has received approval under quality review inspections programs conducted by:
  - the Institute of Chartered Accountants;
  - the NSW and Queensland Audit Office's; and
  - HLB Mann Judd National Executive.

- Is supported by our membership of the HLB Mann Judd National and International network. HLB Mann Judd is one of the largest accounting and auditing firms in Australia (as published in the Business Review Weekly) and has a presence in over 100 countries;

- Is monitored and improved by a dedicated Quality Control Committee including an Audit & Assurance Partner who has been a QA Reviewer in the Peer Review Program of the HLB Mann Judd Australasian Association for over 10 years; and

- Has resulted in the Firm never experiencing any legal action or claims for negligence, incompetence or breach of duty.

Appendix 3 provides a detailed understanding of our Quality Systems.

### Experience

We possess exceptional skills and experience in:

- Financial audit services;
- Business advisory & systems enhancement;
- Due diligence;
- Systems and controls improvement;
- Governance & risk management; and
- Information technology.

Against this backdrop, we will ensure that your financial systems develop in line with best practice that is appropriate to the size of the business, while providing you with the level of assurance you require.

We provide an understanding of our audit and other areas of expertise later in this document.

### 3. WHAT OUR CLIENTS SAY

TNR was invited to be a member of the HLB Mann Judd group which has been named “**Best Accountancy Firm** (revenue between \$50 million and \$500 million)” in the **BRW Client Choice Awards for four of the past five years**.

The BRW Client Choice Awards recognise outstanding performance as voted by **clients**.

The Awards are based on quantitative research into buyers of professional services, conducted independently by Beaton Consulting. The selection of the finalists and winners is determined exclusively by the opinions of over **40,000 clients** of professional services organisations who participated in the research.

You are welcome to contact any of our clients for their first hand comments on our service. Contact details for a selection of referees are included in Appendix 2 whilst client testimonials are provided at Appendix 8.



***With over 115 years of experience,  
TNR provides a high quality  
service by an approachable and  
energetic team of professionals.***

***We strive to exceed our client's  
expectations.***



## 4. GLOBAL IN REACH, LOCAL IN TOUCH

TNR is a leading mid-tier chartered accounting firm which is locally owned and operated.

TNR was established in 1899 and has become one of leading regional audit firms operating in the South East Queensland / Northern NSW areas.

**The firm has 9 partners, and over 60 staff members with offices at:**

31 Keen Street  
LISMORE NSW 2480

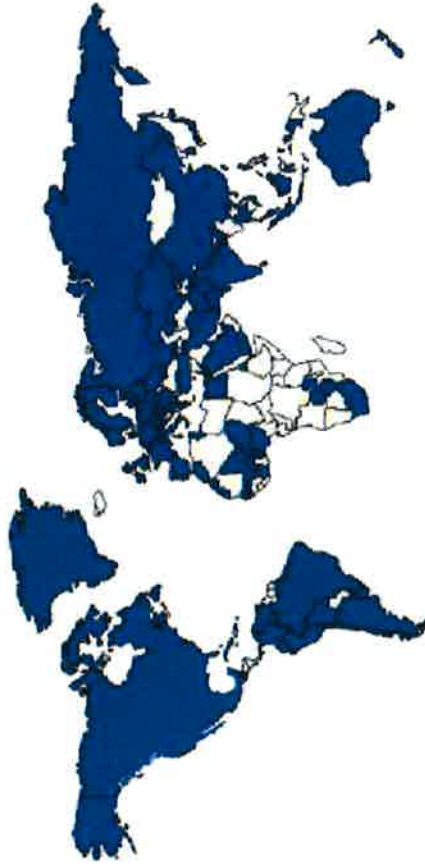
Level 14  
The Rocket  
203 Robina Town Centre  
ROBINA QLD 4226

With 4 audit partners and over 20 professional staff, TNR's audit division is substantial and rivals mid-tier firms operating in capital cities. Our audit partners have over 90 years combined experience and specialise in audit and assurance, governance, risk management and business advisory.

The national network has over 70 partners with offices in all major Australian business centres. Through our membership of HLB International (a global network of accounting firms with 400 offices in more than 100 countries), our clients also have access to worldwide expertise and techniques.

**Personal involvement** of Partners in all client engagements is an integral component of the way we work with you. Partners are ably supported by outstanding staff, working as a team to complete assignments in an efficient way. See more of the TNR expertise and values at our website:

[www.tnr.com.au](http://www.tnr.com.au)



## 5. YOUR DEDICATED TNR TEAM

TNR provides two Partners (engagement and review partners) for each audit engagement to satisfy client expertise requirements. The Engagement Partner is responsible for coordinating the annual audit and is the primary contact for directors and management. The Review Partner is available to discuss complex matters, be an alternative contact point for directors and management and can undertake the role of the Engagement Partner if required.

The Audit Partners and Managers will be available to solve any issues promptly and keep the audit running smoothly. Our senior team adopt a "hands on" approach and are involved in planning and day to day operations.

Staff and Partner continuity on all engagements is very important to us. Our service model is designed to ensure continuity so the audit is conducted efficiently and interruption to your business is minimised.

We work hard to keep our knowledge and skills at the highest level. We will communicate regularly Senior Management, the Registrar, the Bishop and the Trustees / Board to ensure we remain abreast of organisational developments.

Membership of peak bodies assists us to stay "ahead of the game" so we can add value to our clients. Our Audit & Assurance Partners currently have representation on the following peak bodies:

- HLB Mann Judd Australasian Association Audit and Accounting Standards Committee;
- The NSW Office of Local Government Technical Advisory Committee; and
- NSW North Coast Institute of Chartered Accountants Regional Chairs Group.
- Australian Accounting Standards Board & Business Council of Cooperatives & Mutuals Working Group – Financial Reporting.

The following pages contain curriculum vitae for the key team members who will be responsible for the audit engagement.



## YOUR DEDICATED TNR TEAM (CONT'D)



**Kevin Franey**  
Partner, Audit & Assurance

### Expertise and Specialisation

Kevin Franey has extensive experience in the delivery of quality audit & assurance services. His broad experience enables him to provide a value-added service that is delivered in a personal manner. Kevin specialises in the delivery of internal and external audit services to:

- Not-for-profit entities
- Financial Institutions
- Health & Community Services
- Higher Education
- Cooperatives
- Secondary Education
- Accommodation Services

### External Audit Expertise

Kevin has over twenty-nine years' experience in the delivery of external audit services to a wide range of private and public sector entities operating in the Northern Rivers and South East Queensland regions. He is fully conversant in the development and application of modern risk based audit procedures.

In addition, Kevin specialises in advising on accounting and disclosure requirements and the provision of advice and assistance on business process improvement.

### Internal Audit Expertise

Kevin is a Certified Internal Auditor with the Institute of Internal Auditors Australia and specialises in the delivery of quality assured, risk based internal audit services. Such services are designed to deliver effectiveness and efficiency include identifying, assessing and ranking material organisational risks, preparation of strategic and annual internal audit plans and the delivery of operational, forensic, financial and compliance audits.

### Qualifications and Memberships

Chartered Accountant  
 Certified Internal Auditor  
 Registered Company Auditor  
 Delegate to the QLD Auditor General  
 Delegate to the NSW Auditor General  
 Vice-President NSW Local Government Auditors Association

### Contact Details

Mobile: 0416 21 85 44  
 Email: [kevin.franey@tnr.com.au](mailto:kevin.franey@tnr.com.au)

## YOUR DEDICATED TNR TEAM (CONT'D)



**Adam Bradfield**  
Partner, Audit & Assurance

### Expertise and Specialisation

Adam Bradfield CA is a Chartered Accountants and Registered Company Auditor. He is responsible for the audit of a wide range of large private and public sector entities operating in the NSW and South East Queensland regions including:

- Not-for-profit entities
- Financial Institutions
- Disability Services
- Health
- Community Services
- Accommodation Services
- Local Government

Adam has over 15 years audit experience with TNR as well as BDO - Brisbane where he held senior roles on a number of Australia's largest and most complex credit unions and other corporate entities.

### Other Audit Expertise

Adam has had extensive exposure to a wide range of information technology hardware and software systems and is fully conversant with computer assisted audit techniques.

### Qualifications and Memberships

CA (Chartered Accountant)  
MBA (Master of Business Administration)  
Delegate to the NSW Auditor General  
Delegate to the QLD Auditor General  
Registered Company Auditor  
Regional Chair – NSW North Coast Institute of Chartered Accountants

### Contact Details

Mobile: 0407 219 603  
Email: [adam.bradfield@tnr.com.au](mailto:adam.bradfield@tnr.com.au)

## YOUR DEDICATED TNR TEAM (CONT'D)



**Jodie Carter**  
**Audit Manager, Audit & Assurance**

### Expertise and Specialisation

Jodie Carter CA has over nine years external audit experience and exposure to various clients within both the public and private sectors including:

- Not-For-Profit
- Financial Institutions
- Health & Community Services
- Higher Education
- Local Government
- Agriculture
- Manufacturing
- Retail

Jodie commenced employment with Thomas Noble & Russell in early 2012. Prior to this, Jodie was an audit supervisor at Ernst & Young in Brisbane where she held senior roles in the audits of many listed and global companies.

Jodie has a comprehensive understanding of financial reporting and auditing standards and applies her knowledge and expertise in a commercial manner.

### Qualifications and Memberships

Chartered Accountant  
 Bachelor of Business (Accounting and Finance)

### Contact Details

Phone: 02 6626 3000  
 Mobile 0437 404 354  
 Fax: 02 6621 9035  
 Email: [jodie.carter@tnr.com.au](mailto:jodie.carter@tnr.com.au)

## YOUR DEDICATED TNR TEAM (CONT'D)



**Gavin Tulk**  
 Partner, Business & Taxation Services

### Qualifications and Memberships

Chartered Accountant (CA)  
 Registered Tax Agent  
 External Examiner with the NSW Law Society

### Contact Details

Email: [gavin.tulk@tnr.com.au](mailto:gavin.tulk@tnr.com.au)

### Expertise and Specialisation

Gavin Tulk CA is a member of the Institute of Chartered Accountants and a Registered Tax Agent with over 19 years professional experience.

Gavin is responsible for the taxation and business services of a wide range of large small and medium enterprises operating in Regional NSW and South East Queensland regions. Gavin also specialises in the provision of advice and assistance to not for profit entities when dealing with matters such as:

- GST
- Payroll tax
- Direct and Indirect tax exemptions
- Salary packaging
- Fringe Benefits Tax

## YOUR DEDICATED TNR TEAM (CONT'D)



**Brett McClintock**  
 Information Technology Auditor

### **Expertise and Specialisation**

Brett is responsible for the delivery of Information Technology (IT) audit services and has over 20 years' experience in the IT industry.

Brett has an extensive understanding of IT security, IT process compliance, IT projects, IT procurement, IT contract management, management of production systems and the desktop and mobile computing environment.

Brett brings practical 'real world' experience to the audit engagement, providing an understanding of the IT environment clients operate in and the challenges they face.

Brett has been involved in the delivery of IT audit services to a range of TNR clients including credit unions, local government and universities.

### **Information Technology Audit Expertise**

Brett has delivered the following value-adding services to our clients:

- General IT controls reviews
- IT Security reviews
- IT Project Management reviews
- IT compliance and performance reviews
- IT Governance reviews

### **Qualifications and Memberships**

Member of the Information Systems Audit and Control Association (ISACA)  
 Bachelor of Applied Science (Computing) Business Strand  
 Graduate Certificate Information Technology

### **Contact Details**

Mobile: 0407 218 544

Email: [brett.mcclintock@tnr.com.au](mailto:brett.mcclintock@tnr.com.au)

## 6. 100% LOCAL

We are proud to operate and live in the Northern Rivers. We believe in supporting the community and employing high achievers living in the area. We illustrate our local content as follows:

- We do not use outsourced labour (from outside the local area or outside Australia) to conduct our services;
- Each year we employ undergraduates from schools across the region and develop their professional careers;
- We provide prizes for academic excellence to a large number of high schools and Southern Cross University;
- We provide an annual scholarship to Southern Cross University to support a student with the cost of their studies;
- Our Partners and Staff offer voluntary services to many local community organisations including sporting clubs and other not-for-profit entities; and
- We support local businesses by buying local wherever possible.

TNR also supports a large number of community organisations in the nature of sponsorship, heavily discounted, contra, or pro-bono services including:

- Northern Rivers Performing Arts (NORPA);
- Northern Rivers Food;
- Arts Northern Rivers;
- Our Kids;
- Opera at the Channon; and
- Shake It Up Australia Foundation (Parkinsons Research).

We have invested in systems to promote a 'paperless office' as a means of reducing our impact on the environment. We are continuously looking at ways to improve our processes, practices and infrastructure to reduce our use of precious resources including:

- Recycling batteries, printer cartridges and cardboard;
- Growing staff awareness and engagement;
- Eco-purchasing and procurement; and
- Installing water saving devices, where possible.





## 7. AUDIT SERVICES AND FEE

### Services Requested

The Anglican Diocese of Grafton has requested quotation for the provision of the following professional services:

#### 1. Audit of the Annual Financial Report

The Grafton Anglican Diocese Group requires an audit of the annual financial reports for the following entities:

- Anglican Diocese of Grafton (special purpose financial report),
- Corporate Trustees of the Diocese of Grafton (consolidated special purpose financial report), and
- Anglican Funds Grafton Diocese (special purpose financial report).

We note that the entities within the Diocese Group are registered as Charities with the Australian Charities & Not-for-profits Commission (ACNC) and comply with its financial reporting requirements. We have an extensive understanding of the ACNC Act and Regulations and their application to operations and financial reporting.

#### 2. Preparation of the Annual Financial Report

The Diocese may require us to prepare the annual financial report of each entity in accordance with an appropriate reporting framework with the following instruments applying to the Diocese entities subject to audit:

- The Australian Charities and Not-for-profits Commission Act and Regulations;
- The Grafton Diocesan Governance Ordinance 2008;
- ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 (applicable to Anglican Funds Grafton Diocese); and

- Regulatory Guide 87 Charitable Investment Fundraising & School Enrolment Deposits (applicable to Anglican Funds Grafton Diocese).

### Audit Fee for 2017

Our estimated fee for audit services for the 2017 financial year exclusive of disbursements and GST is as follows:

Service	\$	GST-excl
Audit of Annual Financial Reports for all entities		41,750
Audit of opening balances (first year only cost)		10,500
Rebate of opening balances audit		(10,500)
Establishment of financial report templates in our audit software for all entities (first year only cost)		5,500
Rebate of financial report establishment costs		(5,500)
Annual preparation of financial reports using our audit software (total cost for 3 entities)		6,500
<b>Total Fee for the Year Ending 31 December 2017</b>		<b>48,250</b>
Disbursements		5,700

We provide an understanding of the above mentioned fee components below:

## AUDIT SERVICES AND FEES (CONT'D)

### Audit Fee for 2017 by Staff & Hours

We provide an understanding of the audit personnel and hours required to conduct the annual audit (excluding audit of opening balances and financial report preparation):

Service	Hours	% Hours
<b>Audit Services</b>		
Partner	50	20
Audit Manager	40	16
Audit Supervisors & Seniors	100	40
Auditors	60	24
<b>Total Audit Hours</b>	<b>250</b>	<b>100</b>

### Audit of Opening Balances (First Year Only)

When conducting an independent audit of the annual financial report of each entity, Australian Auditing Standards requires us to audit the opening balances appearing in the financial statements.

This process will involve reviewing the previous auditor's working papers. Where the previous auditor does not allow us to access the audit workpapers we will need to perform our own testing to form an opinion on whether the prior year balances are accurate. Appendix 7 provides an understanding of our approach to transitioning from the previous auditor in an efficient manner. Our referees will also provide an understanding their experience transitioning to TNR.

The audit of opening balances for all financial reports has been allowed for in our fee section at an estimated cost of \$10,500 plus GST. As we would like to create a long-term relationship we have rebated the cost of conducting the audit of opening balances.

### Annual Financial Report Preparation

#### Establishment Costs

We note the annual financial report for each entity is prepared using the existing auditor's audit software. TNR utilises the same financial reporting software and will be able to continue to provide this service to the Diocese. Should the Diocese wish to prepare annual financial reporting without utilization of our software we would be pleased to provide assistance where required.

In the interests of building a long term professional relationship, we have waived the cost of establishing each financial report template in our audit software.

#### Annual Financial Report Preparation Cost

Annual preparation of all financial reports using our audit software for 2017 is \$6,500 which comprises the following:

Entity Financial Report	\$ GST-excl
Anglican Diocese of Grafton	1,500
Corporate Trustees of the Diocese of Grafton	2,500
Anglican Funds Grafton Diocese	2,500
<b>Total Annual Financial Report Preparation Cost</b>	<b>6,500</b>

## AUDIT SERVICES AND FEES (CONT'D)

### Disbursements

Disbursements will be charged on an 'actual costs incurred' basis in addition to our quoted fee but are expected to be no greater than \$5,700 plus GST.

The value of disbursements is based on 3 people attending on-site at Grafton for 3 weeks per annum. This cost may be reduced by undertaking certain audit work remotely without impacting the integrity of the audit process. We would be pleased to discuss the opportunity to reduce disbursements with you.

### Fees for Subsequent Years

The estimated audit fees for subsequent years will be increased in line with CPI or Average Weekly Earnings movements issued by the Australian Bureau of Statistics (whichever is the higher) annually, on the basis the operations of each entity being consistent with the prior year.

Any fee increases will be discussed with the Registrar before being documented in the Annual Audit Strategy and engagement letter which are presented to the Audit Committee prior to the commencement of each annual audit.

Our future year fees for financial statement preparation will be incremented on the same basis as our audit fees.

### Fee Quotation Considerations

In accordance with the professional norm, the Firm determines its fees to clients for professional services on the basis of individual hourly rates, plus out-of-pocket expenses (disbursements) incurred.

The following assumptions have been made when calculating the 2017 fee:

- Our audit fee for the year ending 31 December 2017 is inclusive of establishment costs. It is based on Diocese providing all information as requested prior to the commencement of each annual audit in accordance with our detailed 'Provided by Client' listing which will be provided to you well in advance of our on-site audit visit.
- We have relied on the information contained in the 2016 financial reports and the "request for tender" document provided by the Diocese; and
- We have utilised information provided by the Diocese staff during a site visit conducted at Grafton on 5 October 2016 as well as recent discussions.

In the event that our appointment as auditors is confirmed we will submit for your acceptance an audit engagement letter which confirms the terms and conditions of the engagement (consistent with the information contained in our tender submission).

### Annual Billing Plan

We propose to invoice on the conclusion of each phase of the annual audit. Typically, the audit fee will be invoiced as follows:

Audit Phase	% Fee Invoiced	Approx Timing
<b>Audit Services</b>		
Planning of audit and presentation of Audit Strategy	30	November
Interim Audit – testing of material transaction streams and key controls	30	December
Balance date audit of financial reports	40	March

## AUDIT SERVICES AND FEES (CONT'D)

### Other Audit & Financial Reporting Considerations

#### Operating and Financial Reporting Changes Introduced by APRA and ASIC

ASIC has reviewed the operation of exemptions available to charities from certain managed investment, debenture, fundraising and licensing provisions of the Corporations Act 2001. The following requirements apply to the Anglican Funds Grafton Diocese:

- ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813; and
- Regulatory Guide 87 *Charitable Investment Fundraising & School Enrolment Deposits*;

We understand that the Trustees have successfully implemented the requirements of the above instrument and regulatory guidance after issuing an Identification Statement and obtaining APRA exemption from sections of the Banking Act 1959.

We also understand that the Diocese will not be required to obtain an Australian Financial Services Licence (AFSL) and is currently in the process of identifying operators who hold an AFSL so the Diocese may be able to utilise their licence thereby allowing the Anglican Funds Grafton Diocese to comply with ASIC and APRA requirements and continue to provide certain financial services to its customers.

We understand the requirements of the ASIC Instrument and Regulatory Guide 87. Our fee quotation includes the impacts of the above ASIC instruments on the annual audit.

We are not aware of any other material change in the level of operations for the 2017 financial year for other Diocese entities.

### Conflicts of Interest Declaration

We declare that we are free from real and perceived conflicts of interest relating to this engagement.

All TNR partners and staff complete annual independence declarations for each audit engagement and are required to immediately notify our Quality Control Committee if there is an instance where independence may be threatened. This system allows us to provide the Diocese with an annual assurance that we are independent.

Our quality assurance systems have been accredited by the Chartered Accountants Australia & New Zealand, the Audit Offices of NSW and QLD as well as HLB Mann Judd Australia.

## 8. AUDIT APPROACH AND QUALITY ASSURANCE

The external audit service offered by TNR is *pro-active, risk-based and quality assured*.

### TNR Service Undertaking

Our service undertakings to the Diocese are:

- **The provision of audited financial statements within agreed timeframes.**

We will satisfy all agreed deadlines to ensure that the audit is completed within the statutory time required subject to Diocese staff making information and reports available to us within agreed time limits. We assist our clients to satisfy reporting timeframes by:

- Booking in suitable amounts of time to perform our audit after consultation with accounting personnel and senior management on the timing of the engagement;
- Providing the Management Team with a detailed listing of information requirements necessary to ensure an efficient audit; and
- Advising on material financial reporting issues in advance of balance date so that Diocese personnel have sufficient time to plan and address each item impacting the financial statements before the audit commences.

- **Immediate access and response** to all enquiries.

The Audit Partners and Managers are based in Lismore and always within ready access for on-site visitation should verbal communication not be sufficient to resolve problems or issues. We are regularly in Grafton and the Clarence area undertaking audit and other services to our clients.

### Audit Methodology

Our *audit methodology* is:

- Risk-based;
- Modern and cost-effective;
- Conducted in accordance with **Australian Auditing Standards**;
- Independent; and
- Performed using specialised audit software and other computer assisted audit techniques.

A complete understanding of our audit approach and methodology is provided at Appendices 3 & 4.

### Professional Development

The Firm places a strong **emphasis on professional development**. We provide our audit personnel with a structured training programme consisting of:

- **In-house training**;
- **External training** provided by a range of technical service providers including industry recognised experts; and
- Attendance at **external auditing, financial reporting and taxation seminars**.

## AUDIT APPROACH AND QUALITY ASSURANCE (CONT'D)

We encourage all our clients to communicate with us on a regular basis on any matter where they feel they need assurance or simply wish to gain our view on an issue. Our clients regularly contact us to discuss matters including accounting, taxation and governance matters.

- **High partner and senior staff involvement** in the performance of our audit function.
- **Audit services with a 'value-added' perspective**, in that we have regard to other matters such as:
  - Governance;
  - Fraud and corruption systems;
  - Risk management; and
  - Legislative compliance including Fringe Benefits Tax, GST, Payroll Tax and Workers Compensation Insurance requirements.

**Our vast experience in the provision of internal and external audit services to**

- **not-for-profit,**
- **religious organisations and**
- **financial institutions**

**allows us to make recommendations for improvements to areas outside the financial reporting sphere and add value to the Diocese.**

## 9. ADDITIONAL AUDIT BENEFITS

Our audit service is designed to provide a high level of assurance whilst delivering value for money to the Diocese.

As part of our audit service we also provide the following benefits:

### TNR Technical & Other Updates

As a valued TNR client you will receive regular updates on financial reporting, auditing, corporate governance and personal taxation / wealth. Technical and other value-add publications issued by us are as follows:

Date	Publication
Monthly	<b>Financial Reporting Newsletter</b> <i>A technical update on all financial reporting matters.</i>
Quarterly	<b>For Impact News for the Not-for-profit Sector</b> <i>Containing financial reporting, governance and other information specific to the not-for-profit sector.</i> <b>TNR Financial Times</b> <i>An update on various taxation, wealth creation &amp; audit related matters.</i>
Monthly	<b>Taxation and Business Update</b> <i>The latest on taxation matters and business advisory.</i>

### Regular Communication Without a Cost

An important part of any professional relationship is regular communication. Our clients have no hesitation contacting us to discuss their business matters without fear of being invoiced for the experience.

We do not charge our clients for such contact unless a task is requested which requires at least 30 minutes to undertake.

### Access to Technical Training

We conduct technical accounting and financial reporting training on an annual basis. Clients are invited to attend these training sessions.

### Access to Specialist Expertise

By partnering with TNR, the Diocese within have access to people who specialise in a wide range of areas.

Section 14 details the specialist services we can provide to the Diocese.

## 10. INDICATIVE AUDIT TIMETABLE

Our approach relies on a robust planning process where we work closely with the Diocese management to identify the key audit and financial reporting requirements well in advance of each balance date. This ensures that the interim and balance date audits proceed smoothly with minimal disruption to your staff. The table below provides an understanding of our anticipated time on-site to conduct the audit.

Audit Phase	Indicative Timing*	Purpose
1.	October / November 1 week	<p><b>Audit Planning</b></p> <p>Planning the audit includes assessing each organisation's control environment as well as the control structures relating to material revenue, expenditure and payroll systems. As required by Australian Auditing Standards we also consider risks and controls relating to information technology, fraud and compliance with key legislation.</p> <p>On finalisation of the audit planning phase we will prepare an Audit Strategy. The Audit Partner will present (in person) the Audit Strategy to the Audit Committee (after discussing with senior management, Registrar and the Bishop of Grafton). The Audit Strategy will document the approach to the audit including, but not limited to:</p> <ul style="list-style-type: none"> <li>▪ Key audit and financial reporting matters for the current year that will be addressed prior to balance date,</li> <li>▪ Areas of audit focus in the current year,</li> <li>▪ Confirmation of audit independence,</li> <li>▪ Changes to auditing and financial reporting requirements in future years that require planning and address, and</li> <li>▪ Audit and financial reporting timetable (once agreed with management)</li> </ul> <p>The planning phase of the audit will also provide the Registrar, the Bishop of Grafton and Board / Council with the opportunity to have input into the audit process and direct us toward areas of concern.</p> <p>We will also provide an annual assurance that we have a contingency plan in the event of the loss of key members of the audit team.</p>



Audit Phase	Indicative Timing*	Purpose
2.	November / December 5 days onsite	<p><b>Interim Audit</b></p> <p>The interim audit largely relates to testing the material revenue, expenditure and payroll systems so we may gain confidence on the accuracy of information being recorded in the general ledger and ultimately, each financial report. The interim audit involves:</p> <ul style="list-style-type: none"> <li>▪ Undertaking risk-based testing of material transaction streams (revenue, expenditure &amp; payroll) and key controls designed to ensure the integrity of information reaching the general ledger,</li> <li>▪ Considering the controls designed to mitigate the risk of fraud or error (required by Auditing Standards),</li> <li>▪ Considering systems designed to ensure compliance with material legislation (required by Auditing Standards)</li> <li>▪ Conducting an exit meeting with Management (Diocesan Accountant, Registrar and the Bishop of Grafton) to discuss the audit process and any material findings, and</li> <li>▪ Preparing an audit management letter (where necessary) which provides observations and recommendations on control weaknesses, inefficient practices and other business improvements. The audit management letter is discussed with management as a draft. Observations and recommendations are agreed before obtaining written management comments on actions to address each recommendation, identify responsible personnel and nominate timeframes for completion of each agreed action. The letter containing management's comments and actions is issued to the Registrar and the Bishop of Grafton for consideration and discussion for their approval before it is forwarded to the Board / Council. Refer also to Appendix 1, Item 8 for details supporting the way in which we draft and issue audit management letters.</li> <li>▪ Providing the Diocese with a detailed listing of documentation required to undertake the balance date audit in January / February.</li> </ul>
3.	January / February 5 days onsite	<p><b>Audit of Financial Reports (Balance Date Audit)</b></p> <p>The balance date audit comprises:</p> <ul style="list-style-type: none"> <li>▪ Conducting the audit of each financial report in accordance with Australian Auditing Standards including checking for appropriate disclosures,</li> <li>▪ Conducting an exit meeting with Management (Diocesan Accountant, Registrar and the Bishop of Grafton) to discuss the audit process, any adjustments arising from each audit which may require update to each financial report as well as any other material audit observations / findings,</li> <li>▪ Confirming our audit independence, and</li> <li>▪ Presenting and discuss the draft financial reports with management after processing any adjustments arising from the audit and assessing for adequate reporting disclosures.</li> </ul>

Audit Phase	Indicative Timing*	Purpose
4.	April	<p><b>Audit Finalisation &amp; Audit Committee Meeting Attendance</b></p> <p>Once the audit has been finalised and the financial reports have been updated and checked we will prepare and discuss a draft Audit Finalisation Report with the Management Team (including the Registrar and the Bishop of Grafton). The Audit Finalisation Report will be finalised and included in the meeting agenda of the Audit Committee. The Audit Partner will present (in person) the following to the Audit Committee:</p> <ul style="list-style-type: none"> <li>■ The Audit Finalisation Report (which contains an understanding of audit outcomes, discusses key audit and financial reporting matters, lists adjusted and unadjusted journals arising from the audit and provides the Audit Committee &amp; the Board / Council with confidence that the audit process has been conducted in a professional and efficient manner),</li> <li>■ The Audit Report for each entity's financial report,</li> <li>■ The Audit representation letter contents so representatives from each entity can be comfortable to sign as part of the audit process, and</li> <li>■ An audit management letter where it has been finalised (after discussing with management in draft format).</li> </ul> <p>This meeting will also include a thorough review of the financial statements to ensure the Audit Committee has a sound understanding of the financial position and performance as well as make any necessary changes.</p> <p>The Audit Committee may also wish to assess TNR's performance at this meeting.</p>
5.	May	<p><b>Board / Council Meeting Attendance</b></p> <p>We will attend the Board / Council meeting of each entity to present and discuss the financial report as well as:</p> <ul style="list-style-type: none"> <li>■ The Audit Finalisation Report (which contains an understanding of audit outcomes, discusses key audit and financial reporting matters, lists adjusted and unadjusted journals arising from the audit and provides the Board / Council with confidence that the audit process has been conducted in a professional and efficient manner),</li> <li>■ The Audit Report on the financial statements,</li> <li>■ The contents of the Audit representation letter, and</li> <li>■ The audit management letter where it has been issued and finalised.</li> </ul>
6.	Mid - June	<p><b>Presentation of Audited Financial Statements by the Diocese to the Synod</b></p> <p>We would be pleased to attend this meeting if requested.</p>

\* The timing of each audit visit is indicative and subject to agreement with management. Appendix 5 provides a detailed understanding of the audit reports mentioned above.

## 11. AUDIT EXPERIENCE

TNR has the audit experience necessary to undertake the audit of the Anglican Diocese of Grafton and add value to its operations.

We have an excellent reputation for delivering efficient and high quality audit and other services. We regularly compete against larger mid-tier and Big 4 firms and satisfy client expectations by:

- Being readily accessible;
- Meeting deadlines;
- Providing advice and recommendations that are commercial and appropriate to the size and nature of the business;
- Communicating audit observations in a transparent manner that is easily understood.

TNR's Audit & Assurance division size and experience is equivalent to or exceeds that of mid-tier firms operating in the capital cities with approximately 25 full-time people based in Lismore and the Gold Coast. Collectively, our Audit and Assurance partners have over 90 years' experience in the financial audit of corporate, government and other entities.

With over 115 years audit experience we are responsible for the provision of audit and other services to a wide range of for-profit and not-for-profit entities including:

- Universities and Schools in NSW & QLD;
- Credit Unions and Mortgage Funds / Managed Investment Schemes in NSW & QLD;
- Religious organisations;
- Local Government Authorities in NSW and Queensland;

- Local Health Districts in NSW;
- Public & Private companies;
- Large Regional Co-operatives;
- Aged Care Providers;
- Disability Service Providers;
- Registered Clubs;

**We are currently appointed contract audit agents for both the NSW and Queensland Auditor-Generals' and are the only local firm between the Gold Coast and Newcastle to be recognised with this achievement.**

### Experience Pertinent to the Diocese

TNR has the experience to provide high quality and timely audit services to the Diocese. The following illustrates our experience in the not-for-profit, religious charitable and financial institutions sectors:

### Not-For-Profit Experience

Client Name	Client Name
University of Southern Queensland	University of Central Queensland
15 local government authorities	Northern NSW Health Service
Western NSW Health District	North Coast Community Housing Limited
Realising Every Dream Incorporated (RED)	CRANES Community Support Programs Limited

## AUDIT EXPERIENCE ( CONT'D )

### Religious Charitable Experience

Client Name	Client Name
The Salvation Army (National operations)	Rivercity Church Ballina
Church-owned aged care facilities	Integrated Living Australia

### Financial Institutions Experience

Client Name	Client Name
Westlawn Finance	Summerland Credit Union
Southern Cross Credit Union	Railways Credit Union
Australian Mortgage Fund Limited	Assured Mortgage Management Ltd

## 12. CLIENT SATISFACTION, PERFORMANCE MEASUREMENT & CONTINUOUS IMPROVEMENT

Client satisfaction is very important to us. Feedback on our performance is achieved in a number of ways including, but not limited to:

- Developing key service level performance indicators at the commencement of our audit term for measurement by the Diocese. Agreed service level criteria may include:
  - Satisfying agreed timetables
  - Satisfying agreed communication protocols
  - Early informing of material issues to management and the Audit Committee
  - Partner involvement
  - Provision of thought leadership and information pertinent to the organisation.

- Seeking direct feedback from Management during and at the end of each financial audit (via audit exit interviews and / or written survey), and
- In-confidence sessions with the Audit Committee on an annual basis. The Diocese management and staff also have the opportunity to provide feedback to the Audit Committee relating to service satisfaction on a confidential basis.

Continuous improvement (including improving audit productivity) is an important part of our operations and is achieved by:

- An internal post-audit assessment with audit team members relating to their performance on the engagement.
- Regular professional development.
- A comprehensive performance management system linked to position and competency descriptions, "on-the-job" staff performance appraisals and six-monthly staff performance appraisals.

We will work with the Diocese to develop a performance appraisal process linked to your service requirements.

## 13. VALUE ADDING SERVICES TO THE DIOCESE

We are proud to be able to offer our clients the advice and assistance they need to grow and improve their businesses.

With high Partner involvement we are able to discuss and identify opportunities for business improvement as a part of the audit process or on request. We have Partners and staff with a range of qualifications and expertise within our organisation and throughout the HLB Network including:

- Internal audit;
- Information technology advisory;
- Direct & indirect taxation advisory;
- Business acquisition and sale;
- Superannuation;
- Wealth management
- Business advisory; and
- Human Resources advisory.

Refer to *Curriculum Vitae* provided for TNR Partners and Managers.

In addition to our external audit role, some of the services we have provided to our clients include, but are not limited to:

- Internal control reviews;
- Due diligence on business acquisitions and merger partners;
- Information technology reviews such as:
  - Information system security assessments;

- business continuity and disaster recovery assessment and advisory;
- change management assessment; and
- pre and post-implementation reviews.

- Risk management implementation assistance and assessment of existing systems and processes;
- Fraud prevention systems assessment;
- Human resources systems advice;
- Fraud investigations; and
- Compliance reviews / audits.

Services are only provided where independence is not threatened or impaired.

## 14. SPECIALIST SERVICE OFFERINGS

TNR has significant expertise in a range of non-financial audit areas. Other professional services offered by TNR include:

- **Corporate Governance**
  - advisory services on governance structures and practices
  - development of risk management systems in accordance with Australian Standards
  - business assurance procedures
- **Assurance**
  - internal audit
  - information technology
  - due diligence
  - forensic accounting and investigation services
  - fraud resistance and detection services
- **Superannuation**
  - super guarantee advisory
  - establishing self-managed superannuation funds, trust deeds, appointing trustees
  - assessment of industry schemes and advice thereon
- **Business Advisory Services**
  - business and organisation restructuring
  - share and business valuations
  - preparing independent expert reports
  - mergers and acquisitions
  - divestments
  - management buyouts/buy-ins
  - initial Public Offerings
  - raising debt & equity funding
  - performance analysis
- **Taxation Services**
  - taxation structures advisory
  - goods and services tax
  - fringe benefits tax, payroll and group tax
  - representation in tax audits, objections and appeals
  - salary packaging

## 15. OTHER PROFESSIONAL SERVICE OFFERINGS

- **Information Technology**
  - evaluation and assessment of existing systems, proposed new systems, and user needs
  - information systems implementation project management
  - evaluation and assessment of computer hardware and proprietary software
  - evaluation and assessment of computer environment controls and procedures
  - pre and post implementation reviews
  - assessment of application controls
- **Human Resources**
  - recruitment, termination, redundancy advisory
  - performance management systems
  - mediation services.

### Fees for Other Requested Services

Hourly rates (GST-exclusive) for Partners & Staff at the date of this report are:

Staff	Hourly Rate *
Partner	\$300
Manager	\$220

Staff	Hourly Rate *
Supervisor	\$180
Senior	\$150
Intermediate	\$120
Cadet	\$80
Information Technology	\$220

\* It is our practice to agree a fee quote for additional engagements in advance of the work being performed. If additional work is required by the Board / Management, the scope, staff resources, timetable and fee will be agreed prior to commencing work.



# Appendices

The following pages include items which support our tender submission or have been requested by the Diocese:

- Appendix 1 Diocese Audit Standard Guidelines
- Appendix 2 Referees
- Appendix 3 Key Attributes of Our Approach
- Appendix 4 Quality Assured Audit Methodology
- Appendix 5 Audit Coordination & Reporting
- Appendix 6 Your Privacy Assured
- Appendix 7 Audit Transition
- Appendix 8 Client Testimonials

## APPENDIX 1 – DIOCESE AUDIT STANDARD GUIDELINES

Item	Diocese Requirement	TNR Response
1.	The audit must be conducted by a Registered Company Auditor	The Audit Partners nominated in the tender document are registered company auditors (refer to the curriculum vitae for each nominated audit partner at Section 5 of this tender submission). TNR has 4 audit partners who are all registered company auditors. With 4 partners we have the capability to rotate partners after a period of time if the Diocese requests. Rotation of audit partners reduces familiarity threat and maintains independence.
2.	The Audit Team Leader must have professional membership to an accounting body such as CPA or CA	All of our audit managers are Chartered Accountants. Some supervisors and audit seniors may also be Chartered Accountants. The Audit Manager designated for this engagement is a Chartered Accountant (refer to curriculum vitae at Section 5 of this tender submission)
3.	The Audit Firm must be able to confirm that at least one member of the team (partner or senior team member) is experienced in auditing clients in sectors relevant to the Diocese	We confirm that we have extensive experience in the audit of clients in sectors relevant to the Diocese. Please refer to: <ul style="list-style-type: none"> <li>▪ the curriculum vitae of each partner and manager, and</li> <li>▪ details of sector experience provided at Section 11 of this tender submission.</li> </ul>
4.	The Audit Firm is required to provide annual assurance that they have a contingency plan in the event of the loss of key members of their audit team.	We undertake to provide the Diocese with this annual assurance. TNR has a great record of retaining continuity of key personnel on all audit engagements. Our service model is designed to provide assurance relating to staff and partner continuity by: <ul style="list-style-type: none"> <li>▪ nominating an engagement partner and a renewal partner for the engagement,</li> <li>▪ ensuring the audit partner and manager are close to the engagement to ensure business knowledge is retained in event of any changes to the team, and</li> <li>▪ having a team of auditors assigned to the engagement and planning so that continuity is preserved.</li> </ul>
5.	Auditors are to be appointed on an annual basis with a review every three years.	We acknowledge this process and will be pleased to undertake an annual review of our service delivery. Refer to Section 12 of this tender submission for our methodology for annual service reviews.

Item	Diocese Requirement	TNR Response
6.	<p>The Audit Firm is to provide an Audit Engagement Letter prior to the commencement of each audit which is to be tabled by the Registrar at the next meeting of each relevant entity of the Diocese.</p>	<p>An audit engagement letter will be issued annually for each Diocese entity subject to an annual audit. As part of our annual audit planning process, we will issue an Audit Strategy for each entity which highlights matters such as:</p> <ul style="list-style-type: none"> <li>■ the scope of the audit,</li> <li>■ key audit and financial reporting matters to be addressed,</li> <li>■ key changes to Accounting and Auditing Standards,</li> <li>■ changes to Accounting Standards impacting future years that require planning and address,</li> <li>■ audit fee,</li> <li>■ the agreed audit and financial reporting timetable, and</li> <li>■ the audit engagement team.</li> </ul>
7.	<p>Prior to the audit team finalising their work on-site, a "closing" meeting is to be convened by the team leader with the Bishop of Grafton (if available), the Registrar and the Diocesan Accountant.</p>	<p>We acknowledge this request and will conduct closing meetings with the identified personnel.</p> <p>As standard practice, TNR conducts closing meetings for all audit clients at the conclusion of the "interim" and balance date audits. These meetings provide the client with an understanding of the results of each phase of the audit, an opportunity to discuss any key findings arising from the audit as well as value-add observations which may benefit each entity. The planning phase of each audit also includes extensive discussions and consultations which allows each entity to provide input into the audit process.</p> <p>Refer to Section 10 and Appendices 3, 4, &amp; 5 of this tender submission which provides an understanding of the processes undertaken during each phase of the annual audit.</p>
8.	<p>An Audit Management Letter is to be provided to the Bishop of Grafton and the registrar for comment prior to submission to the Board / Council of each relevant entity.</p>	<p>TNR's standard practice is to issue each audit management letter in draft for discussion and approval by the Management Team (this will include the Bishop and the Registrar).</p> <p>Our audit management letter process is as follows:</p> <ol style="list-style-type: none"> <li>1. A draft management letter will be prepared (where we identify control weaknesses, inefficient practices or other observations that will add value to each business) and discussed with the management team. Depending on the results of each audit a management letter may be issued after the interim and / or balance date audit phases;</li> </ol>

Item	Diocese Requirement	TNR Response
		<p>2. Each matter raised in the management letter is risk rated. Risk ratings provide senior management and the Board / Council with an understanding of the type of risk to the organisation (fraud, efficiency, control weakness, other) so they may be managed appropriately and timely. Risk assessments are discussed with management to ensure all parties are comfortable with our ratings;</p> <p>3. After management agreement has been reached on our observations, recommendations and risk ratings, we request the responsible managers to insert written comments for each matter raised which outlines:</p> <ul style="list-style-type: none"> <li>▪ the course of action that will be taken to address the audit recommendation,</li> <li>▪ the employee(s) responsible for undertaking the planned action, and</li> <li>▪ the timeframe / due date for undertaking the actions to address the agreed recommendations.</li> </ul> <p>4. Management Comments are updated to the management letter and we review them for appropriateness. We will then provide the Bishop and the Registrar with the letter in draft so they may assess the comments / actions inserted by the management team.</p> <p>5. The management letter will only be issued as final to the relevant Board / Council on approval by the Bishop and Registrar.</p> <p>Our management letters are designed so senior management and each Board / Council are able to monitor the implementation of management action plans so risks are mitigated in accordance with their expectations.</p> <p>We focus on ensuring that audit recommendations in each management letter are commercial and add value to the operations of each entity. Management letters may also contain observations and recommendations designed to protect each organisation from the risk of fraud or error.</p> <p>We will work with management to ensure that the course of action to address each agreed audit recommendation is appropriate to the organisation so that the outcomes are effective and efficient.</p> <p>Appendix 5 of this tender submission confirms the above approach to issuing management letters.</p>

Item	Diocese Requirement	TNR Response
9.	<p>The Audit Partner and Team Leader shall meet with the Audit Committee in early April following finalisation of the audit and thoroughly review the financial statements to identify any changes.</p>	<p>As standard practice, TNR (Audit Partner and Team Leader) attends the Audit Committee meeting of our clients as part of the audit finalisation:</p> <ul style="list-style-type: none"> <li>▪ present an Audit Finalisation Report (which provides an understanding of the outcomes of the audit and how we addressed the key matters identified in the Audit Strategy which was presented to the Audit Committee at the planning stage of the audit)</li> <li>▪ discuss and review the draft financial statements,</li> <li>▪ discuss the audit report relating to each financial report,</li> <li>▪ present and discuss the content of the management letter (where there has been a need to issue a management letter),</li> <li>▪ discuss any other matters pertinent to the audit,</li> <li>▪ provide the Audit Committee with an opportunity to ask any questions and assess our performance.</li> </ul> <p>The financial statements presented to the Audit Committee for their review will be in a professional and final format to ensure the process of review is as efficient as possible and changes are minimal.</p> <p>Refer to Section 10 of this tender submission which provides an understanding of the audit finalisation process and attendance at Audit Committee / Board meetings.</p>
10.	<p>A senior member of the Audit Firm shall make themselves available in May to attend that part of the Board / Council meeting of each relevant Diocese entity in which the audited financial reports are presented and discussed.</p>	<p>The Audit Partner will attend each Board / Council meeting in May to:</p> <ul style="list-style-type: none"> <li>▪ present the Audit Finalisation Report (which provides an understanding of the outcomes of the audit and how we addressed the key matters identified in the Audit Strategy)</li> <li>▪ discuss and review the draft financial statements,</li> <li>▪ discuss the audit report relating to each financial report,</li> <li>▪ present and discuss the content of the management letter (where there has been a need to issue a management letter), and</li> <li>▪ discuss any other matters pertinent to the Board / Council.</li> </ul> <p>The above process is standard practice for TNR clients.</p>

Item	Diocese Requirement	TNR Response
11.	<p>The Auditor is to ensure completion of the audit and financial reporting in accordance with the tender specification timeframes.</p>	<p>TNR has a proven track record of satisfying agreed audit and financial reporting timeframes.</p> <p>TNR undertakes audits of large clients with very tight deadlines (universities in Queensland are to be finalised, adopted and signed by the end of February (within 2 months of balance date each year). We have always completed our audits and provided our reports in advance of meeting agenda closes so the review and adoption of the financial report is orderly and timely.</p> <p>We believe that our referees will provide an understanding of how we deliver our services in a manner that is measured, effective and timely. Our recent appointment as auditor for CRANES Community Support Programmes and Westlawn Finance are examples of how we managed the transition from the previous auditors and satisfied key reporting and other client deadlines.</p> <p>Refer to Section 10 of this tender submission which provides a detailed understanding of the audit and financial reporting timetable.</p>
12.	<p>The Diocese is a Christian organisation and it is expected that the Audit Firm and its staff are respectful of the Christian beliefs and ethos of the Diocese.</p>	<p>TNR has complete respect for the Christian faith. Our service philosophy is to deal with all clients equally and provide them with the best possible service regardless of religion, race or other factors.</p> <p>Our Culture and Values can be found at:  <a href="http://tnr.com.au/our-culture-and-values/">http://tnr.com.au/our-culture-and-values/</a></p>

## APPENDIX 2 – REFEREES

Please contact the following referees to understand our service delivery:

- **Referee 1 – Not-For-Profit**  
Contact: Ms Angelena Fixter  
Chief Executive Officer  
CRANES Community Support Programmes Limited  
Phone: 02 66 427 257  
*Refer to Appendix 8 for Testimonial*
- **Referee 2 – Religious Not-For-Profit**  
Contact: Mr Alan Tyson  
Business Manager  
Rivercity Church Inc  
Phone: 0403 879 364  
*Refer to Appendix 8 for Testimonial*
- **Referee 3 – Financial Services**  
Contact: Mr Geoff Schofield  
Chief Executive Officer  
Westlawn Finance Limited  
Phone: 02 66 420 400  
*Refer to Appendix 8 for Testimonial*

## APPENDIX 3 – KEY ATTRIBUTES OF OUR APPROACH

In our experience of auditing it is not just the methods employed in an audit, but the way things are done, the style if you like, that makes a real difference to the client's experience. Three key styles set TNR apart from other professional service providers:

### Partner Driven

The partners of the firm drive the planning and performance of the audit, based on their experience and detailed knowledge of the industry, the client's business, and the needs of the client. We are committed to having the partner and team manager heavily involved and actually driving the planning process, thereby ensuring maximum use of their skills yielding a highly efficient and effective audit service.

### Interactive

The partners will closely interact with you. They will ensure your needs and expectations are given the highest priority throughout the process. They will also be in close liaison with management, so that we have the knowledge of the latest developments within your organisation. This enables us to proactively plan for any changes that could impact the audit approach.

### Focused

Using a top down audit approach ensures that we identify all risks associated with your organisation that will impact on the audit and the expression of an audit opinion.

Our audit planning process and regular interaction allows us to identify key audit or financial reporting matters prior to each balance date. We work closely with the Management Team and the Board to ensure material matters are discussed, addressed and resolved prior to each balance date.

This approach ensures that an efficient balance date (financial report) audit takes place and your reporting timetables are satisfied.

Our approach to the audit also ensures that we continually focus on the issues of legislative compliance, probity and matters of improvement.

### Our Audit Methodology

*Our audit approach will deliver a professional working relationship that will ensure financial reporting is commercial and compliant. We will identify any inefficient practices and report these observations with workable solutions.*

TNR uses a top-down, risk-based audit method that complies with the requirements of Australian Auditing Standards. The key features of this intensively applied methodology include:

- A **risk-based** approach;
- Uses the **latest audit technology**;
- Focus on **understanding your business**;
- **Identifying risks** associated with your financial reporting, namely inherent, control and detection risks;
- Identifying **probity and legislative** compliance issues;
- **Developing an audit plan** that addresses these risks and any other risks peculiar to your business; and
- **Adapting to changing circumstances**, organisational restructuring, legislative and other
- reporting requirements.

Refer to Appendix 4 for a greater understanding of our audit methodology.



## APPENDIX 3 – KEY ATTRIBUTES OF OUR APPROACH (CONT'D)

### Quality Control Policies & Procedures

TNR operates under the stringent Quality Control Policies of HLB International. These are specified in a formal manual and integrated into the audit methodology used by TNR.

#### Key elements of these Quality Control Policies:

- Independence;
- Mandatory compliance with Australian Auditing Standards;
- Compliance with Australian Equivalents to International Financial Reporting Standards;
- Partner requirements;
- Procedures in the event of Audit Report modification; and
- ASIC requirements in relation to quality control and independence.

We apply the TNR Audit Manual, and the TNR Quality Control Manual. These are supported by sophisticated audit software.

**There are formal processes in place to ensure procedures are undertaken and completed.** Key audit documentation including audit planning, significant auditable areas, major issues, and audit completion documentation (including the review of the financial statements and audit report) are required to be signed-off by the Audit Partner.

Independence declarations are completed annually by all staff and partners for all clients. Our processes will ensure that we remain independent of the organisation and we will confirm our independence at the planning and finalisation stages of the annual audit process. Such confirmation will be provided to the Board.

The firm has a quality assurance review process where Partners from individual firms within the Australasian Association undertake a review of client files, for an office other than their own, in accordance with a peer review program. The results of this process are subject to review and follow up by the HLB Mann Judd Australasian Association Audit & Accounting Standards Committee. TNR has always received the highest quality rating from this review process.

There is also an international quality assurance review process conducted by the HLB International Audit Working Group.

We have been appointed as contract auditors to the NSW and QLD Audit Offices. This appointment is only provided to firms with effective audit methodologies and quality systems. Our audit files are subject to regular review by:

- The Queensland Audit Office;
- The Audit Office of NSW;

All of our external reviews have resulted in us receiving approval of our audit approach and quality control processes.

## APPENDIX 3 – KEY ATTRIBUTES OF OUR APPROACH (CONT'D)

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### Resolving Accounting and Financial Reporting Issues

Our Partners and Managers are highly proficient in advising you on all accounting and financial reporting requirements. All accounting and financial reporting issues can be addressed by contacting a Partner or Manager to discuss the matter. We take great pride in responding to our client's queries on a timely basis.

General accounting and financial reporting advice is provided as part of our tendered fee. Advice that requires greater effort (in excess of half an hour) is invoiced separately after reaching an agreement with you on the outcomes required and the time it will take to complete the requested task.

The above process ensures that charges are not incurred for general queries by telephone, e-mail etc. that are expected to be provided as part of our normal audit service.

## APPENDIX 4 – QUALITY ASSURED AUDIT METHODOLOGY

### Audit Framework

The TNR audit process can be divided into the following 6 steps:

- 1) Audit Planning and Consultation with Management and the Registrar in setting a timetable for the completion of professional services and review of the results of the audit.
- 2) Conducting a business review.
- 3) Assessing risk and materiality levels.
- 4) The review of the current accounting systems and systems of internal control.
- 5) Compiling a detailed audit plan for the proposed conduct of the audit.
- 6) Completion of systems testing, verification and reporting.

Each of the above processes are described in detail below.

#### 1. Audit Planning & Initial Consultation

Prior to commencing our audit extensive planning is conducted to ensure we provide an appropriate audit opinion and our processes are in accordance with Australian Auditing Standards. The planning phase of the audit includes steps 1 through 5 and includes audit team meetings to discuss risks and the approach to the audit.

After the consultation step whereby all persons concerned have a clear understanding of their duties, responsibilities, lines of communication and reporting functions, and the engagement letter has been exchanged, etc. our basic methodology will be to assess the level of risk of misstatement in the various components comprising financial reports and operating areas. Audit effort is directed toward the more material areas (either financial or operational), thus sparing the organisation the additional costs of conducting routine audit testing in the efficient or less significant areas.

#### 2. Business Review

The Business Review comprises:

- (i) Developing an understanding of the business.
- (ii) Carrying out preliminary analytical procedures.
- (iii) Obtaining an overview of the accounting system.
- (iv) Assessing the control environment.

#### Understanding the Business

We gain an understanding of the business by considering important factors which affect the client. Our procedures normally include discussions with key client personnel, visits to principal locations and review of internal and published material. We consider external factors such as political, industry and economic matters and important internal factors such as the structure of the organisation, management's strategies, and factors affecting the client's operations, financial reporting and personnel. We determine the nature and extent of the required information in the light of the particular circumstances of each client.

## APPENDIX 4 – QUALITY ASSURED AUDIT METHODOLOGY (CONT'D)

### Preliminary Analytical Procedures

Analytical procedures are applied to high level aggregations of data, often at the financial statement level. They enable us to:

- Identify unusual or unexpected relationships or balances.
- Understand the client's significant accounting policies.
- Determine an overall materiality level.

### Overview of the Accounting System

We acquire an overview of the accounting system to gain insight into the accounting environment and a preliminary understanding of the flow of transactions and important internal accounting controls. In this connection, we consider the significant procedures and records established to identify, record, process, summarise and report transactions and to maintain accountability for the related assets. We assess the effect of the information technology on the business and, in light of that assessment, determine the degree of confidence we can place in the reliability of computer processing.

### The Control Environment

We assess the overall attitude, awareness and actions of owners, the governing board and management concerning the importance of control and the emphasis it is given in the entity.

### Using the Results of the Business Review

The Business Review:

- Enables us to identify factors which indicate an increase in the risk of error or risk to the Auditor.
- Provides a context within which to develop an appropriate audit response to identified risks.
- Enables us to develop specific client service objectives which focus on important business risks or management concerns. Such objectives enable us to:
  - Provide meaningful recommendations to our clients, and
  - Respond to opportunities to provide appropriate assistance to our clients in dealing with significant business issues.

## APPENDIX 4 – QUALITY ASSURED AUDIT METHODOLOGY (CONT'D)

### 3. Assessing Risk and Materiality Levels

We assess the level of our audit risk after consideration of the following factors:

- Adequate planning, direction, supervision and reviews
- Materiality and judgmental evaluations
- Planning the nature, timing and extent of testing and sample sizes
- Appropriate evaluation of results of testing controls and account balances
- Considerations of other factors influencing a client's industry or business operations
- Determination of minimum sufficient and appropriate audit evidence.

Our assessment of risk associated with the audit of the Anglican Diocese of Grafton is performed in the following manner:

#### At the Financial Report Level

We assess the risk of financial report misstatement by ensuring we have a sound understanding of the business and associated risks. Our approach to assessing the risk of misstatement at the financial report level is as follows:

- Discussions with senior management on operations and performance

- Review of minutes, policies, organisational structures and other documentation to ensure we have a sound understanding of operations and financial performance
- Completion of assessments.

Once this risk assessment is completed we determine and document the level of risk associated with the organisation and the likelihood that the financial report as a whole will be materially misstated.

#### At the Assertion Level

The assertion level represents the components that make up the financial report such as material revenue, expenditure, assets and liabilities. Once we have determined our materiality levels (see discussion below) we document the risk of each material financial report component being materially misstated as follows:

- Perform walk-through testing on each area to reconfirm our understanding of the financial reporting function, the responsible employees and the controls designed to detect and prevent material misstatement
- The risk of material misstatement are documented and assessment of the controls that are in place to manage each risk are also documented after reconfirming the control structure via our walk-through test
- We document the inherent risk and control risk levels associated with the financial function based on the results of our walk-through test and risk assessment processes

## APPENDIX 4 – QUALITY ASSURED AUDIT METHODOLOGY (CONT'D)

- Where we intend to place reliance on the organisation's control structures, tests of controls are then performed to assess the strength of the controls that are operating and the results of this testing is compared to our initial assessment. The results of our controls testing will determine the level of substantive testing that is required.

We use our professional judgement and understanding of the business to identify and assess specific risks of error and to develop, within the flexible framework provided by our audit policies, our response to such risks.

### Materiality Considerations

An item of information is material if its omission, non-disclosure or misstatement would cause the financial statements to mislead users when making evaluations or decisions.

It follows that the test of materiality involves consideration of the users, or likely users, of financial statements, the information needs of those users and, therefore, of the objectives of financial reporting. The determination of overall materiality therefore requires the application of our professional judgement and experience and is, ultimately, the responsibility of the engagement or lead partner.

### Use of overall materiality

We use our assessment of overall materiality as one of our considerations when:

- (a) Determining the extent of the work that we carry out.
- (b) Identifying amounts for which we would require the client to make an adjustment to the financial statements.

### Relevant factors - Materiality

Our determination of overall materiality should be based initially on the client's preliminary and forecast financial data and on our assessment of other conditions identified during the Business Review. We may need to modify our conclusions if we subsequently become aware of additional factors that affect materiality.

### **4. Review of Current Accounting Systems and Systems of Internal Control**

As part of our risk assessment process we assess the reliability of significant accounting systems by gaining an understanding of the flow of transactions for all significant accounts and by determining whether certain "basic controls" exist.

Experience has shown that the risk of error increases in the absence of a reliable accounting system with appropriate basic controls. Consequently, when we rely on such systems or controls to enable us to carry out a standard audit review we confirm that the system and the controls operated reliably during the period of audit interest.

When we identify a risk of error we consider whether it is mitigated by the existence of specific accounting or administrative controls. We test compliance with these controls when we rely on them to determine the nature, timing and extent of our substantive procedures.

In some instances, clients or regulatory authorities require us to assess specific accounting controls regardless of the effect of such an assessment on our other auditing procedures. We are sensitive to such client or regulatory requirements and therefore plan the scope of our control risk assessment procedures accordingly.

## APPENDIX 4 – QUALITY ASSURED AUDIT METHODOLOGY (CONT'D)

### Documentation of Compliance Testing

In respect of each control procedure on which we plan to rely we record in our working papers:

- (a) The nature of the control on which we relied.
- (b) How the control is applied (for example, whether or not it is evidenced in writing).
- (c) The nature, timing and extent of our compliance tests.
- (d) Our conclusions as to the results of our testing (for example, whether the system is reliable or the control designed to mitigate a risk of error operated effectively throughout the period) and how we responded to any control failures that we identified.

### Sample sizes & Techniques

Sample sizes for testing are dependent on the type of test being performed (compliance test or substantive test) and on the audit risks for the area under review. Our sampling methodology has been reviewed by Institute of Chartered Accountants and the NSW and Queensland Audit Offices.

Audit risk has been previously described and sample sizes are a function of audit risk such that the overall level of confidence by the auditor is within acceptable or tolerable levels. Whilst a risk based audit approach requires the auditor to focus on areas of high audit risk, adequate sample sizes are used to obtain adequate audit coverage such that the auditors confidence remains high in order to be able to issue a positive opinion on the financial reports audited.

We use a standardised sampling product to select samples, based on account balance size, frequency of transactions and our assessment of risk.

### Error Evaluation

Our conclusions as to the existence of material error in the financial statements are a matter of professional judgement. However, we base our conclusions on an adequate understanding of the causes of errors and the responsibility and the possibility that other, similar errors have occurred. Accordingly, we evaluate all identified errors by considering the potential for further error and quantifying the likely amount of error in the financial statements.

We discuss all significant errors with the client and propose that appropriate adjustments are made. In addition, we consider the effect of identified error on our assessment of risk. In some instances, errors may lead us to reconsider our original risk assessment, and possibly, to amend our audit response.

### Audit Conclusions

Toward the conclusion of our examination, we perform an overall review of the financial statements to ensure that we have gained a comprehensive understanding of the balance and relationships in the financial statements, and that the statements present such balances, relationships, and associated footnote disclosures using acceptable accounting policies.

We also prepare a concluding memorandum that documents the adequacy of our auditing procedures, discusses the basis for our conclusions with respect to significant accounting, auditing and reporting matters and supports our opinion on the financial statements.

## APPENDIX 4 – QUALITY ASSURED AUDIT METHODOLOGY (CONT'D)

### 5. Compiling a Detailed Audit Plan for the Conduct of the Audit

An audit planning memorandum is prepared. The planning memorandum records:

- (i) Significant changes in the client's business, accounting systems and control environment.
- (ii) Our conclusions with respect to any risks to the entity.
- (iii) The specific risks of error identified for each significant account or group related accounts, and an indication of those areas for which there are not identified risks.
- (iv) The nature, timing and extent of our planned responses to identified risks.
- (v) Other significant matters related to the administration of the engagement.

### 6. Completion of the Audit Programme, Reporting & Quality Assurance

Our audit testing will be completed by our staff under the control of an Audit Partner and Audit Manager. Where applicable each audit visit will result in a report covering:

- Material breakdowns in the system controls and procedures;
- Materially inaccurate processing of data which may be of an isolated nature; and

Significant changes in the laid down procedures which in themselves may not be breakdowns in control. Any such reports would be discussed with the Management Team, the Registrar and the Grafton Bishop before being forwarded to each Board / Council.

If a major breakdown in controls occurs, we would take immediate action to advise the Registrar verbally, prior to the issue of a formal report. However, as part of our audit function we will also report on matters coming to our attention where in our view, management systems and procedures could be improved.

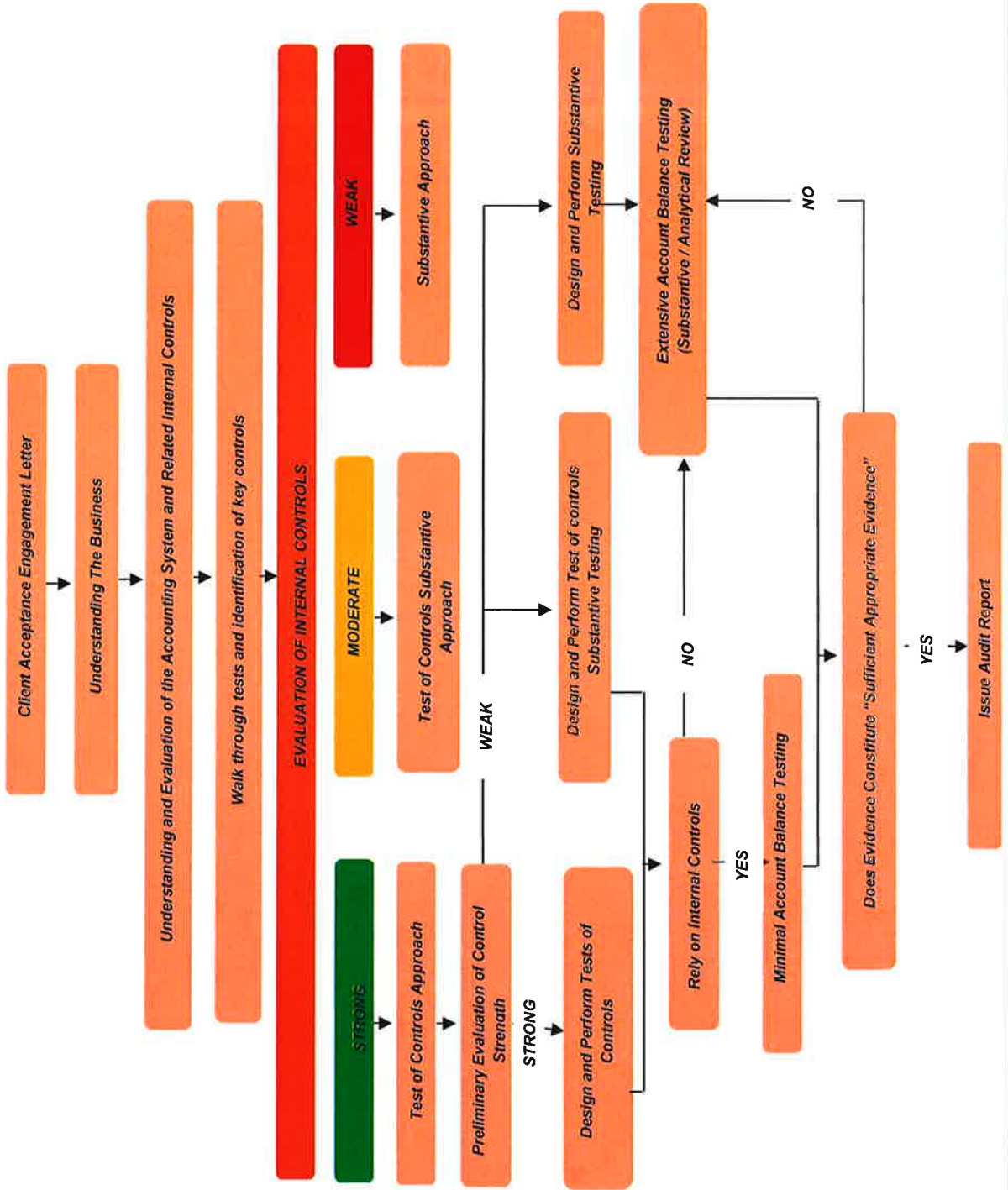
For example, this could arise as a result of:

- Duplication of effort between employees or departments;
- Inefficiencies in operations; or
- Inadequate or inaccurate management reporting systems.

Our experience with other commercial clients places us in an ideal position to make recommendations on your current procedures and policies.

The flow chart below provides an over-view of our audit methodology in accordance with current Australian Auditing Standards.





## APPENDIX 5 – AUDIT COORDINATION & REPORTING

At TNR we strive to make sure your reports are clear, succinct and timely.

Throughout the audit process, a number of reports will be provided to the Management Team (including the Registrar and the Bishop of Grafton, the Audit Committee and each Board / Council). These include:

- **Client Assistance Package**

The client assistance package is provided to the Management Team and contains a detailed list of the reconciliations and other pieces of documentation that we will need to sight as part of our audit testing. It is designed to expedite our audit visits and reduce interruption to the business.

- **Audit Strategy and Service Plan**

The audit service plan formally outlines our audit approach and is developed from our audit planning phase of the engagement. It includes details such as our objectives, the important accounting and audit issues we will be focusing on, details of the audit team, and most importantly a timeline outlining the key dates in the audit. The Audit Strategy and Service Plan is developed in conjunction with the Management Team and discussed before it is presented to the Audit Committee.

- **Audit Management Letters**

A management letter will be provided where we identify material internal control weaknesses or inefficient practices.

All internal control weaknesses and / or inefficiency observations are discussed with Management (including the Registrar and the Bishop of Grafton) on the finalisation of each audit visit with the draft management letter reviewed by management prior to its finalisation and subsequent presentation to the Audit Committee. Once Management agree with our observations and recommendations we request written comments on how the organisation will implement the recommendations. The written comments provided by the Management Team are provided to the Registrar and the Bishop of Grafton before the management letter is released for presentation to the Audit Committee.

A management letter may be issued at any stage of the audit so the organisation is officially advised of internal control weaknesses or other important matters on a timely basis. We aim to have draft management letters issued to management within one month of the audit visit so actions and responsibilities to address audit recommendations can then be determined.

- **Audit Finalisation Report**

The audit finalisation report provides Management and the Board with closure on the annual audit engagement and is an important part of the organisation's governance processes.

The audit finalisation report provides an understanding of audit and accounting issues that arose during the engagement period, including those that have been addressed and those that require address during the next financial year. This report is provided to the Management Team for review and comment prior to its issue to the Audit Committee and each Board / Council.

## APPENDIX 6 – YOUR PRIVACY ASSURED

All information collected in relation to every aspect of the contractual obligation between TNR and The Anglican Diocese of Grafton is **protected** by the provisions of the *Privacy Act 1988*. This information will not be disclosed to any third party, except upon express request of the Diocese. Any external requests for the disclosure of information will be forwarded to you for your release decision.

All team members associated with providing assurance services are bound by the provisions of the *Privacy Act 1988* which prohibits the disclosure of client related information to a third party without the express permission of the client to which the information relates.

**The firm also has a privacy policy in place.** We may only disclose client information to third parties if we have authority from the client to do so. A client's spouse is regarded as a third party for this purpose. We maintain accurate and up to date client records to ensure that we despatch, mail or fax documents to the correct recipient.

We are not aware of any breaches of the *Privacy Act 1988* within TNR.

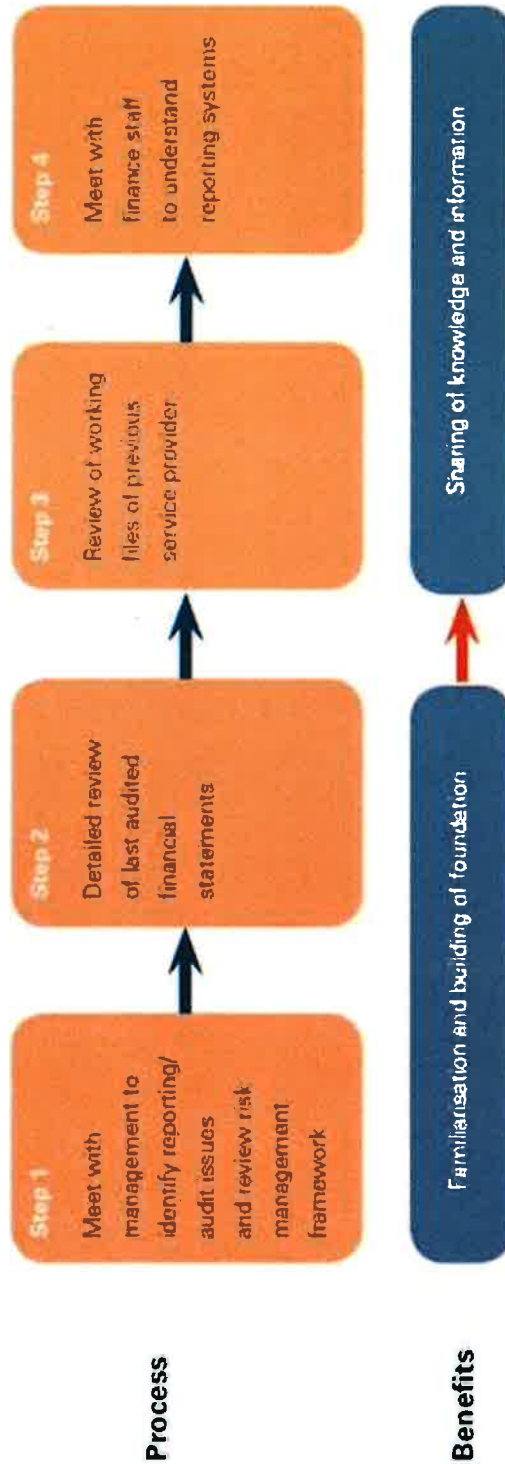
## APPENDIX 7 – AUDIT TRANSITION

### An Easy Transition

We know that transition matters can sometimes be onerous and time consuming. However, we will work to efficiently develop a detailed understanding of your operations in as short a time as possible. Gaining this understanding will be a critical aspect of our introduction to the organisation with the benefit of reporting to you in detail any issues that we observe relating to internal control, accounting, auditing and business processes. Set out below is the transition plan to ensure minimal disruption to management.

We will apply the transitional model to your engagement, as it ensures that:

- We will minimise the level of disruption caused through gaining our initial understanding of your organisation and systems
- Material issues are identified up-front and management have the time to address the matters
- We develop a sound appreciation of your operations, processes and procedures, enabling us to focus our resources on the more material areas and issues.



## APPENDIX 8 – CLIENT TESTIMONIALS



9 June 2017

### TESTIMONIAL RELATING TO THE PROCUREMENT AND APPOINTMENT OF THOMAS NOBLE AND RUSSELL CHARTERED ACCOUNTANTS AS WELL AS THEIR RELATED SERVICES

In 2015 CRANES, an independent, not-for-profit organisation sought to go out to competitive tender for a change of financial auditors. TNR were duly appointed for a number of reasons. Not only were they competitive in terms of pricing, but when married against quality and their extensive experience in the not-for-profit sector, they were head and shoulders above the rest. We wanted to ensure that we appointed a company that would be of benefit to us in terms of strengthening our practice and knowledge.

The partners and staff provided excellent support and direction to our finance team and the process became a well-oiled machine. This is not to say that it didn't have its challenges and to be honest, we were grateful for the depth of probity and diligence taken by the team whilst we went through the audit process. We found the audit process to be most beneficial. The partners and managers ensured a quality audit service was delivered and provided a range of recommendations. These aided to strengthen our control whilst recognizing the balance of risk against opportunity. This, for us in a competitive environment, but one that is also ethically driven, is very important.

We were impressed by the quality of service that TNR offered, and their knowledge of the not-for-profit sector.

To date, we have formed a solid business working relationship and this enables us to discuss financial business taxation and governance matters with confidence. We are personally assured of the knowledge and confidence in which these discussions are based.

Phone 02 6642 7257 Fax 02 6643 2203 Address 3-7 Prince St, Grantham Phone PO Box 686, Grantham NSW 2400 Aps 18 156 701 812

[www.cranes.org.au](http://www.cranes.org.au)



I have worked closely with Kevin in particular; however, all the staff and partners were responsive to our enquiries and could offer thorough research and advice should we need it. They presented professionally and capably to our Board and the management committee in terms of the audit strategy management letters and the finalisation report. The reporting provided us with well-presented, easy to understand information written in plain English.

Our experience with the change in auditors from our existing, over to TNR has added benefit to our organisation and I have no hesitation in recommending TNR to you.

Finally, an area that is important to me is integrity and principles; I can truly say that these were adhered to by TNR throughout the audit process.

Yours faithfully



Angelena Fixter  
Chief Executive Officer

Phone 02 6642 7257 Fax 02 6643 2203 Address 3-7 Prince St, Grantham Phone PO Box 686, Grantham NSW 2400 Aps 18 156 701 812

[www.cranes.org.au](http://www.cranes.org.au)

## APPENDIX 8 – CLIENT TESTIMONIALS (CONT'D)



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E: [enquiries@westlawn.com.au](mailto:enquiries@westlawn.com.au) W: [www.westlawn.com.au](http://www.westlawn.com.au)  
ABN: 19 086 725 218 Australian Credit Licence No: 367844

14 June 2017

### TESTIMONIAL

#### RELATING TO THE PROVISION OF AUDIT & OTHER PROFESSIONAL SERVICES BY THOMAS NOBLE & RUSSELL

##### TO WHOM IT MAY CONCERN

Thomas Noble & Russell Chartered Accountants (TNR) provide audit and other professional services to the Westlawn Group and we value our professional relationship.

TNR was appointed auditor to Westlawn three years ago after undertaking a competitive tender process. Their extensive experience in the finance sector and their local presence were the key factors influencing our decision to appoint them as our auditor. Since their appointment they have provided a quality and timely service whilst offering suggestions and advice on matters for us to consider to improve the business.

Kevin Franey and Darran Singh have always been in close contact with us to advise of audit and business matters. We have found that they understand our business and have satisfied all of our statutory deadlines.

The audit service delivered by TNR is well planned and executed. The audit team is professional and work well with our team to deliver a quality service in an efficient manner. The Partners personally present planning and audit finalisation reports to the senior management team and the Board and articulate their work plan and findings well.

The Management Team and the Board is very pleased with the TNR's professional approach to the provision of audit and other services.

We have no hesitation in recommending TNR for audit and other professional services.

I would be happy to discuss this matter further with any prospective organisation.

Yours sincerely

Geoff Scofield  
CEO

Personal & Business Loans, Savings & Investments, Insurance, Wealth Management, Taxation & Accounting

Grafton, Casino, Coffs Harbour, Yamba, Ballina, Kyogle, Lismore, Tweedhead, Murwillumbah, Macksville



### TESTIMONIAL

#### RELATING TO THE PROVISION OF AUDIT & OTHER PROFESSIONAL SERVICES BY THOMA NOBLE & RUSSELL

##### TO WHOM IT MAY CONCERN

Thomas Noble & Russell Chartered Accountants (TNR) are our current providers of audit and other professional services for RiverCity Church Incorporated.

TNR have been able to partner with our organisation and tailor their services to our organisation's needs. The staff completing the on-site visit have always been pleasant and knowledgeable of our organisation and the work needed to be performed. TNR have provided us with relevant advice and assistance in relation to internal controls and other governance matters. TNR is proactive in resolving issues prior to balance date and the relevant reporting provided throughout the audit process meets our needs.

We are very satisfied with the professional approach TNR has taken in relation to the provision of audit and other services as well as the competency and expertise of Partners and Staff.

I would be happy to discuss this matter further with any organisation.

Yours sincerely

*Alan Tyson*  
15/6/17

Business Manager  
C3 Church Bryon Bay Ballina (Rivercity Church Inc.)  
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24 Endeavour Close Ballina NSW 2478  
Mob. 0403 879 364 PH. 02 6681 4144  
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**C3 CHURCH BYRON BAY BALLINA**  
PO BOX 40, BALLINA NSW 2478 AUSTRALIA  
phone: +61 2 6681 4144 abn: 43 001 379 890  
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## APPENDIX 8 – CLIENT TESTIMONIALS (CONT'D)



### TESTIMONIAL

#### RELATING TO THE PROVISION OF PROFESSIONAL BUSINESS & ADVISORY SERVICES

To Whom it May Concern

Northern Co-operative Meat Company Limited (NCMC) is a large co-operative with turnover exceeding \$200 million and employing over 800 people.

TNR is the provider of audit, taxation and business advisory services. The Co-operative has a great working relationship with the Partners at TNR and contact them when considering business decisions and best practice. NCMC has benefited from TNR's experience and knowledge in the provision of the following services:

- Governance
- Business Advisory
- Advice on business structures
- Accounting advisory
- Processes and Controls advisory
- Risk Management
- Business and Financial Assurance
- Assistance with the development of collaborative business systems and processes
- Mentoring, and
- Needs Assessment

**NORTHERN CO-OPERATIVE MEAT COMPANY LTD**  
 ABN: 42 060 208 366  
 Phone: (02) 6662 2444

10615 SUMMERLAND WAY  
 PO Box 379  
 CASINO NSW 2470 (AUSTRALIA)  
[www.ncmc-co.com.au](http://www.ncmc-co.com.au)

**NORTHERN CO-OPERATIVE MEAT COMPANY LTD**  
 ABN: 42 060 208 366  
 Phone: (02) 6662 2444

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 CASINO NSW 2470 (AUSTRALIA)  
[www.ncmc-co.com.au](http://www.ncmc-co.com.au)

We value the personal and collaborative approach of the TNR Partners and Staff. The Partners have a good working relationship with the NCMC directors who are primary producers and related service providers. The Co-operative's business has benefited greatly from the advice and services provided by TNR.

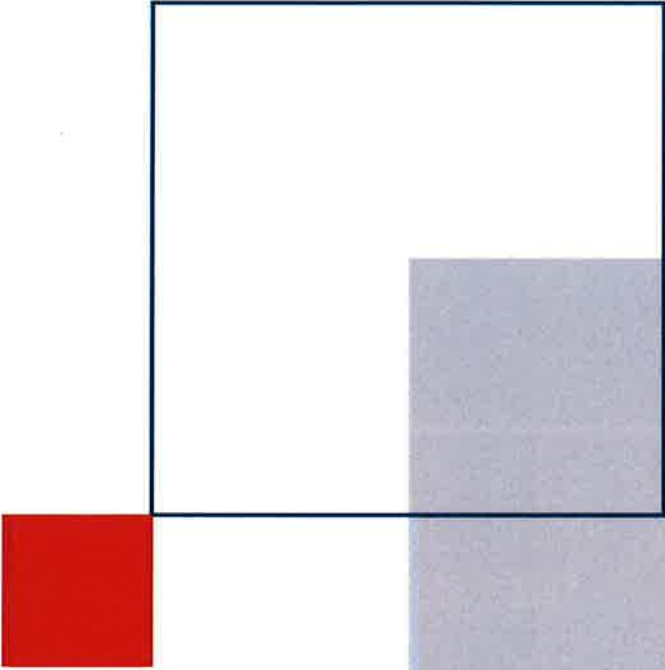
We have no hesitation in recommending TNR to any business for the services mentioned above.



Simon Stahl

Chief Executive Officer

22 July 2016



advice ■ service ■ solutions

■ LISMORE  
■ ROBINA  
Email [kevin.franey@tnr.com.au](mailto:kevin.franey@tnr.com.au)

[www.tnr.com.au](http://www.tnr.com.au)





**TNR Tender**

Kevin Franey <kevin.franey@tnr.com.au>  
To: Chris Nelson <chris.nelson@graftondiocese.org.au>

31 July 2017 at 16:57

Hi Chris

Thank you for discussing the tender process with me.

In accordance with our discussions, please find attached a revised fee for your consideration.

Whilst our original fee was already substantially discounted, we provide this further discount without sacrificing the quality of service we provide and with a view to developing a lasting business relationship.

Please feel free to call me if you wish to clarify further.

Regards

**Kevin Franey**  
Partner  
Audit & Assurance  
Thomas Noble & Russell Chartered Accountants

31 Keen Street | PO Box 106 LISMORE NSW 2480 | Level 14 The Rocket 203 Robina Town Centre Drive ROBINA QLD 4226  
T: +61 2 6626 3000 | D: +61 2 6626 3002 | F: +61 2 6621 9035  
E: kevin.franey@tnr.com.au | W: www.tnr.com.au  
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Client Referrals are very important to our business. If you know of any business associates, friends or family members who can benefit from our services, please do not hesitate to contact us. We would appreciate the opportunity to assist.

Liability limited by a scheme approved under Professional Standards Legislation. Please click [here](#) to read the full disclaimer.

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Revised Fee Estimate 2017.pdf  
57K



31 July 2017

Mr Chris Nelson  
Registrar / General Manager  
Anglican Diocese of Grafton  
PO Box 4  
GRAFTON NSW 2460

Dear Chris

**RE: PROPOSAL FOR AUDIT SERVICES  
REVISED FEE ESTIMATE**

Thank you for the opportunity to provide a proposal for the provision of audit services to the Anglican Diocese of Grafton (the Diocese). You have requested that we consider whether our fee could be further reduced. We have carefully considered this request and wish to advise that we can provide further discount in the interests of developing a long-term relationship.

Our revised fee estimate (GST-exclusive) is as follows:

Service	Current Fee \$	Revised Fee \$	Discount \$
Audit of Annual Financial Reports for all entities	41,750	39,000	(2,750)
Audit of opening balances (first year only cost)	10,500	10,500	-
Rebate of opening balances audit	(10,500)	(10,500)	-
Establishment of financial report templates in our audit software for all entities (first year only cost)	5,500	5,500	-
Rebate of financial report establishment costs	(5,500)	(5,500)	-
Annual preparation of financial reports using our audit software (total cost for 3 entities)	6,500	5,000	(1,500)
<b>Total Fee for the Year Ending 31 December 2017</b>	<b>48,250</b>	<b>44,000</b>	<b>(4,250)</b>

We would be pleased to discuss our fee methodology if required.

Yours faithfully

**THOMAS NOBLE & RUSSELL**

**K R FRANEY (Partner)**  
**Registered Company Auditor**  
**Certified Internal Auditor**

31 Keen Street (PO Box 106)  
Lismore NSW 2480

**Email:** enquiries@tnr.com.au  
**Phone:** Business Services +61 (0)2 6621 8544  
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**Facsimile:** +61 (0)2 6621 9035

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Thomas Noble & Russell is a member of International. A world-wide organization of accounting firms and business advisers



**BOARD MEETING DATE:**

24/08/2017

**No 9 Matters for Noting**

**Item: a**

**Title: AFGD Fund Managers Report**

**No of Pages. 6 incl Header**



## AFGD Management Report – to Board covering 20/7/17 to 18/08/2017

Last update was provided as at 19/04/2017.

### 1. **Financial Performance**

Detailed analysis of performance benchmarks can be obtained in the monthly Financial Report

#### **Objective:**

Achieve the annual financial targets of the organisation in line with approved budgets and the prudential guidelines set down by the Diocesan Financial Advisory Task Force (DFATF)

#### **Strategies:**

**Maintain a net interest margin in the range of 1.75% - 2.50%.**

- Net interest margin as at 31/7/17 is 1.97%

Net interest margin sits at the low end of the acceptable range.

#### **Maintain Prudential Guidelines**

- Capital Adequacy 31/12/2016 – 5.66%      Benchmark 8% - 10%
- Liquidity – excluded Ord Minnett – 19.00%      Benchmark 10% of Total Assets  
This would be stronger if Ord Minnett included.

**Increase deposit portfolio FUM (funds under Management) by 6% each year.**

31/07/16 \$40,323,466

31/07/17 position \$37,653,944 **6.62% decrease** at same point in time last year

**Investment Policy that reflects a diversified portfolio.**

A diversified Investment Policy is in place and currently producing returns the business is expecting. Summary Report is on the following page:

**Operate the business within the expenditure budget parameters set Annually.**

Total expenses YTD as at 31/07/17 is currently tracking \$39,854 under budget  
Savings achieved in general operating costs and wages.

## **2. Marketing & Business Development**

### **Objective:**

Develop both internally within the Diocese and externally in other Dioceses opportunities to increase the portfolio in deposits and lending opportunities.

### **Business Development activities.**

#### **Merchant facilities for OP shops.**

- Template and proposal sent to the following parishes for the pilot;
  - Coffs Harbour – installed June 17.
  - Alstonville - rollout Aug/Sept
  - Ballina – rollout Aug/Sept
  - Pt Macquarie – commenced to be completed by 31/8/17.

#### **Renewable Energy Loans – (parishes)**

- Marketing letter sent to all 28 parishes 8/8/17.

#### **“Pari Passu” agreement with Westpac**

#### **Lindisfarne Anglican Grammar School (LAGS)**

- Line of Credit Facility for \$6M settled.

#### **Bishop Drutt College (BDC)**

- BDC Council approval to proceed has been obtained.
- Budgetary constraints centred around student numbers and teaching salaries continues to be an area of debate before the adjusted 2017 forecast and 2018 budget can be signed off.
- Meeting held with Shane Oxley 16/8/17 to get a comprehensive update on where we are at with moving forward with a proposal.
- Anticipate a late paper to discuss may be required for the 24/8/17 meeting.

#### **St Columba Anglican School (SCAS)**

- Met with Business Manager Garry Clifton 16/8/17 to view the completed Performing Arts Centre.
- We discussed changing his mix of facilities at next half yearly review commencing 30/9/17 which will require joint discussions with Westpac. On the surface the request appears reasonable and should be able to be accommodated.
- He wants to increase LOC from \$7.5M to \$8M.
- Plan is to push more minor capital works through this account without the reliance of raising individual loans for each project.
- Overall if annual limit reductions are maintained between Westpac & ourselves this should not be a problem if the school continues to perform financially as it has been.
- They are open to discussing a rate reduction for the introduction of a line fee. This will assist our income smoothing if we can negotiate this.

**Externally:**

**Develop opportunities in deposit offering products with other Diocese that do not operate a development fund.**

**Develop opportunities in lending with other Diocese that do not operate a development fund or in conjunction with another Diocese who do operate a development fund and may want to do a joint lending venture.**

**Anglican Diocese of Armidale**

- Ron Parry & myself have agreed to touch base after 31/8/17.
- He will have clarity on his legal opinion and I will be providing the update on our solution through MSC.

**3. Customer & Stakeholder:**

**Objective:**

Continue to enhance our service offering as a point of differentiation by providing exceptional personalised service.

**Strategies:**

**Customer:**

**Continue building our culture as a customer focused organisation.**

- Refer to Marketing and Business Development for recent activities.

**Stakeholder:**

**Build on improving the relationship AFGD have with its stakeholders in order to achieve mutually beneficial outcomes.**

**Internal:**

The school portfolio makes up a significant proportion of our portfolio.

If I could just spend a couple of minutes on each I can provide a verbal update on the following schools.

**Emmanuel Anglican College (EAC)**

- half yearly review approved at July Board meeting

**Lindisfarne Anglican Grammar School (LAGS)**

- settled and drawn down 20/7/17

**Bishop Druitt College (BDC)**

- commenced document preparation with our solicitors Fishburn Watson O'Brien to try and speed up the process when the College and Westpac are ready to move forward with a joint proposal.
- Meeting 16/8/17 held with Shane Oxley the Business Manager to push it along.

### **St Columba Anglican School (SCAS)**

- Meeting with Business Manager Garry Clifton was completed 16/8/17.
- Half yearly review of facilities as at 31/3/17 was completed and approved in the July 17 Board meeting.

### **Clarence Valley Anglican School (CVAS)**

- Half yearly review of facilities as at 30/04/17 completed 26/6/17 and approved at the July 17 Board meeting with a request to the school for an updated strategy plan for sustainability.
- The school have appointed a new Business Manager – Ian Morris.
- Acting Chair Phil Bonser is keen to get us together next week to discuss the efficiencies of their finances.

### **Diocesan Schools Network (DSN)**

- I have invited myself to be part of their ongoing meetings to gain a better understanding of some of the challenges they face.
- It will assist with the ongoing rapport building that we have with the schools.

### **External:**

Focus for 2017 YTD has been external due to some critical timelines.

### **APRA/ASIC**

- APRA –** No change in their position. AFGD remains confident it can comply with their requirements.
- ASIC -** previously well documented. Latest update provided in business papers for the 24<sup>th</sup> July 17 AFGD Board meeting.
- AFSA -** We are currently in test mode for the new digital platform. With rollout scheduled toward the end of September.  
Some re-education and training for users will be required.

#### 4. **Human Resources**

**Objective:**

Develop our people to ensure they become valued contributors to the mission of AFGD.  
Invest in our people by providing them with the necessary training to do their roles and equip them with qualifications recognised externally in the finance industry.

**Strategies:**

**Ensure correct staffing structure is in place**

- A new casual employee Linda Prido commenced 14/8/17.
- Initial commitment is to provide a minimum of 16 hours per week.
- She has given us a commitment of 3 months to see us through to early November 17, however is looking for more permanent work.
- This solves the leave issue that was coming up in September & October when Annette was taking annual leave for 2 weeks.
- It also provides some flexibility for completing the digital platform rollout and also the re-documentation we are expecting with retail clients through MSC.

#### 5. **Governance Compliance and Risk Management.**

**Objective:**

Improve our not for profit governance through undertaking a full review and upgrade of our policies and procedures.

**Strategies:**

**Review and redraft any proposed amendments to improve Governance and transparency.**

- Current Priority is to finalise the MSC proposal and get all the necessary legal structure in place.
- Then we will need to start the changeover which will take us in to 2018.

**Blaine Fitzgerald**  
**Fund Manager AFGD**  
**18/08/17**





**BOARD MEETING DATE:**

24/08/2017

**No 9 Matters for Noting**

**Item: b**

**Title: AFGD Financial Reports**

**No of Pages. 21 incl Header**

AFGD Dashboard

AFGD Dashboard - as at 31-07-17

Margins & Cost of Funds (COF)				
	31-07-17	30-06-17	Variance	Comment
Loans	5.313%	5.265%	0.05%	
Ord Minnett	4.360%	4.360%	0.00%	
Cash	2.055%	1.931%	0.12%	
Ave Return on assets	4.382%	4.447%	-0.05%	
Savings	1.128%	1.057%	0.07%	
Investment	2.642%	2.700%	-0.06%	
Ave weighted COF	2.419%	2.486%	-0.07%	
Margin	1.973%	1.959%	0.01%	Strategic Plan benchmark 1.75% to high of 2.50%

Ord Minnett Portfolio Summary (000's)			Comments
MV	Cost base	Movement	
31-07-17			Portfolio MV is holding.
\$ 10,261.72	\$ 10,182.07	\$ 79.66	Revaluation occurs quarterly -
Income			
YTD Actual	Annualised	Gross Yield	Cash flow forecast indicates gross income to be \$449K. This annualised result will smooth as year progresses
\$ 269.09	\$ 444.16	4.36%	
Cashflow			Anticipated Gross yield 4.36%
\$ 448.63		4.42%	
Fees			
YTD Actual	Annualised	%	Agreement is .40% - tracking to plan
\$ 21.97	\$ 37.86	0.37%	

Capital Adequacy - target is 10%				
	31-07-17	30-06-17	Variation	% below min target
Total Equity	1,312.9	1,279.2	\$ 33.75	Shift fro cash to debt has increased risk weighing significantly
Risk Weighted Assets	22,388.8	19,943.6	\$ 2,445.21	
Capital Adequacy	5.88%	6.41%	-0.55%	4.14%

Total Deposits & Lending (\$000's)				Cash & Investments	
	31-07-17	30-06-17	Variation	\$ 000's	
Deposits	\$ 37,653.9	\$ 37,189.6	\$ 464.3	AFSA	805.2
addback				Westpac	2,023.1
re-draw funds	\$ -	\$ -	\$ -	ORD Minnett	10,328.1
	\$ 37,653.9	\$ 37,189.6	\$ 464.3	Melb DIF	2,000.0
				BOQ	-
Lending	\$ 32,887.0	\$ 27,690.1	\$ 5,196.9	ME Bank	-
addback				AMP	3,250.0
re-draw funds	\$ -	\$ -	\$ -		\$ 18,406.4
	\$ 32,887.0	\$ 27,690.1	\$ 5,196.9	% holding	
				AFSA	4.37%
				Westpac	10.98%
				ORD Minnett	56.11%
				AMP	17.66%
				Melb DIF	10.87%
Cash/ Investment	\$ 18,406.4	\$ 21,616.6	-\$ 3,210.2	BOQ	0.00%
LOC facilities	\$ 1,600.0	\$ 1,600.0	\$ -	ME Bank	0.00%
Total available	\$ 20,006.4	\$ 23,216.8	-\$ 3,210.2		100.00%
Liquidity Ratio	53.13%	62.43%	-9.30%		

P & L Summary - Month in Isolation (\$000's)				
	Actual 31-07-17	Budget for 31-07-17	Variation	Explanation
All income	\$ 142.5	\$ 165.7	-\$ 23.2	Income - Delays in refinace of BDC has reduced income
Expenses	\$ 120.3	\$ 142.9	-\$ 22.6	Expenses - Savings achieved interest paid
Net profit	\$ 22.2	\$ 22.8	-\$ 0.6	investors and general operating expenses
Contrib Diocese	\$ 14.6	\$ 14.6	\$ -	
Balance after Dist	\$ 7.6	\$ 8.2	-\$ 0.6	

P & L Summary - YTD (\$000's)				
	Actual as at 31-07-17	Budget as at 31-07-17	Variation	Explanation
All income	\$ 947.4	\$ 1,164.6	-\$ 217.2	Income - Delays in refinace of BDC has reduced income
Expenses	\$ 852.7	\$ 1,005.6	-\$ 152.9	Expenses - Realised loss Ord \$52K impacted
Net profit	\$ 94.7	\$ 159.0	-\$ 64.3	Expenses - Savings achieved interest paid
Contrib Diocese	\$ 102.2	\$ 102.2	\$ -	investors and general operating expenses.
Balance after Dist	-\$ 7.5	\$ 56.8	-\$ 64.3	Legals significant one off \$8K - ASIC

**Capital Adequacy:** (Target > 10% of Risk Weighted Assets)

Assets		Weighting	Asset Value	RWA
Cash (Govt. Securities, A Rated Aust. Banks)		10%	\$ 8,078,283	\$ 807,828
Cash (Other Aust. Banks, ADI's)		20%	\$ -	\$ -
Anglican Loans -Unsecured		100%	\$ -	\$ -
Anglican Loans -Secured	\$ 20,837,855	50%	\$ 20,837,855	\$ 10,418,927
Undrawn Anglican Loans -Secured		50%	\$ 12,049,120	\$ 6,024,560
redraw funds available		.50%	\$ -	\$ -
External Loans - Secured Commercial property		100%	\$ -	\$ -
Undrawn Ext. Loans - Secured Commercial property		100%	\$ -	\$ -
Equities		400%	\$ -	\$ -
Ord Minnett Subordinated Notes		50%	\$ 10,261,716	\$ 5,130,858
Other Investments		300%	\$ -	\$ -
Ord Cash		10%	\$ 66,386	\$ 6,639
	<b>Total Assets</b>		<b>\$ 51,293,360</b>	<b>\$ 22,388,812</b>

N.B. As Asset Values include undrawn loans, figures won't reconcile with the Balance Sheet.

**Risk Concentration:**

Internal loans (< 30% of Total Assets)				
		<u>Total Assets:</u>	<u>Limit Amount:</u>	
Limit	30%	\$ 51,293,360	\$ 15,388,008	
Loans > 30% of TA			\$ 13,098,899	200% -\$ 2,289,109 \$ -
External loans (< 5% of Total Assets)				
		<u>Total Assets:</u>	<u>Limit Amount:</u>	
Limit	5%	\$ -	\$ -	
Loans > 5% of TA			\$ -	400% \$ - \$ -
				<b>Total Risk Weighted Assets \$ 22,388,812</b>
				8% \$ 1,791,105
				+ 2% Buffer \$ 447,776
				<b>Required Capital 10% \$ 2,238,881</b>
<b>Equity:</b>				
	<b>2016 draft</b>		<b>Accumulated Funds</b>	<b>\$ 1,238,452</b>
			<b>Asset Reserves</b>	<b>\$ 81,965</b>
			<b>Adjustments</b>	
	<b>Management results</b>		<b>YTD profit after distribution</b>	<b>-\$ 7,468</b>
			<b>Total Equity</b>	<b>\$ 1,312,949</b>
			<b>"Surplus" Capital</b>	<b>-\$ 925,932</b>
			<b>Actual Capital Adequacy ratio</b>	<b>5.86%</b>

**Liquidity (> 10% of Total Assets):**

Total Assets:		\$ 51,297,918	
Minimum Liquidity requirement	10%		\$ 5,129,792
<b>Actual position:</b>			
Cash		\$ 8,144,669	
Undrawn Bank OD Facility		\$ 1,600,000	
Total Actual Liquidity			\$ 9,744,669
<b>"Surplus" Liquidity</b>			<b>\$ 4,614,877</b>
<b>Actual Liquidity Ratio</b>			<b>19.0%</b>



31-Jul-17	Loan Book Data	Loans	Unaccrued	Limits	Unutilised/Not Drawn
COM 730	43603270 Secondary Campus Stage 2	\$ 1,761,660.60			
COM 730	43604020 Stage 3 Building Loan	\$ 162,254.96			
COM 730	43604021 Stage 4 Building Loan	\$ 1,377,724.93			
COM 730	43604019 Stage 2 Building Loan	\$ 231,840.18			
COM 730	43604058 CTS Pastoral Care & Assistance	\$ -			
COM 730	43604018 Stanley St Unit Purchase	\$ 552,469.30			
COM 731	43604018 Refinance 10 Colswold Close	\$ 173,032.86			
COM 731	43604098 McLean St, Coffs Harbour NSW	\$ 2,155.76			
COM 731	43603414 Deed Of Gift Loan 2	\$ 961,063.14			
COM 731	43603424 Surplus Debt - 2nd Tranche	\$ 345,957.17			
COM 731	43604050 Sewer Upgrade Primary & Secon	\$ 8,369.88			
COM 731	43604052 Refinance of Solar Panel Loan	\$ 88,699.02			
COM 731	43604012 Administration & Classrooms	\$ 2,455,973.84			
COM 731	43604058 Principal and Interest loan	\$ 598,469.19			
COM 731	43604013 Rectory Loan	\$ 149,291.23			
COM 731	43604042 Rectory Loan	\$ -			
COM 731	43604008 Building Loan Stage 2	\$ -			
COM 731	43604011 Middle School Stage 4	\$ 846,984.88			
COM 731	43604010 Library Stage 3	\$ 41,959.75			
COM 731	43604012 Stage 5	\$ 288,450.80			
COM 731	43604013 Stage 6	\$ 920,007.20			
COM 731	43604015 Building Loan Stage 7	\$ 758,252.82			
COM 731	43604014 Admin Baking Stage 6b 1	\$ 604,520.88			
COM 731	43604027 CGELC Purchase	\$ 2,438,722.81			
COM 731	43604027 Clergy Car Loan	\$ 5,676.76			
COM 731	43604068 Clergy Car Loan	\$ 18,102.30			
COM 731	43604036 Dorrigo Parish M A Ridge Car L	\$ 6,814.70			
COM 731	43604074 Clergy Car Loan	\$ 8,689.35			
COM 731	43604076 Clergy Car Loan	\$ 18,824.42			
COM 731	43604087 Clergy Car Loan	\$ 17,484.85			
COM 731	43604071 Clergy Car Loan	\$ 14,592.12			
COM 731	43604043 Clergy Car Loan - Jenks	\$ 38,541.54			
OD 535	43604007 Annual Insurance Premium Fund	\$ -	\$ 450,000.00	\$ -	\$ 450,000.00
OD 535	43604004 Line of Credit	\$ 136,860.90	\$ -	\$ 850,000.00	\$ 711,139.10
OD 535	43604015 Working Capital & Residual Fun	\$ 262,584.12	\$ -	\$ 3,100,000.00	\$ 2,837,415.88
OD 535	43604010 Working Capital	\$ 0	\$ -	\$ 200,000.00	\$ 200,000.00
OD 535	43604008 Line of Credit	\$ 2,832,646.25	\$ -	\$ 7,500,000.00	\$ 4,667,353.75
OD 535	43604006 Pastoral Care & Assistance Scn	\$ -	\$ -	\$ 100,000.00	\$ 100,000.00
OD 535	43604017 Line of Credit	\$ 2,900.83	\$ -	\$ 8,000,000.00	\$ 2,996,419.00
OD 535	43604018 Line of Credit	\$ 3,003,588.00	\$ -	\$ -	\$ -
		\$ 20,837,854.93	\$ -	\$ 15,220,000.00	\$ 12,048,119.80
		\$ 32,886,974.73			
		\$ 14,545,974.73			

Largest exposure  
St Columba Anglican School  
Includes full OD limit  
\$ 13,098,899.03

Balance of OD only  
\$ 9,431,645.28

Rate	Line	Fee
0.00%	450,000.00	\$ -
0.00%	7,500,000.00	\$ -
0.00%	190,000.00	\$ -
0.60%	850,000.00	\$ 4,250.00
0.50%	200,000.00	\$ 1,000.00
0.75%	3,100,000.00	\$ 23,250.00
1.10%	6,000,000.00	\$ 66,000.00
0.98%	10,290,000.00	\$ 94,500.00
<b>Average return</b>		<b>4.18%</b>

refer balance by rate end of month for benchmark

Excludes redraw

Loans only

Anglican Diocese of Grafton  
St Columba Anglican School Council Inco  
Camilar Properties Pty Ltd  
Clarence Valley Anglican School  
Anglican Nurm Coast  
Emmanuel Anglican College  
Lindisfarne Anglican School

Total Loan Book assets

AFGD Loan portfolio as at 31/07/2017 excludes OD's

Appendix CF-3

Report Date: 31-07-17												
borrower	acct_no	acct_desc	Open Date	Amount Borrowed	Balance \$	Loan Weight %	End Date	Base	Margin	Rate	Yrs to Maturity	Weighted Yrs
Clarence Valley Anglican School	436032770	Secondary Campus Stage 2	10-05-2005	1,758,979.66	1,758,568.47	12.32%	31-12-2037	7.00	0.70	6.30	20.433	2.52
Emmanuel Anglican College	436040019	Stage 2 Building Loan	30-04-2013	405,163.30	230,781.22	1.62%	30-04-2021	7.00	1.59	5.41	3.751	0.06
Emmanuel Anglican College	436040020	Stage 3 Building Loan	30-04-2013	257,533.50	161,513.66	1.13%	30-04-2022	7.00	1.59	5.41	4.751	0.05
Emmanuel Anglican College	436040021	Stage 4 Building Loan	30-04-2013	1,672,479.06	1,371,432.86	9.61%	30-04-2025	7.00	1.59	5.41	7.753	0.74
Corporate Trustees Grafton	436040056	CTS Pastoral Care & Assista	28-11-2014	1,600,000.00	-	0.00%	28-05-2017	7.00	1.45	5.55	-0.175	0.00
M Smedley	436040136	Stanley St Unit Purchase	25-01-2017	550,000.00	550,000.00	3.85%	25-01-2047	7.00	1.66	5.34	29.507	1.14
St Cuthbert's Retirement Living Cor	436034140	Deed Of Gift Loan 2	20-05-2011	2,108,865.05	993,987.59	6.54%	31-12-2022	7.00	2.08	4.92	5.422	0.35
Clarence Valley Anglican School	436034254	Surplus Debit - 2nd Tranche	14-03-2012	1,190,001.32	344,049.39	2.41%	28-03-2037	7.00	0.70	6.30	19.671	0.47
St Columba Anglican School Council	436040009	Building Loan Stage 2	02-04-2013	804,200.62	-	0.00%	02-08-2017	7.00	2.27	4.73	0.005	0.00
St Columba Anglican School Council	436040010	Library Stage 3	02-04-2013	307,605.07	35,890.44	0.25%	02-03-2018	7.00	2.42	4.58	0.586	0.00
St Columba Anglican School Council	436040011	Middle School Stage 4	02-04-2013	1,003,682.80	636,230.81	4.46%	02-05-2023	7.00	2.02	4.98	5.756	0.26
St Columba Anglican School Council	436040012	Stage 5	02-04-2013	432,389.82	283,987.64	1.99%	02-11-2023	7.00	2.02	4.98	6.260	0.12
St Columba Anglican School Council	436040013	Stage 6	02-04-2013	1,209,360.63	807,735.22	5.66%	02-03-2024	7.00	2.02	4.98	6.592	0.37
St Columba Anglican School Council	436040014	Admin Building Stage 6b.1	02-04-2013	786,598.41	597,792.69	4.19%	02-01-2027	7.00	2.02	4.98	9.430	0.39
St Columba Anglican School Council	436040015	Building Loan Stage 7	02-04-2013	959,563.76	750,502.49	5.26%	10-12-2027	7.00	2.02	4.98	10.367	0.54
I R Mabey	436040027	Clergy Car Loan	15-07-2013	25,622.36	5,676.76	0.04%	15-07-2018	7.00	1.70	8.70	0.956	0.00
Dorrigo Anglican Parish - MIA Ridge	436040036	Dorrigo Parish MA Ridge C	20-01-2014	20,000.00	6,814.70	0.05%	20-01-2019	7.00	1.45	8.45	1.474	0.00
Clarence Valley Anglican School	436040050	Server Upgrade Primary & S	23-06-2014	65,760.64	6,761.16	0.05%	23-06-2018	7.00	0.30	7.30	0.896	0.00
Clarence Valley Anglican School	436040052	Refinance of Solar Panel Lo	01-08-2014	146,000.00	86,266.02	0.60%	01-02-2021	7.00	0.30	7.30	3.510	0.02
Anglicare North Coast	436040059		18-12-2014	1,200,000.00	585,143.67	4.10%	18-12-2026	7.00	1.50	5.50	9.389	0.38
M B Jones	436040065	Clergy Car Loan	07-08-2015	8,000.00	-	0.00%	07-08-2017	7.00	1.00	6.00	0.019	0.00
M Smedley	436040066	Clergy Car Loan	01-10-2015	41,070.86	16,852.95	0.12%	01-10-2018	7.00	1.00	6.00	1.170	0.00
L M Baldwin	436040067	Clergy Car Loan	18-11-2015	37,346.00	16,332.06	0.11%	18-11-2018	7.00	1.00	6.00	1.301	0.00
Coffs Harbour Anglican Parish	436040069	6 McLean St, Coffs Harbour	01-12-2015	194,000.00	30,659.11	0.21%	01-12-2031	7.00	1.95	5.05	14.345	0.03
B A Blackbell	436040071	Clergy Car Loan	15-01-2016	20,000.00	14,592.12	0.10%	15-02-2021	7.00	1.00	6.00	3.548	0.00
Diocese of Grafton - S A Macneil	436040074	Clergy Car Loan	16-03-2016	24,995.00	7,583.22	0.05%	16-03-2018	7.00	1.00	6.00	0.625	0.00
K E McPherson	436040076	Clergy Car Loan	30-03-2016	25,000.00	13,240.12	0.09%	30-03-2020	7.00	1.00	6.00	2.666	0.00
St Columba Anglican School Council	436040077	CCELC Purchase	31-03-2016	3,100,000.00	2,231,022.43	15.63%	31-03-2026	7.00	2.02	4.98	8.671	1.35
South Grafton Anglican Parish	436040113	Rectory Loan	23-08-2016	157,534.35	148,641.23	1.04%	23-08-2031	7.00	1.95	5.05	14.071	0.15
Emmanuel Anglican College	436040129	Administration & Classroom	03-01-2017	2,500,000.00	2,435,487.56	17.06%	03-01-2032	7.00	1.44	5.56	14.436	2.46
Coffs Harbour Anglican Parish	436040139	Refinance 10 Cotswold Clo:	19-04-2017	174,000.00	171,883.45	1.20%	19-04-37	7.00	1.95	5.05	19.732	0.24
G C Jenks	436040143	Clergy Car Loan - Jenks	13-06-2017	40,000.00	38,772.58	0.27%	30-06-22	7.00	-1.15	5.85	4.918	0.01

22,825,752.21	14,278,201.62	100.00%	5.383	6.906	11.45
AVERAGE			AVERAGE	AVERAGE	WEIGHTED

WEIGHTED Average Term to Maturity (years)	11.45
Average Term to Maturity (years)	6.91

**AFGD FIXED INVESTMENT RETENTION RATES**

Month 000'S	Year of review 2013		Year of review 2014		Year of review 2015		Year of review 2016	
	Book balance	Value redeemed %	Book balance	Value redeemed %	Book balance	Value redeemed %	Book balance	Value redeemed %
January	\$ 30,216.5	No Data	\$ 29,896.7	\$ 347.3 1.16%	\$ 30,322.6	\$ 167.1 0.55%	\$ 32,873.5	\$ 105.1 0.32%
February	\$ 29,989.5	No Data	\$ 29,780.7	\$ - 0.00%	\$ 30,528.8	\$ 318.9 1.04%	\$ 32,807.6	\$ 175.4 0.53%
March	\$ 29,592.5	No Data	\$ 29,910.9	\$ 17.2 0.06%	\$ 30,551.3	\$ 397.8 1.30%	\$ 32,608.8	\$ 17.5 0.05%
April	\$ 29,541.3	\$ 69.0 0.23%	\$ 29,909.5	\$ 62.0 0.21%	\$ 29,931.4	\$ 241.3 0.81%	\$ 33,070.7	\$ 57.1 0.17%
May	\$ 29,612.0	\$ - 0.00%	\$ 29,074.2	\$ 34.3 0.12%	\$ 30,070.1	\$ 40.7 0.14%	\$ 33,205.6	\$ 29.1 0.09%
June	\$ 29,274.8	\$ - 0.00%	\$ 28,784.5	\$ 66.4 0.23%	\$ 29,809.4	\$ 141.7 0.48%	\$ 33,294.0	\$ 58.9 0.18%
July	\$ 29,394.3	\$ - 0.00%	\$ 28,878.5	\$ 36.8 0.13%	\$ 30,225.6	\$ - 0.00%	\$ 33,360.9	\$ 145.7 0.44%
August	\$ 31,197.9	\$ 182.2 0.58%	\$ 29,034.5	\$ - 0.00%	\$ 30,293.4	\$ 48.1 0.16%	\$ 33,351.5	\$ 157.2 0.47%
September	\$ 31,315.1	\$ - 0.00%	\$ 29,582.2	\$ 101.6 0.34%	\$ 30,336.9	\$ 197.8 0.65%	\$ 32,984.6	\$ 207.9 0.63%
October	\$ 30,980.6	\$ 353.5 1.14%	\$ 29,965.5	\$ 179.8 0.60%	\$ 31,787.9	\$ 138.2 0.43%	\$ 32,559.7	\$ 249.8 0.77%
November	\$ 31,178.7	\$ 309.5 0.99%	\$ 30,146.4	\$ 91.9 0.30%	\$ 32,627.8	\$ 268.4 0.82%	\$ 32,518.3	\$ 217.5 0.67%
December	\$ 29,721.6	\$ 847.2 2.85%	\$ 30,366.4	\$ 48.8 0.16%	\$ 33,610.1	\$ 60.2 0.18%	\$ 32,968.2	\$ 53.5 0.16%
Month 000'S	Year of review 2017		Year of review 2018		Year of review 2019		Year of review 2020	
	Book balance	Value redeemed %	Book balance	Value redeemed %	Book balance	Value redeemed %	Book balance	Value redeemed %
January	\$ 33,957.1	\$ 27.1 0.08%		#DIV/0!				#DIV/0!
February	\$ 33,883.8	\$ 58.5 0.17%		#DIV/0!				#DIV/0!
March	\$ 35,410.4	\$ 722.6 2.04%		#DIV/0!				#DIV/0!
April	\$ 33,539.9	\$ 697.9 2.08%		#DIV/0!				#DIV/0!
May	\$ 33,102.0	\$ 30.1 0.09%		#DIV/0!				#DIV/0!
June	\$ 32,407.9	\$ 264.0 0.81%		#DIV/0!				#DIV/0!
July	\$ 32,110.3	\$ 70.6 0.22%		#DIV/0!				#DIV/0!
August				#DIV/0!				#DIV/0!
September				#DIV/0!				#DIV/0!
October				#DIV/0!				#DIV/0!
November				#DIV/0!				#DIV/0!
December				#DIV/0!				#DIV/0!

Asset classes indicative return		31-07-17		
		Interest rate	Balance	Indicative annual income
<b>Loan Portfolio</b>			20,837,854.93	
COM 730	Interest Only	5.785%	4,092,308.57	
COM 730	P&I	5.220%	10,504,666.16	
SAV 138	Exceed Limit	0.000%	-	
SAV 138	Within Limit	5.161%	6,240,880.20	
<b>Diversified Investment Portfolio</b>				
Ord Minnett		4.360%	10,261,716.28	
<b>Cash at Bank</b>				
1-1105	WBC Operating Acc	0.10%	32,849.41	
1-1110	WBC Client Acc	0.10%	873,583.59	
1-1130	AFSA Float	0.00%	563,616.16	
1-1137	Unprocessed Phoenix	0.00%		
1-1160	WBC Cash Mgmt Acc	0.60%	216,687.39	
1-1162	WBC 31 Day	2.65%		
1-1163	WBC 60 Day	2.75%		
1-3120	AFSA Sec Deposit	1.74%	241,546.04	
1-3130	WBC Term Inv	2.50%	100,000.00	
	WBC Term Inv	2.50%	800,000.00	
	ME Bank	2.65%	-	
	BOQ	2.65%	-	
	AMP	2.80%	-	
	AMP	2.75%	750,000.00	
	AMP	2.75%	1,000,000.00	
	AMP	2.60%	1,500,000.00	
	Melbourne DIF	2.50%	2,000,000.00	
			8,078,282.59	18,339,998.87
			39,177,853.80	
<b>Loans and investments weighted average</b>			<b>4.392%</b>	1,720,593.00
<b>Loan Portfolio</b>			5.313%	1,107,147.71
<b>Diversified Investment Portfolio</b>			4.360%	447,410.83
<b>Cash at Bank</b>			2.055%	166,034.46
				1,720,593.00



	as at		Jul-17	
Industry sector exposure	Investments	%	Borrowings	%
<b>Education</b>				
Schools	\$ 468,060.03	1%	\$ 27,048,995.60	82%
Early Learning Centres (ELC)	\$ -		\$ 2,438,722.61	7%
<b>Health</b>				
Retirement Living Complexes	\$ 4,550,068.00	12%	\$ 961,093.14	3%
<b>Internal</b>				
The Corporate Trustees of the Diocese of Grafton	\$ 11,853,616.00	31%	\$ -	
The Anglican Diocese of Grafton	\$ 556,687.05	1%	\$ 450,000.00	1%
<b>Community</b>				
Anglicare North Coast	\$ 948,207.30	3%	\$ 796,489.19	2%
<b>Parishes</b>				
Clergy	\$ 1,798,700.71	5%	\$ 324,479.85	1%
Clergy	\$ 228,175.22	1%	\$ 677,194.34	2%
<b>Retail associated/retail non associated and all other</b>				
Retail associated/retail non associated and all other	\$ 17,250,429.54	46%	\$ 190,000.00	1%
<b>Total</b>	<b>\$ 37,653,943.85</b>	<b>100%</b>	<b>\$ 32,886,974.73</b>	<b>100%</b>

Anglican Funds Grafton Diocese  
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**Profit & Loss Statement**  
January 2017 through December 2017

	Jan	Feb	Mar	Apr	May	Jun	Jul	YTD	Aug	Sep	Oct	Nov	Dec	Forecast	Budget	Variance
<b>4-0000</b>																
<b>Income</b>																
Interest Recd - Investments	18,379	25,507	28,171	27,690	19,506	10,557	11,464	141,274	14,387	13,200	18,685	16,274	14,014	217,834	222,748	(4,914)
Interest Recd - Borrowers	96,801	72,626	80,588	77,480	83,199	88,617	92,935	592,245	109,349	105,822	109,349	105,822	109,349	1,131,936	1,287,500	(155,564)
Sundry Income - Other Asset classes and Sen	34,228	35,647	24,074	37,653	33,681	10,516	38,082	213,881	38,219	51,906	38,219	36,986	51,906	431,118	487,796	(56,678)
Total Income	149,408	133,780	132,832	142,822	136,386	109,690	142,481	947,400	161,956	170,928	166,253	159,082	175,269	1,780,888	1,998,044	(217,156)
<b>5-0000</b>																
<b>Cost Of Sales</b>																
Total Interest Paid to Investors	83,955	75,769	84,984	82,479	81,893	77,201	78,191	564,472	92,478	88,656	97,459	92,219	92,045	1,027,328	1,140,381	113,053
Gross Profit	65,453	58,011	47,848	60,343	54,493	32,489	64,290	382,928	69,478	82,272	68,795	66,863	83,225	753,560	857,663	(104,103)
<b>6-0000</b>																
<b>Expenses</b>																
Total Employee Benefits	21,181	21,522	21,189	19,070	18,977	20,342	19,818	142,098	23,198	23,598	23,198	23,198	23,598	259,889	279,979	21,090
Total Professional fees	1,322	1,322	3,648	1,313	6,977	1,313	1,319	17,211	1,313	2,313	1,313	1,313	2,313	25,776	20,756	(5,020)
Total Banking and Indue Costs	12,916	12,883	13,954	13,393	14,261	15,587	15,928	98,923	15,100	15,100	20,100	15,100	15,100	179,423	184,200	4,795
Total insurance costs	1,078	989	1,078	1,059	1,085	1,054	1,071	7,424	1,454	1,454	1,454	534	534	12,853	15,606	2,753
Total General Operations costs	956	3,280	2,030	2,769	7,610	1,867	4,029	22,540	4,135	4,535	4,360	4,135	3,735	43,440	59,695	16,255
Total Expenses	37,453	40,005	41,899	37,603	48,909	40,162	42,165	288,196	45,200	47,000	50,425	44,280	45,280	520,382	560,236	39,872
Total Net Profit	28,001	18,006	5,949	22,740	5,584	-7,673	22,124	94,732	24,278	35,272	18,369	22,583	37,945	233,179	297,427	(64,248)
<b>9-0000</b>																
Distribution to Diocese	14,600	14,600	14,600	14,600	14,600	14,600	14,600	102,200	14,600	14,600	14,600	14,600	14,400	175,000	175,000	-
Total Other Expenses	13,401	3,406	-8,651	8,140	-9,016	-22,273	7,524	-7,468	9,678	20,672	3,769	7,983	23,545	58,179	122,427	(64,248)
Net Profit/(Loss) after distribution																

Anglican Funds Grafton Diocese  
Level 1 - 50 Victoria Street  
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## Month and YTD Budget Variance

July 2017

	Jun	Jun	Jun	YTD	YTD	YTD	YTD	Reason
	Actual	Budget	Variance	Actual	Budget	Variance	Variance %	
<b>4-0000</b>								
Income								
Interest Recd - Investments	11,464	18,124	(6,660)	141,274	146,189	(4,915)	-3%	
Interest Recd - Borrowers	92,935	109,349	(16,415)	592,245	747,807	(155,562)	-21%	Debt position overstated due to BDC delay to be replaced with time lag by LAGS
Sundry Income - Other Asset classes and Ser	38,082	38,219	(137)	213,881	270,564	(56,683)	-21%	Maturity of holdings loss not factored into budget will impact forecast \$53K
Total Income	142,481	165,693	(23,212)	947,400	1,164,560	(217,160)	-19%	Position down on anticipated budget position is a concern.
Total Cost Of Sales	78,191	96,809	18,618	564,472	677,524	113,052	17%	Savings achieved in interest paid investors offsets above position.
Gross Profit	64,290	68,884	(4,594)	382,928	487,036	(104,108)	-21%	Position should improve from July 17 through to Dec 17 closing the gap.
<b>6-0000</b>								
Expenses								
Total Employee Benefits	19,818	23,198	3,380	142,098	163,186	21,088	13%	Due to lean structuring
Total Professional Fees	1,319	1,313	(6)	17,211	12,191	(5,020)	-41%	Legal Fees ASIC has impacted position.
Total Banking Costs	15,928	15,100	(828)	98,923	103,700	4,777	5%	Cost being well maintained
Total Insurance Costs	1,071	1,454	383	7,424	10,178	2,754	27%	Tracking to budget
Total General Operations Costs	4,029	5,060	1,031	22,540	38,795	16,255	42%	Core expenses being well managed.
Total Expenses	42,165	46,125	3,960	288,196	328,050	39,854	12%	
Total Net Profit	22,124	22,759	(634)	94,732	158,986	(64,254)	-40%	refer to sundry income impact of realised loss.
Distribution to Diocese	14,600	14,600	-	102,200	102,200	-		
Net Profit/(Loss) after distribution	7,524	8,159	(634)	-7,468	56,786	(64,254)	-8%	

**Anglican Funds Grafton Diocese**  
Level 1 - 50 Victoria Street  
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## Balance Sheet [Multi-Period]

January 2017 To July 2017

Account No.	Account Name	January	February	March	April	May	June	July
<b>Assets</b>								
	<b>Current Assets</b>	986,475	991,055	1,789,743	970,554	1,145,047	973,950	999,236
		14,529,134	12,148,855	14,584,947	11,300,954	8,716,605	6,288,725	7,125,117
	Investors - Interest Bearing Securities	7,572,198	8,823,214	9,033,926	10,065,856	9,918,756	10,261,740	10,261,740
		76,994	100,143	74,656	72,427	79,313	25,862	36,291
	Fixed Assets Current	4,690	4,558	4,426	4,295	34,392	33,742	33,093
	Loan Assets	17,728,677	17,874,476	17,217,851	18,454,249	19,178,640	21,307,945	20,837,855
		0	0	0	0	0	0	0
	<b>Total Assets</b>	<b>40,898,168</b>	<b>39,942,302</b>	<b>42,705,549</b>	<b>40,868,334</b>	<b>39,072,752</b>	<b>38,891,963</b>	<b>39,293,331</b>
<b>Liabilities</b>								
	<b>Current Liabilities</b>	33,790	25,443	28,993	28,311	54,178	20,234	22,748
		130	256	375	500	633	0	143
		254,158	270,416	311,771	319,334	342,079	361,724	291,408
	Investor Funds Fin Liab Current	5,354,355	4,459,793	5,662,947	5,682,830	4,285,304	4,781,735	5,543,633
		32,051,491	31,962,340	33,486,735	31,616,225	31,175,649	30,481,583	30,183,980
	Sundry Liabilities	11,561	12,174	13,974	12,240	9,197	11,291	11,914
		1,905,859	1,921,649	1,923,922	1,923,922	1,926,555	1,929,971	1,926,555
	<b>Total Liabilities</b>	<b>39,611,345</b>	<b>38,652,072</b>	<b>41,428,717</b>	<b>39,583,362</b>	<b>37,793,595</b>	<b>37,586,538</b>	<b>37,980,381</b>
	<b>Net Assets</b>	<b>1,286,824</b>	<b>1,290,230</b>	<b>1,276,832</b>	<b>1,284,972</b>	<b>1,279,157</b>	<b>1,305,425</b>	<b>1,312,949</b>
	<b>Total Equity</b>	<b>1,286,824</b>	<b>1,290,230</b>	<b>1,276,832</b>	<b>1,284,972</b>	<b>1,279,157</b>	<b>1,305,425</b>	<b>1,312,949</b>

**Anglican Funds Grafton Diocese**  
 Level 1 - 50 Victoria Street  
 Grafton 2460  
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**Month and YTD Budget Variance**

July 2017

	July Actual	July Budget	July Variance	YTD Actual	YTD Budget	YTD Variance
<b>4-0000 Income</b>						
4-1010 Interest Received - Investment	-	18,124	(18,124)	-	146,189	(146,189)
4-1011 Interest Recd - NAB	-	-	-	-	-	-
4-1012 Interest Recd - AFSA	350	-	350	2,420	-	2,420
4-1013 Interest Recd - Melb CF7963	2,597	-	2,597	52,522	-	52,522
4-1014 Interest recd - WBC	2,506	-	2,506	15,935	-	15,935
4-1015 Interest Recd - AMP	6,011	-	6,011	35,329	-	35,329
4-1016 Interest Recd - ME Bank	-	-	-	9,801	-	9,801
4-1017 Interest Recd - BOQ	-	-	-	25,266	-	25,266
<b>Interest Recd - Investments</b>	<b>11,464</b>	<b>18,124</b>	<b>(6,660)</b>	<b>141,274</b>	<b>146,189</b>	<b>(4,915)</b>
4-1020 Overdraft/LOC INT INC	24,462	109,349	(84,887)	104,247	747,807	(643,560)
4-1021 Interest Only Loans INT INC	22,364	-	22,364	167,856	-	167,856
4-1022 Princ & Int Loans INT INC	46,108	-	46,108	320,141	-	320,141
<b>Interest Recd - Borrowers</b>	<b>92,935</b>	<b>109,349</b>	<b>(16,415)</b>	<b>592,245</b>	<b>747,807</b>	<b>(155,562)</b>
4-1053 Franking Credits	-	-	-	-	-	-
4-1055 Ord Min List Interest Income	17,390	27,782	(10,392)	164,828	182,808	(17,980)
4-1056 Ord Minnett Interest Income	20,678	10,438	10,241	81,846	60,382	21,464
4-1057 Proceeds of Sale of Bonds	-	-	-	(52,379)	-	(52,379)
4-2100 Line Fee Income	-	-	-	14,250	27,374	(13,124)
4-3000 Sundry Income	14	-	14	5,336	-	5,336
<b>Sundry Income - Other Asset classes and Ser</b>	<b>38,082</b>	<b>38,219</b>	<b>(137)</b>	<b>213,881</b>	<b>270,564</b>	<b>(56,683)</b>
<b>Total Income</b>	<b>142,481</b>	<b>165,693</b>	<b>(23,212)</b>	<b>947,400</b>	<b>1,164,560</b>	<b>(217,160)</b>
5-0000 Cost Of Sales	-	-	-	-	-	-
5-2100 Interest Paid to Investors	78,191	96,809	(18,618)	564,472	677,524	(113,052)
<b>Total Cost Of Sales</b>	<b>78,191</b>	<b>96,809</b>	<b>(18,618)</b>	<b>564,472</b>	<b>677,524</b>	<b>(113,052)</b>
<b>Gross Profit</b>	<b>64,290</b>	<b>68,884</b>	<b>(4,594)</b>	<b>382,928</b>	<b>487,036</b>	<b>(104,108)</b>
<b>6-0000 Expenses</b>						
6-1100 Provision for Annual Leave	1,246	-	(1,246)	2,169	-	(2,169)
6-1200 Provision Long Service Leave	-	1,167	1,167	-	8,169	8,169
6-1300 Salaries and Wages	16,484	18,750	(2,266)	120,264	131,250	(10,986)
6-1500 Superannuation	1,566	1,781	(215)	11,269	12,467	(1,198)

6-1600	6-1600	Staff Training	-	-	-	-	800	800	
6-1700	6-1700	Fund Manager Vehicle	522	1,500	-	8,396	10,500	2,104	
		<b>Total Employee Benefits</b>	<b>19,818</b>	<b>23,198</b>	<b>3,380</b>	<b>142,098</b>	<b>163,186</b>	<b>21,088</b>	<b>4</b>
6-4300	6-4300	Audit Fees	1,313	1,313	1	9,188	9,191		
6-4360	6-4360	Legal Fees	-	-	(7)	8,024	3,000	(5,024)	
6-4410	6-4410	Consultancy Fees	-	-	-	-	-		
		<b>Total Professional fees</b>	<b>1,313</b>	<b>1,313</b>	<b>(6)</b>	<b>17,211</b>	<b>12,191</b>	<b>(5,020)</b>	<b>1,063</b>
6-4400	6-4400	WBC Bank Charges	482	650	168	3,487	4,550		
6-4402	6-4402	Indue Fees	103	-	(103)	654	-	(654)	
6-4412	6-4412	Donations	-	-	-	-	-		
6-4440	6-4440	WBC Line of Credit Charges	828	950	122	5,903	6,650	747	
6-4442	6-4442	Ord Minnett Brokerage/Advice	3,507	4,000	493	21,903	26,000	4,097	
6-4445	6-4445	ASFA Line of Credit Charges	18	-	(18)	18	-	(18)	
6-4450	6-4450	AFSA Service Agreement Fees	10,991	9,500	(1,491)	66,958	66,500	(458)	
		<b>Total Banking Costs</b>	<b>15,928</b>	<b>15,100</b>	<b>(828)</b>	<b>98,923</b>	<b>103,700</b>	<b>4,777</b>	<b>1,952</b>
6-4510	6-4510	Insurance - Workers Comp	246	534	288	1,786	3,738		
6-4530	6-4530	Insurance - General	824	920	96	5,637	6,440	803	
		<b>Total insurance costs</b>	<b>1,071</b>	<b>1,454</b>	<b>383</b>	<b>7,424</b>	<b>10,178</b>	<b>2,754</b>	<b>73</b>
6-4200	6-4200	Advertising	570	200	(370)	1,327	1,400		
6-4425	6-4425	Depreciation Expense	650	200	(450)	2,134	1,400	(734)	
6-4600	6-4600	Meeting Expenses	-	140	140	500	980	480	
6-4610	6-4610	Marketing	-	400	400	-	2,800	2,800	
6-4700	6-4700	Postage	141	1,100	959	857	3,075	2,218	
6-4800	6-4800	Printing & Stationery	1,184	1,000	(184)	4,004	7,000	2,996	
6-4850	6-4850	Recruitment Expenses	-	-	-	-	-		
6-4900	6-4900	Rent/Victoria Street	433	600	167	3,033	4,200	1,167	
6-5000	6-5000	PC Repairs & Maintenance	-	-	-	81	800	719	
6-5100	6-5100	Telephone	371	220	(151)	1,471	1,540	69	
6-5200	6-5200	Travel & Accommodation - Board	680	800	120	2,538	4,800	2,262	
6-5300	6-5300	Travel & Accommodation - AFGD	-	400	400	1,101	2,800	1,699	
6-5310	6-5310	AFGD Staff Expenses Other	-	-	-	-	-		
6-4910	6-4910	Office Fitout	-	-	-	5,495	8,000	2,505	
		<b>Total General Operations costs</b>	<b>4,029</b>	<b>5,060</b>	<b>1,031</b>	<b>22,540</b>	<b>38,795</b>	<b>16,255</b>	<b>39,854</b>
		<b>Total Expenses</b>	<b>42,165</b>	<b>46,125</b>	<b>3,960</b>	<b>288,196</b>	<b>328,050</b>	<b>64,254</b>	
		<b>Operating Profit</b>	<b>22,124</b>	<b>22,759</b>	<b>(634)</b>	<b>94,732</b>	<b>158,986</b>	<b>(64,254)</b>	
99-0000	9-0000	Other Expenses	-	-	-	-	-		
09-2200	9-2200	Contribution to Diocese	14,600	14,600	-	102,200	102,200		
		<b>Total Other Expenses</b>	<b>14,600</b>	<b>14,600</b>	<b>-</b>	<b>102,200</b>	<b>102,200</b>	<b>-</b>	<b>-</b>
		<b>Net Profit/(Loss) after distribution</b>	<b>7,524</b>	<b>8,159</b>	<b>(634)</b>	<b>(7,468)</b>	<b>56,786</b>	<b>(64,254)</b>	







**Anglican Funds Grafton Diocese**

Level 1 - 50 Victoria Street

Grafton 2460

NSW

**Balance Sheet [Multi-Period]**

January 2017 To July 2017

Account No.	Account Name	January	February	March	April	May	June	July
<b>Assets</b>								
Current Assets								
1-1105	WBC 032537 247819 Operating Ac	27,061	8,775	19,767	8,356	1,928	41,311	32,849
1-3130	WBC Term Invested Funds	900,000	900,000	900,000	900,000	900,000	900,000	900,000
1-3146	Ord Minnett-List Cash Account	51,381	74,248	868,976	48,907	218,780	32,099	40,990
1-3147	Ord Minnett-Global Cash Trust	8,033	8,033	1,000	13,292	24,339	540	25,396
<b>Current Assets</b>		<b>986,475</b>	<b>991,055</b>	<b>1,789,743</b>	<b>970,554</b>	<b>1,145,047</b>	<b>973,950</b>	<b>999,236</b>
1-1110	WBC 032537 120455 Client Chq	159,144	220,054	131,462	136,520	95,759	167,730	873,584
1-1130	AFSA Float SAV00000202	1,074,884	362,538	309,211	214,008	342,330	631,980	563,616
1-1137	Daily Txns Unproc'd in Phoenix	-51,472	-125,553	-43,007	-152,292	8,392	11,724	-20,317
1-1160	WBC 032537 163017 Cash Managem	107,099	202,018	197,126	2,612,217	2,029,267	2,236,094	216,687
1-1165	Melb DIF 30 day term	7,000,000	5,250,000	7,750,000	3,500,000	2,750,000	1,250,000	2,000,000
1-3111	AMP Term Investment	1,500,000	1,500,000	1,500,000	3,250,000	3,250,000	1,750,000	3,250,000
1-3112	ME Bank Term Investment	1,500,000	1,500,000	1,500,000	1,500,000	0	0	0
1-3113	BOQ Term Investment	3,000,000	3,000,000	3,000,000	0	0	0	0
1-3120	AFSA Security Dep SAV00000203	239,479	239,799	240,155	240,501	240,857	241,196	241,546
		<b>14,529,134</b>	<b>12,148,855</b>	<b>14,584,947</b>	<b>11,300,954</b>	<b>8,716,605</b>	<b>6,288,725</b>	<b>7,125,117</b>
1-3145	Ord Minnett-Listed Investments	7,572,198	8,823,214	6,477,266	6,477,266	6,330,166	4,900,285	4,900,285
1-3148	Ord Minn-Global Investments	0	0	2,556,660	3,588,590	3,588,590	5,361,455	5,361,455
<b>Investors - Interest Bearing Securities</b>		<b>7,572,198</b>	<b>8,823,214</b>	<b>9,033,926</b>	<b>10,065,856</b>	<b>9,918,756</b>	<b>10,261,740</b>	<b>10,261,740</b>
1-1170	Accrued Int Receivable Investm	61,960	91,128	67,921	55,532	63,828	22,591	33,110
1-1171	Ord Min List Accrued Int Rec	0	0	0	10,168	6,561	0	4,913
1-1172	Ord Min U/List Accrued Int Rec	0	0	0	1,833	4,856	0	-4,178
1-1400	Prepaid Insurance	7,259	6,515	5,691	4,893	4,068	3,271	2,446
1-1700	Other Prepayments	2,500	2,500	1,044	0	0	0	0
1-2000	Trade Debtors	5,275	0	0	0	0	0	0
		<b>76,994</b>	<b>100,143</b>	<b>74,656</b>	<b>72,427</b>	<b>79,313</b>	<b>25,862</b>	<b>36,291</b>
1-2510	Vehicles - at Cost	0	0	0	0	30,536	30,536	30,536
1-2520	Vehicles - Accum dep	0	0	0	0	-307	-825	-1,343
1-2710	Furniture & Fixtures Orig Cost	724	724	724	724	724	724	724
1-2720	Furniture & Fixtures Accum Dep	-724	-724	-724	-724	-724	-724	-724
1-2810	Computer Hardware	28,219	28,219	28,219	28,219	28,219	28,219	28,219
1-2820	Acc Depn Computer Hardware	-23,529	-23,661	-23,793	-23,925	-24,056	-24,188	-24,320
1-2910	Computer Software	60,500	60,500	60,500	60,500	60,500	60,500	60,500
1-2920	Acc Depn - Comptr Software	-60,500	-60,500	-60,500	-60,500	-60,500	-60,500	-60,500
<b>Fixed Assets Current</b>		<b>4,690</b>	<b>4,558</b>	<b>4,426</b>	<b>4,295</b>	<b>34,392</b>	<b>33,742</b>	<b>33,093</b>
Loan Assets								
1-3155	Line of Credit - O/D	1,714,310	1,942,865	1,388,205	2,656,994	3,563,591	6,008,611	6,240,880
1-3160	Loan Advances	5,200,860	5,200,322	5,202,763	5,201,949	5,202,763	4,669,264	4,092,309
1-3170	Loan Advances - P & I	10,813,507	10,731,289	10,626,883	10,595,305	10,412,286	10,630,862	10,504,666
1-3193	3247300 Int Only loan INT REC	0	0	0	0	0	-792	0
<b>Loan Assets</b>		<b>17,728,677</b>	<b>17,874,476</b>	<b>17,217,851</b>	<b>18,454,249</b>	<b>19,178,640</b>	<b>21,307,945</b>	<b>20,837,855</b>
1-3199	Financial Assets Current - Adj	-15,104,496	-15,104,496	-15,104,496	-15,104,496	-15,104,496	-15,104,496	-15,104,496
1-4110	Financial Assets Non Current	15,104,496	15,104,496	15,104,496	15,104,496	15,104,496	15,104,496	15,104,496
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Assets</b>		<b>40,898,168</b>	<b>39,942,302</b>	<b>42,705,549</b>	<b>40,868,334</b>	<b>39,072,752</b>	<b>38,891,963</b>	<b>39,293,331</b>
<b>Liabilities</b>								
Current Liabilities								

2-1004	Audit Costs	12,063	13,375	14,688	16,000	6,563	7,875	9,188
2-1200	Accounts payable	9,392	133	11,188	38	34,985	0	54
2-1915	Accrued Expenses	12,335	11,935	3,117	12,273	12,630	12,359	13,507
	<b>Current Liabilities</b>	<b>33,790</b>	<b>25,443</b>	<b>28,993</b>	<b>28,311</b>	<b>54,178</b>	<b>20,234</b>	<b>22,748</b>
2-1101	2243130 Access Acc INT PAY	51	96	130	175	221	0	54
2-1102	2243131 Inst Acc INT PAY	43	85	134	183	235	0	59
2-1103	2243132 Student Acc INT PAY	0	1	1	2	2	0	0
2-1104	2243133 Parish Prov INT PAY	35	75	109	141	175	0	30
		<b>130</b>	<b>256</b>	<b>375</b>	<b>500</b>	<b>633</b>	<b>0</b>	<b>143</b>
2-1221	2243310 Term 90 Days INT PAY	13,789	21,941	28,657	22,666	24,546	20,245	22,631
2-1222	2243320 Term 180 days INT PAY	30,446	44,472	59,464	71,200	84,698	101,984	30,487
2-1223	2243330 Term 365 days INT PAY	187,744	198,466	215,957	214,086	219,611	221,991	216,312
2-1224	2243340 Negotiable INT PAY	17	31	3	20	37	4	20
2-1225	235 Fixed Inv - 18 Month INT P	22,163	5,507	7,689	11,363	13,187	17,500	21,958
		<b>254,158</b>	<b>270,416</b>	<b>311,771</b>	<b>319,334</b>	<b>342,079</b>	<b>361,724</b>	<b>291,408</b>
2-1710	2103300 Access Accounts	313,859	289,824	259,304	278,723	275,107	304,740	313,091
2-1715	2103310 Institution Access	123,304	129,678	138,561	136,370	143,222	158,971	174,204
2-1720	2103320 Student Access	4,531	4,531	4,531	4,531	4,531	4,549	4,007
2-1725	2103330 Parish Provider Access	5,322	3,164	5,539	4,009	6,582	4,766	3,937
2-1730	2103350 Interest Free Deposits	7,740	5,996	6,830	7,046	6,034	6,626	7,011
2-1735	2103370 Chq Acc Parishes	867,059	798,170	827,468	879,667	924,059	904,257	879,610
2-1740	2103380 Chq Acc Ministry	1,162,251	988,148	1,079,947	1,063,308	1,119,951	1,140,635	1,412,598
2-1745	2103400 Anglican Affiliates	1,735,462	1,120,744	2,228,529	2,199,049	764,562	1,165,764	1,560,013
2-1750	139 Parishes CMA	893,881	869,378	847,418	834,955	769,895	810,186	915,153
2-1751	Next Gen Bonus Saver	42,574	43,776	44,313	45,865	49,218	46,682	45,831
2-1756	2103420 Clergy Access Account	198,373	206,384	220,506	229,307	222,143	234,561	228,175
	<b>Investor Funds Fin Liab Current</b>	<b>5,354,355</b>	<b>4,459,793</b>	<b>5,662,947</b>	<b>5,682,830</b>	<b>4,285,304</b>	<b>4,781,735</b>	<b>5,543,633</b>
2-1755	2183310 Term Inv 90 days	7,466,255	7,372,787	8,395,074	7,005,373	6,685,339	6,150,367	11,336,068
2-1760	2183320 Term Inv 180 days	9,414,580	9,446,351	10,531,980	10,217,679	10,073,763	10,099,739	4,740,439
2-1765	2183330 Term Inv 365 days	15,164,218	15,136,764	14,552,182	14,385,673	14,409,047	14,223,927	14,099,923
2-1770	2183341 Neg Inv Mat bal	6,439	6,439	7,500	7,500	7,500	7,551	7,551
		<b>32,051,491</b>	<b>31,962,340</b>	<b>33,486,735</b>	<b>31,616,225</b>	<b>31,175,649</b>	<b>30,481,583</b>	<b>30,183,980</b>
	<b>Sundry Liabilities</b>							
2-1910	Accrued Annual Leave	6,152	7,168	8,414	7,075	5,736	5,829	7,075
2-1911	Accrued Long Service Leave	5,942	5,942	5,942	5,942	5,942	5,942	5,942
2-3030	GST from purchases	-534	-936	-382	-777	-2,480	-480	-1,103
	<b>Sundry Liabilities</b>	<b>11,561</b>	<b>12,174</b>	<b>13,974</b>	<b>12,240</b>	<b>9,197</b>	<b>11,291</b>	<b>11,914</b>
2-2310	2183350 Fixed 18 Mths	1,905,635	1,921,425	1,923,698	1,923,698	1,926,331	1,926,331	1,926,331
2-9999	Westpac Unknown transactions	224	224	224	224	224	3,640	224
		<b>1,905,859</b>	<b>1,921,649</b>	<b>1,923,922</b>	<b>1,923,922</b>	<b>1,926,555</b>	<b>1,929,971</b>	<b>1,926,555</b>
	<b>Total Liabilities</b>	<b>39,611,345</b>	<b>38,652,072</b>	<b>41,428,717</b>	<b>39,583,362</b>	<b>37,793,595</b>	<b>37,586,538</b>	<b>37,980,381</b>
	<b>Net Assets</b>	<b>1,286,824</b>	<b>1,290,230</b>	<b>1,276,832</b>	<b>1,284,972</b>	<b>1,279,157</b>	<b>1,305,425</b>	<b>1,312,949</b>
	<b>Equity</b>							
3-7000	Revaluation Financial Assets	34,970	34,970	30,224	30,224	33,424	81,965	81,965
3-8000	Retained Earnings	1,238,452	1,238,452	1,238,452	1,238,452	1,238,452	1,238,452	1,238,452
3-9000	Current Earnings	13,401	16,807	8,156	16,296	7,280	-14,993	-7,468
	<b>Total Equity</b>	<b>1,286,824</b>	<b>1,290,230</b>	<b>1,276,832</b>	<b>1,284,972</b>	<b>1,279,157</b>	<b>1,305,425</b>	<b>1,312,949</b>



6-4700 6-4700	Postage	0	151	122	146	142	155	716	1,100	175	400	175	400	175	2,916	4,175	1,259
6-4800 6-4800	Printing & Stationery	130	512	906	489	769	14	2,819	600	600	600	600	600	600	6,419	12,000	5,581
6-4850 6-4850	Recruitment Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6-4900 6-4900	Rent/Victoria Street	433	433	433	433	433	433	2,800	433	433	433	433	433	433	5,198	7,200	2,002
6-5000 6-5000	PC Repairs & Maintenance	0	81	0	0	0	0	81	0	0	0	0	0	0	881	1,600	718
6-5100 6-5100	Telephone	207	213	211	199	130	141	1,101	220	220	220	220	220	220	2,421	2,640	219
6-5200 6-5200	Travel & Accommodation - Board	0	832	0	783	243	0	1,858	800	800	800	800	800	0	5,858	6,000	2,142
6-5300 6-5300	Travel & Accommodation - AFGD	0	569	57	252	0	203	1,101	400	400	400	400	400	3,501	4,800	1,299	1,299
6-5310 6-5310	AFGD Staff Expenses Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6-5910 6-5910	Office Fitout	186	0	0	0	5,308	0	5,495	0	0	0	0	0	0	5,495	8,000	2,505
<b>Total General Operations costs</b>		956	3,280	2,030	2,769	7,870	1,967	18,512	4,943	4,018	4,243	4,018	4,468	4,018	44,518	59,895	15,077
<b>Total Expenses</b>		37,453	40,005	41,899	37,603	48,909	40,162	246,031	42,280	42,941	55,004	59,829	64,021	59,972	598,079	560,236	(8,843)
<b>Total Net Profit</b>		28,001	18,006	5,949	22,740	5,584	-7,873	72,607	20,970	16,374	33,296	6,004	3,312	34,903	187,466	297,427	(100,961)
9-0000 9-0000	Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9-2200 9-2200	Contribution to Diocese	14,800	14,800	14,800	14,800	14,800	14,800	87,600	14,600	14,600	14,600	14,600	14,600	14,600	175,000	175,000	-
<b>Total Other Expenses</b>		14,800	14,800	14,800	14,800	14,800	14,800	87,600	14,600	14,600	14,600	14,600	14,600	14,400	175,000	175,000	-
<b>Net Profit(Loss) after distribution</b>		13,401	3,406	-8,851	8,140	-9,016	-22,273	-14,993	6,370	1,774	18,696	-8,596	-11,288	20,503	12,466	122,427	(100,961)

Significant one-offs impacting forecast

<b>Income</b>		
4-105 4-1057	Proceeds of Sale of Bonds	\$ (57,264)
<b>Expenses</b>		
6-436 6-4360	Legal Fees	\$ (15,017)
6-441 6-4410	Consultancy Fees	\$ (23,500)
6-445 6-4450	AFSA Service Agreement Fees	\$ (12,466)
6-442 6-4425	Depreciation Expense	\$ (3,832)
		\$ (112,080)

Realised loss on maturity of bonds. Not previously budgeted. Must apportion amortisation in 2018 -2021

Additional legal costs ASIC Identification Statement and trust documentation set up for MSC

Up front costs and Management Fee MSC

Data Action Digital Platform upgrade one off \$10K

Increased Depreciation Cost - New MV and Office fit out.

Assumptions

Interest Received Investments (cash holdings only)	FUM	7,000,000	6,000,000	6,000,000	9,000,000	8,000,000	6,000,000
	Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	Income	11,867	11,867	10,000	15,000	13,333	10,000
Interest Received Borrowers	FUM	22,000,000	23,000,000	23,000,000	22,500,000	23,500,000	25,000,000
	Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	Income	91,667	91,667	95,833	93,750	97,917	104,167
Interest received Ord Minnett	FUM	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
	Rate	4.50%	4.50%	4.50%	4.45%	4.45%	4.45%
	Income	37,500	37,500	37,500	37,083	37,083	37,083
Interest Paid Investors	FUM	38,000,000	38,000,000	38,000,000	40,500,000	40,500,000	40,000,000
	Rate	2.45%	2.42%	2.42%	2.40%	2.40%	2.40%
	Income	77,563	76,633	76,633	81,000	81,000	80,000

Ord Return on Investment 1/7/16 to 30/6/17

Listed	\$ 287,783.23
Unlisted	
July	\$ 12,424.56
Aug	\$ 7,258.17
Sept	\$ 5,782.20
Oct	\$ 11,977.44
Nov	\$ 7,029.92
Dec	\$ 5,637.57
Jan	\$ 12,063.35
Feb	\$ 6,701.27
Mar	\$ 16,752.09
Apr	\$ 21,437.44
May	\$ 14,748.85
June	\$ 34,184.21

\$ 443,780.30

Gross Return

less Fees \$ 35,922.17

Funds under

less Realised Loss \$ 52,379.00  
on maturity of bonds

Management

\$10,000.000.00

Net Income \$ 355,479.13

Net Return

**3.55%**

Alternative - Cash \$ 220,000.00

**2.20%**

Net Improved Benefit \$ 135,479.13