



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

Agenda
Thursday 23 March 2017 9.00 am
Level 1 50 Victoria St Grafton

1. Opening Prayer

2. Attendees:

Apologies: Ted Clarke
Phil Crandon
Bishop Sarah

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

4. Confirmation of

a) Minutes - 23rd February 2016

b) Flying Minute – Amended Volunteer Policy for submission to CTS.

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

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

6. Correspondence In & Out

In: i.

Out: i.

7. Matters for Decision:

a) Lindisfarne Anglican Grammar School

Loan submission for \$6,000,000 submitted for Board consideration under Pari Passu arrangement with Westpac who will retain \$6,000,000. Total Limits circa \$12M.

Consistent with; key result area 2. Marketing & Business Development
key result area 3. Customer and stakeholder

b) Coffs Harbour Parish

Loan submission for \$174,000 submitted for Board consideration. Refinance of existing Westpac loan.

Consistent with; key result area 2. Marketing & Business Development
key result area 3. Customer and stakeholder

8. Matters for Discussion:

a) AFGD Hardship Policy

Manager was requested to present redraft for Board consideration. Manager is requesting it be held over to the next meeting.

Consistent with; key result area 5. Governance Compliance and Risk management

9. Matters for Update:

a) APRA/ASIC update

Consistent with; key result area 5. Governance Compliance and Risk management

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

Consistent with; key result area 5. Governance Compliance and Risk management

10. Matters for Noting

a) Fund Manager Report 10/2/17 to 17/3/17

b) Financial Reports to 28/02/2017

Note: additional document – Ord Minnett Performance review to March 17.

Consistent with key result area 1. Financial Performance

Next Meeting –

20/04/2017



BOARD MEETING DATE:

23/03/2017

No 4 Confirmation of

Item: a

Title: Minutes – 23rd February 2017

No of Pages. 6 incl Header



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

Minutes
Thursday 23 February 2017 9.00 am
Level 1 50 Victoria St Grafton

1. Opening Prayer

2. Attendees:	Bishop Sarah Macneil	Ex Officio
	Chris Nelson	Ex Officio
	David Ford	Chairperson
	John Adlington	Board member
	Phil Crandon	Board member
	Gary Boyd	Board member
	Terry Hunt	Board member
	Blaine Fitzgerald	Manager AFGD

Apologies: Ted Clarke Board member

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

Agenda item 4 confirmation of 4 e) AFGD Minutes Special Purpose meeting 21 December 2016
Agenda item 6 Correspondence Out 6 ii. ASIC – AFGD Identification Statement
Agenda item 9c Managers Adelaide trip update
Agenda item 10 b) Finance Reports – Request from Finance Manager Diocese for indication for budget purposes of AFGD's 2018 Diocese contribution.

4. Confirmation of

a) Minutes - 17 November 2016

Motion: "That the minutes of the meeting of the 17th November 2016 be confirmed"

Moved: Phil Crandon

Seconded: John Adlington

Carried

b) Flying Minute – Loan interest rate review for period commencing 1/1/17

c) Flying Minute – Pastoral Care and Assistance Scheme Loan extension.

d) Flying Minute – Interstate Travel for Manager February 17.

Motion: "That the flying minute of 4 b), c) & d) be confirmed"

Moved: John Adlington

Seconded: Gary Boyd

Carried

e) AFGD Minutes Special Purpose meeting 21 December 2016.

Motion: "That the minutes of the meeting of the 21 December 2016 be confirmed"

Moved: Terry Hunt

Seconded: Gary Boyd

Carried

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

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

6. Correspondence In & Out

- In:**
- i. 10/1/17 - Ord Minnett response to AFGD correspondence 9/1/17.
 - ii. 9/12/16 - Data Action – re new digital platform and pricing.
 - iii. 16/11/2016 – Corporate Trustees – response to AFGD’s submissions

- Out:**
- i. 9/1/17 - AFGD to Ord seeking a fee review.
 - ii. 20/2/17 - ASIC – AFGD Identification Statement lodged.

Motion: “That the inward and outward correspondence be accepted”
Moved: Terry Hunt
Seconded: John Adlington
Carried

7. Matters for Decision:

a) Camfar Properties P/L

Loan submission for \$190,000 submitted for Board consideration.

Consistent with; key result area 2. Marketing & Business Development
key result area 3. Customer and stakeholder

Note: Bishop Sarah Macneil wishes to abstain from the vote. The security property neighbours Bishopsholme where she resides.

Motion: “That the funding application as submitted be approved.”
Moved: Phil Crandon
Seconded: Chris Nelson
Carried

b) Bruce Blackbell

Clergy Car Loan \$16K (now ex-clergy). Request to retain loan with AFGD

Consistent with; key result area 2. Marketing & Business Development
key result area 3. Customer and stakeholder

Discussion held noting that Bruce Blackwell has left the Diocese and formally Bruce was in fact a Stipend lay Minister –not clergy.

All agreed with a correct PPSR charge in place we have security over the vehicle and a level of control of sale proceeds if it was sold. Therefore approval granted to retain the loan

Motion: “That the Bruce Blackwell Car Loan be approved to remain with AFGD and further Management is to review the motor vehicle terms and conditions and incorporate any amendments into the redraft of the AFGD Credit Policy Document.”
Moved: Terry Hunt
Seconded: David Ford
Carried

8. Matters for Discussion:

a) Document & Policy Chart

Overarching chart of policies and documents for relevance in the Governance and Risk management of the fund.

Feedback from the Board was that the document is a useful tool and would appreciate an update on progress on a quarterly basis.

b) AFGD Hardship Policy

Draft Hardship Policy for review and comment prior to recommending to CT's.
Required to comply with ASIC & APRA.

Motion: "The document AFGD Hardship Policy was tabled and discussed. The Manager has been asked to amend the document and prepare a new document to the next board meeting."

Moved: Bishop Sarah Macneil

Seconded: Chris Nelson & Phil Crandon

Carried

c) AFGD Volunteer Policy

Draft Volunteer Policy for review and comment prior to recommending to CT's.
Required to comply with ASIC & APRA.

The policy was discussed and Chris Nelson agreed to amend the policy in time for the next CT's meeting of 16/3/17.

d) AFGD Disclosure Document

Required to comply with ASIC & APRA when seeking investments from new and existing customers that are considered Retail non-associated clients.

Initial draft presented for Board discussion and it was agreed that the Manager make some further adjustments to the wording taking into account what other Anglican Development Funds are using and represent for another review at the next Board meeting

Consistent with; key result area 5. Governance Compliance and Risk management

9. Matters for Update:

a) Lindisfarne update.

Consistent with; key result area 2. Marketing & Business Development
key result area 3. Customer and stakeholder

Manager Blaine Fitzgerald advised funding proposal is tracking as planned full application will be available for Board consideration on 23/3/17.

b) APRA/ASIC update

Consistent with; key result area 5. Governance Compliance and Risk management

ASIC update:

- AFGD Identification Statement to ASIC lodged by deadline 28/2/17.
 - Initial ASIC response was non-acceptance as we stated we were seeking reliance under the existing 2002 ASIC class order to avail of a 12 month transition arrangement.
 - ASIC have indicated we had not previously lodged a 2002 ID Statement and therefore as a way forward we amended our ID Statement to reflect that position.
 - ASIC have not responded accepting the ID Statement at the time of writing this report.
 - ASIC flagged potential Corporations Act breaches as a result of dealings with retail clients from 2002 through to now without the 2002 ID Statement in place. This is concerning and we are working through our options as more information comes to hand.
- Emil Ford Solicitors are aware of ASIC's position and want to deal with it as it arises a separate issue.
- Adelaide, Melbourne, Newcastle have received the same initial ASIC response. I am led to believe a number of other Diocese have been hit with the same breach threat.
- I have updated Michael Blaxland Head of Diocese audit committee and he has confirmed Grafton is not an isolated case. He has agreed to take our case to DFATF – General Synod to discuss a unified response on behalf of the Anglican Church of Australia.
- I have also notified ANIP the Diocese insurers and they have verbally confirmed it being noted and advised once more information comes to light to update them again.
- I will be providing the auditors with an update when we next meet 15/3/16.
- I will continue to provide regular updates as more information comes to hand.

Obtaining an AFS Licence is a priority for AFGD if we are to retain our Retail non-associated clients. A number of providers have been approached and to date a firm solution has not been presented.

c) AFSA and Ord Minnett Adelaide trip update

Consistent with; key result area 3. Customer and stakeholder
 key result area 5. Governance Compliance and Risk management

Refer to late paper by Manager Blaine Fitzgerald regarding the Adelaide trip covering both AFSA and Ord Minnett. Ord Minnett was an important meeting to ascertain where they are at with renting us their AFS Licence, unfortunately they will not be in a position to assist. Alison has agreed to use her contacts to attempt to locate a suitable provider.

As a result of these discussions in **9 b) & c)** the following motion was put forward:

Motion: **“Delegation on Manager's travel costs including inter & intrastate travel relating to ASIC be delegated to the Chair of AFGD .”**

Moved: Phil Crandon

Seconded: John Adlington

Carried

d) Board members declarations annual update.

- i. Register of Interest Declarations
- ii. AFGD Responsible Person Declaration
- iii. Corporate Trustees Fit & Proper Person Declaration

Manager to provide updated authorities for completion.

Consistent with; key result area 5. Governance Compliance and Risk management

10. Matters for Noting

a) Fund Manager Report 16/12/16 to 10/2/17

Motion: "That the Managers Report be noted and accepted."
Moved: Terry Hunt
Seconded: Phil Crandon
Carried

b) Financial Reports to 31/12/2016

Consistent with key result area 1. Financial Performance

Motion: "That the Finance Report to 31/12/16 be noted and accepted."
Moved: Phil Crandon
Seconded: Terry Hunt
Carried

Other information

Request from Finance Manager Diocese for indication for budget purposes of AFGD's 2018 Diocese contribution.

After discussion regarding a level of uncertainty with regard to income, through new business being written and expenses, through increased licencing and compliance costs associated with ASIC the following motion was proposed:

Motion: "In regard to Finance Departments request for confirmation of AFGD's contribution to the diocese for 2018 it has been agreed that the amount is to remain unchanged at \$175,000 per annum."
Moved: Phil Crandon
Seconded: John Adlington
Carried

Next Meeting –

23/3/2017



BOARD MEETING DATE:

23/03/2017

No 4 Confirmation of

Item: b

**Title: Flying Minute – Amended Volunteer Policy for
submission to CTS**

No of Pages. 8 incl Header



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

Corporate Trustees Meeting 16 March 2017

Chris Nelson <chris.nelson@graftondiocese.org.au>

16 March 2017 at 17:23

To: DJCA google <djcford@gmail.com>, Blaine Fitzgerald <fundmanager@afgd.com.au>

Cc: Julie White <financemanager@graftondiocese.org.au>, Kaytrina Jessup <kaytrina.jessup@graftondiocese.org.au>

Dear David and Blaine,

For your information, the resolutions made by the Corporate Trustees today with relevance to AFGD are:

Chapter 18 of Diocesan Governance Ordinance

That the Corporate Trustees endorse the proposed changes with further amendments to 218.3, 219.1.5 and 222.1.5 of the Diocesan Governance Ordinance and request that the Bishop-in-Council arrange for these changes to be effected by a suitable amendment ordinance.

This changes are relatively minor. Once I've typed up the amendments i will send it through.

Capital Expenditure

That the Corporate Trustees authorise the AFGD Board to purchase a motor vehicle at a cost of not greater than \$35,000, excluding GST.

Volunteer Policy

That the Corporate Trustees approve the AFGD Determination of Volunteer Status Policy as presented, with the amendment of the definitions of "Parish Volunteer" and "person who works on the regular and ongoing basis" to stipulate at least 4 hours per week work in both cases.

ASIC Matter

That the Corporate Trustees supports the AFGD Board in seeking legal assistance and cooperation with other dioceses in resolving the issue of non-lodgement of the ASIC class order in 2002 and asks that the AFGD Board keeps the Corporate Trustees apprised of any significant development in this matter.

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Regards,

Chris Nelson**General Manager/Registrar****Anglican Diocese of Grafton**

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Subject: AFGD Determination of Volunteer Status Policy		Policy Reference Number P009
Date Approved: The Corporate Trustees of the Diocese of Grafton		Revision Number – Not applicable
Policy Implementation Date:	Review date and frequency: Every two years	Responsible for review AFGD Board

1. PURPOSE

To provide a clear definition for AFGD to utilise when obtaining a declaration from an existing or new individual member as to their volunteer status and therefore for legislative purposes whether AFGD qualify the individual member as a retail associated client or a retail non associated client.

2. SCOPE

This policy is to guide the AFGD Board of Management of AFGD in the classification of individual investors as to their eligibility as a retail associated member of the fund.

3. DEFINITIONS

ASIC – Australian Securities and Investments Commission

APRA – Australian Prudential Regulatory Authority

AFSL – Australian Financial Services Licence

Member – Individual or group with funds under the management with AFGD or borrowing from AFGD.

Retail Charitable Investment Fundraiser

- means a charitable investment fundraiser that is not a wholesale charitable investment fundraiser.

Volunteer: “Volunteering is time willingly given for the common good and without financial gain.” Source: Volunteering Australia

For the purpose of this policy, the following individuals will be considered as volunteers within the Anglican Diocese of Grafton:

- 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 4 hours per week
- A person who works on a regular and ongoing basis (for at least 4 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 Committees.

Wholesale Charitable Investment Fundraiser

- means a charitable investment fundraiser in relation to which no person holds a debenture or interest in a managed investment scheme issued to them after 31 December 2016 as a retail, non-associated client.

4. POLICY

- i. Any individual who is a Volunteer will be accepted as a retail associated client of the fund.
- ii. If AFGD maintains the status of Wholesale Charitable Investment Fundraiser only individuals who are retail associated clients may participate in the fund whereas if AFGD has the status of Retail Charitable Investment Fundraiser, participation in the fund will not be restricted to retail associated clients.
- iii. The Board of AFGD will be responsible for reviewing and recommending the policy to The Corporate Trustees for approval.
- iv. The Board of AFGD will be responsible for implementing the policy.
- v. Management and staff will be responsible and accountable for adherence to the policy.

5. IMPLEMENTATION

- i. Individuals who wish to participate in the fund shall complete a declaration that confirms their Volunteer status.
- ii. Individuals participating in the fund shall re-confirm their Volunteer status not less frequently than every 24 months.
- iii. Management of AFGD shall audit the list of individual members as to their Volunteer status on an annual basis. A report of that audit will be presented to the Board of Management.

6. REFERENCES

- ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 issued September 2016.
- ASIC Corporations Regulatory Guide 87 Charitable schemes and school enrolment deposits issued September 2016.
- APRA Banking Exemption No. 1 of 2016 Religious Charitable development funds.
- Volunteering Australia website



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

Flying minute draft Determination of Volunteer status Policy.

8 messages

Blaine Fitzgerald <fundmanager@afgd.com.au>

6 March 2017 at 14:19

To: Chris Nelson <chris.nelson@graftondiocese.org.au>, David Ford <djcaford@gmail.com>, Gary Boyd <garyandcilla@outlook.com>, John Adlington <j.adlington@bigpond.com>, Phil Crandon <phil_crandon@bigpond.com>, Sarah Macneil <sarah.macneil@graftondiocese.org.au>, Ted Clarke <tedpeggy1@gmail.com>, Terry Hunt <t_s_hunt@bigpond.com.au>

Dear Board members

Further to our last Board meeting 23/2/17, Chris has kindly re-drafted the Volunteer Policy for AFGD.

The Corporate Trustees are scheduled to meet 16/3/17.

In order for them to have a chance to approve it I will need to include it in their business papers by 9/3/17.

I have attached the word doc with track changes and also a PDF final draft.

Flying minute "draft Determination of Volunteer status Policy."

draft motion:

"That the Board of AFGD recommend the draft Determination of Volunteer status Policy be submitted to the Corporate Trustees of the Diocese of Grafton for approval"

Can I please have someone to

Move:

Second:

Please review the amendments and provide a response to all.

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)

2 attachments



170101 AFGD draft Volunteer Definition - policy CN edits.docx

73K



170101 AFGD draft Volunteer Definition - policy CN edits.pdf

186K

Gary Boyd <garyandcilla@outlook.com>

6 March 2017 at 14:32

To: Chris Nelson <chris.nelson@graftondiocese.org.au>, David Ford <djcaford@gmail.com>, Terry Hunt <t_s_hunt@bigpond.com.au>, Phil Crandon <phil_crandon@bigpond.com>, Sarah Macneil <sarah.macneil@graftondiocese.org.au>, John Adlington <j.adlington@bigpond.com>, Ted Clarke <tedpeggy1@gmail.com>, Blaine Fitzgerald <fundmanager@afgd.com.au>

Hi everyone

Thanks Chris for redrafting the volunteer policy for AFGD!

I am happy to support the motion and I am willing to move or second it, if required.

Bless you all heaps
Gary Boyd

Get Outlook for iOS

From: Blaine Fitzgerald <fundmanager@afgd.com.au>
Sent: Monday, March 6, 2017 2:19:10 PM
To: Chris Nelson; David Ford; Gary Boyd; John Adlington; Phil Crandon; Sarah Macneil; Ted Clarke; Terry Hunt
Subject: Flying minute draft Determination of Volunteer status Policy.

[Quoted text hidden]

Chris Nelson <chris.nelson@graftondiocese.org.au> 6 March 2017 at 15:09
To: Blaine Fitzgerald <fundmanager@afgd.com.au>
Cc: David Ford <djcaford@gmail.com>, Gary Boyd <garyandcilla@outlook.com>, John Adlington <j.adlington@bigpond.com>, Phil Crandon <phil_crandon@bigpond.com>, Sarah Macneil <sarah.macneil@graftondiocese.org.au>, Ted Clarke <tedpeggy1@gmail.com>, Terry Hunt <t_s_hunt@bigpond.com.au>

And I will support the motion once it has a mover and seconder,
[Quoted text hidden]

--
Regards,

Chris Nelson

General Manager/Registrar

Anglican Diocese of Grafton

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David Ford <djcaford@gmail.com> 6 March 2017 at 15:31
To: BLAINE FITZGERALD <fundmanager@afgd.com.au>
Cc: Chris Nelson <chris.nelson@graftondiocese.org.au>, Gary Boyd <garyandcilla@outlook.com>, JOHN ADLINGTON <j.adlington@bigpond.com>, PHILLIP CRANDON <phil_crandon@bigpond.com>, Sarah Macneil <sarah.macneil@graftondiocese.org.au>, Ted Clarke <tedpeggy1@gmail.com>, Terry Hunt <t_s_hunt@bigpond.com.au>

Greetings all,
I am happy to second Gary Boyd's motion

Regards

Carol & David Ford
Unit 3 7 Moore St
Coffs Harbour Jetty 2450
Email: djcaford@gmail.com
Phone: D 0418 654 909
Phone: C 0407 102 409

[Quoted text hidden]
[Quoted text hidden]

<170101 AFGD draft Volunteer Definition - policy CN edits.docx><170101 AFGD draft Volunteer Definition - policy CN edits.pdf>

John Adlington <j.adlington@bigpond.com>

6 March 2017 at 15:40

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

Cc: Chris Nelson <chris.nelson@graftondiocese.org.au>, David Ford <djcaford@gmail.com>, Gary Boyd

<garyandcilla@outlook.com>, Phil Crandon <phil_crandon@bigpond.com>, Sarah Macneil

<sarah.macneil@graftondiocese.org.au>, Ted Clarke <tedpeggy1@gmail.com>, Terry Hunt <t_s_hunt@bigpond.com.au>

Hi Blaine

Just a couple of questions-

1. ASIC - should that be Australian Securities and Investment Commission?
2. Go to item 4ii - do we need definitions of "wholesale charitable investment fundraiser and Retail charitable investment fundraiser"?

John

Sent from my iPad

[Quoted text hidden]

<170101 AFGD draft Volunteer Definition - policy CN edits.docx>

<170101 AFGD draft Volunteer Definition - policy CN edits.pdf>

Blaine Fitzgerald <fundmanager@afgd.com.au>

6 March 2017 at 16:18

To: John Adlington <j.adlington@bigpond.com>

Cc: Chris Nelson <chris.nelson@graftondiocese.org.au>, David Ford <djcaford@gmail.com>, Gary Boyd

<garyandcilla@outlook.com>, Phil Crandon <phil_crandon@bigpond.com>, Sarah Macneil

<sarah.macneil@graftondiocese.org.au>, Ted Clarke <tedpeggy1@gmail.com>, Terry Hunt <t_s_hunt@bigpond.com.au>

Dear Board members,

In response to John questions

1. ASIC - should that be Australian Securities and Investment Commission?

Corrected

2. Go to item 4ii - do we need definitions of "wholesale charitable investment fundraiser and Retail charitable investment fundraiser"?

Definitions below for comment in relation to relevance. would you like them included?

wholesale charitable investment fundraiser means a charitable investment fundraiser in relation to which no person holds a debenture or interest in a managed investment scheme issued to them after 31 December 2016 as a retail, non-associated client.

retail charitable investment fundraiser means a charitable investment fundraiser that is not a wholesale charitable investment fundraiser.

Thanks John for your observations.

Please provide feedback and I will correct as requested.

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)

[Quoted text hidden]

Philip Crandon <phil_crandon@bigpond.com>

6 March 2017 at 17:56

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

Cc: John Adlington <j.adlington@bigpond.com>, Chris Nelson <chris.nelson@graftondiocese.org.au>, David Ford <djcaford@gmail.com>, Gary Boyd <garyandcilla@outlook.com>, Sarah Macneil <sarah.macneil@graftondiocese.org.au>, Ted Clarke <tedpeggy1@gmail.com>, Terry Hunt <t_s_hunt@bigpond.com.au>

Afternoon All,

Good pick up John.

I am happy to support the motion as stated.

Regards

Phil

[Quoted text hidden]

Ted & Peggy Clarke <tedpeggy@bigpond.net.au>

6 March 2017 at 20:56

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

Cc: John Adlington <j.adlington@bigpond.com>, Chris Nelson <chris.nelson@graftondiocese.org.au>, David Ford <djcaford@gmail.com>, Gary Boyd <garyandcilla@outlook.com>, Sarah Macneil <sarah.macneil@graftondiocese.org.au>, Terry Hunt <t_s_hunt@bigpond.com.au>, Phil Crandon <phil_crandon@bigpond.com>

Dear all

ASIC is 'Australian Securities and Investments Commission' ; both 'Securities' and 'Investments' are plural.

I also support the motion

regards

Ted

[Quoted text hidden]



BOARD MEETING DATE:

23/03/2017

No 7 Matters for Decision

Item: a

Title: Lindisfarne Anglican Grammar School

No of Pages. 29 incl Header

Purpose of advices:

Request for assistance to purchase land situated at 34 Mahers Lane Terranora NSW 2486.

Finance structure has been discussed on a regular basis over the past 60 days with their existing financier and the schools request to fund this purchase through AFGD.

27/1/17 AFGD issued LAGS an indicative term sheet advising our appetite to fund the purchase.

Dialogue between Westpac, AFGD and the school has continued and at the request of the school they would like to see a Pari Passu agreement entered into with a 50/50 share to occur between Westpac and AFGD.

Break up of funding sought

LAGS		March
Westpac		
Subsidised Loans Variable - Nil		
		\$ -
Subsidised Loans Fixed		
97578 - 0022413	9.57	\$ 37,499
97597 - 0022412	9.57	\$ 133,861
97682 - 0022411	9.57	\$ 46,489
97682.1 - 0022410	9.57	\$ 162,558
98059-0022409	9.57	\$ 237,560
98263- 0022408	9.57	\$ 497,314
		\$ 1,115,281
Non - subsidised Line of Credit		
		\$ 5,000,000
\$ 7,518,000	4.53	
includes line fee	1.00%	Limit
AFGD		
Non - subsidised Line of Credit		
TBA	4.53	
includes line fee	1.00%	\$ 6,000,000
		\$ 6,000,000
Total Facilities - includes OD		\$ 12,115,281

Westpac approved facilities currently consist of subsidised facilities that run off by 2023. - No change

Westpac Line of Credit approved to \$7,518,000 will not be utilised until April 17. Refer attachments.

To accomate the Pari Passu agreement and allow a 50/50 split to maximum borrowings of \$12M the Westpac LOC will be reduced to circa \$5.M

AFGD's proposed LOC \$6M has been requested by LAGS to fund the purchase.

Timeline for due diligence and settlement is as follows:

Contract date confirmed at **13/2/17**.

45 days due diligence **30/3/17**.

AFGD unconditional approval by **27/3/17**

90 days to settle **14/5/17**
is a Sunday therefore either Friday 12/5 or Monday 15/5.

Maximum Outstandings at any point in time \$ 12,000,000

History/Background

The School Council and the leadership team of the school have worked diligently over the past 7 – 10 years to ensure the financial position of the school is sound.

The purchase of this new parcel of land sits well within their revised strategic plan with all details provided in their application to Grafton Diocese School Commission (GDSC) - note 213 pages

Exerpts attached providing a summary of their plans for the school.

Other:

Loan Book pricing:

AFGD's pricing will need to be consistent with Westpac variable LOC facility and at comparable market rate and therefore should satisfy clause 83c of the NSW Government, Not-for-profit guidelines for Non-Government Schools.

Rate requested is to be variable which works well for AFGD's interest rate risk management.

Transition of accounts to AFGD:

- This is AFGD's opportunity to regain a portion of LAGS funding requirement.
- Similar to precedents already set with Pari Passu – transactional banking with the benefit of the TASS software to remain with Westpac.
- This is stage 1 of what I see as a revised master plan. The land purchase is a core strategic purchase that will be land banked for 5 years.
- As development and construction funding is required it is proposed to be shared with Westpac under Pari Passu.

Financial data update:

- All financial data required has been received by AFGD to assess the proposal
 - 31/12/2015 audited results held
 - 31/12/16 budget to actual held
 - 31/12/17 school council approved budget held
 - 5 yr rolling forecast from 2017 to 2021 held.

Financial Performance Summary: - 2011 to 2015 Audited results:

- From 2013 to 2015 overall borrowings were well controlled resulting in improved balance sheet and profitability of the school.
- This improvement in governance and financial position has led the school to be in the sound financial position that it finds itself today.

ratio analysis:

- Ratio analysis demonstrates a strong position.
- The highlighted blue ratios are consistent with Westpac's underwriting standards for the independent education sector.

Lindisfarne Anglican Grammar School (LAGS)

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Financial Performance Summary: -

Audited results to 31/12/2015

Lindisfarne (\$000's)	2011 Audited	2012 Audited	2013 Audited	2014 Audited	2015 Audited
Student Numbers *	953	953	953	953	959
Staff FTE*	88	88	88	88	88
Non Teaching	36	36	36	36	36
Current Assets	\$ 817	\$ 520	\$ 543	\$ 517	\$ 443
Cash	\$ 245	\$ 106	\$ 187	\$ 188	\$ 165
Trade	\$ 456	\$ 324	\$ 263	\$ 228	\$ 206
other	\$ 116	\$ 90	\$ 93	\$ 101	\$ 72
Non-Current Assets	\$ 25,554	\$ 24,916	\$ 24,512	\$ 24,260	\$ 25,336
Property P&E	\$ 25,554	\$ 24,916	\$ 24,512	\$ 24,260	\$ 25,336
Total Assets	\$ 26,371	\$ 25,436	\$ 25,055	\$ 24,777	\$ 25,779
Current Liabilities	\$ 1,426	\$ 2,260	\$ 2,510	\$ 4,521	\$ 4,365
Trade	\$ 654	\$ 668	\$ 701	\$ 650	\$ 1,024
Borrowings	\$ 471	\$ 508	\$ 442	\$ 2,416	\$ 1,544
Other	\$ 301	\$ 1,084	\$ 1,367	\$ 1,455	\$ 1,797
Non- Current Liabilities	\$ 12,445	\$ 10,419	\$ 8,265	\$ 4,273	\$ 3,426
Borrowings	\$ 11,349	\$ 10,099	\$ 8,048	\$ 4,066	\$ 3,289
other	\$ 1,096	\$ 320	\$ 217	\$ 207	\$ 137
Non Interest Loan Diocese					
Net Asset/Total equity	\$ 12,500	\$ 12,757	\$ 14,280	\$ 15,983	\$ 17,988
Net Assets Ex Loans	\$ 24,320	\$ 23,364	\$ 22,770	\$ 22,465	\$ 22,821
Income					
Fees	\$ 5,477	\$ 5,868	\$ 6,255	\$ 6,592	\$ 7,304
Gov Grants	\$ 8,097	\$ 8,823	\$ 9,459	\$ 9,930	\$ 10,468
Govt Subsidy - Interest on borrowings					
Capital Grants					
Preschool Fees	\$ 269	\$ 360	\$ 376	\$ 308	\$ 352
Interest Income					
Other	\$ 277	\$ 267	\$ 279	\$ 300	\$ 298
Other Revenue	\$ 578	\$ 326	\$ 353	\$ 357	\$ 273
Donations -	\$ 11	\$ 68	\$ 123	\$ 119	\$ 49
Total Revenue	\$ 14,709	\$ 15,712	\$ 16,845	\$ 17,606	\$ 18,744
Expenses					
Staff Costs Teaching and Support	\$ 10,115	\$ 10,767	\$ 10,759	\$ 11,351	\$ 12,231
Restructure to achieve 75% of RI					
Other staff costs super etc					
Other operating costs	\$ 2,768	\$ 2,911	\$ 2,915	\$ 3,026	\$ 3,075
Depreciation	\$ 990	\$ 1,042	\$ 1,039	\$ 1,070	\$ 1,076
Interest & leasing charges	\$ 833	\$ 735	\$ 608	\$ 457	\$ 358
Total Expenses	\$ 14,706	\$ 15,455	\$ 15,321	\$ 15,904	\$ 16,740
Operating Surplus	\$ 3	\$ 257	\$ 1,524	\$ 1,702	\$ 2,004
	-\$ 8	\$ 189	\$ 1,401	\$ 1,583	\$ 1,955
EBIT	\$ 825	\$ 924	\$ 2,009	\$ 2,040	\$ 2,313
EBITD	\$ 1,826	\$ 2,034	\$ 3,171	\$ 3,229	\$ 3,438
Ratio Analysis					
Return on Investment	0.0%	0.8%	6.2%	7.0%	8.6%
Interest Cover (EBITD/Interest)	2.2	2.8	5.2	7.1	9.6
Debt EBITD	6.2	5.0	2.5	1.3	1.0
Net Operating Margin	12.9%	13.5%	19.7%	19.1%	19.1%
Debt per student	\$ 12.4	\$ 11.1	\$ 8.9	\$ 6.8	\$ 5.0
Fee income per student	\$ 5.7	\$ 6.2	\$ 6.6	\$ 10.4	\$ 10.9
Teachers Salary per student	\$ 10.6	\$ 11.3	\$ 11.3	\$ 11.9	\$ 12.8
Students/Staff	10.8	10.8	10.8	10.8	10.9
Salaries/Net Income %	68.77%	68.53%	63.87%	64.47%	65.25%
Salaries/Total Expenses %	68.78%	69.67%	70.22%	71.37%	73.06%

Information not confirmed at submission from 2011 to 2014 student & teaching numbers are estimates

Benchmarks
> 5%
>2.0x
< 6.5x
> 10%
<\$10K
\$8K
>11
< 75%

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Management results to 31/12/16 – Budget to actual

BDC (\$000's)	2016 YTD Actual as at 31-12-2016	2016 YTD Budget as at 31-12-2016	Variance	
Student Numbers*	953	953		
Staff FTE*	88	88		
Non Teaching	36	36		
Current Assets	\$ 624	\$ 300		
Cash	\$ 206	\$ 300		
Trade	\$ 225			
other	\$ 193			
Non-Current Assets	\$ 25,276	\$ 25,000		
Property P&E	\$ 25,276	\$ 25,000		
Total Assets	\$ 25,900	\$ 25,300		
Current Liabilities	\$ 3,362	\$ 500		
Trade	\$ 131			
Borrowings	\$ 340	\$ 500		
Other	\$ 2,891	\$ -		
Non- Current Liabilities	\$ 3,674	\$ 4,000		
Borrowings	\$ 3,606	\$ 4,000		
other	\$ 68	\$ -		
Non Interest Loan Diocese				
Net Asset/Total equity	\$ 18,864	\$ 20,800		
Net Assets Ex Loans	\$ 22,810	\$ 25,300		
Income				
Fees	\$ 6,876	\$ 6,836	\$ 40	
Gov Grants	\$ 10,049	\$ 9,923	\$ 126	
Govt Subsidy - Interest on borrowings	\$ 47	\$ 45	\$ 2	
Capital Grants			\$ -	
Enrolment Fees	\$ 375	\$ 351	\$ 24	
Interest Income			\$ -	
Other Revenue	\$ 1,225	\$ 1,090	\$ 135	
Diocesan Support - Donations		\$ -	\$ -	
Total Revenue	\$ 18,572	\$ 18,245	\$ 327	
Expenses				
Staff Costs Teaching	\$ 11,218	\$ 11,415	\$ 197	
Staff Costs Non Teaching				
Other staff costs super etc	\$ 1,882	\$ 1,909	\$ 27	
Other operating costs	\$ 3,163	\$ 3,109	\$ (54)	
Depreciation	\$ 1,181	\$ 1,301	\$ 120	
Interest & leasing charges	\$ 252	\$ 409	\$ 157	
Total Expenses	\$ 17,696	\$ 18,143	\$ 447	
Surplus	\$ 876	\$ 102	\$ 774	
Operating Surplus	\$ 876	\$ 102	\$ 774	
EBIT	\$ 1,128	\$ 511	\$ 617	
EBITD	\$ 2,309	\$ 1,812	\$ 497	
Ratio Analysis				Benchmarks
Return on Investment	3.8%	0.40%	> 5%	
Interest Cover (EBITD/Interest)	9.2	4.4	>2.0x	Westpac underwriting Guidelines
Debt EBITD	1.6	2.2	< 6.5x	
Net Operating Margin	12.7%	10.2%	> 10%	
Debt per student	\$ 4.1	\$ 4.7	<\$10K	
Fee income per student	\$ 7.2	\$ 7.2	\$8K	
Teachers Salary per student	\$ 13.7	\$ 14.0		
Students/Staff	10.8	10.8	>11	
Salaries/Net Income %	70.54%	73.03%	< 75%	as above
Salaries/Total Expenses %	74.03%	73.44%		

Assumptions at budget level were made with the 2016 balance sheet to enable comparisons and ratios to run.

Management results to 31/12/2016 indicate continued profitability and sound management.

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5 year projections 2017 -2021

Lindisfarne (\$000's)	31-12-2017 Budget	31-12-2018 Budget	31-12-2019 Budget	31-12-2020 Budget	31-12-2021 Budget	
Student Numbers*	965	975	1000	1025	1050	
Staff FTE*	92	92	94	94	96	
Non Teaching	40	40	42	42	44	
Current Assets	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	
Cash	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	
Trade	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	
other	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	
Non-Current Assets	\$ 27,149	\$ 25,723	\$ 24,222	\$ 22,646	\$ 20,995	
Property P&E	\$ 27,149	\$ 25,723	\$ 24,222	\$ 22,646	\$ 20,995	
Total Assets	\$ 27,649	\$ 26,223	\$ 24,722	\$ 23,146	\$ 21,495	
Current Liabilities	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	
Trade	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	
Borrowings	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	
Other	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	
Non- Current Liabilities	\$ 5,650	\$ 5,920	\$ 6,120	\$ 6,120	\$ 6,120	
Borrowings	\$ 5,530	\$ 5,800	\$ 6,000	\$ 6,000	\$ 6,000	
other	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120	
Non Interest Loan Diocese						
Net Asset/Total equity	\$ 17,199	\$ 15,503	\$ 13,802	\$ 12,226	\$ 10,575	
Net Assets Ex Loans	\$ 24,729	\$ 23,303	\$ 21,802	\$ 20,226	\$ 18,575	
Income						
Fees	\$ 7,588	\$ 7,957	\$ 8,488	\$ 9,040	\$ 9,622	
Gov Grants	\$ 10,611	\$ 11,041	\$ 11,713	\$ 12,426	\$ 13,188	
Govt Subsidy - Interest on borrowings						
Capital Grants						
Preschool Fees	\$ 370	\$ 388	\$ 414	\$ 441	\$ 469	
Interest Income						
Other	\$ 303	\$ 318	\$ 339	\$ 361	\$ 384	
Other Revenue	\$ 333	\$ 304	\$ 320	\$ 324	\$ 351	
Donations -	\$ 73	\$ 76	\$ 81	\$ 87	\$ 92	
Total Revenue	\$ 19,278	\$ 20,084	\$ 21,355	\$ 22,679	\$ 24,106	
Expenses						
Staff Costs Teaching and Support	\$ 12,308	\$ 13,234	\$ 13,806	\$ 14,399	\$ 15,017	
Restructure to achieve 75% of RI						
Other staff costs super etc	\$ 2,072	\$ 2,228	\$ 2,325	\$ 2,425	\$ 2,528	
Other operating costs	\$ 3,582	\$ 3,667	\$ 3,761	\$ 3,860	\$ 3,962	
Depreciation	\$ 1,351	\$ 1,426	\$ 1,501	\$ 1,576	\$ 1,651	
Interest & leasing charges	\$ 432	\$ 492	\$ 492	\$ 492	\$ 492	
Total Expenses	\$ 19,745	\$ 21,047	\$ 21,885	\$ 22,752	\$ 23,650	
Operating Surplus	-\$ 467	-\$ 963	-\$ 530	-\$ 73	\$ 456	
EBIT	-\$ 35	-\$ 471	-\$ 38	\$ 419	\$ 948	
EBITD	\$ 1,316	\$ 955	\$ 1,463	\$ 1,995	\$ 2,599	
Ratio Analysis						
Return on Investment	-1.9%	-4.1%	-2.4%	-0.4%	2.5%	Benchmarks > 5%
Interest Cover (EBITD/Interest)	3.0	1.9	3.0	4.1	5.3	>2.0x
Debt EBITD	4.2	6.1	4.1	3.0	2.3	< 6.5x
Net Operating Margin	7.1%	4.9%	7.1%	9.2%	11.2%	> 10%
Debt per student	\$ 7.8	\$ 8.0	\$ 8.0	\$ 7.8	\$ 7.6	<\$10K
Fee income per student	\$ 7.9	\$ 8.2	\$ 8.5	\$ 8.8	\$ 9.2	\$8K
Teachers Salary per student	\$ 14.9	\$ 15.9	\$ 16.1	\$ 16.4	\$ 16.7	
Students/Staff	7.3	7.4	7.4	7.5	7.5	>11
Salaries/Net Income %	74.59%	76.99%	75.54%	74.18%	72.78%	< 75% as above
Salaries/Total Expenses %	72.83%	73.46%	73.71%	73.95%	74.19%	

Assumptions at balance sheet level were made to allow ratios to run



Westpac underwriting Guidelines

Lindisfarne Anglican Grammar School (LAGS)

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Notes on projections:

- The leadership of the school has presented to council and DSC their plans to run a one off deficit budget in 2017 funding it from retained earnings.
- The reason behind the decision is they intend to commence the process of reinvesting in staff to ensure they remain ahead of their growth plans giving them the ability to recruit and attract quality applicants during the process.
- This trend commencing in 2017 can be demonstrated in the projections. Refer to Salaries/Net income ratio over 2017 to 2019 before correcting with increased student numbers 2020 & 2021.
- Business Manager Graham Jones has advised current 2017 student numbers by Term 2 2017 will be 972 – 7 ahead of approved budget.
- Principal Stuart Marquardt continues to host Principal's tours. Previously this may have resulted in 3 parties confirmed for the tour. The next tour scheduled has 41 confirmed.
- His positive impact on the school and the community to reinvest in the school and community are all positives and position the school well for the future.

Capacity to service/repay

Capacity to pay - Actual debt	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Audited	Audited	Audited	Audited	Audited	Audited	Budget	Budget	Budget	Budget	Budget
Operating surplus	-\$ 8	\$ 189	\$ 1,401	\$ 1,583	\$ 1,955	\$ 876	-\$ 467	-\$ 963	-\$ 530	-\$ 73	\$ 456
Plus addbacks											
Depreciation	\$ 990	\$ 1,042	\$ 1,039	\$ 1,070	\$ 1,076	\$ 1,181	\$ 1,351	\$ 1,426	\$ 1,501	\$ 1,576	\$ 1,651
Interest	\$ 833	\$ 735	\$ 608	\$ 457	\$ 358	\$ 252	\$ 432	\$ 492	\$ 492	\$ 492	\$ 492
Other -											
EBITD	\$ 1,815	\$ 1,966	\$ 3,048	\$ 3,110	\$ 3,389	\$ 2,309	\$ 1,316	\$ 955	\$ 1,463	\$ 1,995	\$ 2,599
Less Commitments											
Loan Liabilities as per balance sheet	\$ 11,820	\$ 10,607	\$ 8,490	\$ 6,482	\$ 4,833	\$ 3,946	\$ 7,530	\$ 7,800	\$ 8,000	\$ 8,000	\$ 8,000
New loan \$3,250,000			\$ 3,250	\$ 3,250	\$ 3,250	\$ 3,250					
Interest cost based on average rate over 5 ye	\$ 768	\$ 689	\$ 763	\$ 633	\$ 525	\$ 468	\$ 489	\$ 507	\$ 520	\$ 520	\$ 520
Annual amortisation required Westpac	\$ 400	\$ 400	\$ 342	\$ 342	\$ 342	\$ 342	\$ 342	\$ 270	\$ 186	\$ 121	\$ 121
	\$ 1,168	\$ 1,089	\$ 1,105	\$ 975	\$ 867	\$ 810	\$ 831	\$ 777	\$ 706	\$ 641	\$ 641
Net Surplus/Deficit	\$ 647	\$ 877	\$ 1,943	\$ 2,135	\$ 2,522	\$ 1,499	\$ 485	\$ 178	\$ 757	\$ 1,354	\$ 1,958
Capacity to pay - sensitised total liabilities \$12M	\$ 1,815	\$ 1,966	\$ 3,048	\$ 3,110	\$ 3,389	\$ 3,389	\$ 1,316	\$ 955	\$ 1,463	\$ 1,995	\$ 2,599
EBITD											
Less Commitments											
\$12,000,000 @ 7.00% P&I 15 yrs	\$ 1,294	\$ 1,294	\$ 1,294	\$ 1,294	\$ 1,294	\$ 1,294	\$ 1,294	\$ 1,294	\$ 1,294	\$ 1,294	\$ 1,294
Net Surplus/Deficit	\$ 521	\$ 672	\$ 1,754	\$ 1,816	\$ 2,095	\$ 2,095	\$ 22 -	\$ 339	\$ 169	\$ 701	\$ 1,305

Comments:

- Capacity to service is evident based on an average rate calculation of 6.5% utilising actual debt as at 31/12 annually up to to 31/12/15 audited results.
- 2016 calculations are based on Management results.
- 2017 CTS position remains positive on the back of a 2017 operating deficit of \$467K. This position is considered a one off and was clarified above.

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- 2018 & 2019 CTS is evident however down on historical performance due to increased spending on salaries and on-costs.
- 2020 & 2021 see a return to more historical performance.
- Results have also been sensitised on \$12M P&I basis at 7.00% over 15 years and again 2018 & 2019 is where some stress becomes evident.
- We are expecting the school to outperform on its conservative projections which we feel is likely to be achieved by increased student numbers ahead of annual projections.
- With the forecast rolling each year we will be in a sound position to monitor this.

Security/Safety Assessment

LAGS consolidated Security Assessment sheet as at 1/3/2017				
Description	Status	FMV	Extension Ratio	XTV
Registered Mortgage over the property situated at 86 Mahers Lane, Terranora NSW 2486 Folio Lot in deposited plan at	to be taken	\$25,336,297	50%	12,668,149
Registered Mortgage over the property situated at Sunshine Avenue Tweed Heads NSW 2486 Folio Lot in deposited plan at	to be taken			-
Registered Mortgage over the property situated at 34 Mahers Lane, Terranora NSW 2486 Folio 1/218380 Lot 1 in deposited plan 218830	to be taken	\$3,250,000	50%	1,625,000
Registered fixed and floating charge (ie: equitable mortgage) over the school's assets	to be taken			
Pari Passu Deed between Lindisfarne Anglican Grammar School ABN 91 552 839 641 Westpac Banking Corporation ABN 33 007 457 141 and The Corporate Trustees of the Diocese of Grafton ABN 88 144 942 068.	to be taken			
Total Liabilities proposed split 50/50 between Westpac & AFGD.	\$	12,000,000		
Security cover indicator			119%	
Total		28,586,297	50%	14,293,149

Indicative Risk Grade:

	Risk Grade	Security Cover indicator	
State Government	2	B	100% - 124% Cover
Local Government	3	C	80% - 99% Cover
Very Strong Corporate entity	4	D	60% - 79% Cover
Solid Corporate entity	5	E	40% - 59% Cover
Emerging Corporate entity	6	F	20% - 39% Cover
High Risk Corporate entity	7	G	0% - 19% Cover

Lindisfarne Anglican Grammar School (LAGS)

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Insurance Confirmation:

							Please update for 2016-2017			
Entity Name	Building Name	Street Name	Street Type	Suburb	State	Post code	Buildings Value	Contents Value	Spec Items Value	Total Property Value
Lindisfarne Anglican School	Administration and Staff	Mahers Lane		Terranora	NSW	2486	\$2,211,400	\$355,000		\$2,566,400
Lindisfarne Anglican School	5/6 Block	Mahers Lane		Terranora	NSW	2486	\$2,469,100	\$335,200		\$2,804,300
Lindisfarne Anglican School	7/8 Block	Mahers Lane		Terranora	NSW	2486	\$2,750,850	\$239,000		\$2,989,850
Lindisfarne Anglican School	Bus Shed	Mahers Lane		Terranora	NSW	2486	\$818,050	\$245,000		\$1,063,050
Lindisfarne Anglican School	C Block - North	Mahers Lane		Terranora	NSW	2486	\$2,057,900	\$249,650		\$2,307,550
Lindisfarne Anglican School	Canteen and Eating Area	Mahers Lane		Terranora	NSW	2486	\$500,000	\$80,600		\$580,600
Lindisfarne Anglican School	Caparks	Mahers Lane		Terranora	NSW	2486	\$400,000	\$0		\$400,000
Lindisfarne Anglican School	Demountable Classroom	Mahers Lane		Terranora	NSW	2486	\$400,000	\$40,000		\$440,000
Lindisfarne Anglican School	G Block - South	Mahers Lane		Terranora	NSW	2486	\$2,269,200	\$260,000		\$2,529,200
Lindisfarne Anglican School	Library, MM, Yr 12 area	Mahers Lane		Terranora	NSW	2486	\$4,177,000	\$870,000		\$5,047,000
Lindisfarne Anglican School	Multi-Function Hall (SHED) Ngahiri	Mahers Lane		Terranora	NSW	2486	\$5,815,000	\$620,000		\$6,435,000
Lindisfarne Anglican School	Pathways, Ramps, etc	Mahers Lane		Terranora	NSW	2486	\$510,000			\$510,000
Lindisfarne Anglican School	Performing Arts Centre / Chapel	Mahers Lane		Terranora	NSW	2486	\$1,990,000	\$300,600		\$2,290,600
Lindisfarne Anglican School	Science Block	Mahers Lane		Terranora	NSW	2486	\$612,000	\$55,000		\$667,000
Lindisfarne Anglican School	Science Block Extension	Mahers Lane		Terranora	NSW	2486	\$1,060,900	\$96,500		\$1,157,400
Lindisfarne Anglican School	Shade Structure	Mahers Lane		Terranora	NSW	2486	\$280,000			\$280,000
Lindisfarne Anglican School	TAS / Arts Block	Mahers Lane		Terranora	NSW	2486	\$3,746,500	\$460,000		\$4,206,500
Lindisfarne Anglican School	Tennis Courts	Mahers Lane		Terranora	NSW	2486	\$260,000	\$5,000		\$265,000
Lindisfarne Anglican School	Trades Skills Centre, Gym	Mahers Lane		Terranora	NSW	2486	\$1,776,200	\$500,000		\$2,276,200
Lindisfarne Anglican School	Administration and Library	Sunshine Avenue		South Tweed Heads	NSW	2486	\$1,376,000	\$293,000		\$1,669,000
Lindisfarne Anglican School	Ancillary Facilities - Playgrounds etc	Sunshine Avenue		South Tweed Heads	NSW	2486	\$584,000			\$584,000
Lindisfarne Anglican School	Assembly Block	Sunshine Avenue		South Tweed Heads	NSW	2486	\$2,623,100	\$431,550		\$3,054,650
Lindisfarne Anglican School	Covered Area	Sunshine Avenue		South Tweed Heads	NSW	2486	\$730,350	\$34,500		\$764,850
Lindisfarne Anglican School	Cuthbert / Aiden / Canteen	Sunshine Avenue		South Tweed Heads	NSW	2486	\$1,160,000	\$263,500		\$1,423,500
Lindisfarne Anglican School	Demountable - OOSHC	Sunshine Avenue		South Tweed Heads	NSW	2486	\$875,700	\$67,000		\$942,700
Lindisfarne Anglican School	Demountables - Pre-School	Sunshine Avenue		South Tweed Heads	NSW	2486	\$981,670	\$150,000		\$1,131,670
Lindisfarne Anglican School	Oswald House	Sunshine Avenue		South Tweed Heads	NSW	2486	\$2,805,700	\$236,800		\$3,042,500
							\$45,240,620	\$6,187,900		\$51,428,520

- Sufficient cover appears to be in place.

Covenants/ongoing monitoring requirements

- No additional Capex outside budgets presented.
- You agree and acknowledge to maintain the following minimum Group loan reductions:-
 - a minimum \$400,000 per annum in permanent reduction of School Debts / or line of credit facilities. Confirmation of loan facility reductions to be provided, and to be to the lender's satisfaction
- Transaction Banking is to remain with Westpac/AFGD as is the case now.
- Half Yearly reviews by 31/3 and 30/9. Specific review requirements are details below.
- Debt/EBIT multiple is to be at all times <6.5x and ongoing, This will be tested half yearly on a rolling 12 month basis.
- EBIT/ICR ratio is to be >2.0 times. This will be tested half yearly on a rolling 12 month basis.
- Plus any agreed Westpac covenants for alignment under Pari Passu.

Note: This may need to be amended and will be mirror Westpac's position.

Further conditions:

- "the Bishop-in-Council will not approve the application of church trust property to a first call mortgage by an external financial provider unless Anglican Funds Grafton Diocese is unable or unwilling to provide finance."
 - Approval obtained for joint funding proposal. Refer to correspondence dated **XX March 17**.
- "by the end of 2014 all Diocesan organisations will be required to conduct transactional banking with Anglican Funds Grafton Diocese unless authorised to bank with an external financial provider by the Bishop –in –Council"
 - Approval obtained for joint funding proposal. Refer to correspondence dated **XX March 17**.

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Recommendation

- Approval of facilities as documented above.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Blaine Fitzgerald
Manager – Anglican Funds Grafton Diocese



LINDISFARNE
ANGLICAN GRAMMAR SCHOOL

Purchase of Land
34 Mahers Lane
Terranora NSW 2486

Capital Development and Expenditure
Process Submission

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2. **Statement of Strategic Intent**
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5. **Financial Statements – 2013**
6. **Financial Statements – 2014**
7. **Financial Statements – 2015**
8. **December 2016 Financial Management Report**
9. **Detailed Operating Budget 2017**
10. **Five Year Rolling Forecast 2017 - 2021**

Capital Development and Expenditure Process

a. A short overview of what is proposed to be built or purchased

The School is proposing to purchase a 25-acre parcel of land at 34 Mahers Lane Terranora which forms part of a deceased estate with the Bailey sisters being the vendors. The Bishop, the Registrar of the Diocese, the Grafton Anglican Schools Commission secretary and members of the Lindsfarne Anglican School Council have all inspected the site and small residential dwelling. At a special meeting of School Council on Monday 30 January 2017, members of the Lindsfarne Anglican Grammar School Council passed a resolution supporting the purchase of the land parcel.

b. The current strategic plan for the whole School to enable the GASC to see the proposal in the wider context of the School's long-term development

The School is currently in the process of developing its strategic plan. The first phase was to develop a statement of strategic intent (Refer attachment 1). This statement, which sets the foundation for the strategic plan was released to the School community at the School speech night which was held in December 2016. The School engaged Dr Phil Cummins of the Circle Group to facilitate this process and included extensive stakeholder consultation. Acquisition of land with strategic importance to the School is a cornerstone of the plan moving forward.

The vision for the School in relation to the acquisition of the land is for the provision of:

- A second kindergarten to Year 4 sub school in addition to the Sunshine Avenue campus with both sub school campuses feeding into a years 5 to 12 campus at Mahers Lane
- Provision of a child care centre
- The possibility of boarding/international student exchange facilities
- Additional playing areas and ovals
- Extension of the existing top oval to allow for a full athletics track
- Hard courts – Basketball/Netball/Tennis
- Linking of the sub schools yet provision of a separate area for younger students
- A closer sub school for families in the surrounding suburbs of Terranora, Banora Point, Bilambil, Tumbulgum, Murwillumbah, UKI, Kingscliff, Casuarina and Pottsville as well as families residing in Ocean Shores, Mullumbimby and Byron Bay (Ewingsdale).

c. An outline of the business case for the project presented so as to enable the GASC to assess the proposal, financial aspects in particular, and to understand how the supporting documents do their work

The acquisition of suitable land in close proximity to the School is a key component in the future development of the School. The land is of strategic importance to the School as it adjoins a significant portion of our back boundary and would be a very good site for a future Junior School with ample room for playing space, hardcourts and fields, a Childcare Centre, possible senior/international student boarding facilities, car parking and other infrastructure. Large parcels of land immediately adjoining Independent Schools rarely become available and once sold tend not to become available again as the new owners have their own plans for the land.

As a School we have also looked at other adjoining land.

The Berger Land is an attractive parcel of land and whilst smaller at some 5 acres makes up the corner of the rectangle that is our current School Site. Long term it would be good to secure the Berger land but it only recently sold to the son of Mr Berger and he does not wish to sell.

The Principal spoke with the son of the current owner and he indicated that his father has no interest in selling and that the family have a strong emotional attachment to the land as it is the last of the Berger land. The Principal indicated that the School would dearly love to acquire the land and that we would like first option should they ever look at selling. The current owners have indicated that it is unlikely that they would want to sell in the next 25 years.

Similarly, the Principal has had discussions with the owner, Mr Aaron Barker who purchased a 25-acre site adjoining the eastern boundary of the School for \$1,300,000 approximately six years ago. Mr Barker has advised the Principal that he has no interest in selling the whole site as he has almost completed the construction of a substantial residence for his wife and four children. He may consider in time a boundary realignment proposal from the School but does not want anything in close proximity to his house which he has built towards the front of the block but also in the very middle of the block. Mr Barker also indicated that he would give no guarantee that he would look at a boundary realignment just that he may consider it at some stage in the future.

d. Evidence of the cost of the project/acquisition and details of what is to be obtained for that cost (e.g. request for tender and tender, draft contract, quotations, plans and specifications)

A signed contract dated 10 February 2017 at the agreed purchase price of \$3,250,000 has been exchanged with the following conditions:

- 10% deposit paid on initial offer of \$3,150,000 - \$315,000
- 45 days due diligence
- 90 days settlement – Balance of monies due.

The exchanged contract for the purchase of land is attached for your reference. (Refer attachment 2). All relevant plans form part of the contract.

Professionals have been engaged to undertake the following consultancies:

- Oneill Law Solicitors – Conveyancing
- Kellie Shapland Town Planning – Current zoning is Residential R1 and site can be used for purposes of educational facilities. This will be confirmed by the Town Planner
- HMC Environmental – As the land was used for farming the consultant will investigate to ensure that there are no issues with possible contamination from agricultural usage
- Steve Clout Building Inspections - Building and Pest Inspection.

Colliers International are the marketing agent for the property and the sales agent is Mr Darrell Irwin, Director.

The property has a 2500 square metre parcel of land that Tweed Shire Council are intending to acquire as a site for the construction of a water reservoir facility as part of the residential growth in the area. The current owners have been presented with a contract offer price of \$225,500 by the Tweed Shire Council for this parcel of land. There has not been a counter offer or agreement on

price for this transaction. The School would look to negotiate with the Tweed Shire Council in relation to this acquisition and an increased offer for the site.

e. Funding arrangements and supporting documents (e.g. current financials, terms of any grants, details of lender's terms)

The Principal and the Business Manager had entered into dialogue with both AFGD and Westpac to fund the purchase. Both entities have indicated their willingness to support funding the purchase of the land based on a number of factors:

- The School has produced outstanding financial results for the current and previous 4 years
- The School has a very low student debt ratio
- The School currently has low debt levels
- There are 1600 residential lots planned for development with land surrounding the School which could result in up to 5,000 people residing within walking distance to the School.
- "Aspire" is currently under construction by Metricon Developments as part of these developments with the first two stages already sold out
- There are two planned land subdivisions (Kings Forest and Cobaki Lakes), currently owned by Leda Constructions within 20 minutes' travel time from the School. Each development is due to have between 4,000 and 4,500 residential lots. Each development could see up to an additional 15,000 people move to live areas surrounding the School
- The School is experiencing a strong level of enrolment growth following a number of initiatives undertaken by the Principal
- The School runs two Principal tours per term at each campus. Attendance has been significantly higher than in previous years
- We have 14 students confirmed to commence at the School in term 2, 2017
- We currently have 5 students due to enter Year 6 in term 2, 2017. This coupled with 12 siblings confirmed for Year 7, 2018 plus other confirmed and potential applications may result in the School increasing Year 7, 2018 from 4 to 5 streams. Preschool and Year 7 are the year levels for major student intake
- Northern NSW surrounding suburbs of Casuarina, Kingscliff (including Salt Village) and Pottsville has seen substantial increases in residential populations. These areas have provided a major catchment for Lindisfarne students.

Current facility interest rates incorporating fixed loans for 3,4 and 5 year terms and variable rates as provided by Westpac and AFGD are detailed below are our current funding which consists of:

- Variable loan facility - \$7,518,388 due to expire in 2018
- Interest subsidy loans* – 6 separate loans totalling \$1,201,321.58.

*Please note that we are currently reimbursed approximately 85% of our interest costs by the State government under the interest subsidy scheme. These loans will progressively expire through to 2023. We currently pay back \$340,000 per annum covering principal and interest. This amount will decrease annually and there will only be two loans remaining after 2019.

We are currently investigating the option of a pari-passu loan funded 50% each by AFGD and Westpac with equal rights to security over our property. The loan may be split consisting of a variable (line of credit) facility and a fixed loan.

Current interest rates provided by Westpac are detailed below:

Limit	Current Loan	Proposed Loan				
	\$7,518,000	\$3,250,000				
Rate Type	Variable	Variable	Fixed 3 years	Fixed 4 years	Fixed 5 years	

BBSY	1.815%	1.815%	2.700%	2.860%	3.000%	Market Rate*
BM	1.240%	1.480%	1.480%	1.570%	1.640%	Funding Cost*
CM	0.700%	0.100%	0.100%	0.100%	0.100%	} Risk Margin*
Line Fee	1.000%	1.100%	1.100%	1.100%	1.100%	} Risk Margin*
All up rate	4.755%	4.495%	5.380%	5.630%	5.840%	

Indicative interest rates provided by AFGD are detailed below based on the new loan facility of \$3.25 million.

Variable	4.69%
1 yr fixed	5.19%
2 yr fixed	5.47%
3 yr fixed	5.79%
4 yr fixed	6.04%
5 yr fixed	6.25%

Please note that as at end of February 2017 the school is not accessing any of the line of credit with additional funds remaining in our transactional account. The current cash forecast prior to the proposed loan predicts access to approximately \$4 million of available funds within the School's line of credit as at 31 December 2017. Funds utilised within the line of credit would then be covered by the half yearly allocation of Commonwealth Government Per capita funding.

Additionally, approximately 18 months ago we paid out a \$2 million fixed loan with Westpac.

f. Financial information for the life of the loan including budgets, balance sheets, cash flow, profit and loss and known future significant expenditure commitments that may impact on the financial viability of the School.

The following documentation is attached for your reference:

- Audited financial statements for the year ended 31 December 2013
- Audited financial statements for the year ended 31 December 2014
- Audited financial statements for the year ended 31 December 2015
- Financial management report for December 2016
- 2017 operating budget
- Five year rolling forecast – 2017 - 2021.

As you will see each year the School has produced extremely high level of earnings before interest and depreciation (EBID) with substantial interest coverage.

g. Risk scenarios for the life of the loan

There are two risks. The first being that the land is unable to be used for educational purposes. This will be investigated by the town planner engaged to undertake a consultancy during the due diligence period. The other risk would be reduced income as a result of reduced enrolments. With enrolments tracking upward, large residential developments planned in the immediate and near future in adjoining and surrounding suburbs within increased populations moving to the area the eventuation of this enrolment risk factor appears unlikely. The improvement, stability and guidance provided by the incumbent Principal has led to a renewed and invigorated confidence in the School. Genuine enrolment enquiry has increased substantially whilst withdrawals have reduced when compared to previous years.

h. Sensitivity analysis (modelling) of the impact of the viability of the project for the life of the proposed loan, including all relevant risk factors such as student enrolment numbers, enrolment fees, government funding and interest rate rises and a clear statement of the assumptions that underlie the analysis

Enrolment numbers are tracking upward.

As fee increases were reduced in 2015, the modest increase of 3.9% has and continues to be well supported by the School community.

Commonwealth Government per capita funding has been budgeted at an increase per annum of 3.9%. The latest annual entitlement received in January 2017 was in excess of this rate.

State Government per capita funding has been budgeted at an increase per annum of 3%. The latest annual entitlement is due to be received in March 2017.

Forecasts have been based on higher than previous usage of the variable facility to cover a future interest rate rise.

• Downward pressure on fee increases so they are limited to matching the consumer price index (CPI)

The School traditionally increased school fees and charges by 6% per annum. As a result of strong financial management this was reduced to 3.9% in 2015 and this level of increase has been maintained through 2016 and 2017. Competitor schools have increased their fees by a higher level than our school. CPI is currently running at approximately 1.5%. The educational index (measurement for the increase in the provision of educational services) similar to the health index runs at rates closer to 5 to 6% per annum. There has been little or no "push back" in relation to fees since the School implemented the reduced fee increase.

• Static enrolments

Projected enrolment numbers for 2017 were at 930 funded students and 60 Preschool students late in 2016. Funded students were declared at 958 in the February 2017 State Government Census. There are currently 959 funded students and a total enrolment of 1,022 with a considerable number of additional enrolments due to commence at the start of term 2, 2017.

• Increases in staff costs that are higher than current trends

The current Multi Enterprise agreement award is in the "due diligence" stage with Fair Work Australia. It is envisaged that the commissioner will approve the award. The award covering 2017 to 2020 factors in an increase of 2.3% for teachers and 2.5% for operational and administrative staff. This is reflected in the 2017 operating budget and we have incorporated an increase for any additional staffing requirements and an overall increase of 3.5% to cover MEA increases and step level increases.

• Enable the GASC to see clearly the hypothetical point (or points) at which the project would cease to be financially viable and a clear statement of the assumptions that underlie the analysis

The project would not become viable if student numbers declined substantially. At that point the land could be resold if necessary. Please note that the School was advised that there were alternate offers in excess of the contracted price agreed between the School and the Balfey family. These offers were subject to a number of conditions and were not in line with the clean contract conditions offered by the School.

• Clearly demonstrate the impact on cash flow and on key ratios

Cash flow is detailed as part of the 5 year forecast.

Key ratios are detailed as part of the 5 year forecast.

i. An indication of any additional capital development projects the School Council might have on its forward CAPEX planning agenda, however tentatively or conceptually, that might be subject of a further request for approval during the life of the loan.

At this stage additional capital requirements have been forecast at \$500,000 per annum split between building improvements and equipment.



5 Year Rolling Forecast Parameters

Funded Students

Current – 959
Forecast for Census declaration August 2017 – 985
2018 Forecast – 975
2019 Forecast – 1000
2020 Forecast – 1025
2021 Forecast – 1050
Preschool Students – 60.

Fee Increases

2017 - 2021 – 3.9%.

Commonwealth Government Per Capita Funding Increases

2017 - 2021 – 3.9%.

State Government Per Capita Funding Increases

2017 - 2021 – 3.0%.
State Government recurrent income includes interest subsidy and state grants.

CPI Rate

1.5%.

Interest Rate

Midpoint Westpac – 3-4 Year Fixed Interest Rate - 5.5%.

Wage Escalation

3.5% overall
Teachers – 2.3% as per MEA
Support Staff – 2.5% as per MEA
Balance to cover increases in step levels.

Salary Oncoast Escalation

In line with additional salary costs.

Staffing Increases

Staffing increases as per approved restructure.

Capital Expenditure

Major Projects	Cost	Start Date
Land Acquisition	\$3,250,000	May-17

Minor Projects	Cost	Start Date
Capital expenditure per annum	\$500,000	

Minor projects – 50% Building improvements / 50% Equipment.

Funding / Debt

- Debt is calculated on usage not limit of facility.
- Variable facility will have approximately \$4,200,000 of funds available at end of 2017.
- Debt will increase by \$3,250,000 in May 2017.

Capital Income

\$70,000 per annum and additional \$10,000 in Funfest year.

Depreciation

In line with capital expenditure.

All Other Income

Increase in line with fee increase of 3.9% and increase in student numbers.

All Other Expenditure

Increase in line with current inflation plus additional \$20,000 for running costs of additional bus for southern bus run. School currently owns bus.

Interest Subsidy Loans

- Calculation of debt does not factor in interest subsidy loans as debt
- Principal repayments factored into cash flow.

Income Statement

	Annual Budget	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast
INCOME						
Fees/Levies for Capital Purposes	\$493,989.00	\$501,788.83	\$526,761.27	\$561,338.42	\$597,811.38	\$636,275.44
Other Capital Income	\$120,031.00	\$120,001.00	\$70,000.00	\$80,000.00	\$70,000.00	\$80,000.00
Other Commonwealth Recurrent Grants	\$27,000.95	\$27,427.28	\$28,792.25	\$30,682.20	\$32,675.78	\$34,778.19
Fees and Charges	\$6,976,052.00	\$7,086,200.19	\$7,438,857.98	\$7,927,152.24	\$8,442,218.95	\$8,985,463.68
Excursions / Trips / Sport	\$298,358.00	\$303,068.92	\$318,151.70	\$339,085.50	\$361,064.33	\$384,295.74
Other Receipts from Students	\$364,305.00	\$370,057.18	\$388,473.76	\$413,973.58	\$440,871.51	\$469,237.83
Other Private Income	\$71,602.00	\$72,732.56	\$76,352.23	\$81,364.07	\$86,050.70	\$92,225.93
Commonwealth Govt General Recurrent Income	\$7,746,457.00	\$7,991,475.80	\$8,389,184.19	\$8,999,898.85	\$9,520,725.18	\$10,133,303.63
State Govt Recurrent Income	\$2,558,211.00	\$2,619,122.27	\$2,651,958.72	\$2,772,889.73	\$2,905,248.33	\$3,054,288.85
TA-010 Trading Activities Income	\$183,500.00	\$186,397.37	\$195,673.78	\$208,518.00	\$222,066.46	\$236,354.54
TOTAL INCOME	\$10,809,476.95	\$19,278,269.40	\$20,064,205.88	\$21,354,812.58	\$22,679,333.63	\$24,106,163.88
EXPENSES						
Salaries	\$12,200,992.00	\$12,307,612.14	\$13,234,277.60	\$13,805,611.31	\$14,369,426.73	\$15,016,573.71
Other Staff Related Expenses	\$2,054,341.00	\$2,072,293.16	\$2,228,320.38	\$2,324,518.64	\$2,424,502.50	\$2,528,414.83
Departmental Expenses	\$753,762.00	\$753,762.00	\$765,068.43	\$776,544.46	\$788,392.62	\$800,015.51
Excursion/Trips/Sport Expenses	\$740,545.00	\$752,237.82	\$789,674.31	\$841,509.35	\$896,186.42	\$953,848.36
General Administrative Expenses	\$223,600.00	\$223,600.00	\$228,954.00	\$230,358.31	\$239,813.84	\$237,320.89
Marketing	\$80,000.00	\$80,000.00	\$81,200.00	\$82,418.00	\$83,654.27	\$84,909.08
Communications and Technology	\$669,500.00	\$669,500.00	\$679,542.50	\$689,735.64	\$700,081.67	\$710,522.90
Building and Grounds	\$397,000.00	\$397,000.00	\$402,955.00	\$408,999.33	\$415,134.31	\$421,361.33
Utilities/ Rates/ Rubbish	\$231,000.00	\$231,000.00	\$234,465.00	\$237,961.98	\$241,551.70	\$245,174.94
Buses/Vehicles	\$119,950.00	\$134,950.00	\$142,049.25	\$144,179.99	\$146,342.69	\$148,537.83
Interest Expense - Capital	\$313,000.00	\$432,166.67	\$491,750.00	\$491,750.00	\$491,750.00	\$491,750.00
Depreciation	\$1,350,581.00	\$1,350,581.00	\$1,425,581.00	\$1,500,581.00	\$1,575,581.00	\$1,650,581.00
Other Expenses	\$510,502.00	\$310,502.00	\$315,159.53	\$319,806.92	\$324,685.23	\$329,553.31
TA-020 Trading Activities Expense	\$29,501.00	\$29,601.00	\$30,045.02	\$30,495.69	\$30,933.13	\$31,417.42
TOTAL EXPENSES	\$19,474,375.00	\$19,744,805.78	\$21,047,042.01	\$21,884,570.61	\$22,751,858.03	\$23,650,042.96
TOTAL NET SURPLUS/(DEFICIT)	-\$664,898.05	-\$466,536.38	-\$982,836.13	-\$529,758.03	-\$72,524.40	\$456,120.92
Interest	\$313,000.00	\$432,166.67	\$491,750.00	\$491,750.00	\$491,750.00	\$491,750.00
Depreciation	\$1,350,581.00	\$1,350,581.00	\$1,425,581.00	\$1,500,581.00	\$1,575,581.00	\$1,650,581.00
EARNINGS BEFORE INTEREST AND DEPRECIATION	\$1,028,682.95	\$1,316,211.28	\$854,494.87	\$1,462,572.99	\$1,994,806.60	\$2,598,451.97

Financial Ratios

	Banking Benchmarks	2017 Budget	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast
Interest Cover (EBITD/Interest)	> 2.0x	3.31	4.24	3.03	4.57	6.14	7.88
Debt EBITD	< 0.5x	3.02	4.83	6.66	4.35	3.19	2.45
Net Operating Margins	> 10%	5.95%	7.44%	5.17%	7.45%	9.56%	11.72%
Debt per student	< \$10,000	\$3,269	\$6,586	\$6,519	\$6,356	\$6,201	\$6,053
Salaries/Net Income %	< 75%	75.67%	74.59%	76.99%	75.53%	74.18%	72.78%

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Cashflow Summary

	2017	2018	2019	2020	2021
		\$4,412,109	\$4,104,372	\$4,389,091	\$5,270,968
EBID		\$954,495	\$1,462,573	\$1,994,807	\$2,598,452
Annual Capital Outgoings funded from existing facility		\$500,000	\$500,000	\$500,000	\$500,000
Interest		\$491,750	\$491,750	\$491,750	\$491,750
Interest subsidy loan capital payments		\$270,482	\$186,104	\$121,180	\$121,180
Cash Surplus	\$4,412,109	\$4,104,372	\$4,389,091	\$5,270,968	\$6,756,490

Cash surplus to be applied against principle repayments

Income Statement Summary as at 31/12/2016

	Annual Budget	Actual	Month to Date Budget	Variance	Actual	Year to Date Budget	Variance
INCOME							
Fees/Levies for Capital Purposes	\$480,451.00	\$37,922.33	\$38,351.97	-\$434.64	\$487,101.54	\$480,451.00	\$6,650.54
Other Capital Income	\$120,001.00	\$0.00	\$0.00	\$0.00	\$182,356.55	\$120,001.00	\$62,355.55
Marketing	\$20,000.00	\$0.00	\$6,066.66	-\$6,066.66	\$0.00	\$20,000.00	-\$20,000.00
Other Commonwealth Recurrent	\$45,480.00	\$10,975.00	\$14,303.00	-\$3,328.00	\$46,084.55	\$45,480.00	\$1,204.55
Fees and Charges	\$6,836,000.00	\$586,864.35	\$578,900.72	\$7,904.63	\$6,875,734.75	\$6,836,000.00	\$39,734.75
Excursions / Trips / Sport	\$276,309.00	\$670.00	\$2,509.00	-\$1,839.00	\$319,090.35	\$276,309.00	\$42,781.35
Other Receipts from Students	\$351,207.00	\$8,743.66	\$6,701.71	-\$2,041.95	\$375,273.08	\$351,207.00	\$24,066.08
Other Private Income	\$38,303.00	\$10,809.00	\$629.06	\$10,179.94	\$64,575.21	\$38,303.00	\$26,272.21
Commonwealth Govt General	\$7,388,769.00	\$627,402.05	\$615,730.75	\$11,671.30	\$7,491,809.96	\$7,388,769.00	\$103,040.96
State Govt Recurrent Income	\$2,534,451.00	\$207,589.68	\$208,635.75	-\$1,046.07	\$2,556,771.61	\$2,534,451.00	\$22,320.61
TA.01D Trading Activities Income	\$154,101.00	\$12,642.98	\$9,042.19	-\$3,600.79	\$172,857.00	\$154,101.00	\$18,756.00
TOTAL INCOME	\$18,243,132.00	\$1,524,679.55	\$1,481,790.81	\$42,888.74	\$18,572,355.42	\$18,243,132.00	\$329,223.42
EXPENSES							
Ungrouped Expenses	\$20,000.00	\$0.00	\$6,066.66	-\$6,066.66	\$3,975.00	\$20,000.00	-\$16,025.00
Salaries	\$11,414,583.00	\$1,493,682.44	\$1,509,162.77	-\$15,480.33	\$11,221,806.89	\$11,414,583.00	-\$192,776.11
Other Staff Related Expenses	\$1,908,878.00	\$188,145.28	\$197,321.88	-\$9,176.60	\$1,881,833.87	\$1,908,878.00	-\$27,044.13
Departmental Expenses	\$634,406.00	\$32,332.61	\$52,052.10	-\$19,719.49	\$610,922.85	\$634,406.00	-\$23,483.15
Excursion/Trips/Sport Expenses	\$704,925.00	\$17,474.23	\$22,048.77	-\$4,574.54	\$618,321.87	\$704,925.00	-\$86,603.13
General Administrative Expenses	\$180,200.00	\$43,093.22	\$15,034.48	-\$28,058.74	\$244,833.32	\$180,200.00	\$64,633.32
Marketing	\$80,100.00	\$2,595.15	\$3,722.76	-\$1,127.61	\$7,495.38	\$80,100.00	-\$72,604.62
Communications and Technology	\$528,100.00	\$15,967.73	\$29,482.12	-\$13,514.39	\$57,982.02	\$528,100.00	-\$47,117.98
Building and Grounds	\$332,000.00	\$37,634.14	\$31,391.27	-\$6,242.87	\$400,972.37	\$332,000.00	\$68,972.37
Utilities/ Rates/ Rubbish	\$244,000.00	\$17,449.08	\$19,822.10	-\$2,373.02	\$214,422.29	\$244,000.00	-\$29,577.71
Buses/Vehicles	\$133,400.00	\$5,632.87	\$3,831.73	-\$1,801.14	\$15,731.40	\$133,400.00	-\$117,668.60
Interest Expense - Capital	\$408,725.00	\$21,754.11	\$39,028.48	-\$17,274.37	\$251,864.76	\$408,725.00	-\$156,860.24
Depreciation	\$1,301,756.00	\$100,882.26	\$122,774.31	-\$21,892.05	\$1,181,451.98	\$1,301,756.00	-\$119,304.02
Other Expenses	\$223,602.00	-\$8,147.39	\$34,534.75	-\$24,682.14	\$248,252.87	\$223,602.00	\$24,650.87
Acting Prindpal Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$12,568.78	\$0.00	\$12,568.78
TA.02D Trading Activities Expense	\$29,402.00	\$2,800.02	\$2.00	-\$2,798.02	\$33,694.11	\$29,402.00	\$4,292.11
TOTAL EXPENSES	\$18,143,472.00	\$2,037,435.03	\$2,085,595.98	-\$48,160.95	\$17,695,735.81	\$18,143,472.00	\$447,736.19
TOTAL NET SURPLUS/(DEFICIT)	\$101,655.00	-\$512,755.48	-\$603,805.17	\$91,049.69	\$876,619.61	\$101,655.00	\$774,964.61

Income Statement Monthly Variance Analysis – December 2016

INCOME	
FEES AND CHARGES – Primarily due to higher than budget Preschool enrolments, coupled with less than budget take up of scholarships and prompt payment discounts	7 903.63
OTHER PRIVATE INCOME – Reimbursement of staff for STEM training	10 179.64
COMMONWEALTH GOVERNMENT RECURRENT INCOME – Higher per capita rate plus higher than budget declaration of students with disabilities	11 731.60
STATE GOVERNMENT RECURRENT INCOME – Nera Grant Income	18 853.63
MINOR VARIANCES	(5 860.26)
TOTAL INCOME IN EXCESS OF BUDGET	42 868.74
EXPENDITURE	
SALARIES – Primarily due to later than anticipated commencement of Counsellor and CIO and reduced maternity leave	15 464.63
DEPARTMENTAL EXPENSES – Various departments were in excess of budgets	20 429.49
GENERAL ADMINISTRATION EXPENSES – Increased insurance premium	(10 050.74)
COMMUNICATION AND TECHNOLOGY – Primarily due to less than budget software licenses	13 525.39
INTEREST EXPENSE – Careful monitoring of cashflow	17 214.37
DEPRECIATION – Primarily due to the deferral of purchase of ICT equipment	21 867.05
OTHER EXPENSES – Unbudgeted costs relating to strategic planning	(23 606.64)
MINOR VARIANCES	13 225.40
TOTAL EXPENDITURE LESS THAN BUDGET	48,160.95
TOTAL NET SURPLUS IN EXCESS OF BUDGET	91,019.69

Income Statement Year to Date Variance Analysis – December 2016

INCOME	
OTHER CAPITAL INCOME – Higher than budget donations from P&F	62 355.66
MARKETING – No income received for 'Dare to Dream' project	(20 000.00)
FEES AND CHARGES – Primarily due to higher than budget Preschool enrolments and less than budget bursaries, scholarships and discounts partially offset by less than budget enrolments (K-12)	29 674.76
EXCURSIONS / TRIPS / SPORT – Higher than budget sport income and various excursions income partially offset by less than budget income from the camps for Years 10 and 11	42 781.36
OTHER RECEIPTS FROM STUDENTS – Primarily due to higher than budget income for enrolments, testing and visual arts, partially offset by reduced bus patronage	24 093.66
OTHER PRIVATE INCOME – Primarily due to unbudgeted income relating to sales of the music CD (offset in expenditure) and reimbursement of staff to undertake STEM training	26 272.21
COMMONWEALTH GOVERNMENT RECURRENT INCOME – Primarily due to a higher than budget per capita rate	103 040.66
STATE GOVERNMENT RECURRENT INCOME – Primarily due to higher than budget NEHA (Gonski) funding partially offset by reduced funding due to less than budget enrolments	22 320.61
TRADING ACTIVITIES INCOME – Primarily due to full capacity for vacation care in January 2016	16 853.60
MINOR VARIANCES	7 854.00
TOTAL INCOME IN EXCESS OF BUDGET	327 223.42
EXPENDITURE	
MARKETING – Expenditure relating to 'Dare to Dream' project	16 025.00
SALARIES – Primarily due to limited allocation of maternity leave to date, reduced Principal salary and later than planned start date for the COO and counsellor partially offset by increased sick leave coverage for teachers	182 709.11
OTHER STAFF RELATED EXPENSES – Primarily due to less than budget Workers Compensation insurance premium, reduced long service leave provision, and less than budget superannuation as a result of reduced salary expenditure partially offset by the cost of relocation of new Principal and FDT implications for the acting Principal	27 044.13
DEPARTMENTAL EXPENSES – Various departments are under budget	23 450.16
EXCURSIONS / TRIPS / SPORT – Less than budget expenditure for Years 3, 5, 9, 10 and 11 camps and the HSHI excursion offset by higher than budget expenditure for the visual arts and science excursions (offset by income)	86 624.13
GENERAL ADMINISTRATION EXPENSES – Primarily due to a higher than budget insurance premium and the unbudgeted Anglican affiliation fee	(64 700.32)
BUILDING AND GROUNDS – A large level of major maintenance has been undertaken throughout the year	(68 972.37)
UTILITIES / RATES / RUBBISH – Reduced consumption and rate for electricity as a result of the new energy contract	29 577.71
BUSES / VEHICLES – Maintenance and reduced fuel costs have reduced for all buses and vehicles	16 289.60
INTEREST EXPENSE – Careful monitoring of cashflow	166 380.24
DEPRECIATION – Later than anticipated start for some capital projects	419 704.02
OTHER EXPENSES – Extraordinary payment, cost of strategic plan and payment to diocese	(74 656.87)
ACTING PRINCIPAL EXPENSES – Rent, accommodation and travel expenditure for acting Principal	(12 568.78)
MINOR VARIANCES	(1 572.66)
TOTAL EXPENDITURE LESS THAN BUDGET	447 741.19
TOTAL NET SURPLUS IN EXCESS OF BUDGET	774 964.61

Balance Sheet Summary as at 31/12/2016

	2016	2015/12
ASSETS		
Current Assets		
CASH AT BANK	\$206,240.32	\$165,796.90
DEBTORS	\$224,623.22	\$144,957.67
PREPAYMENTS	\$192,594.28	\$71,516.08
DEPOSITS	\$300.00	\$200.00
Total Current Assets	\$623,757.82	\$382,470.65
Non-Current Assets		
DEBTORS	\$41,168.79	\$60,882.00
TEXT BOOK & LIBRARY HOLDINGS	\$278,092.31	\$243,975.41
DEPRECIATION, TEXT BOOKS & LIB	\$164,866.63	\$133,288.57
LAND	\$6,663,000.00	\$6,663,000.00
BUILDINGS & IMPROVEMENTS	\$22,077,392.98	\$21,278,712.46
DEPRECIATION ON BUILDINGS & IMPROVEMENTS	\$5,220,756.62	\$4,465,258.59
EQUIPMENT, FURNITURE & FITTING	\$2,890,291.70	\$2,583,958.75
DEPRECIATION ON EQUIPMENT, FURNITURE & FITTINGS	\$1,872,312.29	\$1,715,543.47
BUS & VEHICLE FLEET	\$1,175,997.04	\$1,175,997.04
DEPRECIATION BUS & VEHICLES FLEET	\$626,903.61	\$546,385.65
OTHER ASSETS	\$35,369.68	\$251,129.22
Total Non-Current Assets	\$25,276,473.35	\$25,397,178.60
TOTAL ASSETS	\$25,900,231.17	\$25,779,649.25
LIABILITIES		
Current Liabilities		
CREDITORS	\$130,550.95	\$117,269.67
ACCRUALS	\$116,272.69	\$545,953.40
PROVISIONS	\$2,019,783.76	\$1,711,688.59
CLEARING ACCOUNTS	\$640,114.76	\$301,811.36
DEPOSITS	\$41,654.32	\$42,395.79
OTHER LIABILITIES	\$73,000.63	\$102,835.34
WESTPAC LOANS	\$3,946,321.58	\$4,832,457.58
Total Current Liabilities	\$6,967,698.69	\$7,654,411.73
Non-Current Liabilities		
PROVISIONS	\$67,815.54	\$137,140.19
Total Non-Current Liabilities	\$67,815.54	\$137,140.19
TOTAL LIABILITIES	\$7,035,514.23	\$7,791,551.92
NET ASSETS	\$18,864,716.94	\$17,988,097.33
ACCUMULATED FUNDS AND RESERVES		
TOTAL ACCUMULATED FUNDS AND RESERVES	\$18,864,716.94	\$17,988,097.33



BOARD MEETING DATE:

23/03/2017

No 7 Matters for Decision

Item: b

Title: Coffs Harbour Parish

No of Pages. 5 incl Header

Purpose of advices:

Submission to The Corporate Trustees requesting approval to refinance existing Coffs Harbour Parish borrowings for the property situated at 10 Cotswold Close Coffs Harbour 2450 from Westpac to AFGD.

Note

- this is not new borrowings simply a refinance from one financial institution to another.
- Fits with AFGD's core purpose to fund internally Diocese related entities.
- Supports the Diocese including AFGD by the Parish having all transactional and borrowings with AFGD.
- Refinance request has been discussed and approved at Parish level to proceed.

Brief outline of proposal

The current Westpac loan

- fixed rate matures 17/4/2017.
- balance as at 13/3/17 \$173,626.34
- Current repayments \$1,371 p/m
- existing loan maturity date 17/4/2037.- 20 years remaining from 17/4/17
- New Variable rate proposed – 5.16%
- New repayments proposed - \$1,164 p/m
- Government discharge costs circa \$400.

AFGD's Proposal

- Proposed drawdown date 18/4/17
- Loan Amount \$174,000
- Term 20 years
- Repayments \$1,153 per month
- Variable rate proposed – 5.05%
- Redraw availability on the loan.
- Nil – refinance fee
- Nil monthly administration charge.

Security will be a charge over the property situated at 10 Cotswold Close Coffs Harbour given by the Corporate Trustees of the Diocese of Grafton

Anticipated Fair Market Valuation (conservative)

\$480,000

Insured value summary below excludes land.

Grafton	Anglican Parish of Coffs Harbour	Rectory	10	Cotswold	Close	COFFS HARBOUR	\$325,500	\$25,000		\$350,500	Reinstatement
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Recommendation

AFGD has previously assessed this proposal and supports the funding request and therefore recommends approval of Coffs Harbour Parish Loan refinance from Westpac to AFGD.



Blaine Fitzgerald
Manager – Anglican Funds Grafton Diocese

Next Steps

- Manager to forward Loan documentation to CTS and Parish for signing.
- Upon return co-ordinate discharge and settlement with Westpac.



St John's Anglican Church

2 McLean Street
(P O Box 1928)
Coffs Harbour NSW 2450
Phone: 02 6651 4700
Fax: 02 6651 4715
email: stjohnscoffs@bigpond.com
ABN: 48 760 490 292
13/03/2017

Dear Blain;

With reference to the loan for the Rectory at Coffs Harbour, which we had discussions about this morning, it is the wish of the Coffs Harbour Parish that this loan which is currently with Westpac be transferred to AFGD. We would like this loan to be at the flexible interest rate that you quoted and for this loan to have a drawdown facility as discussed with Mr Richard DuBois. This loan matures with Westpac on 17 April and we would ask that you make necessary arrangements with the trustees of the diocese and Westpac for this loan arrangement to be put into place.

Yours in Christ



Fr Ian Mabey

Business Loan Centre
 1 King St
 Concord West NSW 2138

Phone: 132 772

13 February 2017



018 - 2480

THE REGISTRAR CORPORATE TRUSTEES
 PO BOX 4
 GRAFTON NSW 2460

Dear Customer,

Account Number: 032537 175632

The fixed rate period on your current Fixed Rate Investment Property Loan is due to end on **17 April 2017**. To help you choose an option that best suits your needs, we've outlined your alternatives below.

Your Options	Information						
<p>1. You can choose a new fixed rate.</p>	<p>If you would prefer to stay on a fixed rate to ensure repayment certainty you just need to choose a new fixed rate term. To help make your decision, please refer to the enclosed "Westpac Property Interest Rates" page. Once you know which fixed rate term to choose, simply follow these three easy steps:</p> <p>How to choose a new fixed rate</p> <ol style="list-style-type: none"> 1. Read and carefully consider the enclosed handout: "To help you better understand interest rates". 2. Have all borrowers sign the enclosed Fixed Rate Offer, to confirm your selection. 3. Return the signed Fixed Rate Offer in the reply paid envelope provided before 10 April 2017. <p>There are no fees and charges payable if you choose a new fixed rate term.</p>						
<p>2. You can do nothing and roll to a variable interest rate.</p>	<p>If you do nothing, your fixed rate term will expire and we will automatically convert your loan to a variable rate Variable Rate Investment Property Loan with the details outlined below.</p> <table> <tr> <td>Interest Rate (including agreed discount of 0.40% p.a.):</td> <td>5.16% p.a.</td> </tr> <tr> <td>New monthly repayment:</td> <td>\$1,164</td> </tr> <tr> <td>New Repayment Start Date:</td> <td>20 May 2017</td> </tr> </table>	Interest Rate (including agreed discount of 0.40% p.a.):	5.16% p.a.	New monthly repayment:	\$1,164	New Repayment Start Date:	20 May 2017
Interest Rate (including agreed discount of 0.40% p.a.):	5.16% p.a.						
New monthly repayment:	\$1,164						
New Repayment Start Date:	20 May 2017						

Your Repayments

If you have a periodical payment set up on your loan, you may need to adjust the amount. You can do this via online banking or we can do this for you over the phone - simply call us.

If you have any questions about the above, please call your Relationship Manager.

Thank you for banking with Westpac.

Yours sincerely,



Bernadette Inglis
 Group General Manager
 Westpac Retail - Consumer Bank

**Account transaction list****13 March 2017 12:29 AEDT**

Office: Anglican Diocese of Grafton
Group: Corporate Trustees
Account: INVESTMENT PROPERTY LOAN 032537 175632

Opening balance: AUD 174,211.80- as at: 3 January 2017
Closing balance: AUD 173,626.34- as at: 10 March 2017
Current balance: AUD 173,626.34- as at: 13 March 2017 12:28 AEDT
Available balance: AUD 61.66+ as at: 13 March 2017 12:28 AEDT
Overdraft limit: AUD 174,273.00 as at: 3 January 2017
Search parameters: All transactions

Date	Description of transaction	Debits	Credits	Balance
21 Feb 2017	PERIODICAL PAYMENT FROM ANGLICAN PARISH LOAN REPAYMENT		1,371.00	173,626.34-
20 Feb 2017	INTEREST	1,077.64		174,997.34-
23 Jan 2017	PERIODICAL PAYMENT FROM ANGLICAN PARISH LOAN REPAYMENT		1,371.00	173,919.70-
20 Jan 2017	INTEREST	1,078.90		175,290.70-
Total value of transactions:		2,156.54	2,742.00	
Number of transactions:		2	2	

*** END OF LIST ***

Westpac Banking Corporation, ABN 33 007 457 141.



BOARD MEETING DATE:

23/03/2017

No 10 Matters for Noting

Item: a

Title: Fund Manager Report

No of Pages. incl Header 6.



AFGD REPORT – to Board covering 14/02/17 to 17/3/17

Last update was provided as at 14/02/2017.

Below is a new version of the Management Report that is consistent with the 5 key result areas identified in AFGD's Strategic Plan 2017 - 2019.

5 key result areas

1. Financial Performance
2. Marketing & Business Development
3. Customer and Stakeholder
4. Human Resources
5. Governance Compliance and Risk Management.

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 28/02/2017 is 1.68%

Below target performance due to heavy weighting in cash. Anticipate correction as the year progresses and the schools draw down on their funding lines.

Maintain Prudential Guidelines

- Capital Adequacy 31/12/2016 – 6.41% Benchmark 8% - 10%
- Liquidity – excluded Ord Minnett – 28.6% Benchmark 10% of Total Assets
This would be stronger if Ord Minnett included.

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

- 31/12/16 \$39,599,081 Management results start point for 2017.
- 28/02/17 position \$38,343,559 – below start point. Continue to watch position.

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:

Margins & Cost of Funds (COF)				
	28-02-17	31-01-17	Variance	Comment
Loans	5.355%	5.380%	-0.03%	Portfolio too heavily weighted in cash
Ord Minnett	4.500%	4.550%	-0.05%	at commencement of year
Cash	2.440%	2.350%	0.09%	Strategy rebalance
Ave Return on assets	4.225%	4.074%	0.15%	1/ Move more into ORD \$2.5M -
Savings	1.065%	1.115%	-0.05%	2/ Customers use of debt will increase as the year
Investment	2.748%	2.750%	0.00%	progresses.
Ave weighted COF	2.550%	2.530%	0.02%	
Margin	1.675%	1.544%	0.13%	Startegic Plan benchmark 1.75% to high of 2.50%

Operate the business within the expenditure budget parameters set Annually.

Total expenses YTD as at 28/02/17 is currently tracking \$21,671 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.

Other Business Development activities.

Merchant facilities for OP shops.

- Coffs Parish have agreed to be pilot.
- Ballina and Alstonville parishes are also keen to pilot the proposal.

Coffs Harbour Parish – Westpac Investment Loan - refinance

- Loan for \$174,000 included in 23/3/17 Board papers for consideration.
- Settlement proposed by 20 April 17.

Camfar Properties P/L

- Loan for \$190,000 is scheduled to drawdown in early April 17.

“Pari Passu” agreement with Westpac

Lindisfarne:

- Funding request via Pari Passu joint funding request with Westpac is submitted in 23/3/17 Board papers for consideration.
- 50/50 split now proposed.
- AFGD \$6M LOC to accommodate land purchase 34 Mahers Rd Terranorra
- Westpac facilities to reduce via LOC reduction to Total facilities of \$6M to match ours.
- Joint approval required in line with due diligence by 30/3/17.
- Settlement and drawdown proposed by 14/5/17.

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 budget and 5 year projections can be signed off.
- Wait and see approach currently adopted.
- The college will make contact again when they have worked through their re-structure.
- Shane Oxley Business Manager BDC will then release amended approved budget and preferred funding mix between AFGD and Westpac. \$12M in total. \$6M split each.
- AFGD submission to Board for consideration is sitting in draft and I can complete the document quickly once final mix known.
- Westpac remain committed to sharing the portfolio with us.

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

Over the past 60 days I have been in contact with the Anglican Diocese of Armidale discussing where we are at and potential impact of the ASIC legislation.

- Ron Perry Registrar and Executive Officer of their Development Fund has been rebuilding a retail investor book since 2014. FUM circa \$5M.
- We have been sharing information regarding ASIC and our respective positions – retail/wholesale.
- Presently they utilise the services of Canberra Goulburn Diocese. The solution put to them by Canberra Goulburn is not favourable for Armidale therefore they are receptive to exploring other options.
- They also utilise the services of Ord Minnett.
- Our potential ORD solution may prove to be a solution that presents some opportunities for both Grafton and Armidale.
- We have agreed to keep the dialogue open.
- AFGD is seeking a cost effective solution on AFS licencing.
- Armidale are lobbying to have the legislation changed.

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.

External:

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

APRA/ASIC

- Position with ASIC currently requires significant resources.
- ID statement has not yet been accepted.
- Update provided in the February 17 minutes.

Ord Minnett

- Alison Perrott of Ord Minnett has advised Ord Minnett are not prepared to rent their Australian Financial Services Licence (AFSL).to AFGD.
- Alison is sourcing options via other external providers to assist.
- To date a solution has not been tabled

AFSA

- Waiting for AFSA/Data Action revised costings for 2017 and beyond.

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

- PT CSO position of 5 hours per week to continue unchanged til 31/3/17 when next review is planned.

5. Governance Compliance and Risk Management.

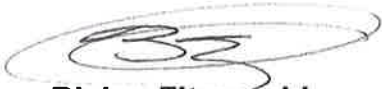
Objective:

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.

- Quarterly update to be provide for the Board and management to assess position.



Blaine Fitzgerald
Manager AFGD
17/3/17



BOARD MEETING DATE:

23/03/2017

No 10 Matters for Noting

Item: b

Title: Finance Reports

No of Pages. 32 incl Header

AFGD Dashboard

AFGD Dashboard - as at 28th February 2017

Margins & Cost of Funds (COF)				
	28-02-17	31-01-17	Variance	Comment
Loans	5.355%	5.380%	-0.03%	Portfolio too heavily weighted in cash
Ord Minnett	4.500%	4.550%	-0.05%	at commencement of year
Cash	2.440%	2.350%	0.09%	Strategy rebalance
Ave Return on assets	4.225%	4.074%	0.15%	1/ Move more into ORD \$2.5M -
Savings	1.065%	1.115%	-0.05%	2/ Customers use of debt will increase as the year progresses.
Investment	2.748%	2.750%	0.00%	
Ave weighted COF	2.550%	2.530%	0.02%	
Margin	1.675%	1.544%	0.13%	Starategic Plan benchmark 1.75% to high of 2.50%

Ord Minnett Portfolio Summary (000's)			Comments
MV	Cost base	Movement	
28-02-17			Portfolio MV is holding.
\$ 8,841.99	\$ 8,798.21	\$ 43.78	Revaluation occurs quarterly - 31/03/17 to be updated in Balance Sheet
Income			
YTD Actual	Annualised	Gross Yield	Cash flow forecast indicates gross income to be \$433K. This annualised result will smooth as year progresses
\$ 44.87	\$ 269.22	3.06%	Anticipated Gross yield 4.50%
Cashflow			
	\$ 433.00	4.92%	
Fees			
YTD Actual	Annualised	%	Agreement is .40% - tracking to plan
\$ 5.73	\$ 34.38	0.39%	

Capital Adequacy - target is 10%				
	28-02-17	31-01-17	Variation	% below min target
Total Equity	1,290.2	1,284.8	\$ 5.40	Change in asset allocation has increased
Risk Weighted Assets	20,142.4	20,825.2	-\$ 682.80	RWA's impacting Capital Adequacy %.
Capital Adequacy	6.41%	6.17%	0.24%	3.59%

Total Deposits & Lending (\$000's)				Cash & Investments	
	28-02-17	31-01-17	Variation	\$ 000's	
Deposits	\$ 38,343.6	\$ 39,311.5	-\$ 968	AFSA	602.3
addback				Westpac	1,330.8
re-draw funds	\$ -	\$ -		ORD Minnett	8,933.4
	<u>\$ 38,343.6</u>	<u>\$ 39,311.5</u>		Melb DIF	4,750.0
Lending	\$ 28,582.0	\$ 28,664.5	-\$ 83	BOQ	3,000.0
addback				ME Bank	1,500.0
re-draw funds	\$ -	\$ -		AMP	1,500.0
	<u>\$ 28,582.0</u>	<u>\$ 28,664.5</u>			\$ 21,616.5
					% holding
				AFSA	2.79%
				Westpac	6.16%
				ORD Minnett	41.33%
				AMP	6.94%
				Melb DIF	21.97%
Cash/ Investment	\$ 21,616.5	\$ 17,644.3	\$ 3,972	BOQ	13.88%
LOC facilities	\$ 1,600.0	\$ 1,600.0	\$ -	ME Bank	6.94%
Total available	\$ 23,216.5	\$ 19,244.3	\$ 3,972		100.00%
Liquidity Ratio	60.55%	48.95%	11.60%		

P & L Summary (\$000's) - February 2017 data				
	Actual for Feb 17	Budget for Feb 17	Variation	Explanation
All income	\$ 133.8	\$ 153.8	-\$ 20.0	Income Delays in refinance of BDC has reduced income
Expenses	\$ 115.8	\$ 146.6	-\$ 30.8	
Net profit	\$ 18.0	\$ 7.2	\$ 10.8	Expenses Savings achieved interest paid
Contrib Diocese	\$ 14.6	\$ 14.6	\$ -	investors and general
Balance after Dist	\$ 3.4	-\$ 7.4	\$ 10.8	operating expenses.

P & L Summary - YTD (\$000's)				
	Actual as at 28/02/2017	Budget as at 28/02/2017	Variation explanation	
All income	\$ 283.2	\$ 324.6	-\$ 41.4	Income Delays in refinance of BDC has reduced income
Expenses	\$ 237.2	\$ 300.2	-\$ 63.0	
Net profit	\$ 46.0	\$ 24.4	\$ 21.6	Expenses - Savings achieved interest paid
Contrib Diocese	\$ 29.2	\$ 29.2	\$ -	investors and general
Balance after Dist	\$ 16.8	-\$ 4.8	\$ 21.6	operating expenses.

Capital Adequacy & Liquidity:

as at 28/02/2017

No redraw calculated

Capital Adequacy: (Target > 10% of Risk Weighted Assets)						
Assets		Weighting	Asset Value		RWA	
Cash (Govt. Securities, A Rated Aust. Banks)		10%	\$	12,683,182	\$	1,268,318
Cash (Other Aust. Banks, ADI's)		20%	\$	-	\$	-
Anglican Loans -Unsecured		100%	\$	198,629	\$	198,629
Anglican Loans -Secured			\$	17,874,476	50%	\$ 17,675,847
Undrawn Anglican Loans -Secured		50%	\$	10,707,521	\$	5,353,761
redraw funds available		50%	\$	-	\$	-
External Loans - Secured Commercial property		100%	\$	-	\$	-
Undrawn Ext. Loans - Secured Commercial property		100%	\$	-	\$	-
Equities		400%	\$	-	\$	-
Ord Minnett Subordinated Notes		50%	\$	8,818,286	\$	4,409,143
Other Investments		300%	\$	21,755	\$	65,265
Ord Cash		10%	\$	93,404	\$	9,340
Total Assets			\$	50,198,624	\$	20,142,380
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%	\$	50,198,624	\$	15,059,587	
Loans > 30% of TA				\$	13,935,788	
				200%	-\$	1,123,799
						\$ -
External loans (< 5% of Total Assets)						
		<u>Total Assets:</u>		<u>Limit Amount:</u>		
Limit	5%	\$	-	\$	-	
Loans > 5% of TA				\$	-	
				400%	\$	-
						\$ -
				Total Risk Weighted Assets	\$	20,142,380
					8%	\$ 1,611,390
					+ 2% Buffer	\$ 402,848
					Required Capital 10%	\$ 2,014,238
Equity:						
		2017 draft		Accumulated Funds		\$ 1,238,452
				Asset Reserves		\$ 34,970
				Adjustments		
		Management results		YTD profit after distribution		\$ 16,807
				Total Equity		\$ 1,290,229
				"Surplus" Capital		-\$ 724,009
				Actual Capital Adequacy ratio		6.41%

Liquidity (> 10% of Total Assets):						
Total Assets:					\$	50,296,586
Minimum Liquidity requirement			10%		\$	5,029,659
Actual position:						
Cash					\$	12,776,586
Undrawn Bank OD Facility					\$	1,600,000
Total Actual Liquidity					\$	14,376,586
"Surplus" Liquidity					\$	9,346,927
Actual Liquidity Ratio						28.6%

Depositors in excess of 5% of Liabilities

		<u>Client</u>	<u>Deposit Amount</u>	<u>% of Liabilities</u>
Total Liabilities	\$ 38,343,559	Corp Trustees	\$ 10,906,177	28%
plus redraw funds		St Cuthberts	\$ 4,835,519	13%
	\$ 38,343,559			0%
				0%
			\$ 15,741,696	41%

External Loan in excess of 5% of Total Assets

	<u>Borrower</u>	<u>Loan Amount</u>	<u>% of Assets</u>
		0	

Internal Loan to any one anglican entity not to exceed 30% of TA

	<u>Borrower</u>	<u>Loan Amount</u>	<u>% of Assets</u>
	SCAS	\$ 13,935,788	28%

Asset Targets

		<u>Target</u>	<u>Actual</u>
Cash	\$ 12,776,586	20%	25.40%
Ord Hybrids	\$ 21,755	0%	0.04%
Secured External loans		0%	0.00%
Secured Anglican loans	\$ 28,383,368	70%	56.43%
Unsecured Anglican loans	\$ 198,629	0%	0.39%
Ord Minnett Subordinated Notes	\$ 8,911,690	10%	18%
Other Investments P&E wd value	\$ 4,558	0%	0.01%
	\$ 50,296,586	100%	100.00%

Maximum % of Cash invested with any one institution, 20% of Total Assets

	<u>Bank</u>	<u>Inv. Amount</u>	<u>% of Assets</u>
	Melb Dif	\$ 4,750,000	9.4%
			0.0%

Minimum % of Cash investments with maturity dates < 45 days, 12%

	<u>Actual %</u>
\$ 5,543,384	43.4%

Floating Rate Note/CDO investments to be "A" rated

Investments currently below this benchmark;

	<u>Rating</u>	<u>Maturity Date</u>	<u>Market Value</u>
Australian Unity Ltd	BBB+	15-12-20	\$ 889,557
Members Equity	BBB+	29-08-19	\$ 1,007,690
Auswide Credit Union	BBB	12-06-19	\$ 509,295

(n.b. Westpac credit rating AA-)

\$ 2,406,542

Westpac Covenants:

	<u>Requirement</u>	<u>Actual</u>
Tier 1 Capital	\$ 2,014,238	\$ 1,290,229
Liquid assets with maturity terms < 45 days	\$ 1,535,801	\$ 5,543,384
Min. liquid assets (Deposits, FRN & CDOs)	\$ 10,059,317	\$ 21,710,031
of not less than 20% of Total Assets	20%	43%

AFGD FIXED INVESTMENT RETENTION RATES													
Month	Year of review 2013			Year of review 2014			Year of review 2015			Year of review 2016			
	000'S	Book balance	Value redeemed	%	Book balance	Value redeemed	%	Book balance	Value redeemed	%	Book balance	Value redeemed	%
January	\$ 30,216.5	No Data		1.16%	\$ 29,896.7	\$ 347.3		\$ 30,322.6	\$ 167.1		\$ 32,873.5	\$ 105.1	0.32%
February	\$ 29,989.5	No Data		0.00%	\$ 29,780.7	\$ -		\$ 30,528.8	\$ 318.9		\$ 32,807.6	\$ 175.4	0.53%
March	\$ 29,592.5	No Data		0.06%	\$ 29,910.9	\$ 17.2		\$ 30,551.3	\$ 397.8		\$ 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	Year of review 2017			Year of review 2018			Year of review 2019			Year of review 2020			
000'S	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!			#DIV/0!	
February	\$ 33,883.8	\$ 58.5	0.17%			#DIV/0!			#DIV/0!			#DIV/0!	
March			#DIV/0!			#DIV/0!			#DIV/0!			#DIV/0!	
April			#DIV/0!			#DIV/0!			#DIV/0!			#DIV/0!	
May			#DIV/0!			#DIV/0!			#DIV/0!			#DIV/0!	
June			#DIV/0!			#DIV/0!			#DIV/0!			#DIV/0!	
July			#DIV/0!			#DIV/0!			#DIV/0!			#DIV/0!	
August			#DIV/0!			#DIV/0!			#DIV/0!			#DIV/0!	
September			#DIV/0!			#DIV/0!			#DIV/0!			#DIV/0!	
October			#DIV/0!			#DIV/0!			#DIV/0!			#DIV/0!	
November			#DIV/0!			#DIV/0!			#DIV/0!			#DIV/0!	
December			#DIV/0!			#DIV/0!			#DIV/0!			#DIV/0!	

Asset classes indicative return	31-01-17		28-02-17	
	Interest rate	Balance	Interest rate	Balance
Loan Portfolio				
COM 730 Interest Only	5.735%	17,728,676.99	5.735%	17,874,476.02
COM 730 P&I	5.219%	5,200,859.92	5.216%	5,200,322.13
SAV 138 Exceed Limit	0.000%	10,813,507.26	0.000%	10,731,288.83
SAV 138 Within Limit	5.320%	1,714,309.81	5.104%	1,942,865.06
Diversified Investment Portfolio				
Ord Minnett	4.550%	7,637,634.21	4.500%	8,933,445.42
Cash at Bank				
1-1105 WBC Operating Acc	0.10%	27,061.03	0.10%	8,774.55
1-1110 WBC Client Acc	0.10%	159,144.45	0.10%	220,053.61
1-1130 AFSA Float	0.00%	1,074,883.62	0.00%	362,537.58
1-1137 Unprocessed Phoenix	0.00%		0.00%	
1-1160 WBC Cash Mgmt Acc	1.30%	107,099.34	1.30%	202,018.18
1-1162 WBC 31 Day	2.65%		2.65%	
1-1163 WBC 60 Day	2.75%		2.75%	
1-3120 AFSA Sec Deposit	1.74%	239,479.00	1.74%	239,798.72
1-3130 WBC Term Inv	2.50%	100,000.00	2.50%	100,000.00
WBC Term Inv	2.40%	800,000.00	2.50%	800,000.00
ME Bank	2.65%	1,500,000.00	2.65%	1,500,000.00
BOQ	2.65%	3,000,000.00	2.65%	3,000,000.00
AMP	2.80%	750,000.00	2.80%	750,000.00
AMP	2.80%	750,000.00	2.80%	750,000.00
Melbourne DIF	2.50%	7,000,000.00	2.50%	4,750,000.00
		15,507,667.44		12,683,182.64
		40,873,978.64		39,491,104.08
Loans and investments weighted average		4.074%		4.225%
				21,616,628.06
				1,665,035.33
Loan Portfolio				
Diversified Investment Portfolio	5.380%	953,827.54	5.355%	957,146.33
Cash at Bank	4.550%	347,512.36	4.500%	402,005.04
	2.345%	363,695.43	2.440%	309,527.56
		1,665,035.33		1,668,678.94

Anglican Funds Grafton Diocese
Level 1 - 50 Victoria Street
Grafton 2460
NSW

Month and YTD Budget Variance

February 2017

	Feb		Feb		YTD		YTD		YTD		Reason
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	%	
4-0000											
Income											
Interest Recd - Investments	25,507	29,197	(3,690)	43,886	61,896	(18,010)					-29% Cash balance overstated due to BDC delay
Interest Recd - Borrowers	72,626	98,767	(26,141)	169,427	208,116	(38,689)					-19% Debt position overstated due to BDC delay
Sundry Income - Other Asset classes and Serv	35,647	25,890	9,757	69,875	54,554	15,321					28% Moved forward 1 month additional investment in Ord Minnett
Total Income	133,780	153,854	(20,074)	283,188	324,566	(41,378)					-13% Overall position down on anticipated budget position
Total Cost Of Sales	75,769	97,417	21,648	159,724	205,705	45,981					22% Savings achieved in interest paid investors offsets above position.
Gross Profit	58,011	56,437	1,574	123,465	118,861	4,604					4% Tracking to target
6-0000											
Expenses											
Total Employee Benefits	21,522	23,198	1,677	42,702	46,396	3,694					8%
Total Professional Fees	1,322	2,313	992	2,643	4,626	1,983					43%
Total Banking Costs	12,883	14,100	1,217	25,799	28,200	2,401					9%
Total Insurance Costs	999	1,454	455	2,077	2,908	831					29%
Total General Operations Costs	3,280	8,135	4,855	4,236	12,395	8,159					66%
Total Expenses	40,005	49,200	9,195	77,458	94,525	17,067					18%
Total Net Profit	18,006	7,237	10,769	46,007	24,336	21,671					89% Overall savings have assisted profitability of the fund.
Distribution to Diocese	14,600	14,600	-	29,200	29,200	-					
Net Profit/(Loss) after distribution	3,406	-7,363	10,769	16,807	-4,864	21,671					

Anglican Funds Grafton Diocese

Level 1 - 50 Victoria Street
 Grafton 2460
 NSW

Balance Sheet [Multi-Period]

January 2017 To February 2017

Account No.	Account Name	January	February
	Current Assets	986,475	991,055
		14,529,134	12,148,855
	Investors - Interest Bearing Securities	7,572,198	8,823,214
		76,994	100,143
	Fixed Assets Current	4,690	4,558
	Loan Assets	17,728,677	17,874,476
		0	0
	Total Assets	40,898,168	39,942,302
	Liabilities		
	Current Liabilities	33,790	25,443
	Accrued Interest payable Fixed Inv	130	256
		254,158	270,416
	Sundry Liabilities	11,561	12,174
	Investor Funds Fin Liab Current	5,354,355	4,459,793
		32,051,491	31,962,340
	Other Long Term Liabilities	1,905,859	1,921,649
	Total Liabilities	39,611,345	38,652,072
	Net Assets	1,286,824	1,290,230
	Equity		
	Total Equity	1,286,824	1,290,230

Anglican Funds Grafton Diocese
Level 1 - 50 Victoria Street
Grafton 2460
NSW

Month and YTD Budget Variance

February 2017

	February Actual	February Budget	February Variance	YTD Actual	YTD Budget	YTD Variance
4-0000						
Income						
4-1010 Interest Received - Investment	-	29,197	(29,197)	-	61,896	(61,896)
4-1011 Interest Recd - NAB	-	-	-	-	-	-
4-1012 Interest Recd - AFSA	320	-	320	673	-	673
4-1013 Interest Recd - Melb CF7963	11,010	-	11,010	17,928	-	17,928
4-1014 Interest recd - WBC	1,807	-	1,807	3,561	-	3,561
4-1015 Interest Recd - AMP	3,222	-	3,222	5,715	-	5,715
4-1016 Interest Recd - ME Bank	3,049	-	3,049	3,158	-	3,158
4-1017 Interest Recd - BOQ	6,099	-	6,099	12,851	-	12,851
Interest Recd - Investments	25,507	29,197	(3,690)	43,886	61,896	(18,010)
4-1020 Overdraft/LOC INT INC	7,226	98,767	(91,541)	31,224	208,116	(176,892)
4-1021 Interest Only Loans INT INC	22,780	-	22,780	46,862	-	46,862
4-1022 Princ & Int Loans INT INC	42,621	-	42,621	91,341	-	91,341
Interest Recd - Borrowers	72,626	98,767	(26,141)	169,427	208,116	(38,689)
4-1053 Franking Credits	-	-	-	-	-	-
4-1056 Ord Minnett Interest Income	35,640	25,890	9,750	64,594	54,554	10,040
4-2100 Line Fee Income	-	-	-	-	-	-
4-3000 Sundry Income	7	-	7	5,282	-	5,282
Sundry Income - Other Asset classes and Serv	35,647	25,890	9,757	69,875	54,554	15,321
Total Income	133,780	153,854	(20,074)	283,188	324,566	(41,378)
5-0000 Cost Of Sales	-	-	-	-	-	-
5-2100 Interest Paid to Investors	75,769	97,417	(21,648)	159,724	205,705	(45,981)
Total Cost Of Sales	75,769	97,417	(21,648)	159,724	205,705	(45,981)
Gross Profit	58,011	56,437	1,574	123,465	118,861	4,604
6-0000						
Expenses						
6-1100 Provision for Annual Leave	1,016	-	(1,016)	2,262	-	(2,262)
6-1200 Provision Long Service Leave	-	1,167	1,167	-	2,334	2,334
6-1300 Salaries and Wages	17,563	18,750	(1,187)	34,585	37,500	2,915
6-1500 Superannuation	1,617	1,781	(164)	3,234	3,562	328

6-1600	6-1600	Staff Training	-	-	-	-	-	-	-	-	-	-	-
6-1700	6-1700	Fund Manager Vehicle	1,326	1,500	174	2,622	3,000	-	-	-	-	-	379
		Total Employee Benefits	21,522	23,198	1,677	42,702	46,396						3,694
6-4300	6-4300	Audit Fees	1,313	1,313	1	2,625	2,626						1
6-4360	6-4360	Legal Fees	9	1,000	991	18	2,000						1,982
6-4410	6-4410	Consultancy Fees	-	-	-	-	-						-
		Total Professional fees	1,322	2,313	992	2,643	4,626						1,983
6-4400	6-4400	WBC Bank Charges	446	650	204	902	1,300						398
6-4402	6-4402	Indue Fees	115	-	(115)	140	-						(140)
6-4412	6-4412	Donations	-	-	-	-	-						-
6-4440	6-4440	WBC Line of Credit Charges	748	950	202	1,576	1,900						324
6-4442	6-4442	Ord Minnett Brokerage/Advice	2,667	3,000	333	5,263	6,000						737
6-4450	6-4450	AFSA Service Agreement Fees	8,908	9,500	592	17,918	19,000						1,082
		Total Banking Costs	12,883	14,100	1,217	25,799	28,200						2,401
6-4510	6-4510	Insurance - Workers Comp	254	534	280	508	1,068						560
6-4530	6-4530	Insurance - General	745	920	175	1,569	1,840						271
		Total insurance costs	999	1,454	455	2,077	2,908						831
6-4200	6-4200	Advertising	337	200	(137)	337	400						63
6-4425	6-4425	Depreciation Expense	132	200	68	132	400						268
6-4600	6-4600	Meeting Expenses	-	140	140	-	280						280
6-4610	6-4610	Marketing	-	400	400	-	800						800
6-4700	6-4700	Postage	151	175	24	151	1,275						1,124
6-4800	6-4800	Printing & Stationery	512	1,000	488	642	2,000						1,358
6-4850	6-4850	Recruitment Expenses	-	-	-	-	-						-
6-4900	6-4900	Rent/Victoria Street	433	600	167	867	1,200						333
6-5000	6-5000	PC Repairs & Maintenance	81	-	(81)	81	-						(81)
6-5100	6-5100	Telephone	213	220	7	420	440						20
6-5200	6-5200	Travel & Accommodation - Board	832	800	(32)	832	800						(32)
6-5300	6-5300	Travel & Accommodation - AFGD	589	400	(189)	589	800						211
6-5310	6-5310	AFGD Staff Expenses Other	-	-	-	-	800						-
6-4910	6-4910	Office Fitout	-	4,000	4,000	186	4,000						3,814
		Total General Operations costs	3,280	8,135	4,855	4,236	12,395						8,159
		Total Expenses	40,005	49,200	9,195	77,458	94,525						17,067
		Operating Profit	18,006	7,237	10,769	46,007	24,336						21,671
9-0000	9-0000	Other Expenses	-	-	-	-	-						-
9-2200	9-2200	Contribution to Diocese	14,600	14,600	-	29,200	29,200						-
		Total Other Expenses	14,600	14,600	-	29,200	29,200						-
		Net Profit/(Loss) after distribution	3,406	(7,363)	10,769	16,807	(4,864)						21,671

Anglican Funds Grafton Diocese

Level 1 - 50 Victoria Street

Grafton 2460

NSW

Balance Sheet [Multi-Period]

January 2017 To February 2017

Account No.	Account Name	January	February
	Current Assets		
1-1105	WBC 032537 247819 Operating Ac	27,061	8,775
1-3130	WBC Term Invested Funds	900,000	900,000
1-3146	Ord Minnett - Cash Account	51,381	74,248
1-3147	Ord Minnett - Global Cash trus	8,033	8,033
	Current Assets	986,475	991,055
1-1110	WBC 032537 120455 Client Chq	159,144	220,054
1-1130	AFSA Float SAV00000202	1,074,884	362,538
1-1137	Daily Txns Unproc'd in Phoenix	-51,472	-125,553
1-1160	WBC 032537 163017 Cash Managem	107,099	202,018
1-1165	Melb DIF 30 day term	7,000,000	5,250,000
1-3111	AMP Term Investment	1,500,000	1,500,000
1-3112	ME Bank Term Investment	1,500,000	1,500,000
1-3113	BOQ Term Investment	3,000,000	3,000,000
1-3120	AFSA Security Dep SAV00000203	239,479	239,799
		14,529,134	12,148,855
1-3145	Ord Minnett - Investments	7,572,198	8,823,214
	Investors - Interest Bearing Securities	7,572,198	8,823,214
1-1170	Accrued Int Receivable Investm	61,960	91,128
1-1400	Prepaid Insurance	7,259	6,515
1-1700	Other Prepayments	2,500	2,500
1-2000	Trade Debtors	5,275	0
		76,994	100,143
1-2710	Furniture & Fixtures Orig Cost	724	724
1-2720	Furniture & Fixtures Accum Dep	-724	-724
1-2810	Computer Hardware	28,219	28,219
1-2820	Acc Depn Computer Hardware	-23,529	-23,661
1-2910	Computer Software	60,500	60,500
1-2920	Acc Depn - Comptr Software	-60,500	-60,500
	Fixed Assets Current	4,690	4,558
	Loan Assets		
1-3155	Line of Credit - O/D	1,714,310	1,942,865
1-3160	Loan Advances	5,200,860	5,200,322
1-3170	Loan Advances - P & I	10,813,507	10,731,289
	Loan Assets	17,728,677	17,874,476
1-3199	Financial Assets Current - Adj	-15,104,496	-15,104,496
1-4110	Financial Assets Non Current	15,104,496	15,104,496
		0	0
	Total Assets	40,898,168	39,942,302
	Liabilities		

	Current Liabilities		
2-1004	Audit Costs	12,063	13,375
2-1200	Accounts payable	9,392	133
2-1915	Accrued Expenses	12,335	11,935
	Current Liabilities	33,790	25,443
2-1101	2243130 Access Acc INT PAY	51	96
2-1102	2243131 Inst Acc INT PAY	43	85
2-1103	2243132 Student Acc INT PAY	0	1
2-1104	2243133 Parish Prov INT PAY	35	75
	Accrued Interest payable Fixed Inv	130	256
2-1221	2243310 Term 90 Days INT PAY	13,789	21,941
2-1222	2243320 Term 180 days INT PAY	30,446	44,472
2-1223	2243330 Term 365 days INT PAY	187,744	198,466
2-1224	2243340 Negotiable INT PAY	17	31
2-1225	235 Fixed Inv - 18 Month INT P	22,163	5,507
		254,158	270,416
	Sundry Liabilities		
2-1910	Accrued Annual Leave	6,152	7,168
2-1911	Accrued Long Service Leave	5,942	5,942
2-3030	GST from purchases	-534	-936
	Sundry Liabilities	11,561	12,174
	Investor Funds Fin Liab Current		
2-1710	2103300 Access Accounts	313,859	289,824
2-1715	2103310 Institution Access	123,304	129,678
2-1720	2103320 Student Access	4,531	4,531
2-1725	2103330 Parish Provider Access	5,322	3,164
2-1730	2103350 Interest Free Deposits	7,740	5,996
2-1735	2103370 Chq Acc Parishes	867,059	798,170
2-1740	2103380 Chq Acc Ministry	1,162,251	988,148
2-1745	2103400 Anglican Affiliates	1,735,462	1,120,744
2-1750	139 Parishes CMA	893,881	869,378
2-1751	Next Gen Bonus Saver	42,574	43,776
2-1756	2103420 Clergy Access Account	198,373	206,384
	Investor Funds Fin Liab Current	5,354,355	4,459,793
2-1755	2183310 Term Inv 90 days	7,466,255	7,372,787
2-1760	2183320 Term Inv 180 days	9,414,580	9,446,351
2-1765	2183330 Term Inv 365 days	15,164,218	15,136,764
2-1770	2183341 Neg Inv Mat bal	6,439	6,439
		32,051,491	31,962,340
	Other Long Term Liabilities		
2-2310	2183350 Fixed 18 Mths	1,905,635	1,921,425
2-9999	Westpac Unknown transactions	224	224
	Other Long Term Liabilities	1,905,859	1,921,649
	Total Liabilities	39,611,345	38,652,072
	Net Assets	1,286,824	1,290,230
	Equity		
3-7000	Revaluation Financial Assets	34,970	34,970
3-8000	Retained Earnings	1,238,452	1,238,452
3-9000	Current Earnings	13,401	16,807
	Total Equity	1,286,824	1,290,230

Anglican Funds Graham Diocese
Level 1 - 30 Victoria Street
Graham 2460
NSW

Profit & Loss Statement
January 2017 through December 2017

	Jan	Feb	YTD	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Budget	Variance
	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	
Income															
4-1010 4-1010 Interest Received - Investment	0	0	0	23,917	16,274	14,948	11,030	18,124	14,387	13,200	18,685	16,274	14,014	160,853	222,748
4-1011 4-1011 Interest Recd - NAB	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4-1012 4-1012 Interest Recd - AFSA	353	320	673	0	0	0	0	0	0	0	0	0	0	673	673
4-1013 4-1013 Interest Recd - Melb OF963	6,918	11,010	17,928	0	0	0	0	0	0	0	0	0	0	17,928	17,928
4-1014 4-1014 Interest Recd - WBC	1,784	1,807	3,591	0	0	0	0	0	0	0	0	0	0	3,591	3,591
4-1015 4-1015 Interest Recd - AMP	2,483	3,222	5,715	0	0	0	0	0	0	0	0	0	0	5,715	5,715
4-1016 4-1016 Interest Recd - ME Bank	109	3,049	3,158	0	0	0	0	0	0	0	0	0	0	3,158	3,158
4-1017 4-1017 Interest Recd - BOQ	6,752	6,099	12,851	0	0	0	0	0	0	0	0	0	0	12,851	12,851
4-1020 4-1020 Interest Recd - Investments	18,379	25,507	43,886	23,917	16,274	14,948	11,030	18,124	14,387	13,200	18,685	16,274	14,014	204,759	222,748
4-1021 4-1021 Overdraft/LOC INT INC	23,998	7,226	31,224	109,349	105,822	109,349	105,822	109,349	109,349	105,822	109,349	105,822	109,349	1,110,607	1,287,500
4-1022 4-1022 Interest Only Loans INT INC	24,082	22,780	46,862	0	0	0	0	0	0	0	0	0	0	46,862	46,862
4-1023 4-1023 Prnc & Int Loans INT INC	48,720	42,621	91,341	0	0	0	0	0	0	0	0	0	0	91,341	91,341
4-1053 4-1053 Interest Recd - Borrowers	96,801	72,626	169,427	109,349	105,822	109,349	105,822	109,349	109,349	105,822	109,349	105,822	109,349	1,248,810	1,287,500
4-1056 4-1056 Franking Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4-1056 4-1056 Ord Minnet Interest Income	28,953	35,640	64,594	38,219	36,986	38,219	36,986	38,219	38,219	36,986	38,219	36,986	38,219	443,087	433,048
4-2100 4-2100 Line Fee Income	0	0	0	13,687	0	0	13,687	0	0	0	0	0	13,687	54,748	54,748
4-3000 4-3000 Sundry Income	5,275	7	5,282	0	0	0	0	0	0	0	0	0	0	5,282	5,282
5-0000 5-0000 Sundry Income - Other Asset classes and Ser	34,228	35,647	69,875	51,906	36,986	38,219	50,673	38,219	38,219	51,906	38,219	36,986	51,906	503,117	487,796
5-2100 5-2100 Cost Of Sales	83,955	75,769	159,724	103,523	92,219	93,127	86,141	86,809	92,478	88,656	97,459	92,219	92,845	1,084,400	1,140,381
5-2100 5-2100 Interest Paid to Investors	83,955	75,769	159,724	103,523	92,219	93,127	86,141	86,809	92,478	88,656	97,459	92,219	92,845	1,084,400	1,140,381
5-2100 5-2100 Total Cost Of Sales	83,955	75,769	159,724	103,523	92,219	93,127	86,141	86,809	92,478	88,656	97,459	92,219	92,845	1,084,400	1,140,381
Gross Profit	65,454	58,011	123,465	81,649	66,863	69,389	81,364	68,884	69,478	82,272	68,795	66,863	83,225	862,266	857,663
6-0000 6-0000 Expenses	1,246	1,016	2,262	0	0	0	0	0	0	0	0	0	0	2,262	2,262
6-1100 6-1100 Provision for Annual Leave	0	0	0	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	11,670	14,004
6-1200 6-1200 Provision Long Service Leave	17,022	17,563	34,585	18,750	18,750	18,750	18,750	18,750	18,750	18,750	18,750	18,750	18,750	222,085	225,000
6-1300 6-1300 Salaries and Wages	1,617	1,617	3,234	1,781	1,781	1,781	1,781	1,781	1,781	1,781	1,781	1,781	1,781	21,047	21,375
6-1500 6-1500 Superannuation	0	0	0	400	400	400	400	400	400	400	400	400	400	1,600	1,600
6-1600 6-1600 Staff Training	1,295	1,326	2,622	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	17,622	18,000
6-1700 6-1700 Fund Manager Vehicle	21,181	21,522	42,702	23,598	23,198	23,198	23,598	23,198	23,198	23,598	23,198	23,598	23,598	276,285	279,879
6-4300 6-4300 Audit Fees	1,313	1,313	2,626	1,313	1,313	1,313	1,313	1,313	1,313	1,313	1,313	1,313	1,313	15,755	15,755
6-4360 6-4360 Legal Fees	9	9	18	0	0	0	0	0	0	0	0	0	0	3,018	3,018
6-4410 6-4410 Consulting Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	5,000	1,902
Total Professional fees	1,322	1,322	2,644	1,313	1,313	1,313	1,313	1,313	1,313	1,313	1,313	1,313	1,313	18,773	19,503
6-4400 6-4400 WBC Bank Charges	457	446	902	650	650	650	650	650	650	650	650	650	650	7,402	7,800
6-4402 6-4402 Indiv Fees	26	115	140	0	0	0	0	0	0	0	0	0	0	140	140
6-4412 6-4412 Donations	0	0	0	0	0	0	0	0	0	0	0	0	0	5,000	5,000
6-4440 6-4440 WBC Line of Credit Charges	828	748	1,576	950	950	950	950	950	950	950	950	950	950	11,076	11,400
6-4442 6-4442 Ord Minnet Brokerage/Advice	2,596	2,667	5,263	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	45,263	46,000
6-4450 6-4450 AFSA Service Agreement Fees	9,009	8,908	17,918	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	112,918	114,000
Total Banking Costs	12,916	12,883	25,799	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	181,799	184,200
6-4510 6-4510 Insurance - Workers Comp	254	254	508	534	534	534	534	534	534	534	534	534	534	5,846	5,846
6-4530 6-4530 Insurance - General	824	745	1,569	920	920	920	920	920	920	920	920	920	920	10,529	10,529
Total insurance costs	1,078	999	2,077	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	17,375	18,375
6-4200 6-4200 Advertising	0	337	337	200	200	200	200	200	200	200	200	200	200	2,337	2,400
6-4425 6-4425 Depreciation Expense	0	132	132	200	200	200	200	200	200	200	200	200	200	2,132	2,400
6-4600 6-4600 Meeting Expenses	0	0	0	140	140	140	140	140	140	140	140	140	140	1,400	1,680
6-4610 6-4610 Marketing	0	0	0	400	400	400	400	400	400	400	400	400	400	4,000	4,000
6-4700 6-4700 Postage	0	151	151	175	175	175	175	175	175	175	175	175	175	3,051	3,051
6-4800 6-4800 Printing & Stationery	130	512	642	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	10,642	12,000
6-4850 6-4850 Recruitment Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6-4900 6-4900 Rent/Victoria Street	433	433	867	600	600	600	600	600	600	600	600	600	600	6,867	7,200
6-5000 6-5000 PC Repairs & Maintenance	0	81	81	400	400	400	400	400	400	400	400	400	400	1,681	1,681
6-5100 6-5100 Telephone	207	213	420	220	220	220	220	220	220	220	220	220	220	2,520	2,600
6-5200 6-5200 Travel & Accommodation - Board	0	832	832	800	800	800	800	800	800	800	800	800	800	8,000	8,000
6-5300 6-5300 Travel & Accommodation - AFGD	0	589	589	400	400	400	400	400	400	400	400	400	400	4,889	4,889
6-5310 6-5310 AFGD Staff Expenses Other	0	0	0	0	0	0	0	0	0	0	0	0	0	4,800	4,800



13 March 2017

Ord Minnett Portfolio Update Presentation to Corporate Trustees of the Diocese of Grafton Investment Fund

**Investment Adviser: Alison Perrott
Account Manager: Martine Shaw**

ORD MINNETT

PRIVATE WEALTH

Agenda

- Economic Overview
- Interest Rates
- Recap of Investment Objectives
- Implementation Summary
- Portfolio Valuation
- Portfolio Performance vs Benchmarks
- Portfolio Issuer Exposure
- Interest Rate Securities Methodology
- Going Forward
- Questions?

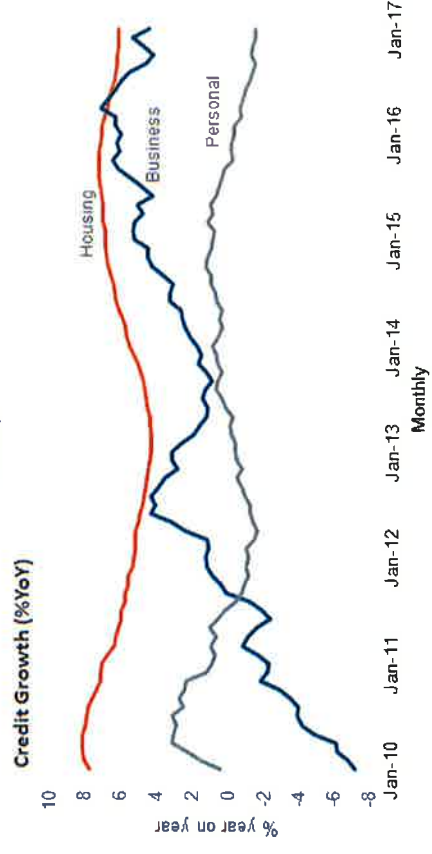
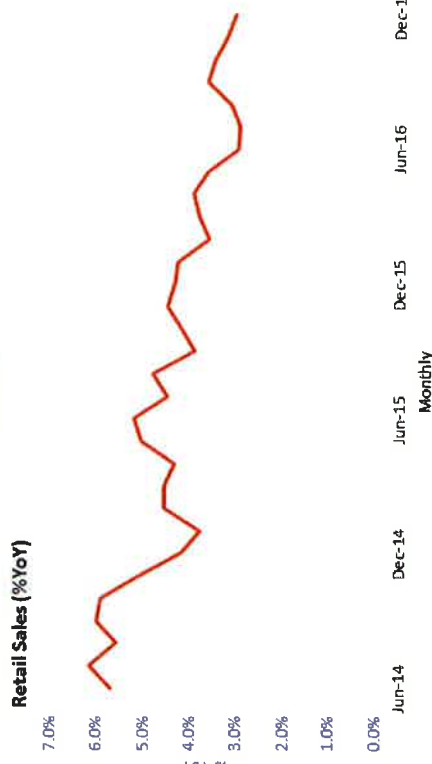
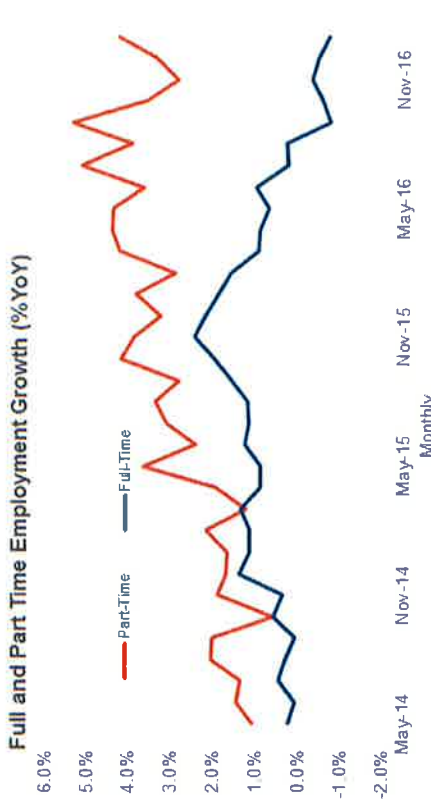
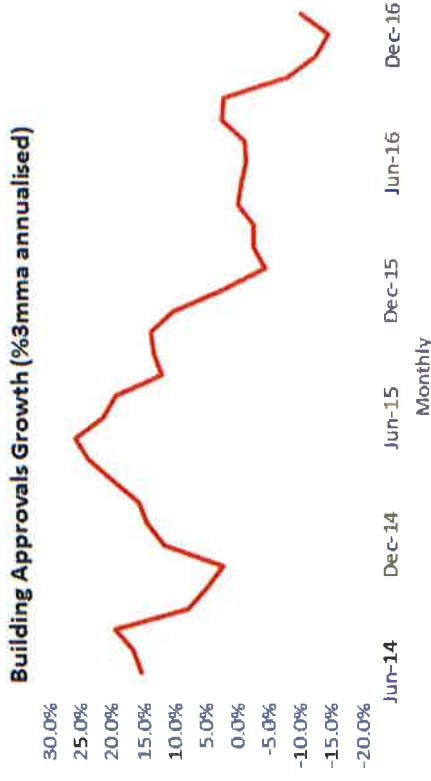
Economic Overview

RBA potentially opening the door for more macro-prudential measures

- The RBA left the cash rate unchanged at 1.50% on March 7, as expected, at an all time low since August 2016.
- The commentary on inflation was unchanged and the description of growth reflected themes from the recent 4Q GDP release. However, the RBA now appear to be less satisfied with the current supervisory regime for mortgage lending.
- Taken in conjunction with recent comments from Wayne Byres (Chair of APRA), we think this means that the chances of more macro-prudential measures at some point have risen.
- The March 7 statement is consistent with a central bank on hold, but clearly more worried about developments in housing and household balance sheets. With growth likely to track 2.0% to 2.5% over the next few quarters, and signs of a sustained lift in core inflation still elusive, risks are biased towards a lower cash rate at some point. An intensification of existing macro-prudential rules will clearly give the RBA more flexibility to entertain this option, should it be required.
- Money markets have priced in two to three rate hikes in the US in 2017.

Economic Outlook (cont).

Beware the quality and potential growth slippage

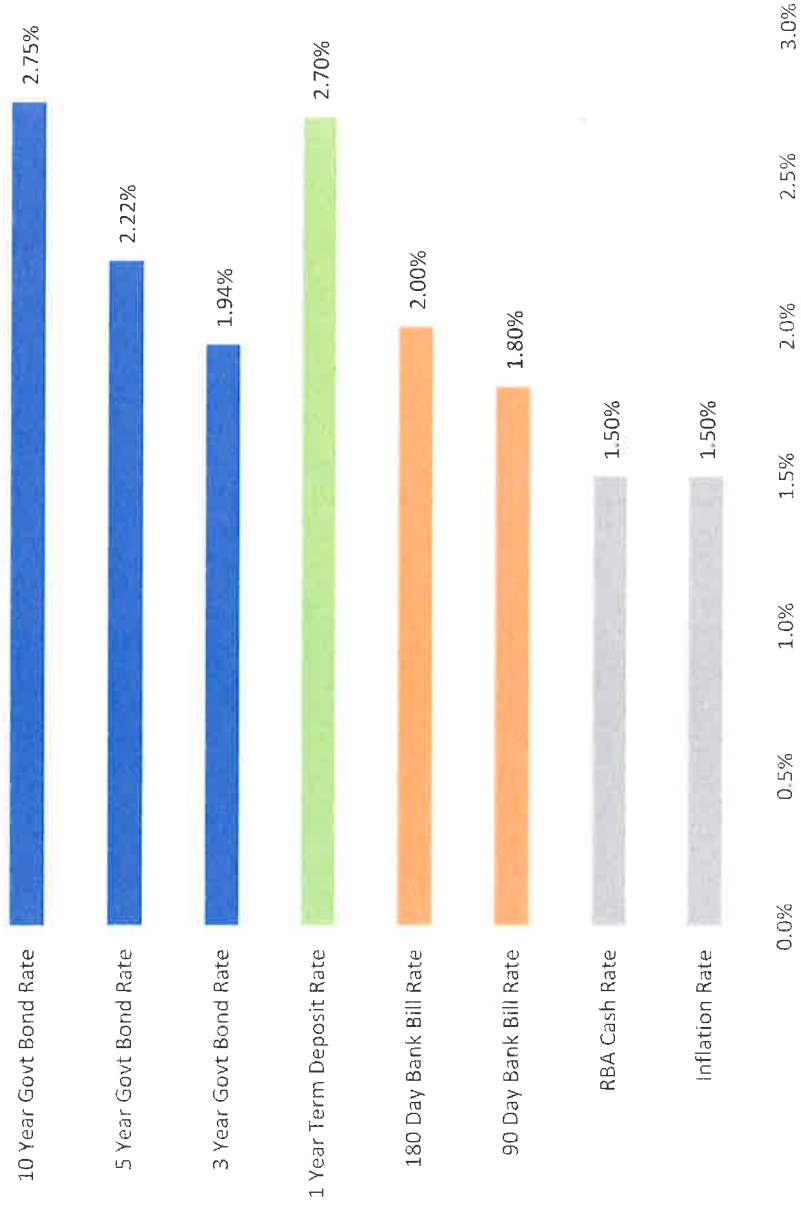


Source: ABS, RBA, RP Data, Datastream, Ord Minnett Research estimates

Interest Rates

**Current Cost
of Funds approx 2.55%;
Targeting 3.55% net**

Indicative Rates as at March 14, 2017



Recap of Investment Objectives

- **Conservative mandate** to provide capital preservation and yield enhancement with diversification & SRI screening across assets, maturities, credit and issuer exposure.

Target Return: Cost of Funds (approx 2.55%) +1% = 3.55% (net of all fees)

Benchmark: 90 day Bank Bill (net of all fees)

Time Horizon	Assets	Objective
Short Term Assets (<12 Months)	Cash & Deposits	Capital Preservation & Liquidity
Medium Term Assets (1-5 Years)	Fixed Income & Interest Rate Securities & Loans	Income & Yield Enhancement
Long Term Assets (> 5 Years)	Shares & Property (0%)	Capital Growth

Implementation Summary 1 Year & 5 Mths

Recap of investment transactions inception to date (13/10/15 – 14/3/17)

Oct 2015:	Transfer in existing hybrid securities (ANZPA & IANG)
Oct 2015:	\$2.0m invested in Subordinated Notes
Nov 2015:	\$4.0m invested in Subordinated Notes
Jan 2016:	\$3.5m NAB Term Deposit placed for 3 months
Feb 2016:	\$65k withdrawal
April 2016:	\$3.5m NAB Term Deposit rolled for 3 months
June 2016:	\$1.5m invested in unlisted bonds
July 2016:	\$50k withdrawal (to top up TD plus surplus cash of \$450k)
July 2016:	\$4.0m NAB Term Deposit renewed for 3 months
Sept 2016:	New Term Deposits placed with ME Bank and AMP
Dec 2016:	ANZPA Hybrid matured
Feb 2017:	\$1.25m invested in Sub Notes and Bonds
Mar 2017:	Sale of IANG Hybrid above cost
April 2017:	\$1.25m to be allocated to QUBHA (once rating confirmed)

Portfolio Valuation @ 13 March 2017

Portfolio Valuation

As at 13/03/2017

ORD MINNETT
PRIVATE WEALTH

Account Name: The Corporate Trustees of the Diocese of Grafton Investment Fund

Code	Investment	Units	Last Price (\$)	Market Value (\$)	Estimated Gain/Loss (%)	Cost Base	Estimated Gain/Loss
AMPHA	AMP LIMITED FRN 18-DEC-23	11,931	101.80	1,214,575.80	8.14%	1,221,671.44	(7,095.64)
ANZHA	ANZ BANKING GRP LTD FRN 20-JUN-22	7,969	100.35	799,689.15	5.36%	815,748.14	(16,058.99)
AYUHB	AUSTRALIAN UNITY LTD S BND 3M 12-20	11,437	104.60	1,196,310.20	8.02%	1,160,074.15	36,236.05
CNGHA	COLONIAL HOLDING LTD FRN 31-MAR-37	8,047	100.83	811,403.15	5.44%	821,098.20	(9,695.05)
IANG - SOLD 15/3/17	IAG FINANCE (NZ) LTD PERP. RESET EXCH. NOTE	209	102.60	21,443.40	0.14%	20,523.80	919.60
NABHB	NATIONAL AUST. BANK UNSEC. NOTE 18-JUN-22	7,968	100.30	799,190.40	5.36%	816,058.63	(16,868.23)
SUNPD	SUNCORP GROUP LTD SUB. NOTE 22-NOV-23	12,006	102.05	1,225,212.30	8.21%	1,221,840.15	3,372.15
WBCHA	WESTPAC BANKING CORP UNSEC. FRN 23-AUG-22	2,202	100.72	221,785.44	1.49%	225,085.59	(3,300.15)
WBCHB	WESTPAC BANKING CORP UNSEC. FRN 22-AUG-23	9,919	101.31	1,004,893.89	6.74%	996,113.12	8,780.77
MEBANK	ME BANK 29/8/19-24	10,000	100.89	1,008,900.00	6.76%	987,740.00	21,160.00
AUSWIDE	AUSWIDE 12/06/19-24	5,000	101.94	509,675.00	3.42%	504,685.00	4,990.00
TD	BANK OF QLD - 6 MTHS 26/4/17 2.65%			3,000,000.00	20.11%	3,000,000.00	0.00
TD	ME BANK - 3 MTHS 1/5/17 2.65%			1,500,000.00	10.06%	1,500,000.00	0.00
TD	AMP - 6 MTHS 19/6/17 2.80%			1,500,000.00	10.06%	1,500,000.00	0.00
CASH	UMA CASH			102,644.64	0.69%	102,644.64	0.00
TOTAL				14,915,723.37	100.00%	14,893,282.86	22,440.51

Asset Summary	Value \$	Allocation %
Cash	102,644.64	0.69%
Deposits	6,000,000.00	40.23%
Unlisted Bonds	1,518,575.00	10.18%
Listed Bonds	1,196,310.20	8.02%
Listed Sub Notes	6,076,750.131	40.74%
Hybrids - Sold 15/3/17	21,443.40	0.14%
Total Ord Minnett Portfolio	14,915,723.37	100.00%

Note: The estimated Gain/Loss in the above table is capital movements only and excludes income receipt.

ORD MINNETT
PRIVATE WEALTH

Term Deposits - Avg. rate of 2.69%

CURRENT TERM DEPOSITS VIA ORD MINNETT

Institution	Investment	Rate	Buy Date	Term	Maturity Date
BOQ	3,000,000.00	2.65%	26/10/2016	182	26/04/2017
ME Bank	1,500,000.00	2.65%	31/01/2017	90	1/05/2017
AMP	750,000.00	2.80%	19/12/2016	182	19/06/2017
AMP	750,000.00	2.80%	20/12/2016	181	19/06/2017
TOTAL	6,000,000.00	2.69%			

The current weighted average interest rate of **2.69%** on term deposits exceeds the below portfolio performance benchmarks for cash assets:-

RBA Cash Rate	1.50%	(+1.19%)
90 Day Bank Bill	1.80%	(+0.89%)
Cost of Funds	2.55%	(+0.14%)

Listed Securities – Net IRR 4.33% pa

Listed Securities only. The IRR excludes term deposits and unlisted bonds. (1 Year and 5 Months)

Performance with IRR

From 13/10/2015 to 13/03/2017

ORD MINNETT
PRIVATE WEALTH

Account Name: The Corporate Trustees of the Diocese of Grafton Investment Fund (AC 24011234)

Asset Type	Buy in Period (\$)	Sells in Period (\$)	Market Value End of Period (\$)	Income in Period (\$)	Growth in Period (\$)	Total Earnings (\$)	IRR (annualised) (%)	IRR (%)
Australian Listed Securities								
AMPHA AMP LIMITED FRN 18-DEC-23	1,221,632.55	0	1,214,575.80	64,807.44	(7,056.75)	57,750.69	6.84%	4.79%
ANZHA ANZ BANKING GRP LTD FRN 20-JUN-22	815,733.77	0	799,689.15	57,383.96	(16,044.62)	41,339.34	5.48%	3.85%
ANZPA ANZ BANKING GRP LTD PREF SHARE	31,378.56	(31,300.00)	0	1,434.42	(78.56)	1,355.86	4.43%	3.75%
AYUHA AUSTRALIAN UNITY LTD FRN 14-APR-16	200,979.97	(198,500.00)	0	5,756.50	(2,479.97)	3,276.53	1.65%	3.34%
AYUHB AUSTRALIAN UNITY LTD S BND 3M 12-20	1,160,074.15	0	1,196,310.20	44,939.11	36,236.05	81,175.16	9.67%	7.54%
CNGHA COLONIAL HOLDING LTD FRN 31-MAR-37	821,068.23	0	811,403.15	54,089.52	(9,665.08)	44,424.44	5.84%	4.10%
IANG IAG FINANCE (NZ) LTD PERP .RESET EXCH.NOTE	20,956.43	0	21,443.40	1,330.98	486.97	1,817.95	8.95%	6.23%
NABHB NATIONAL AJST. BANK UNSEC.NOTE 18-JUN-22	816,038.73	0	799,190.40	57,663.58	(16,848.33)	40,815.25	5.41%	3.80%
SUNPD SUNCORP GROUP LTD SUB.NOTE 22-NOV-23	1,221,834.62	0	1,225,212.30	60,952.54	3,377.68	64,330.22	7.64%	5.34%
WBCHB WESTPAC BANKING CORP UNSEC.FRN 22-AUG-23	996,097.94	0	1,004,893.89	40,038.79	8,795.95	48,834.74	7.83%	5.52%
WBCHA WESTPAC BANKING CORP UNSEC.FRN 23-AUG-22	225,044.37	0	221,785.44	14,858.99	(3,258.93)	11,600.06	5.43%	3.84%
Total Securities			7,294,503.73	403,255.83	(6,535.59)	396,720.24		
Total Portfolio including UMA Cash (Net of Fees, Excl. tax credits)			7,397,148.37	407,255.04	(6,700.65)	400,554.39	6.20%	4.33%

The total net return of 6.20% since inception compares to the Bank Bill Performance Benchmark Index (SBCBB) of 4.24% over the same period, from 13/10/15 to 13/03/17 (excess return of +1.96% SI).

ORD MINNETT
PRIVATE WEALTH

Unlisted Bonds – Net Return 6.97% pa

Valuation figures for unlisted bonds as at 28/2/17 (8 months) Source: Bloomberg

In late June 2016, \$1.5m was invested in unlisted bonds (subordinated debt) for further portfolio diversification and to enhance the overall risk adjusted returns. Performance to date has been as follows.

Unlisted Bond	ME Bank	Auswide	Total Unlisted
Purchase Date	22/06/2016	24/06/2016	23/06/2016
Cost	987,740.00	504,685.00	1,492,425.00
28/02/2017	1,008,900.00	509,675.00	1,518,575.00
Gain/Loss	21,160.00	4,990.00	26,150.00
Income	33,970.00	15,186.50	49,156.50
Total Return \$	55,130.00	20,176.50	75,306.50
Total Return %	5.58%	4.00%	5.05%
Annualised Return	8.12%	5.86%	7.37%
Less: Mgmt Fees	-0.40%	-0.40%	-0.40%
Net Return (pa)	7.72%	5.46%	6.97%

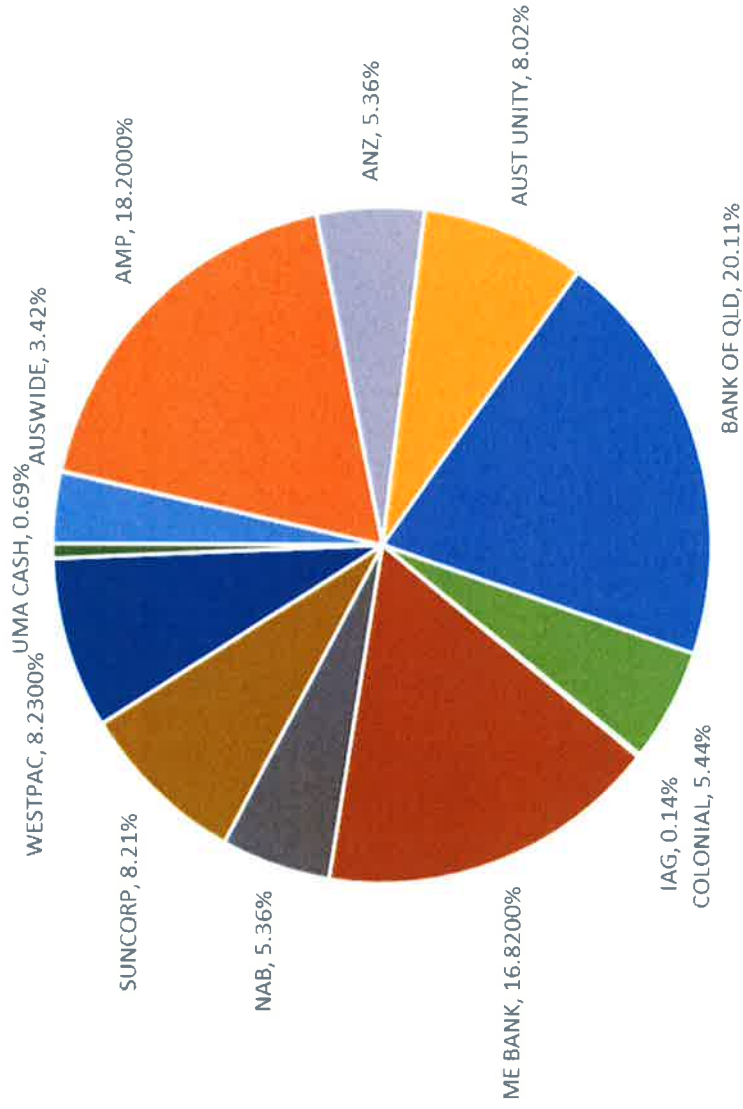
* Auswide only includes 2 coupons. \$7,504.50 paid on 13/3/17 (ex div 2/3/17).

The annualised net return of 6.97% since inception compares to the annualised Bank Bill Performance Benchmark Index (SBCBB) of 1.83% over the same period, from 23/6/16 to 28/2/17 (excess return of +5.14% pa).

Portfolio Issuer Exposure

The investment portfolio is spread across **11 different high quality Issuers** (all well known names) comprising **14 different underlying securities (issues)**, as follows:-

Issuer Exposure



100% Investment Grade Issuers (rated BBB- or higher)

IRS – Portfolio Construction & Methodology

Objective: To generate a reliable income stream from a portfolio of quality listed interest rate securities while striving to preserve (and grow, where appropriate) the capital value of the portfolio, over a 3 year period.

Strategy: The starting point is the careful consideration of the outlook for interest rates, macroeconomic factors and market perceptions of risk (expressed via credit spreads, or the extra premium above government securities required to hold non-government securities). Then, using relative value analysis, we weigh factors such as income, yield and duration (the sensitivity of a security or portfolio to changes in interest rates), to identify mispriced and/or undervalued securities. Long term strategic themes will also be influential in the decision making process as well as the ability to act promptly when appropriate.

Security Selection: Securities are sourced from an investment universe comprising a range of corporate issuers of listed interest rate securities where the externally assessed credit rating of the Issuer is of Investment Grade (ie. BBB- or better using Standard & Poors terminology), adhering to stated SRI requirements.

Going Forward

- Estimated cash flow forecasts for CY2017 provided 14/3/17.
- IANG sold above cost in March to remove all pre-existing Hybrid exposure.
- Once Qube Sub Note Issuer Rating is confirmed as investment grade, place the \$1.25m of QUBHA (90 Day Bank Bill + 3.90%, ytm 5.99%) in April 2017.
- Review reinvestment opportunities for various Sub Notes maturing in the next 1-6 months (CNGHA, ANZHA, NABHB & WBCHA).
- Monitor the investment policy limit per institution (lower of 5% of Fund Size or 25% of Portfolio Size). ie. BOQ and AMP.
- Amend the investment policy to include APRA non viability trigger Notes and not classify them as “equity.”
- If interest rates don’t rise, consider reducing TD rates (cost of funds) to retain margin as targeting over 4% would require an increase in risk taken to achieve.
- AFSL – working through timing and costing.
- Any other matters to be considered?



Questions??

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General Advice Disclaimer

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