



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

ANGLICAN FUNDS GRAFTON DIOCESE BOARD MEETING
Thursday 20th December 2018
AGENDA

1. **9am** - Opening Prayer
2. Confirm attendees and apologies
3. Conflict of Interest Declarations
Current standing register of interests:
 - Bishop Murray Harvey – various Diocesan boards and committees
 - David Ford – Chair of Bishop Druitt College Council; member of Bishop-in-Council
 - Ted Clarke – Agreement with Clarence Valley Anglican School
 - Chris Nelson – involved on various Diocesan boards and committees
4. Confirmation of Minutes
 - Meeting of 25 October 2018
 - Flying Minute 7 November 2018 – Contract Extension for Blaine Fitzgerald
5. Call for additional agenda items and close of agenda
6. Financial and performance reports
 - a) Finance reports
 - b) Cashflow update
 - c) 2019 Budget
 - d) Audit Management Letter update
7. Matters for discussion and/or decision
 - a) **9.30am** AFSA proposal (Mr Blaine Fitzgerald to attend)
 - b) Schools (Mr Blaine Fitzgerald present)
 - i. Clarence Valley Anglican School half yearly review
 - ii. Update on activation of finance for Bishop Druitt College
 - iii. Any other school matter
 - c) Strategic Options discussion
 - d) Fund Manager Motor Vehicle
 - e) Review of AFGD Investment Policy
 - f) Review of AFGD Capital Adequacy Policy
8. Matters for noting and status updates
 - a) Activation of AFSA line of credit and cancellation of Westpac line of credit
9. Correspondence
In:
 - indue – 18 October 2018 – Price increases for Chequing
 - Westpac – 1 November 2018 – Changes to Australia Post services

Out:

- Mr Blaine Fitzgerald – 14 November 2018 - Extension to Service Agreement with Anglican Funds Grafton Diocese
- St Columba Anglican School – 3 December 2018 – Consent for funding of fit out costs associated with the Performing Arts Centre of Excellence from Westpac Banking Corporation

10. Next meeting scheduled for 31 January 2019.

11. Meeting close



BOARD MEETING DATE:

20/12/2018

No 4 Confirmation of Minutes

Meeting of 25 October 2018

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

Minutes
Thursday 25 October 2018
Meeting at the Registry Conference Room, Grafton

1. **Opening Prayer** - Meeting opened at 9.01am with prayers by Mr Gary Boyd

2. **Attendees:** Mr David Ford (Chair), Bishop Murray Harvey, Mr Phil Crandon,
Mr Gary Boyd, Mr John Adlington, Mr Ted Clarke

Non-members: Mr Chris Nelson, Mr Blaine Fitzgerald (by videoconference
for item 7), Mrs Annette Dent (for item 6c and 7)

Apologies: None

3. **Conflict of Interest Declarations**

The current standing register of interests as follows was noted:

- Bishop Murray Harvey - involved on various Diocesan boards and committees
- Chris Nelson - involved on various Diocesan boards and committees
- David Ford – Chair of Bishop Druitt College Council
- Ted Clarke – Agreement with Clarence Valley Anglican School

No update was required.

4. **Confirmation of Minutes**

That the minutes of the meeting of 23 August 2018 be accepted as true and correct.

Moved: Mr John Adlington

Seconded: Mr Ted Clarke

CARRIED

That the flying minute of 29 August 2018 (Legal Advice on Dormant Accounts) be ratified.

Moved: Mr Gary Boyd

Seconded: Mr Phil Crandon

CARRIED

That the flying minute of 3 October 2018 (Revised ASIC Identification Statement) be ratified.

Moved: Mr David Ford

Seconded: Mr John Adlington

CARRIED

That the minutes of the special meeting of 12 October 2018 be accepted as true and correct.

Moved: Mr Ted Clarke

Seconded: Mr Gary Boyd

CARRIED

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

No further agenda items were requested.

6. Financial and Performance Reports

a. Finance reports

Balance Sheet and Profit & Loss reports for YTD 30 September 2018 were considered.

b. Capital adequacy and liquidity analysis

The capital adequacy and liquidity report as of 30 September 2018 was discussed.

That the AFGD Board accepts the financial reports as presented.

Moved: Mr Ted Clarke

Seconded: Mr Gary Boyd

CARRIED

c. Cashflow monitoring

Mrs Annette Dent joined the meeting at 9.18am gave an overview of AFGD cashflow advising that the remainder of October and the month of November were looking good on a cashflow basis but during December a cashflow shortage is expected in the region of \$1.5M. This cashflow shortage could be remedied by using overdraft facilities or through early redemption of investments placed by Ord Minnett. If an overdraft is required, it is likely that the overdraft will be needed until the middle of January 2019.

Cashflow will continue to be monitored and the board advised if and when action is necessary.

7. Matters for Discussion and or Decision:

a. Schools

Mr Blaine Fitzgerald joined the meeting by videoconference at 9.33am

a. i. St Columba Anglican School increase in equipment/fit out finance

The Board was briefed on the purpose of the finance and AFGD's capacity to provide this finance.

Subject to the confirmation of the Grafton Anglican Schools Commission's approval, the AFGD Board accepts St Columba Anglican School's application to Westpac for an extra \$0.9M (total \$1.4M) of finance for the fit out of the Performing Arts Centre of Excellence complex.

Moved: Mr Phil Crandon

Seconded: Mr John Adlington

CARRIED

a. ii. Activation of finance to Emmanuel Anglican College for Multi Purpose Centre

The Board considered the submissions made by Emmanuel Anglican College with regard to the conditions on the offer of finance.

That the AFGD Board rescinds clauses 1 and 3 of the resolution made at its special meeting of 12 October 2018.

Moved: Mr John Adlington

Seconded: Mr Gary Boyd

CARRIED

a. iii. Report on Lindisfarne Anglican Grammar School

Mr Blaine Fitzgerald talked to his periodic report on Lindisfarne Anglican Grammar School that was included in the meeting papers. No areas of concern were noted.

a. iv. Update on activation of finance for Bishop Druitt College

The Board was advised that this extended process was closer to completion with a commencement of finance possibly in mid-November 2018.

Mr Blaine Fitzgerald advised that he would be writing a report on this matter after visiting Coffs Harbour in the week following the meeting.

Mr Fitzgerald left the meeting at 10.35am. Prior to leaving the meeting answered questions relating to item 7 c. at the invitation of the Board.

b. Audit Strategy 2018

The Board considered the audit plan and cost quotation for the financial audit for 2018.

The AFGD Board approves the reappointment of Thomas Noble Russell (TNR) as auditor for the 2018 year and notes that AFGD share of the fees is \$21,470.

Moved: Mr John Adlington

Seconded: Mr Phil Crandon

CARRIED

c. AFSA line of credit proposal

The AFGD Board considered the line of credit proposals put forward by Anglican Funds South Australia.

The AFGD Board accepts the offer from Anglican Funds South Australia (AFSA) of 23 October 2018 for temporary overdraft facilities of \$4M commencing from 1 December 2018 and operating to 29 January 2019 and a permanent facility of \$1M.

Moved: Mr Phil Crandon

Seconded: Mr Ted Clarke

CARRIED

The AFGD Board authorises the closing of the Westpac Line of Credit facility of \$1.5M following the establishment of new facilities with Anglican Funds South Australia (AFSA).

Moved: Mr David Ford

Seconded: Mr Gary Boyd

CARRIED

d. Strategic Options

d. i. AFSA response

The Board discussed AFSA's initial response to the strategic discussions. Further communication from AFSA is expected.

d. ii. Response from other development funds

The Board noted the responses of various Anglican development funds. Melbourne has not responded so lack of interest is assumed. Newcastle has advised that they are not interested at this time.

d. iii. TNR proposal

A proposal was received from Thomas Noble Russell to provide financial analysis on selected strategic options. The Board deferred this consideration to a future meeting.

d. iv. Other

No other topics on Strategic Options were raised for discussion.

8. Matters for noting and status updates

a. Finalisation of unclaimed money

This status was noted.

The AFGD Board expresses its thanks to Annette Dent and Linda Predo for their skilful and dedicated work with regard to AFGD meeting the requirements set by ASIC and with regard to the finalisation of unclaimed monies.

Moved: Mr David Ford

Seconded: Unanimously

CARRIED

9. Correspondence

In: Australian Securities and Investments Commission – 5 October 2018 – Application for registration of an Identification Statement pursuant to ASIC Instrument 2016/813

Out: St Cuthbert's Retirement Living Complexes – 17 October 2018 - CVAS Half Yearly Update

That the inward correspondence be received and the outward correspondence be endorsed.

Moved: Mr Gary Boyd

Seconded: Mr Phil Crandon

CARRIED

10. Next Meeting: 20 December 2018

11. Meeting Close

The meeting closed at 11.36am with the saying of the grace.

CONFIRMED as a true and correct record of proceedings of Anglican Funds Grafton Diocese Board meeting of 25 October 2018.

Chair – David Ford



BOARD MEETING DATE:

20/12/2018

No 4 Confirmation of Minutes

**Flying Minute 7 November 2018 – Contract Extension for
Blaine Fitzgerald**

No of Pages. 2 incl Header

**Flying Minute: Contract Extension for Blaine Fitzgerald
Circulated 7 November 2018**

That the AFGD Board approves that the current contract and conditions of engagement with Mr Blaine Fitzgerald be extended until 15 June 2019.

Member	Support	Reject	Abstain/No Response
Bishop Murray Harvey	Yes		
Mr David Ford (Chair)	Yes		
Mr Gary Boyd	Yes		
Mr John Adlington	Yes		
Mr Phil Crandon	Yes		
Mr Ted Clarke	Yes		

The motions have been carried.



BOARD MEETING DATE:

20/12/2018

No 6 Financial and performance reports

Item: a)

Title: Finance reports

No of Pages. 9 incl Header

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

Profit & Loss Statement

January to December 2018

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	YTD	Dec	Budget	Variance	
4-0000																
Income																
Interest Recd - Investments	11,890	21,539	22,384	16,845	15,028	11,192	9,232	11,430	6,890	7,295	12,568	146,292	7,875	154,167	184,240	(30,073)
Interest Recd - Borrowers	85,818	59,795	67,358	63,737	70,076	72,183	76,461	75,351	73,215	72,528	64,291	760,812	107,513	888,324	1,000,771	(38,690)
Sundry Income - Other Asset classes and Ser	36,913	44,837	59,581	39,548	39,548	70,398	39,548	36,443	89,172	36,214	26,703	518,904	59,304	578,208	634,022	(55,814)
Total Income	134,621	126,171	149,322	120,130	124,652	153,772	125,241	123,224	169,276	116,037	103,561	1,446,008	174,692	1,620,699	1,819,033	(41,378)
5-0000																
Cost Of Sales																
Total Interest Paid to Investors	77,865	70,828	76,040	70,997	69,509	65,089	67,178	65,302	60,890	62,674	60,413	746,804	76,250	823,054	923,412	100,358
Gross Profit	56,756	55,343	73,282	49,132	55,144	88,684	58,063	57,922	108,386	53,363	43,149	699,204	98,442	797,646	895,621	(97,975)
6-0000																
Expenses																
Total Employee Benefits	7,586	9,073	8,429	9,164	9,330	10,911	8,823	8,867	9,250	8,732	8,960	99,124	22,931	122,056	271,973	149,917
Total Professional fees	1,942	1,742	2,959	3,560	7,723	6,645	3,431	1,991	1,782	3,166	6,938	41,880	3,050	44,930	40,600	(4,330)
Total Banking and Indue Costs	15,559	16,979	16,791	25,436	17,681	20,835	18,060	15,684	14,549	15,788	18,068	195,428	29,589	225,017	254,761	29,744
Total Insurance costs	1,096	780	855	847	851	11,228	851	851	833	854	866	19,914	340	20,254	13,280	(6,974)
Total General Operations costs	3,334	3,327	2,014	2,196	4,167	1,507	3,471	2,276	2,966	3,349	1,490	30,096	3,135	33,231	44,070	10,839
Total Expenses	29,517	31,901	31,048	41,203	39,751	51,125	34,637	29,669	29,380	31,888	36,322	386,443	59,045	448,487	624,684	179,197
Total Net Profit	27,220	23,442	42,234	7,929	15,392	37,559	23,426	28,253	79,006	21,474	6,826	312,761	39,397	352,159	270,937	81,221
9-0000																
Distribution to Diocese	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	160,600	14,400	175,000	175,000	-
Total Other Expenses	12,620	8,842	27,634	-6,671	792	22,959	8,826	13,653	64,406	6,874	-7,774	152,161	24,997	177,158	95,937	81,221
Net Profit/(Loss) after distribution																

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

Profit & Loss Statement

January to December 2018

	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	YTD Actual	December Budget	Forecast	Budget	Variance
4-0000																
Income																
4-101 4-1010	0	0	0	0	0	0	0	0	0	0	0	0	7,875	7,875	184,240	(176,365)
Interest Received - Investment	406	1,895	2,098	2,030	1,692	0	0	0	0	0	0	8,121	8,121	8,121	0	8,121
Interest Received - NAB	351	320	360	349	374	387	400	2,803	391	404	391	6,530	6,530	6,530	0	6,530
Interest Recd - AFSA	6,443	11,910	11,815	7,829	6,191	4,505	2,694	4,821	4,505	4,868	10,051	75,632	0	75,632	0	75,632
Interest Recd - Melb CF7963	2,179	1,930	2,038	2,148	2,355	2,026	2,007	2,169	1,994	2,023	2,126	22,993	0	22,993	0	22,993
Interest recd - WBC	2,511	5,485	6,073	4,488	4,416	4,274	4,132	1,638	0	0	0	33,016	0	33,016	0	33,016
Interest Recd - AMP	11,890	21,539	22,384	16,845	15,028	11,192	9,232	11,430	6,890	7,295	12,568	146,292	7,875	154,167	184,240	(30,073)
Interest Recd - Investments	24,827	5,422	7,897	6,869	12,147	16,599	19,564	19,148	19,981	18,582	13,550	164,586	107,513	272,098	1,000,771	(728,673)
Overdraft/LOC INT INC	20,939	19,118	21,166	20,483	21,166	20,483	21,166	21,166	20,194	20,821	19,379	226,082	0	226,082	0	226,082
Interest Only Loans INT INC	40,052	35,255	38,285	36,384	36,763	35,101	35,731	35,036	33,041	33,125	31,362	390,144	0	390,144	0	390,144
Princ & Int Loans INT INC	85,818	99,795	67,358	63,737	70,076	72,183	76,461	75,351	73,215	72,528	64,291	780,812	107,513	889,324	1,000,771	(112,447)
Interest Recd - Borrowers	13,010	20,706	13,034	15,575	15,575	15,934	15,575	16,659	17,573	12,227	13,313	169,181	16,770	185,951	184,951	(9,000)
Ord Min List Interest Income	24,794	23,973	22,915	23,973	23,973	24,159	23,973	23,973	27,961	23,973	25,952	269,619	26,230	295,849	304,924	(9,075)
Ord Min U/List Interest Income	-907	0	0	0	0	0	0	-4,213	0	0	-12,569	-16,782	-28,571	-45,353	-45,353	(0)
Proceeds on Sale of Bonds	0	0	0	0	0	0	0	0	0	0	0	-907	0	-907	0	(907)
Profit/Loss Sale Fixed Assets	0	150	0	0	0	0	0	0	0	0	0	150	0	150	0	150
Service Fees Received	0	0	23,625	0	0	30,292	0	0	43,625	0	0	97,542	44,875	142,417	179,500	(37,083)
Line Fee Income	16	7	7	0	0	0	24	13	13	14	7	101	101	101	0	101
Sundry Income	36,913	44,837	59,581	39,548	39,548	70,398	39,548	36,443	89,172	36,214	26,703	518,904	59,304	578,208	634,022	(55,914)
Sundry Income - Other Asset classes and Service Fee	134,621	126,171	149,322	120,130	124,652	153,772	125,241	123,224	169,276	116,037	103,561	1,446,008	174,692	1,620,699	1,819,033	(198,334)
Total Income	77,885	70,828	76,040	70,997	69,509	65,089	67,178	65,302	60,890	62,674	60,413	746,804	76,250	823,054	923,412	100,358
Interest Paid to Investors	77,885	70,828	76,040	70,997	69,509	65,089	67,178	65,302	60,890	62,674	60,413	746,804	76,250	823,054	923,412	100,358
Total Cost Of Sales	56,736	55,343	73,282	49,132	55,144	88,684	58,063	57,922	108,386	53,363	43,149	699,204	98,442	797,646	895,621	(97,975)
Gross Profit	7,586	9,073	8,429	9,164	9,330	10,911	8,823	8,667	9,250	8,732	8,960	99,124	22,931	122,056	271,973	149,917
Expenses	-7,440	452	-633	-633	452	336	452	514	462	185	462	-5,391	0	-5,391	2,400	(668)
Provision for Annual Leave	+11,595	0	0	0	0	1,640	0	0	0	0	0	-9,955	1,167	-8,788	14,004	22,792
Provision Long Service Leave	24,445	7,629	7,920	8,969	7,629	7,649	7,647	7,629	8,025	7,810	7,761	103,112	18,780	121,892	225,360	103,468
Salaries and Wages	1,767	725	734	827	725	725	725	725	762	737	737	9,189	1,784	10,973	21,409	10,436
Superannuation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,600	1,200
Staff Training	409	267	407	0	524	561	0	0	0	0	0	2,169	800	2,969	9,600	6,631
Fund Manager Vehicle	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Employee Benefits	7,586	9,073	8,429	9,164	9,330	10,911	8,823	8,667	9,250	8,732	8,960	99,124	22,931	122,056	271,973	149,917
Advertising	0	0	210	0	990	0	210	0	0	0	1,258	2,868	200	2,868	2,400	(468)
Audit Fees	1,742	1,742	1,742	1,742	1,742	1,865	1,865	1,782	1,782	1,780	2,350	24,689	2,350	27,039	28,200	1,161
Legal Fees	200	0	1,007	1,818	858	4,780	576	0	1,386	3,698	3,698	14,523	500	15,023	10,000	(5,023)
Total Professional fees	1,942	1,742	2,959	3,560	7,723	6,645	3,431	1,991	1,782	3,166	6,938	41,860	3,050	44,930	40,600	(4,330)
WBC Bank Charges	535	476	542	533	479	533	556	547	563	519	517	5,860	650	6,510	7,800	1,290
Indue Fees	20	31	19	31	68	57	144	77	28	23	43	541	0	541	0	(541)
Consultancy Fees	0	3,833	2,333	2,333	2,333	7,944	2,333	2,333	2,333	2,333	2,333	30,444	12,500	42,944	56,860	13,906
Donations	0	0	0	0	0	0	0	0	0	0	2,500	2,500	2,500	2,500	2,500	0
WBC Line of Credit Charges	828	748	948	801	828	921	828	828	921	828	801	9,282	950	10,232	11,400	1,168
Ord Minnet Brokerage/Advice	3,675	3,331	3,682	3,500	3,709	3,432	4,244	3,726	1,700	3,204	3,230	37,433	4,000	41,433	46,500	5,067
AFSA Line of Credit Charges	-10,501	8,560	9,267	-18,237	-10,263	-7,867	9,444	8,149	9,000	8,881	8,644	108,833	11,489	120,322	127,211	6,889
AFSA Service Agreement Fees	15,559	16,979	18,791	25,436	17,681	20,835	18,060	15,684	14,549	15,788	18,068	195,428	29,589	225,017	254,761	29,744
Total Banking Costs																

6-451 6-4510	359	114	119	134	114	114	114	114	114	120	26	116	1,446	340	1,786	4,080	2,294
6-453 6-4530	737	866	737	713	737	11,113	737	737	737	713	828	750	18,488	0	18,488	9,200	(9,268)
Total Insurance costs	1,096	780	856	847	851	11,228	851	851	851	833	854	866	19,914	340	20,254	13,280	(6,974)
6-442 6-4425	626	626	626	626	626	626	626	626	626	626	626	626	6,890	650	7,540	7,800	260
6-460 6-4600	222	174	106	0	0	0	0	0	0	0	0	16	594	140	734	1,680	946
6-461 6-4610	0	0	0	0	0	0	0	0	0	0	0	0	0	400	400	4,800	4,400
6-470 6-4700	0	184	503	154	143	158	104	123	123	129	104	212	1,816	175	1,991	3,350	4,400
6-480 6-4800	327	537	0	0	9	0	1,191	0	1,191	12	0	0	2,076	600	2,676	7,200	4,524
6-490 6-4900	433	433	433	433	433	433	433	433	433	433	433	433	4,767	450	5,217	5,400	183
6-500 6-5000	0	0	0	0	0	0	0	0	0	0	0	0	0	100	100	400	300
6-510 6-5100	117	214	216	193	199	212	197	194	194	202	195	201	2,141	220	2,361	2,640	279
6-520 6-5200	1,061	1,152	128	789	1,097	77	869	885	885	1,517	1,910	0	9,485	0	9,485	6,000	(3,485)
6-530 6-5300	309	0	0	0	1,597	0	0	0	0	-200	0	0	1,706	400	2,106	4,800	2,694
6-531 6-5310	239	5	0	0	50	0	0	0	0	246	80	0	621	0	621	0	(621)
Total General Operations costs	3,334	3,327	2,014	2,196	4,167	1,507	3,471	2,276	3,349	2,966	3,349	1,490	30,096	3,135	33,231	44,070	10,839
Total Expenses	29,517	31,901	31,048	41,203	39,751	51,125	34,637	29,689	31,888	29,380	31,888	36,322	386,443	59,045	445,487	624,684	179,197
Total Net Profit	27,220	23,442	42,234	7,929	15,392	37,559	23,426	28,253	21,474	79,006	21,474	6,826	312,761	39,397	352,158	270,937	81,221
9-220 9-2200	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	160,600	14,400	175,000	175,000	0
Total Other Expenses	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	160,600	14,400	175,000	175,000	0
Net Profit/(Loss) after distribution	12,620	8,842	27,634	-6,671	792	22,959	8,826	13,653	6,874	64,406	6,874	-7,774	152,161	24,997	177,158	95,937	81,221

Anglican Funds Grafton Diocese

Level 1 - 50 Victoria Street
Grafton 2460
NSW

Balance Sheet

As of November 2018

Account No.			
1-0000	Assets		
1-1000	Current Assets		
1-1105	WBC 032537 247819 Operating Ac	\$2,974.13	
1-1110	WBC 032537 120455 Client Chq	\$143,924.73	
1-1130	AFSA Float SAV00000202	\$174,297.30	
1-1137	Daily Txns Unproc'd in Phoenix	(\$5,446.50)	
1-1160	WBC 032537 163017 Cash Managem	\$642,771.49	
1-1165	Melb DIF 30 day term	\$5,000,000.00	
1-1170	Accrued Int Receivable Investm	\$38,555.34	
1-1171	Ord Min List Accrued Int Rec	\$677.59	
1-1172	Ord Min U/List Accrued Int Rec	(\$2,333.60)	
1-1400	Prepaid Insurance	(\$0.02)	
1-2500	Vehicles		
1-2510	Vehicles - at Cost	\$30,536.49	
1-2520	Vehicles - Accum dep	(\$9,531.10)	
1-2700	Furniture & Fixtures		
1-2710	Furniture & Fixtures Orig Cost	\$4,852.56	
1-2720	Furniture & Fixtures Accum Dep	(\$1,366.30)	
1-2800	Plant & Equipment		
1-2810	Computer Hardware	\$26,730.39	
1-2820	Acc Depn Computer Hardware	(\$25,243.25)	
1-2900	Intangible Assets		
1-2910	Computer Software	\$60,500.00	
1-2920	Acc Depn - Comptr Software	(\$60,500.00)	
1-3000	Financial Assets - Current		
1-3120	AFSA Security Dep SAV00000203	\$247,391.07	
1-3130	WBC Term Invested Funds	\$900,000.00	
1-3145	Ord Minnett-Listed Investments	\$2,392,849.68	
1-3147	Ord Minnett-Global Cash Trust	\$41,617.30	
1-3148	Ord Minn-Global Investments	\$6,358,259.00	
1-3150	Loan Assets		
1-3155	Line of Credit - O/D	\$5,395,539.23	
1-3160	Loan Advances	\$4,237,222.99	
1-3170	Loan Advances - P & I	\$7,254,667.60	
1-3190	Accrued Interest Loans		
1-3199	Financial Assets Current - Adj	(\$15,104,496.17)	
1-4000	Financial Assets - Non Current		
1-4110	Financial Assets Non Current	\$15,104,496.17	
	Total Assets		\$32,848,946.12
2-0000	Liabilities		
2-1000	Current Liabilities		
2-1004	Audit Costs	\$19,688.75	
2-1100	Accrued Interest payable		
2-1101	2243130 Access Acc INT PAY	\$81.03	
2-1102	2243131 Inst Acc INT PAY	\$223.40	
2-1104	2243133 Parish Prov INT PAY	\$160.39	
2-1200	Accounts payable		\$2,383.33
2-1221	2243310 Term 90 Days INT PAY		\$15,013.17
2-1222	2243320 Term 180 days INT PAY		\$68,595.07

2-1223	2243330 Term 365 days INT PAY		\$107,040.71	
2-1700	Investor Funds Fin Liab Curren			
2-1710	2103300 Access Accounts	\$135,278.74		
2-1715	2103310 Institution Access	\$113,903.01		
2-1725	2103330 Parish Provider Access	\$4,785.50		
2-1730	2103350 Interest Free Deposits	\$7,981.65		
2-1735	2103370 Chq Acc Parishes	\$859,082.46		
2-1740	2103380 Chq Acc Ministry	\$2,636,743.76		
2-1745	2103400 Anglican Affiliates	\$765,661.28		
2-1750	139 Parishes CMA	\$640,372.20		
2-1755	2183310 Term Inv 90 days	\$6,005,800.58		
2-1756	2103420 Clergy Access Account	\$233,310.77		
2-1760	2183320 Term Inv 180 days	\$9,714,979.16		
2-1765	2183330 Term Inv 365 days	\$10,066,552.76		
2-1900	Other Current Liabilities			
2-1910	Accrued Annual Leave	\$3,920.27		
2-1911	Accrued Long Service Leave	\$8,688.35		
2-1915	Accrued Expenses	\$16,210.00		
2-3030	GST from purchases		(\$325.28)	
2-9999	Westpac Unknown transactions		\$223.68	
	Total Liabilities			\$31,426,354.74
	Net Assets			\$1,422,591.38
3-0000	Equity			
3-7000	Revaluation Financial Assets		\$12,113.28	
3-8000	Retained Earnings		\$1,258,315.96	
3-9000	Current Earnings		\$152,162.14	
	Total Equity			\$1,422,591.38

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

Balance Sheet [Multi-Period]

January 2018 To November 2018

Account No.	Account Name	January	February	March	April	May	June	July	August	September	October	November
Assets												
Current Assets												
		989,695	1,021,463	1,039,180	964,850	1,025,767	979,786	949,314	951,548	915,358	926,736	944,591
		13,432,487	12,824,854	13,135,313	9,025,466	7,483,693	3,827,215	6,520,629	2,843,433	2,129,745	7,309,064	6,202,938
		10,794,038	10,794,038	10,754,769	10,754,759	10,754,759	10,673,434	10,673,434	9,678,459	9,673,912	9,673,912	8,751,109
		46,158	46,821	44,346	52,389	53,704	39,299	33,782	20,420	20,585	21,996	36,899
	Fixed Assets	32,243	31,616	30,990	30,364	29,737	29,111	28,484	27,858	27,232	26,605	25,979
	Loan Assets											
	Loan Assets	15,885,109	15,227,046	14,786,293	15,682,818	16,749,722	19,235,077	17,203,674	19,897,600	19,559,629	15,722,228	16,887,430
		0	0	0	0	0	0	0	0	0	0	0
	Total Assets	41,179,729	39,945,839	39,790,880	36,510,646	36,097,381	34,783,922	35,409,317	33,419,317	32,326,461	33,680,542	32,848,946
Liabilities												
Current Liabilities												
		66,960	59,572	43,405	26,413	33,215	36,497	29,908	33,630	36,540	35,063	38,282
		153	302	450	593	735	0	134	230	304	382	465
		266,741	275,346	302,387	264,095	273,754	289,484	267,446	265,425	262,344	225,286	190,649
	Investor Funds Fin Liab Current											
		7,265,036	6,535,970	7,157,651	6,012,581	6,242,339	4,744,764	6,094,964	4,828,700	4,691,353	6,062,968	5,397,119
		30,442,346	31,441,219	30,831,929	28,778,526	28,113,090	28,371,673	27,666,198	26,925,116	25,905,384	25,922,345	25,787,333
	Sundry Liabilities											
	Sundry Liabilities	6,649	6,320	2,344	2,394	7,711	6,331	8,669	11,427	11,887	10,974	12,283
		1,731,948	218,273	55,521	35,521	35,224	224	224	224	224	224	224
	Total Liabilities	39,779,734	38,537,001	38,393,687	35,120,123	34,706,066	33,450,972	34,067,542	32,062,751	30,910,036	32,257,242	31,426,355
	Net Assets	1,399,995	1,408,838	1,397,193	1,390,523	1,391,316	1,332,949	1,341,775	1,356,566	1,416,425	1,423,300	1,422,591
	Equity											
	Total Equity	1,399,995	1,408,838	1,397,193	1,390,523	1,391,316	1,332,949	1,341,775	1,356,566	1,416,425	1,423,300	1,422,591

Anglican Funds Grafton Diocese

Level 1 - 50 Victoria Street
Grafton 2460
NSW**Balance Sheet [Multi-Period]**

January 2018 To November 2018

Account No.	Account Name	January	February	March	April	May	June	July	August	September	October	November
Assets												
Current Assets												
1-1105	WBC 032537 247819 Operating Ac	27,875	19,157	75,705	18,146	37,041	14,373	17,336	26,566	15,358	10,286	2,974
1-2000	Trade Debtors	0	150	0	0	0	0	0	0	0	0	0
1-3130	WBC Term Invested Funds	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
1-3146	Ord Minnett-List Cash Account	36,538	53,165	62,722	21,817	40,415	52,556	0	0	0	0	0
1-3147	Ord Minnett-Global Cash Trust	25,282	48,991	753	24,887	48,311	12,857	31,978	24,982	0	16,451	41,617
		989,695	1,021,463	1,039,180	964,850	1,025,767	979,786	949,314	951,548	915,358	926,736	944,591
1-1110	WBC 032537 120455 Client Chq	132,596	130,575	171,758	138,785	136,381	87,832	143,039	120,790	134,013	121,289	143,925
1-1130	AFSA Float SAV00000202	2,149,924	2,016,756	3,603,604	1,777,587	701,780	579,254	959,472	310,190	6,619	729,541	174,297
1-1137	Daily Txns Unprocd in Phoenix	-86,997	-539,949	314,512	-586,958	-111,310	42,742	-54,739	-146,043	-59,902	48,723	-5,447
1-1160	WBC 032537 163017 Cash Managem	493,350	473,539	51,145	951,409	1,011,826	121,984	1,227,054	562,291	52,418	662,512	642,771
1-1165	Melb DIF 30 day term	6,750,000	6,750,000	5,000,000	3,500,000	3,500,000	750,000	3,000,000	1,750,000	1,750,000	5,500,000	5,000,000
1-3110	NAB Term Investment	1,000,000	1,000,000	1,000,000	1,000,000	0	0	0	0	0	0	0
1-3111	AMP Term Investment	2,750,000	2,750,000	2,750,000	2,000,000	2,000,000	2,000,000	1,000,000	0	0	0	0
1-3120	AFSA Security Dep SAV00000203	243,613	243,933	244,294	244,643	245,017	245,403	245,803	246,205	246,596	247,000	247,391
		13,432,487	12,824,854	13,135,313	9,025,466	7,483,693	3,827,215	6,520,629	2,843,433	2,129,745	7,309,064	6,202,938
1-3145	Ord Minnett-Listed Investments	4,353,132	4,353,132	4,336,368	4,336,368	4,336,368	4,303,211	4,303,211	3,308,236	3,315,653	3,315,653	2,392,850
1-3148	Ord Minn-Global Investments	6,440,906	6,440,906	6,418,391	6,418,391	6,418,391	6,370,223	6,370,223	6,370,223	6,358,259	6,358,259	6,358,259
		10,794,038	10,794,038	10,754,759	10,754,759	10,754,759	10,673,434	10,673,434	9,678,469	9,673,912	9,673,912	8,751,109
1-1170	Accrued Int Receivable Investm	39,936	40,963	39,260	45,747	51,851	36,374	32,090	25,515	19,848	26,641	38,555
1-1171	Ord Min List Accrued Int Rec	150	187	0	2,430	-2,172	0	1,660	-3,382	0	-1,526	678
1-1172	Ord Min U/List Accrued Int Rec	-419	-154	-1	-162	387	0	-2,155	-3,164	0	-3,119	-2,334
1-1400	Prepaid Insurance	6,491	5,825	5,088	4,375	3,638	2,924	2,187	1,450	737	0	0
		46,158	46,821	44,346	52,389	53,704	39,299	33,782	20,420	20,585	21,996	36,899
1-2510	Vehicles - at Cost	30,536	30,536	30,536	30,536	30,536	30,536	30,536	30,536	30,536	30,536	30,536
1-2520	Vehicles - Accum dep	-4,441	-4,950	-5,459	-5,968	-6,477	-6,986	-7,495	-8,004	-8,513	-9,022	-9,531
1-2710	Furniture & Fixtures Orig Cost	4,853	4,853	4,853	4,853	4,853	4,853	4,853	4,853	4,853	4,853	4,853
1-2720	Furniture & Fixtures Accum Dep	-1,022	-1,057	-1,091	-1,126	-1,160	-1,194	-1,229	-1,263	-1,298	-1,332	-1,366
1-2810	Computer Hardware	26,730	26,730	26,730	26,730	26,730	26,730	26,730	26,730	26,730	26,730	26,730
1-2820	Acc Depn Computer Hardware	-24,413	-24,496	-24,579	-24,662	-24,745	-24,828	-24,911	-24,994	-25,077	-25,160	-25,243
1-2910	Computer Software	60,500	60,500	60,500	60,500	60,500	60,500	60,500	60,500	60,500	60,500	60,500
1-2920	Acc Depn - Comptr Software	-60,500	-60,500	-60,500	-60,500	-60,500	-60,500	-60,500	-60,500	-60,500	-60,500	-60,500
	Fixed Assets	32,243	31,816	30,990	30,364	29,737	29,111	28,484	27,858	27,232	26,605	25,979
Loan Assets												
1-3155	Line of Credit - O/D	2,443,808	2,000,522	1,754,211	2,786,040	4,060,559	6,621,632	4,816,234	7,603,151	7,545,677	3,969,063	5,395,539
1-3160	Loan Advances	4,373,373	4,371,552	4,373,600	4,372,918	4,373,600	4,372,918	4,373,600	4,373,600	4,297,366	4,297,993	4,237,223
1-3170	Loan Advances - P & I	9,067,928	8,854,972	8,658,481	8,523,861	8,315,563	8,240,528	8,013,840	7,920,848	7,716,585	7,455,172	7,254,668
	Loan Assets	15,885,109	15,227,046	14,786,293	15,682,818	16,749,722	19,235,077	17,203,674	19,897,600	19,559,629	15,722,228	16,887,430
1-3199	Financial Assets Current - Adj	-15,104,496	-15,104,496	-15,104,496	-15,104,496	-15,104,496	-15,104,496	-15,104,496	-15,104,496	-15,104,496	-15,104,496	-15,104,496
1-4110	Financial Assets Non Current	15,104,496	15,104,496	15,104,496	15,104,496	15,104,496	15,104,496	15,104,496	15,104,496	15,104,496	15,104,496	15,104,496
		0	0	0	0	0	0	0	0	0	0	0
	Total Assets	41,179,729	39,945,839	39,790,880	36,510,646	36,097,381	34,783,922	35,409,317	33,419,317	32,328,461	33,680,542	32,848,946
Liabilities												
Current Liabilities												
2-1004	Audit Costs	22,642	24,384	8,926	6,968	8,833	10,699	12,564	14,345	16,127	17,908	19,689
2-1200	Accounts payable	11,143	4,297	21,530	6,445	9,107	8,567	3,570	2,663	3,713	4,926	2,383
2-1915	Accrued Expenses	33,175	30,891	12,949	13,000	15,274	17,232	13,774	16,622	18,700	12,230	16,210
		66,960	59,572	43,405	26,413	33,215	36,497	29,908	33,630	38,540	35,063	38,282
2-1101	2243130 Access Acc INT PAY	51	99	137	174	207	0	26	37	50	67	81
2-1102	2243131 Inst Acc INT PAY	70	137	215	289	367	0	73	124	155	188	223
2-1103	2243132 Student Acc INT PAY	0	1	1	1	1	0	0	0	0	0	0
2-1104	2243133 Parish Prov INT PAY	32	66	97	129	159	0	35	68	98	128	160
		153	302	460	593	735	0	134	230	304	382	465
2-1221	2243310 Term 90 Days INT PAY	17,361	10,142	14,585	7,878	11,990	18,525	8,869	15,274	25,530	16,966	15,013
2-1222	2243320 Term 180 days INT PAY	71,387	92,242	94,546	66,841	70,279	77,424	71,069	71,271	66,560	62,789	68,595
2-1223	2243330 Term 365 days INT PAY	157,176	170,426	192,666	189,297	191,327	193,534	187,508	178,861	170,234	145,531	107,041
2-1225	235 Fixed Inv - 18 Month INT P	20,817	2,536	570	78	158	0	0	0	0	0	0
		266,741	275,346	302,387	264,095	273,754	289,484	267,446	265,425	262,344	225,286	190,649
Investor Funds Fin Liab Current												
2-1710	2103300 Access Accounts	293,928	310,914	272,779	261,033	210,869	178,862	153,218	106,055	104,483	101,653	135,279
2-1715	2103310 Institution Access	187,818	204,091	212,066	198,544	209,441	215,342	149,469	96,753	102,788	105,003	113,903
2-1720	2103320 Student Access	4,009	3,843	3,253	3,224	2,634	2,197	2,197	2,020	0	0	0
2-1725	2103330 Parish Provider Access	4,777	3,409	4,214	3,747	5,192	5,188	4,612	5,159	3,366	5,432	4,786
2-1730	2103350 Interest Free Deposits	7,377	7,139	7,877	8,084	7,513	8,177	7,693	7,990	10,014	7,676	7,982
2-1735	2103370 Chq Acc Parishes	836,181	805,746	752,416	705,347	744,382	789,012	862,153	816,826	834,872	841,311	859,082
2-1740	2103380 Chq Acc Ministry	2,888,969	2,313,872	3,198,981	2,246,098	1,940,345	1,672,824	3,143,864	2,098,028	2,050,027	2,836,929	2,836,744
2-1745	2103400 Anglican Affiliates	1,933,893	1,871,265	1,721,235	1,592,191	2,166,217	874,234	694,840	734,783	650,072	1,288,936	765,661

2-1750	139 Parishes CMA	847,234	778,670	752,331	763,677	744,254	785,686	856,189	758,268	735,628	649,860	640,372
2-1751	Next Gen Bonus Saver	57,529	49,067	33,997	31,695	8,413	0	0	0	0	0	0
2-1756	2103420 Clergy Access Account	203,523	188,153	198,502	198,941	203,078	213,240	220,728	200,819	200,104	226,170	233,311
		7,286,036	6,535,970	7,167,651	6,012,581	6,242,339	4,744,764	6,094,984	4,828,700	4,691,353	6,082,988	5,397,119
2-1755	2183310 Term Inv 90 days	5,148,920	3,451,388	3,300,311	4,315,173	4,359,507	4,389,706	4,676,078	6,140,414	6,134,485	6,042,039	6,005,801
2-1760	2183320 Term Inv 180 days	11,515,889	12,979,536	12,904,127	10,604,238	10,548,760	11,378,113	11,268,318	9,712,049	9,686,323	9,725,054	9,714,979
2-1765	2183330 Term Inv 365 days	13,777,538	15,010,294	14,627,490	13,859,116	13,204,824	12,603,853	11,721,803	11,072,654	10,084,576	10,155,251	10,066,553
		30,442,346	31,441,219	30,831,929	28,778,526	28,113,090	28,371,673	27,666,198	26,925,116	25,905,384	25,922,345	25,787,333
	Sundry Liabilities											
2-1910	Accrued Annual Leave	1,871	2,323	1,691	1,058	1,510	1,846	2,298	2,811	3,273	3,458	3,920
2-1911	Accrued Long Service Leave	7,048	7,048	7,048	7,048	7,048	8,688	8,688	8,688	8,688	8,688	8,688
2-3030	GST from purchases	-2,371	-3,052	-6,395	-5,712	-848	-2,203	-2,317	-73	-75	-1,173	-325
	Sundry Liabilities	6,549	6,320	2,344	2,394	7,711	8,331	8,669	11,427	11,887	10,974	12,283
2-2310	2183350 Fixed 18 Mths	1,731,725	218,050	55,000	35,000	35,000	0	0	0	0	0	0
2-9999	Westpac Unknown transactions	224	224	521	521	224	224	224	224	224	224	224
		1,731,948	218,273	55,521	35,521	35,224	224	224	224	224	224	224
	Total Liabilities	39,779,734	38,537,001	38,393,687	35,120,123	34,706,066	33,450,972	34,067,542	32,062,761	30,910,036	32,257,242	31,426,355
	Net Assets	1,399,995	1,408,838	1,397,193	1,390,523	1,391,316	1,332,949	1,341,775	1,356,566	1,416,425	1,423,300	1,422,591
	Equity											
3-7000	Revaluation Financial Assets	129,060	129,060	89,781	89,781	89,781	8,456	8,456	9,594	5,048	5,048	12,113
3-8000	Retained Earnings	1,258,316	1,258,316	1,258,316	1,258,316	1,258,316	1,258,316	1,258,316	1,258,316	1,258,316	1,258,316	1,258,316
3-9000	Current Earnings	12,620	21,462	49,096	42,426	43,218	66,177	75,003	88,656	153,062	159,936	152,162
	Total Equity	1,399,995	1,408,838	1,397,193	1,390,523	1,391,316	1,332,949	1,341,775	1,356,566	1,416,425	1,423,300	1,422,591



BOARD MEETING DATE:

20/12/2018

No 6 Financial and performance reports

Item: b)

Title: Cashflow update

No of Pages. 2 incl Header

Redemption Schedule Dec/Jan

Melbourne CashFund 7963 (1 Dec start bal \$5M) – schedule negotiated with Anglican Funds Melbourne

\$1,000,000	03/12/2018
\$1,000,000	10/12/2018
\$1,000,000	21/12/2018
\$500,000	28/12/2018
\$500,000	02/01/2019
\$500,000	07/01/2019
\$500,000	11/01/2019

\$5,000,000 Total redeemed

ORD – AMPHA Subordinated Notes 2 – maturity 18/12/2018 (Quantity held 11,931)

\$1,193,100 (+ Final interest payment of \$1.1397 for each AMP note held)

Total value of redemptions \$6.2M

Client Cashflow Dec 2018 – Jan 2019

Net client movement December approx. \$7.2M (Out)
Peak - weeks beginning 10/12 & 17/12

Net client movement January approx. \$3M (Out) before 18/01/19
Peak – week beginning 07/01

The AFSA overdraft will be required for peak periods with highest usage during week beginning 17th December 2018 due to school outgoing and Diocese insurance invoice payments being processed during the week. The level that the AFSA overdraft is utilised during this period will depend on the date that the BDC loan drawdown is processed.

I expect to use between approx. \$1M-\$2M of the overdraft limit for various times during the next 2-3 weeks waiting for Melbourne Cash Fund & AMP redemptions to process.

Incoming School Government funding of between \$8M-\$10M is expected around 18/01/19

Annette Dent
14/12/2018



BOARD MEETING DATE:

20/12/2018

No 6 Financial and performance reports

Item: c)

Title: 2019 Budget

No of Pages. 4 incl Header

**AFGD BOARD
Item Paper**

AGENDA ITEM NUMBER	SUBJECT:	PREPARED BY:	DATE:
6 c	2019 Budget	Chris Nelson Registrar	20 December 2018

PURPOSE:

To determine the basis for the 2019 budget for AFGD.

BACKGROUND:

Since late 2017 AFGD has been in a state of uncertainty due to the recognized need to adjust the AFGD business but the lack of specific knowledge of what that change would be. Because of that uncertainty, the 2018 budget was based on the 'current structure' (i.e. same operation including the costs of a Fund Manager) and although this has not been a true representation of how AFGD operated during 2018, it provided a useful benchmark for reporting and monitoring.

It would be appropriate for a 2019 budget to be in place however the uncertainty remains and the strategic direction is yet to be chosen.

DISCUSSION:

It is hoped that the AFGD Board will be able to determine a new strategic direction in the first half of 2019 but before then any change of the budget would be speculative.

Under these circumstances it seems appropriate to use the 2018 budget with minor changes for inflation.

RECOMMENDATION:

That the AFGD Board makes the following resolution:

That the AFGD Board requests the Registrar to create a budget for 2019 using the 2018 budget and adjustments for inflation and present that budget to the 31 January 2019 meeting.

Notes Retain Retail & Fund Manager

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Totals	
AFGD Budget 2018 -	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Full Year	
4-1000 · Interest revenue (11)														Average rate
1 4-1010 · Interest Received - Investment	19,425	24,500	24,500	18,900	14,175	9,975	11,512	10,329	11,550	17,500	14,000	7,875	184,240	2.100%
2 4-1020 · Interest Received - Borrowers	57,125	55,813	70,054	73,054	80,429	91,054	88,554	95,971	93,263	88,971	98,971	107,513	1,000,771	5.000%
3 4-1055 Ord Minnett - Listed	14,674	15,373	15,373	15,373	16,770	16,770	16,770	16,770	16,770	16,770	16,770	16,770	194,951	4.300% Gross
4-1056 Ord Minnett - Unlisted	22,951	24,044	24,044	24,044	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230	304,924	
Loss on sale of matured securities								-4,213			-12,569	-28,571	-45,353	recommend monthly accrual
4 Line Fees on overdrafts			44,875			44,875						44,875	179,500	to smooth out P&L
refer calculation sheet													0	
	37,625	39,417	39,417	39,417	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	499,875	
													0	
Total Income	114,175	119,729	178,846	131,371	137,604	188,904	143,066	145,086	192,688	149,471	143,401	174,692	1,819,032	
		233,904	412,750	544,121	681,725	870,629	1,013,695	1,158,781	1,351,469	1,500,940	1,644,341	1,819,032		
5 6-6200 · Interest Paid - Investors	79,109	77,108	82,654	78,891	75,154	74,752	75,696	76,409	75,738	75,632	76,018	76,250	923,412	2.440%
Gross Profit	35,066	42,621	96,191	52,479	62,450	114,152	67,370	68,677	116,949	73,839	67,384	98,442	895,620	
6-1000 · Employee benefits expense	22,531	22,531	22,931	22,531	22,531	22,931	22,531	22,531	22,931	22,531	22,531	22,931	271,973	
6-1100 · Provision for Annual Leave													0	
6-1200 · Provision for LSL	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	14,004	
6-1300 · Salaries and Wages	16,900	16,900	16,900	16,900	16,900	16,900	16,900	16,900	16,900	16,900	16,900	16,900	202,800	
Casual employee	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	22,560	
6-1500 · Superannuation G'tee Levy	1,784	1,784	1,784	1,784	1,784	1,784	1,784	1,784	1,784	1,784	1,784	1,784	21,409	
6-1600 · Staff Training			400			400			400			400	1,600	
6-1700 Fund Manager Vehicle	800	800	800	800	800	800	800	800	800	800	800	800	9,600	
6-4000 · Other expenses													0	
6-4200 · Advertising	200	200	200	200	200	200	200	200	200	200	200	200	2,400	
6-4300 · Audit Fees -Provision	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	28,200	
6-4360 Legal Fees	500	4,500	500	500	500	500	500	500	500	500	500	500	10,000	
6-4400 · WBC Bank charges	650	650	650	650	650	650	650	650	650	650	650	650	7,800	
6-4440 · WBC Line of Credit Charges	950	950	950	950	950	950	950	950	950	950	950	950	11,400	
6-4442 · Ord Minnett Brokerage & Advisor Fees	3,500	3,667	3,667	3,667	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	46,500	
6 6-XXXX · MSC Management Fee	0	5,000	12,500	0	0	12,500	1,850	0	12,500	0	0	12,500	56,850	
7 6-XXXX Management Agreement School portfolio													0	
6-4425 · Depreciation	650	650	650	650	650	650	650	650	650	650	650	650	7,800	
6-4412 · Donations										5,000			5,000	
8 6-4450 · AFSA Service Agreement Fees	9,945	9,841	10,238	9,936	10,050	11,641	11,997	10,559	9,752	10,362	11,402	11,489	127,211	
6-4510 · Insurance/Workers Comp	340	340	340	340	340	340	340	340	340	340	340	340	4,080	
6-4530 · Insurance General Provision	920	920	920	920	920	920	920	920	920	920	920	920	9,200	
6-4600 · Meeting expenses	140	140	140	140	140	140	140	140	140	140	140	140	1,680	
6-4610 · Marketing	400	400	400	400	400	400	400	400	400	400	400	400	4,800	
6-4700 · Postage	800	175	175	175	175	175	800	175	175	175	175	175	3,350	
6-4800 · Printing & stationery	600	600	600	600	600	600	600	600	600	600	600	600	7,200	
6-4900 · Rent Victoria Street	450	450	450	450	450	450	450	450	450	450	450	450	5,400	
6-5000 · PC Maint & Repairs			100			100			100			100	400	
6-5100 · Telephone	220	220	220	220	220	220	220	220	220	220	220	220	2,640	
6-5200 · Travel & Accommodation - Board	0	600	600	600	600	600	600	600	600	600	600	0	6,000	
6-5300 · Travel & Accommodation - AFGD	400	400	400	400	400	400	400	400	400	400	400	400	4,800	
Total Expenses	45,546	54,584	58,981	45,679	46,126	60,717	50,548	46,635	58,828	51,439	46,558	59,045	624,684	
Net Operating Profit	-10,480	-11,963	37,210	6,801	16,324	53,435	16,822	22,042	58,121	22,400	20,826	39,397	270,936	
6-2000 · Contrib to Dio of Gtn \$175K	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,400	175,000	
Net Surplus post distribution	-25,080	-26,563	22,610	-7,799	1,724	38,835	2,222	7,442	43,521	7,800	6,226	24,997	95,936	
		-51,643	-29,032	-36,832	-35,107	3,728	5,950	13,392	56,913	64,713	70,940	95,936		

Notes

	Draft	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Totals	Notes
Assumptions															
1	Interest Received Investments (cash holdings or FUM)	\$ 11,100,000	\$ 14,000,000	\$ 14,000,000	\$ 10,800,000	\$ 8,100,000	\$ 5,700,000	\$ 6,578,000	\$ 5,902,000	\$ 6,600,000	\$ 10,000,000	\$ 8,000,000	\$ 4,500,000		
	Rate	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%		
	Income	\$ 19,425	\$ 24,500	\$ 24,500	\$ 18,900	\$ 14,175	\$ 9,975	\$ 11,512	\$ 10,329	\$ 11,550	\$ 17,500	\$ 14,000	\$ 7,875	\$ 184,240	
											Actual	Forecast			
	2017 Actual	Income	18,379	25,507	28,171	27,890	19,506	10,557	11,464	14,830	15,620	15,653	18,539	14,014	219,930
		FUM	15,500,000	12,600,000	15,500,000	12,300,000	9,600,000	7,200,000	8,078,000	7,402,000	8,100,000	11,500,000	9,500,000	6,000,000	
2	Interest Received Borrowers	\$ 13,710,000	\$ 13,395,000	\$ 16,813,000	\$ 17,533,000	\$ 19,303,000	\$ 21,853,000	\$ 21,253,000	\$ 23,033,000	\$ 22,383,000	\$ 21,353,000	\$ 23,753,000	\$ 25,803,000		Assumes slightly higher average debt with BDC \$5M & LAGS \$2.5M onboard
	Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		
	Income	\$ 57,125	\$ 55,813	\$ 70,054	\$ 73,054	\$ 80,429	\$ 91,054	\$ 88,554	\$ 95,971	\$ 93,263	\$ 88,971	\$ 98,971	\$ 107,513	\$ 1,000,771	
											Actual	Forecast			
	2017 Actual	Income	96,801	72,626	80,588	77,480	83,199	88,617	92,935	89,704	85,886	81,649	74,922	109,349	1,033,736
		FUM	17,728,677	17,874,476	17,217,851	18,454,249	19,178,640	21,307,945	20,837,855	21,687,881	20,543,752	17,134,510	19,400,373	20,000,000	
3	Interest received Ord Mnsnett	\$ 10,500,000	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000		Gross income only Assumes a further \$1.5M invested in Ord
	Rate	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%		
	Income	\$ 37,625	\$ 39,417	\$ 39,417	\$ 39,417	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 499,875	Net loss on maturity and Management Fee Ord is in the budget
											Actual	Forecast			
	2017 Actual	Income	28,953	35,640	32,292	37,853	36,371	37,697	38,068	38,068	39,850	38,783	34,317	38,219	434,912
		FUM	7,572,198	8,823,214	9,033,926	10,065,856	9,918,756	10,261,740	10,261,740	10,039,866	10,560,354	10,560,354	10,771,105	10,500,000	1,684,886
	2018 Asset classes proposed	FUM	35,310,000	36,395,000	41,813,000	39,333,000	39,403,000	39,553,000	39,831,000	40,935,000	40,983,000	43,353,000	43,753,000	42,303,000	
	2017 Asset classes actual	FUM	40,800,875	39,297,690	41,751,777	40,820,105	38,697,395	38,769,685	39,177,595	39,129,747	39,204,106	39,194,864	39,671,477	36,500,000	
5	Interest Paid Investors	\$ 38,805,847	\$ 37,922,133	\$ 40,649,683	\$ 38,799,056	\$ 36,960,953	\$ 36,763,319	\$ 37,227,613	\$ 37,576,320	\$ 37,248,357	\$ 37,196,045	\$ 37,385,732	\$ 37,600,000		
	Rate	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%			
	Income	\$ 79,109	\$ 77,108	\$ 82,654	\$ 78,891	\$ 75,154	\$ 74,752	\$ 75,696	\$ 76,400	\$ 75,738	\$ 75,632	\$ 76,018	\$ 76,250	\$ 923,412	
											Actual	Forecast			
	2017 Actual	Income	83,955	75,769	84,984	82,479	81,893	77,201	78,191	78,164	75,591	77,543	74,082	80,000	949,852
		FUM	37,405,847	36,422,133	39,149,683	37,299,055	35,460,953	35,263,319	35,727,613	36,078,320	35,748,357	35,696,045	35,885,732	36,000,000	

Loan Portfolio Break up

	FUM	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Totals
Term Loans end 2017	\$ 13,440,000	\$ 13,440,000	\$ 13,440,000	\$ 13,440,000	\$ 13,440,000	\$ 13,440,000	\$ 13,440,000	\$ 13,440,000	\$ 13,440,000	\$ 13,440,000	\$ 13,440,000	\$ 13,440,000	\$ 13,440,000	\$ 13,440,000
New loans			\$ 2,813,000	\$ 3,213,000	\$ 3,613,000	\$ 4,013,000	\$ 3,413,000	\$ 3,813,000	\$ 4,113,000	\$ 4,413,000	\$ 4,413,000	\$ 4,413,000	\$ 4,413,000	\$ 4,413,000
			\$ 500,000	\$ 500,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
Monthly P&I reductions	\$ 13,440,000	\$ 13,440,000	\$ 16,753,000	\$ 17,153,000	\$ 17,803,000	\$ 18,203,000	\$ 17,603,000	\$ 18,003,000	\$ 18,003,000	\$ 18,003,000	\$ 18,003,000	\$ 18,003,000	\$ 18,003,000	\$ 18,003,000
	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Balance	\$ 13,190,000	\$ 13,190,000	\$ 16,503,000	\$ 16,903,000	\$ 17,553,000	\$ 17,853,000	\$ 17,253,000	\$ 17,653,000	\$ 17,653,000	\$ 17,653,000	\$ 18,253,000	\$ 18,253,000	\$ 18,253,000	\$ 18,253,000

	FUM	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Totals	Line Fee income	Rate	Line Fee	
Anglican Diocese of Grafton	\$ 450,000	\$ 200,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	6.35%	0.00%
St Columba Anglican School Council Incor	\$ 8,000,000	\$ -	\$ -	\$ -	\$ 200,000	\$ 1,000,000	\$ 2,200,000	\$ 2,450,000	\$ 3,000,000	\$ 2,000,000	\$ -	\$ 2,000,000	\$ 3,500,000	\$ -	\$ 80,000	3.98%	1.00%	
Camfar Properties Ply Ltd	\$ 190,000	\$ 20,000	\$ 40,000	\$ 60,000	\$ 80,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5.73%	0.00%	
Clarence Valley Anglican School	\$ 850,000	\$ 300,000	\$ 15,000	\$ 50,000	\$ 50,000	\$ 250,000	\$ 550,000	\$ 300,000	\$ 380,000	\$ 480,000	\$ 200,000	\$ 400,000	\$ 750,000	\$ 4,250	\$ -	6.30%	0.50%	
Anglicare North Coast	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	5.00%	0.50%	
Emmanuel Anglican College	\$ 3,100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 300,000	\$ 400,000	\$ 150,000	\$ 400,000	\$ 600,000	\$ 800,000	\$ 23,250	\$ -	3.79%	0.75%	
BDC	\$ 500,000	\$ -	\$ 100,000	\$ 200,000	\$ 300,000	\$ 400,000	\$ 500,000	\$ 200,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	4.04%	1.00%	
Lindisfarne Anglican School	\$ 6,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 750,000	\$ 1,500,000	\$ 1,800,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 86,000	\$ -	3.36%	1.10%	
	\$ 19,290,000	\$ 520,000	\$ 205,000	\$ 310,000	\$ 630,000	\$ 1,750,000	\$ 4,000,000	\$ 4,000,000	\$ 5,380,000	\$ 4,430,000	\$ 3,100,000	\$ 5,500,000	\$ 7,550,000	\$ 179,500	\$ -	3.94%	0.99%	
Limit utilisation		3%	1%	2%	3%	9%	21%	21%	28%	23%	16%	26%	39%		\$ 44,875 per quarter			
7	Total Liabilities School portfolio @ 10% +CPI	\$ 30,480,000	\$ 30,480,000	\$ 33,793,000	\$ 34,193,000	\$ 34,843,000	\$ 35,143,000	\$ 34,543,000	\$ 34,943,000	\$ 35,243,000	\$ 35,543,000	\$ 35,543,000	\$ 35,543,000	\$ 35,543,000	Average return 4.25%		5.24%	
	2017 OD usage	\$ 1,650,000	\$ 1,900,000	\$ 1,300,000	\$ 2,600,000	\$ 3,500,000	\$ 6,000,000	\$ 8,200,000	\$ 7,300,000	\$ 6,539,000	\$ 3,080,000	\$ 5,663,670	\$ 7,000,000	\$ -	refer balance by rate end of month for benchmark			
		9%	10%	7%	13%	18%	31%	32%	38%	34%	18%	29%	38%					

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Totals
6	MSC Costs														
	Management Fee FUM up to \$20M		\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
	CARA up to \$10M		\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
	Loan Note tax review	\$ 5,000													
	Compliance Audit				\$ 1,850										
	Sandhurst Trustees Custodian Fee		\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
	Total MSC costs	\$ 5,000	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 68,850

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Totals
MSC Costs															
MSC - upfront	\$ 10,000	\$ 10,000	\$ 20,000												\$ 40,000
ASIC lodgement	\$ 2,400	\$ 2,400	\$ 2,400												\$ 7,600
Legal - Mills Oakley Constitution	\$ 19,000	\$ 19,000	\$ 19,000												\$ 57,000
Tax advice Pitcher Partners	\$ 8,500	\$ 8,500	\$ 8,500												\$ 25,500
Pitchers partners - Loan note agreement sign off	\$ 10,000	\$ 39,900	\$ 49,900												\$ 89,800

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Totals
8	AFSA Fee	\$ 9,009	\$ 8,908	\$ 9,292	\$ 9,000	\$ 9,110	\$ 10,647	\$ 10,991	\$ 9,802	\$ 8,822	\$ 9,412	\$ 10,416	\$ 10,500	\$ 115,709	
	plus digital platform increase	600	600	600	600	600	600	600	600	600	600	600	600	7,200	
	Total	\$ 9,945	\$ 9,841	\$ 10,238	\$ 9,936	\$ 10,050	\$ 11,								



BOARD MEETING DATE:

20/12/2018

No 6 Financial and performance reports

Item: d)

Title: Audit Management Letter update

No of Pages. 18 incl Header

PROGRESS ON AUDIT MANAGEMENT LETTER

Item	Status
2.1	In progress
2.2	Being actioned
2.3	On hold – Deadline missed
3.1	Still to be actioned
3.2	Actioned
3.3	On hold – Deadline missed
3.4	On hold – Deadline missed
3.5	No action required
3.6	Complete
3.7	Complete
4.1	Actioned

Note: 2.3, 3.3 and 3.4 are on hold due to the strategic review



11 April 2018

Mr Michael Blaxland
Chairperson
Audit Committee
Anglican Funds Grafton Diocese
PO Box 4
GRAFTON NSW 2460

Dear Michael

RE AUDIT MANAGEMENT LETTER 2017

We have completed our audit of the financial report of the Anglican Funds Grafton Diocese (the Fund) for the year ended 31 December 2017 and an unqualified audit opinion has been provided.

The primary purpose of this letter is to bring to your attention any significant weaknesses and deficiencies identified in the operation of your entity's internal controls that we had intended to rely upon and other information relating to the audited financial report.

For each matter in this letter, we have included our observations, risk assessment and recommendations. The risk assessment is based on our understanding of your business. Management should make its own assessment of the risks to the entity.

We have kept management informed of the issues included in this letter as they have arisen and a formal draft of this letter was provided on 11 April 2018. This letter includes management's formal responses, the person responsible for addressing the matter and the date by which this should be actioned.

Scope Limitation

Management is responsible for the financial report and the maintenance and effectiveness of internal controls over financial reporting, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial report for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements, whether due to fraud or error. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Ref: 5-201

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Our audit of the financial report involves examining and assessing selected internal controls over financial reporting, including obtaining an understanding of internal control over financial reporting, assessing the risk that a significant weakness exists, and testing and evaluating the operating effectiveness of internal controls based on assessed risk. You should note that we have not tested all internal controls at either the entity or cycle level, and consequently you cannot rely upon our letter to satisfy yourself that all controls over financial reporting are effective.

Conclusions

Results of the audit indicate that the internal controls we tested are generally operating effectively, and accordingly significant changes to our planned audit strategy were not necessary.

We are not aware of any unresolved significant financial reporting issues.

Chris Nelson, Blaine Fitzgerald and the rest of the Fund's team for their assistance during our audit visit.

Should you require any further information about the matters raised in this letter, please do not hesitate to contact us.

Yours faithfully

THOMAS NOBLE & A RUSSELL

Per:

.....
K R FRANEY (Partner)



ANGLICAN FUNDS GRAFTON DIOCESE

AUDIT MANAGEMENT LETTER 2017

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1. EXECUTIVE SUMMARY

We have completed our audit of the financial report of the Fund for the year ended 31 December 2017.

Each of the matters included in this management letter have been assessed and categorised against the following risk ratings:

Priority Rating	Impact
(H) HIGH	<ol style="list-style-type: none"> 1. Matters which pose a significant business or financial risk to the entity and should be addressed urgently; and / or 2. Matters that have resulted or could potentially result in a modified or qualified audit opinion if not addressed as a matter of urgency by the entity.
(M) MODERATE	<ol style="list-style-type: none"> 1. Matters of a systemic nature that pose a moderate business or financial risk to the entity if not addressed within the current financial year; 2. Matters that may escalate to high risk if not addressed promptly; 3. Low risk matters which have been reported to management in the past but have not been satisfactorily resolved or addressed; 4. Items that have been identified by external audit where material inefficiencies are occurring; 5. Matters where regulatory obligations have been identified that do not pose a material, financial or reputation risk to the entity; and / or 6. Matters where there is a scope for fraud and corruption without address by management.
(L) LOW	<ol style="list-style-type: none"> 1. Matters that are isolated, non-systemic or procedural in nature; and / or 2. Matters that reflect relatively minor administrative shortcomings and could be addressed in the context of the entity's overall control environment.

A summary of the matters raised in this management letter and the corresponding risk rating, is included below for your information.

Item No.	Matter	Risk Rating
2.1	Accounting policies	Low
2.2	Related parties	Moderate
2.3	Risk management framework	Moderate
3.1	Clergy loans	Moderate
3.2	Loan assessment processes	Moderate
3.3	Liquidity management	High
3.4	Capital adequacy	Moderate
3.5	Interest rate changes	Low



3.6	Inactive & dormant accounts	Moderate
3.7	Returned customer statements	Moderate
4.1	General Ledger	Moderate



2. GOVERNANCE

2.1. Accounting Policies (New Matter)

Risk Rating – Low

Observation

Our review of the Fund's control environment noted that a documented suite of accounting policies is not in place.

Implications

Accounting practices may not be consistent between financial reporting periods.

Recommendations

The Fund may benefit by developing an accounting policy manual which will guide employees on accounting practices and ensure consistent accounting practices each year.

Management Response

An Accounting Policy and Procedure Manual will be developed.

Responsible Officer

Terry Luce, Diocesan Accountant

Expected Completion Date

30th November 2018



2.2. Related Parties (New Matter)

Risk Rating – Moderate

Observation

The Fund is not maintaining a register to capture and record related party information and related transactions.

Implications

Related party information necessary for disclosure in the annual financial report may not be captured and disclosed.

Recommendations

Management should circularise key management personnel (as defined by Australian Accounting Standard 24 “Related Parties”) on an annual basis to enable identification of related parties as well as transactions that may require disclosure in the financial report. This process should also be performed on the appointment / election of a new Board member / Corporate Trustee.

Management Response

Related Parties Declarations will be distributed to Board Members and other relevant individuals in January each year to ensure this information is available for audit.

The Board will be advised annually in December of the declarations and timeline for completion.

Any Board Member or other relevant party resigning or retiring during the year will be supplied with a declaration form at the time of departure.

Responsible Officer

Annette Dent, Customer Service Officer

Expected Completion Date

First cycle of this process completed by 28 February 2019



2.3. Risk Management Framework (New Matter)

Risk Rating – Moderate

Observation

Our review of the Fund's control environment noted that management is in the process of implementing a risk management policy. We understand that management will then prepare a risk register which will allow the identification, management and monitoring of key risks to the organisation.

Implications

Without a structured risk management framework, the organisation may not identify and manage risks that may prevent it from achieving some or all of its objectives.

Recommendations

To ensure compliance with the requirements of Chapter 18 of the Diocesan Governance Ordinance 2008 (as amended November 2017) the Fund should continue to implement a risk management framework that is suitable to the business. The risk management framework should include:

- A risk management policy;
- A risk management framework which provides an understanding of how risk management processes will be undertaken as well as descriptors for risk likelihood and consequence;
- A risk appetite statement which communicates the Fund's risk acceptance levels; and
- A risk register which allows the organisation to identify, manage and monitor risks.

Management Response

The need for a Risk Management Framework will be presented to the AFGD Board. Development of Risk Management Framework will be prioritised.

Responsible Officer

Chris Nelson - General Manager/Registrar

Expected Completion Date

Agreement for a Risk Management Framework by 30 June 2018
Draft presented to Board for approval by 31 December 2018



3. BANKING PROCESSES

3.1. Clergy Loans (New Matter)

Risk Rating – Moderate

Observation

Our audit of lending practices noted that the Fund's Credit Policy Statement does not contain guidance on lending to clergy.

Implications

Lending practices may not satisfy the Fund's expectations.

Recommendations

We recommend that the Credit Policy be updated to include expectations for lending to clergy and other individuals not covered by the existing Policy Statement.

Management Response

Current Credit Policy will be reviewed and updated to provide guidance on lending to clergy.

Responsible Officer

Chris Nelson – General Manager/Registrar

Expected Completion Date

31 December 2018



3.2. Loan Assessment Processes (New Matter)

Risk Rating – Moderate

Observation

Our audit of loans and advances noted that a loan was approved for the purchase of a motor vehicle using capacity to pay calculations that were used to fund a property loan approximately 12 months prior.

Implications

The borrower's capacity to repay may have changed since the prior loan placing the Fund at risk of loss.

Recommendations

Whilst the prior loan capacity to repay assessment included commitments for a similar motor vehicle, the ability of the borrower to repay should be reconsidered and documented on assessment of any new loan request.

Management Response

All new loan applications will trigger a fresh assessment of capacity to service the loan.

Responsible Officer

Annette Dent, Customer Service Officer

Expected Completion Date

Immediately



3.3. Liquidity Management (New Matter)

Risk Rating – High

Observation

An analysis of the Fund's financial instruments maturity profile has identified that there is a material mismatch between the loan and deposit books. The Fund has measures to monitor and manage liquidity risk however it does not have a documented risk assessment and plan to manage liquidity in the event of unforeseen circumstances.

Implications

The Fund does not have planned measures to manage a deterioration in liquidity.

Recommendations

We recommend the organisation develops a risk management plan (contingency funding plan) which may be enacted in the event of a deterioration in liquidity. The Fund's risk management framework should be updated, where necessary, to reflect the various causes of liquidity deterioration and the controls / measures it has in place to monitor and manage this risk.

Management Response

Included in item 2.3 Risk Management Framework

Responsible Officer

Chris Nelson - General Manager/Registrar

Expected Completion Date

Agreement for a Risk Management Framework by 30 June 2018
Draft presented to Board for approval by 31 December 2018



3.4. Capital Adequacy (New Matter)

Risk Rating – Moderate

Observation

The capital adequacy ratio of the Fund as at 31 December was 6.3%. This ratio is below the Fund's target level of 10%. This target level is consistent with the Anglican Development Fund Minimum Standards.

Implications

The Fund may not have sufficient capital to absorb economic shocks.

Recommendations

The Board should develop a strategy to lift capital to a level that is commensurate to the risk of its loan portfolio.

Management Response

This matter will be included on the agenda of the next AFGD Board meeting seeking Board guidance.

Responsible Officer

Chris Nelson - General Manager/Registrar

Expected Completion Date

Initial Board discussion by 30 June 2018
Action plan by 31 December 2018



3.5. Interest Rate Changes (New Matter)

Risk Rating – Low

Observation

The audit of interest revenue and expenses noted that the administration officer has the ability to adjust interest rates in the banking system. An interest rate report is printed following the update of interest rate changes however there is no evidence of review of the changes to the rates approved by the Board.

Implications

Interest rates may be amended without authority.

Recommendations

The Fund should consider implementing measures which ensure that interest rate changes adopted by the Board are uploaded to the banking systems accurately. An employee independent of the banking process should also review a masterfile amendment report on a regular basis throughout the year and check for any unauthorised amendments to interest rates.

Management Response

Current procedure includes manager sign off on all Interest Rate changes and a Daily/Weekly report of current interest rates which is reviewed for any anomalies.

The current process is considered adequate.

Responsible Officer

N/A

Expected Completion Date

N/A



3.6. Inactive & Dormant Accounts (New Matter)

Risk Rating – Moderate

Observation

Our review of banking processes noted that there is no identification and monitoring of inactive or dormant customer accounts. In addition, staff have unrestricted access to all customer accounts.

Implications

Ineffective monitoring of inactive and dormant accounts together with weak segregation of duties increases the risk of misappropriation.

Recommendations

The Board should identify accounts which have not had any activity for a determined period of time. Where applicable, processes should be introduced to ensure monies in these accounts are protected.

Management Response

A policy for inactive/dormant accounts and accounts will be written.

Responsible Officer

Chris Nelson - General Manager/Registrar

Expected Completion Date

28 February 2019



3.7. Returned Customer Statements (New Matter)

Risk Rating – Moderate

Observation

Our review of banking processes noted that statements for depositors who are unable to be located are received by the Fund's staff and updated in the system so future statements are not mailed. The Fund does not have a process for an independent employee to assess the reasons for returned statements.

Implications

There is a risk that funds can be misappropriated.

Recommendations

The Board should implement controls to monitor returned statements. Ideally, returned bank statements should be received by an employee who is independent of lending and customer transaction processing. A procedure should be documented relating to managing returned customer statements.

Management Response

Register of returned mail and subsequent actions to be created

Responsible Officer

Annette Dent, Customer Service Officer

Expected Completion Date

1st August 2018



4. GENERAL LEDGER

4.1. General Journals (New Matter)

Risk Rating – Moderate

Observation

We note that the Fund does not have segregation of duties for processing and posting general ledger journals. At present, employees can prepare and post general journals without review or approval.

Implications

Increased risk of error or fraud.

Recommendations

Ideally the same person should not be able to prepare and post a general journal. We recognise that the Fund has limited capacity to introduce segregation of duties however, the Fund should consider implementation of controls that will ensure appropriate personnel can process general journals and that all journals can be reviewed and authorised.

Management Response

A procedure covering journal entries will be written and will include adequate segregation of duties and journal entry sign off

Responsible Officer

Terry Luce, Diocesan Accountant

Expected Completion Date

31st July 2018



BOARD MEETING DATE:

20/12/2018

No 7 Matters for discussion and/or decision

Item: a)

Title: AFSA proposal

No of Pages. 9 incl Header

28th November 2018

Mr David Ford
Chair Anglican Funds Grafton Diocese
50 Victoria Street
Grafton NSW 2460

Dear David,

Thank you for the opportunity to work with Anglican Funds Grafton Diocese (AFGD) and the Corporate Trustees of the Diocese of Grafton to collaborate more closely and leverage the capability of each other's balance sheet to achieve operational efficiencies, risk mitigation and increased profitability.

Preferred option

After careful consideration of the request we advise that our preferred model is to expand the existing service agreement to include;

- the current service agreement including contractual obligations, and
- to provide overarching portfolio management of the Grafton balance sheet.

Achieve operational efficiencies through the smarter utilisation of assets

Increasing the existing portfolio management services will produce synergies both tangible and intangible.

- Taking a holistic view across both balance sheets will enable the smarter use of joint assets. For example; AFSA currently has a sound asset base high in cash and liquid assets. AFGD has a sound loan portfolio with a pipeline of new opportunities, however is capped by its asset base. There is a strong possibility to pool resources that will achieve better outcomes for both parties.
- It will provide the capability to enable the comparison of performance of each entity's asset classes to achieve efficient and consistent margins within budget expectations.
 - Cash
 - Interest Bearing Securities
 - Loans.
- It will enable the comparison of each entity's liabilities ensuring interest rate margin comparison is consistent and prudent.
- AFSA's Endowment Fund may meet some of Grafton Diocese/AFGD's fundamental goal, to achieve a better return on its Trust Fund investments by providing an investment strategy that aims to return CPI+5.00%pa.

Risk mitigation:

This model does not increase the risk of service delivery and therefore is consistent with each parties existing risk appetite.

- Assist to deleverage risk by producing consistent and timely management reporting.
- Improves return on investment through better utilisation of existing assets.
- Assist Grafton's Corporate Trustees improve its best use of trust assets by producing a higher yield and income forecasting consistency by investing in AFSA's Endowment Fund.
- Maintains key client relationship with a consistent service delivery for the schools and other Anglican associated clients.

- Grafton Diocese and AFGD retains its separate branding and identity.
- AFSA can provide assistance with reviewing policy documents to achieve consistency and be able to utilise inhouse governance resources to assist in that process.
- AFSA will be able to complete AFGD's prudential benchmarking.
- By not merging, existing ASIC Identification Statements will not require change or amendment. This will save legal costs and utilisation of resources.

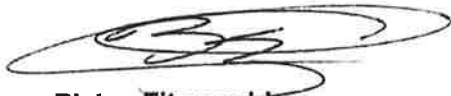
Increased profitability:

- Cost benefit analysis based on this preferred model has been completed with supporting assumptions. **(Refer Appendix A)**
- The basis for the analysis included reviewing current service agreement commitments that are undertaken by AFSA and Blaine Fitzgerald ABN 98 966 145 256, then,
- adding the activities AFSA believe would be necessary to provide the level of service and support required to effectively manage the Grafton portfolio.
- By repositioning AFGD's/Corporate Trustees asset base our analysis indicates it will generate a net income difference from current position in excess of \$100,000.

We look forward to working closely with AFGD to establish the viability of the expanded service agreement and ensure that any identifiable risks are fully understood and mitigated.

Thank you for the opportunity to be involved in this process.
We look forward to your response.

Yours faithfully



Blaine Fitzgerald
Head of Anglican Funds South Australia

Service Agreement activities AFSA

Current Service agreement

Definition Backoffice and reporting charge, including operation of EFT, and BPay clearing, Branch Financial Reporting, Operational Liaison with Data Action, access to AFSA operational processes and procedures

Expanded Service agreement

Definition *Portfolio Management Services*

Meaning the provision of services from AFGD to an Anglican Body Corporate:

- 1 Handling of enquiries from Anglican bodies corporate;
- 2 Periodic reviews in accordance with loan covenants of body corporate's performance and ability to service debt;
- 3 Liaison with other lender(s) in the case of the body corporate having loan commitments to parties other than the Client;
- 4 Evaluation of requests for new or increase borrowing or the amendment of terms;
- 5 Personal contact with each Anglican school no less frequently than once every 3 months and each other Anglican body corporate no less frequently than once every 6 months;
- 6 Providing a report with recommendations to the client following each periodic review;
- 7 Providing an analysis with recommendations to the Client following each formalised request for new or increased borrowing or amendment of terms; and
- 8 Assist the client with the review of any draft contractual terms relating to facilities provided to Anglican bodies corporate.

Services

a **In consideration for AFGD paying the Fees, and subject to the provisions of this Agreement, AFSA hereby agrees to provide AFGD with the following services:**

The provision of portfolio management services for AFGD's Loan portfolio for the following clients;

i **School portfolio**

- St Columba Anglican School
- Bishop Druitt College
- Clarence Valley Anglican School
- Emmanuel Anglican College
- Lindisfarne Anglican Grammar School

Activity	Frequency
Half yearly performance review data extraction, analysis credit report writing including one increase funding request per annum Key ratio analysis recommendation	2 per year for each entity
Personal contact with each Anglican school no less frequently than once every 3 months	2 per year face to face for each entity
	2 per year other for each entity

Other Anglican bodies corporate
 Anglicare North Coast
 St Cuthbert's Retirement Living Complexes

Yearly performance review data extraction, analysis
 credit report writing including
 one increase funding request per annum
 Key ratio analysis
 recommendation

once per year

for each entity

Personal contact with each Anglican body corporate no less
 frequently than once every 6 months:

2 per year
 via phone
 or if required face to face.

AFGD Board Reporting requirements

Provision of a written structured Board report summarising
 Key client activities
 Risk Management Framework (covering all items in item b)
 Financial Performance - analysing performance against agreed
 benchmarks.

quarterly
 2 via Zoom teleconference
 2 face to face.

ii Assist as required with enquiries from parishes and external organisations
 seeking a loan facility from AFGD as requested by either the Chair of the AFGD
 Board or the Registrar of the Anglican Diocese of Grafton.

b Other services

Risk Management Framework

Policy assistance review and recommendation

once every 2 years

Interest rate Risk

Policy assistance review and recommendation

once every 2 years

Review and produce Investor Interest rate data
 Review and produce Lending reference rate data

weekly
 monthly

Credit Risk

Policy assistance review and recommendation

once every 2 years

Apply credit policy and authorisations on all
 credit recommendations

as required
 when applied

Capital Adequacy - includes DFATF prudential benchmarks.

Policy assistance review and recommendation

once every 2 years

DFATF prudential benchmark template

monthly

Liquidity - including surplus liquidity policy

Policy assistance review and recommendation

once every 2 years

Interest Bearing securities review and recommendation
 Data available monthly

report to AFGD Board
 Quarterly

audit assistance

Financial year end	31/12 annually	once every year
January	Annually produce	one week collating the data
Data Action reports to satisfy audit requirements including but not limited to	Investor book information	per year by AFSA team.
	maturity forecast information	
	interest rate information	
	open closed reports	
	sample data as requested.	
Loan book information	maturity forecast information	
	interest rate information	
	open closed reports	
	credit policy compliance	
	sample data as requested.	
other information as requested.		
		Proposed cost of the increased service
		\$ 70,000

c The Services may also include any other tasks which both Parties may agree on at a rate to be determined and agreed before proceeding.

	Diocese of Grafton	AFGD	Trustees
AFSA expanded service agreement	\$ 70,000		
current Service Agreement Cost	\$ 38,000		
Indicative net benefit	\$ (32,000)		\$ 138,044
Improved use of assets shift from AFGD CF to AFSA EF			
Current gross yield say	2.60%	\$ 6,000,000	\$ 156,000
plus additional cost to fund AFSA return	0.40		\$ 24,000
unit Price October 18		1.4149	
No of units		\$ 4,240,582	
Income 7.5 cents per unit		0.075	\$ 318,044
			\$ 138,044



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

AFSA preferred option

Blaine Fitzgerald <afsahead@adelaideanglicans.com>

6 December 2018 at 18:29

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

Cc: David Ford <fordie@mac.com>, Anna Halman <ahalman@adelaideanglicans.com>

Hi Chris,

The best way for me to explain the concept of leveraging activities whilst maintain independent balance sheets is via providing examples.

Example 1.

AFGD is reliant on the size of its investor base to provide sufficient capital to undertake its school lending activities.

To date it has been able to achieve this by relying on their largest investor the Corporate Trustees remaining in AFGD.

Whilst the return on the borrowing activity to AFGD is sound the Corporate Trustees are sacrificing investment return to fund the activity.

The Corporate Trustees could move say \$6m of its funds from AFGD to AFSA's Endowment Fund and improve its return and achieve income smoothing.

AFSA's Community Fund could invest the equivalent amount into AFGD to replace the Corporate Trustees investments.

Corporate Trustees benefit – as they are moving funds into a higher yielding product.

AFSA have a liquidity requirement and currently have these funds placed with external financial institutions paying lower or equivalent returns than those on offer at AFGD (Position neutral)

AFSA's Endowment Fund investor base grows increasing its Management Fee Income.

Example 2

Lending projects committed to by AFGD require investor capital to fund or as is the case now when capped for capital outsource the opportunity to Westpac.

AFSA's Community Fund could lend the money directly to the Corporate Trustees/AFGD at an acceptable rate ie at a minimum margin of 25bps below the rate

AFGD intends to charge the borrower.

AFSA will earn circa 4.00%pa to say 4.25%pa.

CT's/AFGD pick up 0.25%pa on the lend.

Without the balance sheet support of the two entities CTs/AFGD and AFSA would receive no benefit by Westpac funding the proposal.

The borrower only needs to negotiate with one lender.

Bishop in Councils mandatory resolution is protected as redocumentation to a new or another entity is not required and

any potential trigger this may have created for the borrower to put the proposal to tender is negated.

I hope this assists to clarify the sentence.

Kind regards

Blaine Fitzgerald

Head of Anglican Funds South Australia

18 King William Road, North Adelaide SA 5006

P 08 8305 9371 | M 0452 137 740



From: Chris Nelson <chris.nelson@graftondiocese.org.au>
Date: Thursday, 6 December 2018 at 8:51 am
To: Blaine Fitzgerald <afsahed@adelaideanglicans.com>
Cc: David Ford <fordie@mac.com>, Anna Halman <ahalman@adelaideanglicans.com>
Subject: Re: AFSA preferred option

Hi Blaine,

Thanks for these documents. Before I circulate these papers to the members of the AFGD Board, could you please clarify one point for me?

Your opening sentence included "and leverage the capability of each other's balance sheet to achieve operational efficiencies, risk mitigation and increased profitability." yet when reading through the proposal it seemed as though the AFGD and AFSA balance sheets were kept separate and distinct.

Could you please reply with a few words that explain how this leveraging would work while at the same time keeping the balance sheets independent?

On Fri, 30 Nov 2018 at 14:53, Blaine Fitzgerald <afsahed@adelaideanglicans.com> wrote:

Hi David and Chris,

I have attached two documents

1/- a proposal from AFSA indicating our preferred position.

2/- Appendix A – cost benefit analysis.

Once you have had a chance to work through them I would be more than happy to answer any questions you may have.

Also as discussed with David I am in the process of organising a flight to the region and can be available if required to discuss face to face with the AFGD Board on Thursday 20/12/18.

I look forward to discussing in more detail.

Kind regards

Blaine Fitzgerald

Head of Anglican Funds South Australia

18 King William Road, North Adelaide SA 5006
P 08 8305 9371 | M 0452 137 740



Regards,

Chris Nelson

General Manager/Registrar

Anglican Diocese of Grafton

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BOARD MEETING DATE:

20/12/2018

No 7 Matters for discussion and/or decision

Item: b) Schools

Title: i. Clarence Valley Anglican School half yearly review

No of Pages. 17 incl Header

Date: 30/4/18
Credit Memorandum

Purpose of advice

- Completion of half yearly review to 30/9/2018.

History/Background

History and correspondence relating to this group is well discussed and documented with the Diocese.

Current amortisation and options going forward

	Current Balance	Current Rate	Monthly payment P&I	Monthly payment P only	Annual payments	Annual Interest Cost	Line Fee 0.50%	Annualised Cost	Loan expiry date
436030591 Working Capital ** Limit \$850K	\$ 297,705	6.30%				\$ 15,000	\$ 4,250	\$ 19,250	annual review
436032770 Secondary Campus	\$ 1,758,658	6.30%				\$ 110,795		\$ 110,795	31-12-37
436034254 Clarenza Second Tranche	\$ 136,458	6.30%		\$ 13,917	\$ 167,004	\$ 18,600		\$ 185,604	01-10-19
436040050 Server upgrade Loan	Repaid in full								
436040052 Solar panel loan	\$ 56,400	7.30%	\$ 2,433	\$ 2,000	\$ 24,000	\$ 5,200		\$ 29,200	01-02-21
** Working capital is based on peak monthly requirements aligned with cash flow provided 12 months in advance									
*** Subordinated debt until 30/06/2021									
\$6,572,191 - no repayments currently required									
Totals	\$ 2,249,221			\$ 15,917	\$ 191,004	\$ 149,595	\$ 4,250	\$ 344,849	

- The school's Business Manager Ian Morris has made contact to discuss loan options as part of their planning into 2019 and beyond.
Ian wanted to understand when the Secondary Campus Loan no, 436032770 would require principal and interest payments. This loan has a government subsidy attached to it and this subsidy will expire in May 2025 and for future planning wanted to understand the contractual obligation.
- To assist a worksheet has been provided to Ian mapping the subsidy through to expiry.

Upon review, I am suggesting the following to CVAS as a way forward:

- Loan no 436034254 will be repaid in full in October 2019 freeing up \$13,917 per month. (principal payments)
- At expiry of loan no 436034254 switch attention to loan no 436040052 apply \$13,917 to this loan facility and by February 2020 this loan will also be repaid in full.
- Commence discussions with Diocese and stakeholders during late 2019 to discuss and agree on plan for any further capital reductions.

The school under guidance from school council and the leadership team appear to have steadied the position of the school.

2018 School Council Approved Budget

- 305 students
- 26 Teaching
- 11 Non-teaching
- \$48K operating surplus
- \$410K capital expenditure including \$308K BGA-funded amenities block
- Loan commitments fully serviced including \$200K principal repayments
- \$21K end of year cash at bank
- \$648K end of year bank overdraft

September 2018 YTD Position -

- 322 students (State Government Census)
- 26 Teaching
- 12 Non-teaching
- \$587K operating surplus (budget \$73K) –The benefit of additional enrolments and fee paying students.
- \$387K capital expenditure (budget \$410K)
- Loans outstanding \$1,979M (budget \$1,973M)
- \$43K cash at bank (budget \$50K)
- \$298K bank overdraft (budget \$361K)

Credit Memorandum

- Ian has indicated the school intends to trade out of its overdraft position and will finish the year in credit. This is a significant achievement and will position the school well for 2019.

Financial Information provided to assist:

- School council management reports to 30/09/2018 with commentary to support position.
- Council approved operating budget with assumptions for the year covering 1/1/19 to 31/12/19.

Recommendation

- Extension of rolling half yearly review for a further term to 30/4/2019 with the benefit of 31/12/18 audited results and potentially an updated strategy plan from the school regarding debt reduction and capital expenditure.
- Approval of the half yearly review as at 30/10/2018 with the benefit of 30/9/2018 Management results presented to council.
- Whilst there are signs of improved performance and financial stability it would be prudent to retain the existing risk grade to 7B.

Blaine Fitzgerald

For and on behalf of Anglican Funds Grafton Diocese

Disclaimer

This document has been prepared by Blaine Fitzgerald (ABN 98 966 145 256) for general information purposes only. Before acting on any information within this document, you should consider the appropriateness of it having regard to your own particular circumstances, objectives, financial situation and needs. I believe the information contained in this report was correct at the time the report was compiled. However, I do not warrant the accuracy or the reliability of the information contained in this report, and to the maximum extent permitted by law, I disclaim all responsibility and liability for any direct or indirect loss or damage suffered by any recipient of the report where the recipient has relied on anything contained in, or omitted from this report.



Clarence Valley
ANGLICAN SCHOOL

FINANCIAL REPORT SEPTEMBER 2018

Prepared by Business Manager
10 October 2018

Clarence Valley Anglican School

FINANCIAL REPORT SEPTEMBER 2018

Contents

Commentary

Executive Summary

Comprehensive Income Statement Summary

School Fees Debtors Summary

Financial Position Statement (Balance Sheet)

Capital Expenditure Statement

Clarence Valley Anglican School

FINANCIAL REPORT SEPTEMBER 2018

COMMENTARY

General

As reported last month, detailed 2018 year to date actual, annual forecast and annual budget financial information is provided as part of the 2019 budget reports with 2018 annual forecast versus annual budget comparisons being a prime focus.

Enrolments

Enrolments decreased by 3 during September for the reasons cited in the Principal's September report to School Council.

Financials

Year to date results indicate that the School is continuing to track well financially.

Comprehensive Income Statement

Enrolments continue to be well over budget and will deliver significant benefits in additional state (\$46K) and commonwealth (\$318K) government recurrent grant income. The latter excludes an estimated additional \$79K for NCCD (Nationally Consistent Collection of Data) School Students with Disability funding, forming one of the grant loadings and which AISNSW have advised will not be paid until February 2019 i.e. it will be 2018 income but 2019 cash. At this stage, as AISNSW have advised that the loading a school is entitled to may not reflect what the school is actually paid, 50% thereof is included in the 2018 income forecast and 2019 cash flow budget.

The comprehensive income statement is \$515K favourable to budget predominantly reflecting above-budget enrolments and consequently increased tuition fees and government recurrent grants. Salaries, wages and on costs are also below-budget.

A better indication of the end of year result will be available when the 2019 final budget is completed.

Clarence Valley Anglican School
FINANCIAL REPORTS SEPTEMBER 2018
COMMENTARY

Financials (continued)

School Fees Debtors

The school fees debtors summary indicates that \$50K was received in school fees in September. The number of debtors decreased by 41 but the average debt increased by \$181. Focus during the remainder of the year will be to reign-in outstanding debt especially from families with children that have left the school.

Term 4 school fees statements were emailed to parents on 4 October using the TASS finance/parent accounts module for the first time. The Term 4 payment due date is 19 October.

Capital Expenditure

Capital expenditure was \$23K favourable to budget due largely to timing differences associated with the amenities block project.

Cash Flows

Net cash flows approximated the budget. The bank overdraft was \$64K favourable to budget.

Loans Outstanding

Loans outstanding (excluding subordinated debt and bank overdraft) approximated the budget.

Indicators and Ratios

Indicators and ratios (with the exception of working capital, which will continue to be low until increased enrolments and net income are achieved) were favourable to budget.

Clarence Valley Anglican School

FINANCIAL REPORT SEPTEMBER 2018

EXECUTIVE SUMMARY

RESULT	SEP 2018 YTD		AUG 2018 YTD	
	ACTUAL	BUDGET	ACTUAL	BUDGET
Human Resources				
Enrolments	322	305	325	305
Staff (FTE)	38.02	36.94	38.02	36.94
Operations				
	\$	\$	\$	\$
Comprehensive Income	587,807	72,592	528,292	56,884
School Fees Debtors (Gross)	197,712	89,826	247,554	206,920
Investment				
	\$	\$	\$	\$
Capital Expenditure	386,757	410,000	317,695	407,000
Liquidity				
	\$	\$	\$	\$
Net Cash Flows	(32,405)	(24,244)	(44,968)	(24,244)
Cash at Bank	42,610	50,771	30,047	50,771
Overdraft	297,705	361,282	335,271	746,283
Equity				
	\$	\$	\$	\$
Net Assets	(3,241,501)	(3,880,010)	(3,301,016)	(4,048,848)
Gearing				
	\$	\$	\$	\$
Loans Outstanding*	1,978,648	1,973,331	1,995,039	1,989,967
Indicators & Ratios				
		ANNUAL.		ANNUAL
Working Capital (> 1.0)	0.4	0.1	0.3	0.1
Net Operating Margin (> 10.0%)	12.7%	1.9%	12.5%	1.9%
Earnings before Interest & Deprec	\$ 585,367	\$ 106,194	\$ 505,399	\$ 106,194
Debt per Student* (< \$8,000)	\$ 7,069	\$ 8,430	\$ 7,170	\$ 8,430
Interest Cover (> 2.0)	5.6	0.7	5.4	0.7

* excluding subordinated debt & overdraft

Clarence Valley Anglican School

FINANCIAL REPORT SEPTEMBER 2018

COMPREHENSIVE INCOME STATEMENT SUMMARY

	2018 ACTUAL YTD \$	2018 BUDGET YTD \$	2018 VARIANCE YTD \$	2018 VARIANCE YTD %	2018 BUDGET ANNUAL \$
INCOME					
Tuition Fees Income					
Tuition Fees	840,928	803,990	36,938	5%	1,073,320
Discounts & Concessions	(137,483)	(156,174)	18,691	-12%	(206,565)
Activities & Materials Levies	222,939	202,967	19,973	10%	270,622
Other	32,404	4,500	27,904	620%	6,000
Total Tuition Fees Income	958,788	855,283	103,505	12%	1,143,377
Government Grants					
Australian Recurrent	2,688,277	2,515,106	173,171	7%	3,353,475
State Recurrent	712,715	683,048	29,668	4%	910,730
Other Recurrent	114,082	71,239	42,843	60%	121,069
Capital - BGA	216,215	274,441	(58,226)	-21%	274,441
Total Government Grants	3,731,289	3,543,834	187,456	5%	4,659,715
Sundry Income					
Enrolment & Application Fees	22,659	13,500	9,159	68%	18,000
Overseas Students	27,660	18,200	9,460	52%	18,200
Building Fund Donations	25,670	20,000	5,670	28%	20,000
Library Fund Donations	45,590	43,500	2,090	5%	43,500
Canteen Sales	41,644	46,400	(4,756)	-10%	58,000
Other	85,411	88,950	(3,539)	-4%	104,100
Total Sundry Income	248,634	230,550	18,084	8%	261,800
TOTAL INCOME	4,938,711	4,629,666	309,045	7%	6,064,892
EXPENSES					
Tuition Salaries & Superannuation	2,388,703	2,409,655	20,952	1%	3,328,121
Other Tuition Expenses	161,288	250,695	89,407	36%	300,352
Admin Salaries & Superannuation	736,764	730,858	(5,906)	-1%	978,112
Other Admin Expenses					
Depreciation	213,338	213,339	1	0%	284,452
Interest	104,311	115,875	11,564	10%	154,500
Canteen Expenses	13,725	17,448	3,723	21%	22,150
Other	732,775	819,204	86,429	11%	949,205
Total Other Admin Expenses	1,064,149	1,165,866	101,717	9%	1,410,307
TOTAL EXPENSES	4,350,904	4,557,074	206,170	5%	6,016,892
NET SURPLUS/(DEFICIT)	587,807	72,592	515,215	710%	48,000

Clarence Valley Anglican School

FINANCIAL REPORT SEPTEMBER 2018

SCHOOL FEES DEBTORS SUMMARY

SEPTEMBER						
Debtor Type		Term 3 2018 \$	Term 2 2018 \$	Term 1 2018 \$	Term 4 2017 \$	Total \$
Net		171,304	0	0	0	171,304
Advance		26,408	0	0	0	26,408
Gross		197,712	0	0	0	197,712
Proportion		100%	0%	0%	0%	100%
School Fees Debtors						106
Avg Sch Fees Debt						1,865

AUGUST						
Debtor Type		Term 3 2018 \$	Term 2 2018 \$	Term 1 2018 \$	Term 4 2017 \$	Total \$
Net		237,431	0	0	0	237,431
Advance		10,123	0	0	0	10,123
Gross		247,554	0	0	0	247,554
Proportion		100%	0%	0%	0%	100%
School Fees Debtors						147
Avg Sch Fees Debt						1,684

MONTH MOVEMENT						
Debtor Type		Term 3 2018 \$	Term 2 2018 \$	Term 1 2018 \$	Term 4 2017 \$	Total \$
Gross		(49,842)	0	0	0	(49,842)
School Fees Debtors						(41)
Avg Sch Fees Debt						181

	2018	2017/12	
ASSETS			
CURRENT Assets			
Cash			
00-6110-00-00	Cheque Account	35,759.76	0.00
00-6115-00-00	Cash Management Account	6,068.94	0.00
00-6405-00-00	Hawetson Family Scholarship	781.33	0.00
Total Cash		42,610.03	0.00
Debtors and Prepayments			
00-6200-00-00	Debtors - Fees	171,303.96	0.00
00-6205-00-00	Debtors - Fees - Advance	26,407.58	0.00
00-6250-00-00	Provision for Doubtful Debts	(84,262.16)	0.00
00-6270-00-00	Commerical Debtors Control	4,514.21	0.00
00-6275-00-00	Sundry Receivables	240,249.71	0.00
00-6280-00-00	GST Incurred on Expenditure	38,531.54	0.00
00-6630-00-00	Prepayments - Insurance	22,452.36	0.00
00-6660-00-00	Prepayments - Other	19,744.71	0.00
Total Debtors and Prepayments		438,941.91	0.00
Total CURRENT Assets		481,551.94	0.00
NON CURRENT Assets			
Property, Plant and Equipment			
00-5140-00-00	Accumulated Depreciation - Buildings	(2,355,226.82)	0.00
00-5150-00-00	Buildings - Improvements	442,396.67	0.00
00-5160-00-00	Buildings	4,987,098.99	0.00
00-5190-00-00	Buildings - WIP	397,177.65	0.00
00-5340-00-00	Accumulated Deprec - Plant & Equipment	(1,934,629.00)	0.00
00-5350-00-00	Plant & Equipment	4,601,844.97	0.00
00-5440-00-00	Accumulated Deprec - Motor Vehicles	(43,818.18)	0.00
00-5450-00-00	Motor Vehicles	43,818.18	0.00
Total Property, Plant and Equipment		6,138,662.46	0.00
Total NON CURRENT Assets		6,138,662.46	0.00
TOTAL ASSETS		6,620,214.40	0.00
LIABILITIES			
CURRENT Liabilities			
Creditors and Accruals			
00-4061-00-00	Group Tax Clearing	81,614.00	0.00
00-4062-00-00	Superannuation Clearing	31,043.60	0.00
00-4064-00-00	Motor Vehicle Salary Packaged Clearing	3,560.51	0.00
00-4069-00-00	Other Deductions Clearing	(1,862.82)	0.00
00-4070-00-00	FBT Salary Packaged Benefits Clearing	(2,967.00)	0.00
00-8015-00-00	Bank Overdraft - Current	297,704.72	0.00
00-8100-00-00	Fees In Advance	26,407.58	0.00
00-8105-00-00	Grants in Advance	244,105.50	0.00
00-8160-00-00	Unearned Revenue - Current	(1,926.86)	0.00
00-8200-00-00	Trade Creditors - Current	4,084.62	0.00
00-8210-00-00	Accrued Expenses	18,731.77	0.00
00-8300-00-00	Provision for LSL - Current	452,644.35	0.00
00-8340-00-00	Provision for Annual Leave - Current	14,849.33	0.00
00-8354-00-00	GST Collected on Revenue	142,887.55	0.00
Total Creditors and Accruals		1,310,876.85	0.00
Other Liabilities			
00-8065-00-00	BankLoanCap-Clarenza-2ndTranche-Current	41,751.00	0.00
00-8067-00-00	BankLoanCap-Clarenza-SolarPanels-Current	7,299.00	0.00
Total Other Liabilities		49,050.00	0.00

	2018	2017/12
Total CURRENT Liabilities	1,359,926.85	0.00
NON CURRENT Liabilities		
Other Liabilities		
00-8565-00-00 BankLoanCap-Clarenza-2ndTranche-NonCurr	108,297.35	0.00
00-8566-00-00 BankLoanCap-Clarenza-Stage2-NonCurr	1,767,695.37	0.00
00-8567-00-00 BankLoanCap-Clarenza-SolarPanels-NonCurr	53,604.83	0.00
00-8595-00-00 Bridging Finance - Non Current	6,572,191.19	0.00
Total Other Liabilities	8,501,788.74	0.00
Total NON CURRENT Liabilities	8,501,788.74	0.00
TOTAL LIABILITIES	9,861,715.59	0.00
NET ASSETS	(3,241,501.19)	0.00
ACCUMULATED FUNDS AND RESERVES		
00-9000-00-00 Accumulated Funds	(3,829,307.87)	0.00
0 Current Year Surplus/(Deficit)	587,806.68	0.00
TOTAL ACCUMULATED FUNDS AND RESERVES	(3,241,501.19)	0.00

Clarence Valley Anglican School
FINANCIAL REPORTS SEPTEMBER 2018
CAPITAL EXPENDITURE STATEMENT

ACCOUNT	2018 ACTUAL YTD \$	2018 BUDGET YTD \$	2018 VARIANCE YTD \$	2018 VARIANCE YTD %	2018 BUDGET ANNUAL \$
CAPITAL EXPENDITURE					
Land, Buildings & Improvements Expenditure					
Buildings - Acquisitions					
Amenities Block	281,618	307,691	26,073	8%	307,691
Improvements					
Y12 Area	6,564	9,639	3,075	32%	9,639
Total Land, Buildings & Improvements Expenditure	288,182	317,330	29,148	9%	317,330
Other Capital Expenditure					
Furniture - Acquisitions					
Aluminium Composite Sign: Centenary Drive Frontage	1,147	0	(1,147)	-	0
Capsule Keeper & Serious Cap	2,264	3,000	736	25%	3,000
Desks Flex Student (31): Clarenza Campus	5,185	0	(5,185)	-	0
Entry Mat In-fills: Clarenza Reception	0	2,000	2,000	100%	2,000
Free-Standing Benches c/w Backrests (x6): Clarenza Campus	2,759	2,460	(299)	-12%	2,460
Honour Boards	0	2,000	2,000	100%	2,000
Island Coffee Bench: Clarenza Hospitality	1,250	0	(1,250)	-	0
Various	0	1,500	1,500	100%	1,500
Work Benches (7) & Stools (15): Clarenza Campus	5,179	4,600	(579)	-13%	4,600
Plant & Equipment - Acquisitions					
Air Conditioner - Kinder: Cathedral Campus	2,984	0	(2,984)	-	0
Data Projectors	2,198	6,000	3,802	63%	6,000
Air Conditioner - Kinder: Cathedral Campus	5,455	0	(5,455)	-	0
Everhot 5 Litre Miniboil Unit: Cathedral Campus	728	0	(728)	-	0
IT Various Equipment	0	2,600	2,600	100%	2,600
IWB Computers	0	5,000	5,000	100%	5,000
Interactive Whiteboards	2,990	0	(2,990)	-	0
Laptops/Chromebooks/Chargers	44,017	47,000	2,983	6%	47,000
Refrigerator: Clarenza Canteen	0	1,000	1,000	100%	1,000
Speaker/Telephone Connections: School-Wide	1,866	1,010	(856)	-85%	1,010
Staff Computers	6,340	9,000	2,660	30%	9,000
Switches/UPS	822	4,000	3,178	79%	4,000
Telomast 30 Feet: Clarenza Campus Admin Roof	13,391	0	(13,391)	-	0
Various	0	1,500	1,500	100%	1,500
Total Other Capital Expenditure	98,575	92,670	(5,905)	-6%	92,670
TOTAL CAPITAL EXPENDITURE	386,757	410,000	23,243	6%	410,000



Clarence Valley
ANGLICAN SCHOOL

FINAL BUDGET 2019

(approved by School Council 23 October 2018)

Prepared by Business Manager
1 November 2018

Clarence Valley Anglican School

FINAL BUDGET 2019

"The Big Picture"

Assumptions

325 students (2018 census 327)

38.90 FTE staff (2018 census 38.02)

Tuition fees & levies frozen at 2018 levels

18.5% or \$200K of tuition fees provided in discounts & concessions

2.5% CPI increase in State recurrent grant rate

5.5% CPI increase in Commonwealth recurrent grant rate

Outcomes

Breakeven operating result

\$240K capital expenditure

\$255K cash at end of year

\$nil (temporarily) bank overdraft at end of year

\$1.8M loans outstanding at end of year*

* excluding subordinated debt; \$147K loans repaid; loan commitments met

0.4 working capital ratio --> very low

\$5.5K debt per student --> below \$8.0K GASC benchmark

2.6 times interest cover --> above 2.0 times GASC benchmark

Initiatives/Features

\$18K increase provided in scholarships reflecting strategic focus

Continued subsidisation (\$60K) of privately chartered school buses

\$20K increase in combined advertising & marketing expenses

\$10K consultant fees provided for masterplan development

Significant & structured upgrade in IT capital equipment

\$20K funded playground equipment at Clarenza Campus

Continued development of 'Farnworth' facilities

Employment of 0.50 FTE Chaplain (shared role with Cathedral)

Employment of 0.50 FTE Bookkeeper to assist Finance function

Clarence Valley Anglican School
FINAL BUDGET 2019

SUMMARY

INDICATOR	2018 SEP YTD	2018 FCAST	2018 BUDGET	2019 BUDGET	NOTES
FINANCIAL RESULTS					
	\$	\$	\$	\$	
Operations					
Net Operating Surplus/(Deficit)	587,808	673,000	48,000	0	
Investment					
Capital Expenditure	386,757	417,341	410,000	240,000	
Cash					
Net Cash From Operating Activities	875,594	1,327,969	582,299	524,285	
Net Increase/(Decrease) in Cash	(32,405)	42,632	(54,235)	137,664	
Cash at the end of the Period	42,610	117,647	20,780	255,311	
Overdraft at the end of the Period	297,705	0	647,637	0	
Equity					
Net Working Capital	(878,375)	(805,659)	(1,536,162)	(752,625)	
Net Assets	(3,241,500)	(3,156,308)	(3,856,843)	(3,156,308)	
Gearing					
Loans Outstanding	2,276,352	1,929,598	2,571,060	1,782,977	Incl overdraft; excl subordinated debt
KEY VARIABLES					
Enrolments					
Non-Funded					
PK	19	19	12	15	
Total	19	19	12	15	
Enrolments					
Funded					
Primary	161	162	160	148	
Secondary	161	165	145	177	
Total	322	327	305	325	
Staff FTE					
Teaching	26.35	26.35	25.56	26.23	
Non-Teaching	11.67	11.67	11.38	12.67	
Total	38.02	38.02	36.94	38.90	
Student/Staff Ratios					
Teaching					
Primary	13.8	13.8	13.5	12.8	
Secondary	11.0	11.3	10.6	12.1	
Discounts & Concessions as % Tuition Fees					
Total	19.8%	19.5%	20.5%	18.5%	
State Govt Recurrent Grant per Student					
Primary		\$ 2,986	\$ 2,986	\$ 3,061	
Secondary		\$ 2,986	\$ 2,986	\$ 3,061	
Aust Govt Recurrent Grant per Student					
Primary		\$ 11,229	\$ 10,995	\$ 11,854	
Secondary		\$ 11,229	\$ 10,995	\$ 11,854	

Clarence Valley Anglican School

FINAL BUDGET 2019

SUMMARY

INDICATOR	2018 SEP YTD	2018 FCAST	2018 BUDGET	2019 BUDGET	NOTES
KEY VARIABLES					
CPI					
Underlying		2.25%	2.00%	2.50%	
Movements					
Pre-Kinder Fees			2.8%	-4.5%	
K - 2 Tuition Fees			2.8%	0.0%	
3 - 6 Tuition Fees			2.8%	0.0%	
7 - 8 Tuition Fees			2.8%	0.0%	
9 - 10 Tuition Fees			2.8%	0.0%	
11 - 12 Tuition Fees			2.8%	0.0%	
K - 2 Levies			2.0%	0.0%	
3 - 4 Levies			2.0%	0.0%	
5 - 6 Levies			2.0%	0.0%	
7 - 8 Levies			2.0%	0.0%	
9 - 10 Levies			2.0%	0.0%	
11 - 12 Levies			2.0%	0.0%	
State Govt Recurrent Grants		2.3%	2.3%	2.5%	
Aust Govt Recurrent Grants		5.4%	5.4%	7.8%	
Salaries & Wages: Teaching			2.5%	2.5%	
Salaries & Wages: Non-Teaching			2.5%	2.5%	
School Fees Collected					
Proportion Collected		90.0%	92.0%	92.0%	
INDICATORS & RATIOS					
Solvency					
Working Capital	0.4	0.3	0.1	0.4	GASC Benchmark > 1.0 Ability to pay debts as they fall due
Profitability					
EBID	\$ 585,368	\$ 710,361	\$ 106,194	\$ 344,217	Earnings before interest & depreciation
Net Operating Margin	12.8%	11.6%	1.9%	5.5%	GASC Benchmark > 10.0% Ability to convert gross income to surplus
Sustainability					
Debt per Student	\$ 7,069	\$ 5,901	\$ 8,430	\$ 5,486	GASC Benchmark < \$8,000 Incl overdraft; excl subordinated debt
Interest Cover	5.6	5.1	0.7	2.6	GASC Benchmark > 2.0 Ability to meet loan interest obligations
OTHER INFORMATION					
Recurrent Income per Student	\$ 14,170	\$ 18,684	\$ 18,300	\$ 19,308	
Salaries & On Costs per Teacher	\$ 91,318	\$ 122,214	\$ 128,959	\$ 132,981	Incl on costs (super & wkr comp) @ 10%
Salaries & On Costs as Proportion of Recurrent Expenditure	73.1%	72.0%	72.9%	71.9%	On costs comprise super & wkr comp



BOARD MEETING DATE:

20/12/2018

No 7 Matters for discussion and/or decision

Item: c)

Title: Strategic options discussion

No of Pages. 18 incl Header

REVIEW OF AFSA 28 NOVEMBER 2018 PROPOSAL

On 12 September 2018, Mr David Ford and Mr Chris Nelson met with representatives of Anglican Funds South Australia (AFSA) and the Diocese of Adelaide in Adelaide. This meeting was an open exchange on the position of each fund and invited a proposal from AFSA for an integration of the two funds resulting in a stronger and more stable portfolio and the continuation of benefits for each diocese. Mr Blaine Fitzgerald (Head of AFSA) submitted a formal proposal on 28 November 2018.

This paper is a personal assessment of the proposal and its impact on AFGD and the Diocese more generally.

Opening Comments

The approach taken in the AFSA proposal was a surprise. A proposal on integrating the funds was expected. This proposal essentially keeps the funds separate and provides a type of fee for service management oversight and some access to AFSA products.

The fact that management service is proposed rather than integration of funds suggests that AFSA are reluctant to take the integration path. Some of this reluctance is assumed to be avoiding engagement with ASIC on amendments to the identification statement.

Discussion

Financial Benefits

As presented the AFSA proposal has a net financial benefit in excess of \$100,000 per annum. The proposal has a charge for management services which is more than compensated by the \$6 million of Corporate Trustees being placed with AFSA's Endowment Fund.

The weighing of these two factors against each other is questionable because:

- The two actions (i.e. management services and endowment services) are not necessarily coupled. One can be done without the other except that AFSA's offer to place the same amount in AFGD as is placed in AFSA's Endowment Fund is helpful in sustaining AFGD's capital adequacy and liquidity.
- The costs and the benefit may be due to separate parties. AFGD would need to accept the cost of the management services but the benefit of the Endowment Fund investment may be due directly to the Corporate Trustees meaning that AFGD 'bottom line' would not benefit from the Endowment investment. If, on the other hand, the Endowment Investment was managed through AFGD there would be questions to answer about fees for the service, the explicit support of the Corporate Trustees for the Endowment investment, other parties having access to endowment products and compliance with the current ASIC identification statement.

If the AFSA proposal is compared with the scenario of AFGD retaining its existing model and recruiting management expertise, the AFSA proposal is financially superior as it would be unlikely for AFGD to be able to employ a person with suitable expertise for less than \$70,000 per annum.

Assuming that the net benefit as proposed will add to AFGD's bottom line, is this level of financial improvement sufficient for AFGD to adopt this as its long term strategy?

The 2018 forecast result for AFGD is a contribution to the Diocese of \$175K plus \$177K profit for reinvestment (up from \$150K to the Diocese and \$31K profit in 2017 - a year affected by extraordinary costs).

The AFSA proposal would then be expected to provide a contribution to the Diocese of Grafton of \$175K and approximately \$280K profit for reinvestment. This is a return on \$31.5M of funds of 1.4% before distribution or 0.9% after distribution. 2 years of reinvestment of profits (and no other changes) would be required to lift capital adequacy to the benchmark of 8% and 3 years and 2 months would be required to lift capital adequacy to the target of 10%.

If the financial benefits of the Endowment Investment were not available to AFGD's bottom line, the expected result would be a contribution to the Diocese of Grafton of \$175K and approximately \$145K profit for reinvestment which would be a return of 1.0% before distribution or 0.46% after distribution. On this basis, 3 years would be required to achieve the 8% capital adequacy benchmark and 6 years to achieve the 10% target.

Longevity and stability of proposal

The AFSA proposal doesn't go into this detail. On one level it seems to be designed so that it is relatively easy to discontinue if either party was not in favour of continuation but there is no technical difficulty in creating a long term binding agreement with options for extension.

If the proposal is adopted, there would be great advantage in formalising it with a contract of not less than 3 years preferably with AFGD having options to extend. This would provide a basis for decisions around strategy, marketing and staffing that would not be possible under shorter timeframes or less stable arrangements.

Governance Oversight

As the AFSA proposal is a management service, there is no impact on the governance structure of AFGD. AFGD would need to retain its board.

Risk

The AFSA proposal would not substantially change the level of risk faced by AFGD except that AFSA is in a position to assist with the liquidity of the fund.

Staffing

The AFSA proposal would not change the staffing requirements of AFGD but would provide extra support to the existing AFGD staff.

AFGD Customers

AFGD customers would see no substantial change in service as a result of the AFSA proposal.

Based on the examples provided by Blaine Fitzgerald, there would be an opportunity for AFGD to support more loans from its key clients (e.g. schools).

Corporate Trustees

The Corporate Trustees currently have \$16.2M invested with AFGD and this represents over 50% of its investments. Ideally, the Corporate Trustees would have about 5% cash for liquidity purposes and the balance of funds in endowment type investments.

This means that, based on current figures, the Corporate Trustees have about \$14.6M of underperforming funds. On the assumption that term deposits are currently about 4% lower than typical endowment funds, the Corporate Trustees could be considered to be sacrificing \$584,000 per annum to maintain AFGD.

Summary

While the AFSA proposal provides continuity for AFGD customers and benefits to the AFGD operation and assists in the management of the fund, it would not address the following objectives:

- Adequate lifting of the financial performance of AFGD to justify the risks in operating the Fund and to justify the financial sacrifice inherent in the Corporate Trustees support of the fund;
- Reduction of risk; and
- Reduction of the governance responsibilities.

Recommendation

It is recommended that AFSA be approached to ascertain whether they are open to modifying their proposal as AFGD are looking to achieve greater financial benefits, further reduction of risk and lightening of governance obligations.

Once AFSA has clarified its position, a financial analysis of the AFSA proposal versus each of a "treasury proposal", a no change scenario and a wind up proposal should be conducted.

The "treasury proposal" would be based on managing term deposits and loans of Anglican Diocese of Grafton organisations and ceasing personal accounts, transactional banking, and customer service. Staffing would be assumed as 0.5 FTE specialist staff member. Governance arrangements would be assumed to be the oversight of the Corporate Trustees.

A suggested motion is:

That the AFGD Board asks its Chair to convey the Board's thanks to Anglican Funds South Australia (AFSA) for their proposal and asks that further development of the proposal be considered.

That on receipt of the final proposal from AFSA, that the Registrar engages TNR to conduct a comparison of the financial impact of the AFSA proposal in comparison with a treasury proposal, the current arrangements and a wind up of AFGD.

If the current AFSA proposal or an amended AFSA proposal is considered suitable for further development, the following matters would become relevant at that time:

- Documented assurances that AFSA will place funds with AFGD to compensate for loss of liquidity and capital adequacy as a result of Corporate Trustees' \$6M investment in AFSA's Endowment Fund;
- Clarification around investment of Corporate Trustees funds in AFSA's Endowment Fund as to whether it is an AFGD investment and the impact on AFGD's offerings and the ASIC Identification Statement;
- Clarification as to whether the proposed arrangements can be fixed by an agreement that operates for at least 3 years with options for extension by AFGD; and
- Clarification with the Corporate Trustees as to their plans for financial support of AFGD in the next 10 years.

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



Thomas Noble & Russell
Accountants | Auditors | Business Advisers

9 October 2018

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

Dear Chris,

Re Anglican Fund Grafton Diocese ("AFGD")

This letter is to confirm our understanding of the terms of the proposed engagement and the nature and limitations of the services that we provide. We propose that the terms set out in this letter constitute the costs agreement and terms of engagement of this matter.

Purpose, Scope and Output of the Engagement

This firm will provide Consulting Services (as outlined below). Only the Services are included within the scope of this engagement. If there is additional work that you wish us to undertake which is not listed below, please let us know and we will discuss with you the basis upon which additional work can be included in this engagement. If we agree to carry out additional services to you, we will provide you with a new or amended engagement letter.

We will provide the Services to you in accordance with relevant professional and ethical standards issued by the Accounting Professional & Ethical Standards Board Limited (APESB).

The extent of our procedures and services will be limited exclusively for this purpose only. As a result, no audit or review will be performed and, accordingly, no assurance will be expressed. Our engagement cannot be relied upon to disclose irregularities including fraud, other illegal acts and errors that may exist. However, we will inform you of any such matters that come to our attention.

AFGD has been undertaking a review of its strategic direction and a report has been prepared analysing a number of strategic options. To facilitate this process we have been approached to assist with this analysis and modelling of the options considered viable by the organisation (referred to as the "Services"). Our Services will comprise modelling the impact of the various options that are being considered by AFGD based on assumptions and parameters provided by AFGD. Our engagement does not include making any recommendations as to any preferred model or option.

There is no assumption of responsibility for any reliance on our Services by any person or entity other than AFGD. The Services shall not be inferred or used for any purpose other than for which it was specifically prepared. Accordingly, any document or report may include a disclaimer to this effect.

Period of Engagement

This engagement will start on the date this correspondence is signed.

31 Keen Street (PO Box 106) | **Email:** enquiries@tnr.com.au | **Website:** www.tnr.com.au
Lismore NSW 2480 | **Phone:** Business Services +61 (0)2 6621 8544 | **Facsimile:** +61 (0)2 6621 9035
Audit & Assurance +61 (0)2 6626 3000

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Page 1

Responsibilities

In conducting this engagement, information acquired by us in the course of the engagement, including any information relating to your affairs whether it belongs to you or not or is provided by you or not, is subject to strict confidentiality requirements. That information will not be disclosed by us to other parties except as required or allowed for by law, or with your express consent.

We wish to draw your attention to our firm's system of quality control which has been established and maintained in accordance with the relevant APESB standard. As a result, our files may be subject to review as part of the quality control review program of Chartered Accountants Australia & New Zealand (CAANZ) which monitors compliance with professional standards by its members. We advise you that by accepting our engagement you acknowledge that, if requested, our files relating to this engagement will be made available under this program.

We may collect Personal Information about you, your representatives, your clients and others when we provide services to you. If we do, you agree to work with us to ensure that we both meet the obligations that we each may have under the Privacy Act 1988 (Cth) (as amended) (Privacy Act). The obligations may include notifying the relevant person to whom the personal information relates who we are and how we propose to use their personal information. Where you have collected personal information, you confirm that you have collected the personal information in accordance with the Privacy Act, that you are entitled to provide this personal information to us and that we may use and disclose the personal information for the purpose/s we provide our services to you. We will handle personal information in accordance with the Privacy Act.

Involvement of Others

Where, as part of our engagement, the services of an external consultant or expert are required, an estimated cost and timeframe and involvement will be provided to you for your approval.

Fees

At this stage the scope and nature of the Services that will be required has not been fully defined. Accordingly we propose that any assistance we provide will be based upon an hourly charge basis. Our charge rates for the various levels of staff that may be required to assist in this assignment are:

	Hourly Rate (GST Inclusive)
Partner	\$350
Manager	\$242
Senior	\$187
Administration	\$160

We anticipate issuing a fee invoice monthly.

Limitation of Liability

Our liability is limited by a scheme approved under Professional Standards Legislation. Further information on the scheme is available from the Professional Standards Councils' website: <http://www.professionalstandardscouncil.gov.au>.

Ownership of Documents

All original documents obtained from you arising from the engagement shall remain your property. However, we reserve the right to make a reasonable number of copies of the original documents for our records.

We retain all copyright in any document prepared by us during the course of carrying out the engagement for you, except where the law specifically states otherwise.

The firm has a policy of exploring a legal right of lien over any client documents in our possession in the event of a dispute. The firm has also established dispute resolution processes.


Confirmation of Terms

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements. This letter will be effective for future years unless we advise you of any change.

If you require any additional information, please do not hesitate to contact the undersigned by phone (02 6621 8544) or by email (peter.morrow@tnr.com.au).

Yours faithfully
THOMAS NOBLE & RUSSELL

Per:


.....
P R MORROW (Partner)

Acknowledged on behalf of Anglican Fund Grafton Diocese ABN 42 489 753 905 by:

--	--	--

Name & Position

Signature

Date

31 Keen Street (PO Box 106) | **Email:** enquiries@tnr.com.au | **Website:** www.tnr.com.au
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AFGD Strategic Options

Introduction

There have been a number of recent events that have prompted a reconsideration of AFGD's Strategic Direction.

These recent events have come after a sustained period of a market with lower interest rates and modest profitability. During that period the reputation of GDIF/AFGD has been rebuilt and in general terms the organisation has had increased financial stability.

Despite the good work in rebuilding the GDIF/AFGD brand, the levels of profitability have been insufficient to both make contributions to the Diocesan budget and to address the capital adequacy of the fund. At current trends, Capital Adequacy will not achieve the benchmark level for at least 5 years and the fund will lack the strength to withstand defaults or a sudden outflow of funds.

Recently, a number of events have prompted a review of strategic direction especially with regard to range of services and structure of delivery. These include:

- Increased concern of the Diocesan schools with regard to s83C of the Education Act and the pricing of loans and deposits leading to tighter margins in school business;
- Withdrawal from negotiations with Melbourne Securities Corporation regarding a vehicle for retail investors;
- Resignation of Blaine Fitzgerald as Fund Manager;
- Exit of retail non-associate investors in compliance with ASIC guidelines (plus seemingly increasing difficulties in dealing with ASIC);
- Comments made in Audit Committee about lack of real return for Corporate Trustee funds in AFGD; and
- Corporate Trustees starting a program of greater diversity of its investments which has the consequence of reducing deposits in AFGD.

With AFGD Board agreement:

- The Chair and Registrar visited both Diocese of Brisbane and Diocese of Sydney to understand their Treasury operations;
- Mr Clive Mason provided some on site assistance and gave a report reflecting on his time on site; and
- Initiatives for a closer working relationship among DIFs across the Anglican Church of Australia are being monitored.

2017 Financial Audit

The audited financial accounts that despite a reported AFGD profit of \$31,458 and a contribution to the Diocese of Grafton of \$150,000, the net contribution to the overall position of the Corporate Trustees was only about \$125,000.

On the basis that the Corporate Trustees and parishes forego potential returns to support AFGD, the value return is disappointing.

It is assumed that apparent from unusual expenses in 2017, the low value add is largely due to the cost structure of AFGD.

Diocese of Brisbane Treasury

On 14 May 2018, David Ford and Chris Nelson met with David Burton of the Diocese of Brisbane to discuss the changes made by Brisbane to their Anfin operations.

The Diocese of Brisbane made significant changes in 2015 because of:

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AFGD Strategic Options

- Requirements for lenders;
- Forward projections;
- Accounts held by individuals totalled \$10M and was trending downward;
- Becoming responsible for Anglicare treasury management;
- A number of strategic projects in the Diocese;
- No demand for retail;
- Heightened probability of increased regulation for a small proportion of funds base;
- Retail investors created more work than value (e.g. relationship management)

Change away from retail meant 1-2 FTE staff reduction.

Anfin still conducting personal transactional banking for parishes but are migrating parishes to Anfin on-line.

Anfin now holds \$290M. 98% are 'internal' funds.

Anfin conducts treasury for Diocese, Anglicare and 14 Diocesan-owned schools

- Obtain a weekly cashflow forecast from each school and Anglicare on a quarterly basis
- Have sufficient liquidity and historical analysis for parish cashflows
- 5 year project horizon
- Manage Anglicare accounts payable and accounts receivable
- On basis of cash needs Anfin invests remainder of funds
- When schools need cash funds are transferred to schools CBA account (as low as \$50,000 per week)
- Rates are published but in practice Anfin targets a 1.7% margin
- Loans set at 2.5% over bank bills (unsecured) [these are within market rates and subject to board review]

The change away from retail to the current model has improved Anfin's profitability by \$2.5M.

Currently, Anfin have 3.2FTE managing the \$290M fund (2 customer service, 1 insurance manager, and David Burton (Anfin management and treasury at 20% FTE).

DataAction is used as their banking and accounting platform to track accounts.

Diocese of Brisbane has a Financial Services Commission and this has replaced the Anfin board.

Anfin recognises the potential to follow a model where all participants share the ups and downs of the investments and the treasury function takes a percentage fee for service. That change is not yet on the agenda.

Anfin's focus is Brisbane Diocese only and not looking to expand geographic area.

Diocese of Sydney Treasury

On 5 June 2018, David Ford and Chris Nelson met with Robert Wicks (CEO Diocesan and Corporate Services) and Isaac Kuruvilla (Head of Investments) of the Diocese of Sydney to discuss the changes made by Sydney to their investment fund operations.

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AFGD Strategic Options

Sydney decided to exit the 'full service' investment fund because of:

- Tightening terms; and
- Tightening regulatory environment.

About 2 years ago, Sydney closed down the retail structure of the Diocesan Cash Investment Fund (DCIF). At the time the DCIF had \$25M of retail funds of \$130M funds under management and only one school loan in place. (Note: The structure of the schools of the Diocese of Sydney enable most schools to finance within the Schools Corporation.)

The DCIF now holds funds of affiliates, mainly:

- Church property trust
- See Endowment
- Glebe administration
- St Andrew's House

The DCIF is

- open to parishes and schools
- a scale business
- not operating term accounts
- split into investment and 'at call'
- invests in the Mercer Cash Fund (managed by Challenger)
- has no other investments (risk avoidance)
- generating a net return of approx. 1.5%
- maintains sufficient liquidity to balance demands

The Public Documents for the DCIF can be found at <https://www.sds.asn.au/glebe-administration-board-0>

Clive Mason Observations

For 2 weeks in May 2018, AFGD was assisted by Clive Mason who had recent relevant experience in the church NFP finance industry. Clive's overall observations that AFGD are meeting 'declared goals' with the exception of 'regulatory compliance' and noted that the task of meeting compliance is urgent.

Clive also noted that AFGD at that time has a 'void of proficiency managing the "high value" clients'. This situation continues with the AFGD Manager position remaining vacant.

Clive's other key concern is that 'the document resources are dated and in pressing need of attention.'

Clive's recommendations were:

- Increase staff numbers in order to meet compliance deadlines (Note: Staff are reporting good progress toward compliance without increased staff numbers)
- Alter staffing structure in order to fill skill gaps
- Rewrite of Procedures Manual to include all AFGD operations
- Review and update Board Protocols manual
- Seek IT expertise's opinion on the vulnerability of hacker infiltration into the Data Action network from the Diocese office network
- Update forms and documents in line with compliance requirement
- The 'float' account should be moved to an interest bearing account with interest accruing daily

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AFGD Strategic Options

- Resolve the inefficiencies around “End of Year” rollover
- Investigate business models in greater detail
- Give support to current staff

With respect to business models, the following were discussed in Clive’s report:

- Current business model with addition of Relationship Manager (probably part-time)
- Treasury Model
- Treasury approach to generate new investments
- Wind-up

Clive’s report discusses some of the strengths and weaknesses of each model but does not make any recommendation on a preferred way forward.

National initiatives

Arising out of discussions in the Anglican Church of Australia’s Registrars’ Conference held in Perth in November 2017, there have been some discussions facilitated by the Diocese of Adelaide as to possibilities for Dioceses and Diocesan DIFs to work closer together.

The first meeting of interested parties was held on 22 March 2018 In Adelaide. The meeting noted that a previous attempt at a nationwide fund failed because of local differences so this series of discussions would focus on beneficial cooperation. Possible areas of cooperation were listed as:

- Contracts
- Governance
- Systems
- Financial performance/purchasing power
- Networking/communications
- New product information

The next meeting has been set for 23-24 August 2018.

Summary

The above reports point to the lack of continued viability for the current operating model for AFGD and that other options need consideration. The balance of this paper is the description of several options and discussion of their strengths and weaknesses. Recommendations for next steps are offered.

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AFGD Strategic Options

MAJOR OPTIONS

Option A. Current arrangements

AFGD customer service structure with parishes, schools, agencies and retail associated investors lending mainly to schools and diocesan agencies. Organisation includes an AFGD Manager and up to 1.5 customer service staff. Customer service includes business hours counter and telephone service plus banking portal.

Strengths <ul style="list-style-type: none">• Allows Diocese to use deposits to service borrowings• Creates ability to borrow when banks won't lend• Makes a financial contribution to the Diocese• Leverages AFSA structure• Allows personalised assistance to parishes for transactional banking	Weaknesses <ul style="list-style-type: none">• Returns small compared with costs (staffing, computer systems)• Significant risk exposure (retail clients, loan concentration, deposit-loan mismatch)• Further system development required• Siphons value to make 'profit' (especially from Corporate Trustees)• Structural weakness (segregation of duties) giving exposure to fraud• Declining retail customer base
Opportunities <ul style="list-style-type: none">• Most opportunities are covered by other strategic options• Business from other Anglican dioceses	Threats <ul style="list-style-type: none">• Further regulation from ASIC or APRA• Section 83C of Education Act creating restrictions• Schools borrowing needs outstripping AFGD capacity (beyond pari passu arrangements)• Decline in deposits (Professional Standards redress, parishes using up funds)• Cyber attack• Key person risk

Comments

Naturally, the status quo normally means the least work but as pointed out by Clive Mason and the auditors there needs to be an investment in documentation and IT systems. There is also the need to recruit a suitable lead person for AFGD. The wisdom of this is questionable because of the current low returns, unmitigated risks and a tightening regulatory/business environment.

Option B. AFGD without individual customers

AFGD customer service structure with parishes, schools and agencies (but no individual investors) lending mainly to schools and diocesan agencies. Organisation includes an AFGD Manager and customer service staff (number TBD). Customer service includes (reduced?) business hours counter and telephone service plus banking portal.

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AFGD Strategic Options

<p>Strengths</p> <ul style="list-style-type: none"> • Allows Diocese to use deposits to service borrowings • Creates ability to borrow when banks won't lend • Makes a financial contribution to the Diocese • Leverages AFSA structure • Allows personalised assistance to parishes for transactional banking • Operate without ASIC or APRA intervention 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Reduced Funds under Management • Returns small compared with costs (staffing, computer systems) • Significant risk exposure (loan concentration, deposit-loan mismatch) • Further system development required • Siphons value to make 'profit' (especially from Corporate Trustees) • Structural weakness (segregation of duties) giving exposure to fraud but less exposure than if retail included
<p>Opportunities</p> <ul style="list-style-type: none"> • Most opportunities are covered by other strategic options • Non-retail business from other Anglican Dioceses 	<p>Threats</p> <ul style="list-style-type: none"> • Section 83C of Education Act creating restrictions • Schools borrowing needs outstripping AFGD capacity (beyond pari passu arrangements) • Decline in deposits (Professional Standards redress, parishes using up funds) • Cyber attack • Key person risk

Comments

This option will relieve regulatory pressures and give the opportunity to reduce the customer service infrastructure however does this mean that the service model leans on too few customers to be profitable. This change would not eliminate the need to investment in improvements to documentation and IT systems and to recruit a suitable lead person for AFGD.

Option C. AFGD under another Anglican Development Investment Fund

An arrangement is created with another Anglican DIF to take over the AFGD business space (possibly retaining the AFGD brand) where the Anglican DIF operates the fund in our region and provides a share of returns. Local staff person for continued customer service in the first two years of changed operation.

<p>Strengths</p> <ul style="list-style-type: none"> • Allows total funds of DIF to be used to service borrowings • Maintains ability to borrow when banks won't lend • Provides a financial contribution to the Diocese • Leverages a larger structure 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Less local identification with new DIF • Reliant on good management of DIF • New DIF may be less sympathetic to needs of Diocese and its parishes and agencies
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AFGD Strategic Options

<ul style="list-style-type: none">• Personalised assistance to parishes for transactional banking (for at least 2 years)• Governance oversight requirements reduced for Grafton Diocese• Management, risk management and development responsibilities transferred and probably reduced for Grafton Diocese	
Opportunities <ul style="list-style-type: none">• No locking in of Corporate Trustees and other diocesan deposits. Greater opportunity for investments• Increased capacity could unlock other opportunities	Threats <ul style="list-style-type: none">• Further regulation from ASIC or APRA• Section 83C of Education Act creating restrictions• New arrangement may threaten pari passu arrangements

Comments

This would require the identification of a suitable partner for this venture with Newcastle, Canberra, Adelaide and Melbourne being the most likely. This model would be most profitable where there is no customer service presence locally in the Diocese of Grafton except visits by a relationship manager from time to time. The AFGD Board would be disbanded.

Financial return to the Diocese of Grafton should be a share of return according to percentage of Funds Under Management contributed from the Grafton Diocese. The operating diocese would get a higher portion of the financial returns to compensate for their bearing of risk and management responsibilities.

The Diocese of Grafton would have to release its parishes and agencies from the obligation to use the Fund in recognition that it is no longer a Grafton fund. This may be a disincentive for the other diocese to take on this venture. Alternatively, it may be possible to maintain the obligation on Grafton parishes and agencies on a transitional basis.

This change will increase the potential seriousness of security for loans as it would make the possibility of foreclosure more likely. It could also lead to a request for the Corporate Trustees to guarantee loans.

The quality of all current loans would be scrutinised during any due diligence exercise. This could mean an attempt to exclude some lower quality loans (e.g. CVAS loan).

Option D. Formation of a national Anglican Development Investment Fund

All (or a significant number) of Dioceses of the Anglican Church of Australia by agreement create a new AFSL licenced DIF that operates across all Dioceses (where the agreement is in place). Each Diocese participates as a shareholder. Possibility of a local staff person for continued local customer service (at least in the initial years of the new operation).

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AFGD Strategic Options

Strengths <ul style="list-style-type: none">• National DIF will have greater resources, capability and efficiencies• National DIF should be understanding of and sympathetic of church projects• National DIF should be AFSL licensed• Expect a dividend for the Diocese• Governance oversight requirements reduced for Grafton Diocese• Management, risk management and development responsibilities transferred and dramatically reduced for Grafton Diocese	Weaknesses <ul style="list-style-type: none">• Less local identification with national DIF• Reliant on good management of national DIF• National DIF may be less sympathetic to needs of our Diocese and its parishes and agencies• National DIF will find personalised service a challenge
Opportunities <ul style="list-style-type: none">• No locking in of Corporate Trustees and other diocesan deposits. Greater opportunity for investments• Increased capacity could unlock other opportunities	Threats <ul style="list-style-type: none">• Ability to demand agency participation is in doubt• New arrangement may threaten pari passu arrangements

Comments

The formation of a national investment fund seems unlikely and if it were to happen would take at least 18 months to achieve. Any national fund would more likely be a semi-national fund (i.e. a collection of interested DIFs) but this would not significantly affect the likelihood or timing.

Similar to the previous option, this model would be most profitable where there is no customer service presence locally in the Diocese of Grafton except visits by a relationship manager from time to time.

The AFGD Board would be disbanded.

Financial return to the Diocese of Grafton would be as per the agreement that forms the new investment fund but should provide a financial return according to percentage of Funds Under Management contributed from the Grafton Diocese. The operating diocese would get a higher portion of the financial returns to compensate for their bearing of risk and management responsibilities.

The Diocese of Grafton would have to release its parishes and agencies from the obligation to use the Fund in recognition that it is no longer a Grafton fund.

This change will increase the potential seriousness of security for loans as it would make the possibility of foreclosure more likely. It could also lead to a request for the Corporate Trustees to guarantee loans.

The quality of all current loans would be scrutinised during any due diligence exercise. This could mean an attempt to exclude some lower quality loans (e.g. CVAS loan).

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AFGD Strategic Options

Option E. AFGD to adopt a Treasury model

AFGD to become a consolidator of investment funds of the Diocese, parishes, schools and agencies placing those funds on investment (including some loans to parishes, schools, agencies) to achieve the best return and use of funds for bodies. No retail or high transaction operations. No counter operation. Staffing to be Treasury Officer to maximum of 0.5.

Strengths <ul style="list-style-type: none">• Allows Diocese to use deposits to service borrowings• Maintains ability to borrow when banks won't lend• Makes a financial contribution to the Diocese on a service fee• Lower risk model• Lower infrastructure model• Adds treasury and investment skills to Diocesan finance team• Not an ASIC or APRA regulated space	Weaknesses <ul style="list-style-type: none">• Requires close and trustworthy relationship with schools, parishes and agencies on cashflow forecasts• Recruitment and new processes to be developed
Opportunities <ul style="list-style-type: none">• Provide Treasury for other small dioceses	Threats <ul style="list-style-type: none">• Section 83C of Education Act would need to be navigated• Pari passu arrangements may need some• Schools borrowing needs outstripping loan capacity (beyond pari passu arrangements)

Comments

The Treasury model should generate good returns for lower risk and should increase the investment returns for the participating parishes and organisations. It will rely heavily on the 'buy in' from other organisations in that the willingness to plan and share cashflow needs is integral to the success of the model. There will be claims from some organisations that they are better placed to handle treasury and investments than the Diocese.

Transition from the current model of operation to a treasury model would need to be carefully planned and executed taking into account:

- Change of Ordinance
- Communication with all stakeholders
- Maintaining capital adequacy and liquidity
- Managing retail and small customers out
- Seek alternatives for Parish Provider and migrate users
- Retained customers setting up transactional banking arrangements
- Withdrawal from AFSA and DataAction arrangements
- Liaison with Westpac about pari passu arrangements and determine the impact
- Balance the loan holdings within the capacity of the treasury funds (and seek a home for some loans, if necessary)
- Development of the procedures for treasury function
- Recruiting skills to conduct the treasury and investment work
- Redeployment/redundancy of current staff

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AFGD Strategic Options

The AFGD Board would be disbanded upon practical completion.

Option F. Wind up of AFGD

Planned closure of AFGD.

Reasons <ul style="list-style-type: none">• Insufficient return in AFGD model• Insufficient benefits to Diocese in maintaining AFGD• Efforts in maintaining AFGD (governance and management)• AFGD facing investment in procedures, systems and staff• Risks involved in AFGD model• Avoid dealing with an increasing regulatory environment
Challenges <ul style="list-style-type: none">• Finding new arrangements for loans held by AFGD• Matching the release of loans and the loss of deposits• Staff redundancies• Obtaining loans if banks tighten their lending

Comments

A controlled wind-up of AFGD is a consideration and may be a net positive if those investing in AFGD can get better outcomes elsewhere.

A wind-up would need to be carefully planned and executed taking into account:

- Communication with all stakeholders
- Maintaining capital adequacy and liquidity
- Managing a staged exit of investors/customers/borrowers
- Withdrawal from AFSA and DataAction arrangements
- Liaison with Westpac about pari passu arrangements
- Seek a new home(s) for loans
- Seek alternatives for Parish Provider and migrate users
- Redeployment/redundancy of current staff

The AFGD Board would be disbanded upon practical completion.

Consideration of Options

On the basis that the status quo is not truly viable, the following options are the most attractive (in order):

Option E. AFGD to adopt a Treasury model

Option C. AFGD under another Anglican Development Investment Fund

Option F. Wind up of AFGD

This selection and order was based on the ongoing viability of the option (once established) relative to the risk exposure.

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AFGD Strategic Options

Recommendations

It is recommended that:

1. AFGD seek the services of an accountancy firm to undertake a financial assessment of options E, C and F versus the current operations; and
2. Discreet enquiries be made of various Anglican Diocesan Investment Funds to ascertain interest in participation in option C and the likely terms of that arrangement.

Chris Nelson
Registrar/General Manager
Anglican Diocese of Grafton

3 July 2018



BOARD MEETING DATE:

20/12/2018

No 7 Matters for discussion and/or decision

Item: d)

Title: Fund Manager Motor Vehicle

No of Pages. 2 incl Header

**AFGD BOARD
Item Paper**

AGENDA ITEM NUMBER	SUBJECT:	PREPARED BY:	DATE:
7 d	Fund Manager Motor Vehicle	Chris Nelson Registrar	20 December 2018

PURPOSE:

To consider the disposition of the car purchased for the Fund Manager.

BACKGROUND:

The conditions of employment for Blaine Fitzgerald as AFGD Fund Manager included the use of a motor vehicle. AFGD purchased a Holden Captiva SUV motor vehicle for that purpose.

Following the resignation of Blaine Fitzgerald as AFGD Fund Manager, the motor vehicle was put in storage in Coffs Harbour and has been used occasionally for travel by the Chair and the Registrar when on AFGD business.

The decision to place the vehicle in storage was due to the uncertainty around whether the vehicle will be required for a future AFGD staff member.

DISCUSSION:

Although the future direction of AFGD has not been finalised, there are currently no options under consideration that would require the employment of a staff member who would require a motor vehicle as part of their work.

It now seems appropriate to sell the vehicle. This would also end the expenses of storing, registering and maintaining the vehicle.

RECOMMENDATION:

That the AFGD Board makes the following resolution:

That the AFGD Board approves the sale of the Holden Captiva that was purchased for the position of AFGD Fund Manager and that _____ and _____ be authorised to incur advertising expenses and agree upon any sale price and terms.



BOARD MEETING DATE:

20/12/2018

No 7 Matters for discussion and/or decision

Item: e)

Title: Review of AFGD Investment Policy

No of Pages. 9 incl Header

**AFGD BOARD
Item Paper**

AGENDA ITEM NUMBER	SUBJECT:	PREPARED BY:	DATE:
7 e	Review of AFGD Investment Policy	Chris Nelson Registrar	20 December 2018

PURPOSE:

To consider the AFGD Investment Policy which is due for its 2 year review.

BACKGROUND:

The AFGD Investment Policy was approved on 19 May 2016 by the Corporate Trustees and subject to a 2 year review. That review was due on 19 May 2018.

DISCUSSION:

The current policy has been serving the Board well although some changes are necessary due to personnel changes.

The AFGD Board are currently investigating strategic options which would significantly change the operations of the Fund. Subsequent to any decision on a change to the Fund, the AFGD Investment Policy would need to be reviewed to fit to the new operations.

There is also a need to consider a formal risk management framework as proposed by the auditor in their 2017 Audit Management Letter.

It is reasonable to defer this review until after the strategic decisions have been made.

RECOMMENDATION:

That the AFGD Board makes the following resolution:

That the AFGD Board recognises the need to review the AFGD Investment Policy but notes that the policy is generally suitable for its operations and that various strategic options are being considered. The AFGD Board therefore defers the review of this policy to July 2019.

Subject: AFGD Investment Policy		Procedure Reference Number RM002
Date Approved: 19/05/2016 The Corporate Trustees of the Diocese of Grafton		Revision Number – Not applicable to replace any previous Investment Policy
Policy Implementation Date: 19/05/2016	Review date and frequency 19/05/2018, every two years	Responsible for review AFGD Board

1. INTRODUCTION

- a) The Investment Policy provides guidance to Anglican Funds Grafton Diocese's (AFGD) Board members, management and staff when managing the risks associated with making investments in assets other than the direct loans governed by the *Credit Policy*.
- b) This Investment Policy is to enable AFGD to meet its mission and role as defined in the Diocese Governance Ordinance 2008 Chapter 18 which is:
 - i) To receive deposits.
 - ii) To pay interest on such deposits at such rates as shall from time to time be determined by the Board.
 - iii) To optimise returns, within prudent limits to the Fund.
 - iv) To make available to Bishop-in-Council funds from any surplus achieved in any given year, after creation of all necessary provisions and reserves as determined by the Board of Management.
 - v) To make available by way of loans as approved by the Board from time to time to Ministry Units, Church entities in the Diocese (being under the control of Synod), clergy and full time Stipendiary Lay Ministers sums of money from the Fund at such interest rates as determined by the Board.
 - vi) To invest such funds as from time to time are not required for the purposes mentioned in Clauses i) to v) in such a manner as authorised for The Corporate Trustees.
- c) The investment risks to be managed are:
 - i) **Credit risk:** The risk of capital loss incurred through default, or that the re-rating of the security.
 - ii) **Interest rate risk:** The risk of capital loss incurred when market interest rates move adversely to those of fixed income securities held.
 - iii) **Market risk:** The risk of capital loss incurred when the same credit risk is priced at a different margin in the market.
 - iv) **Liquidity risk:** The risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimise a loss.

- v) **Operational risk:** is a form of risk that summarises the risks a company or firm undertakes when it attempts to operate within a given field or industry. Operational risk is the risk that is not inherent in financial, systematic or market-wide risk. It is the risk remaining after determining financing and systematic risk, and includes risks resulting from failures in internal procedures, people and systems.

2. OBJECTIVE

The objectives of this Investment Policy are to ensure:

- a) Consistency with the requirements of the General Synod's Diocesan Financial Advisory Group's (DFAG) *Anglican Development Fund Minimum Standards*;
- b) That staff are provided with clear guidelines and procedures concerning the management of investments governed by this policy;
- c) AFGD Board members and management have a clear understanding of their responsibilities and delegated levels of authority with the management of investments, and
- d) That the investments made are ethical.
- e) Maximise investment returns and minimise risks by diversifying investments.
- f) Achieve investment returns that compare favourably with similar sized portfolios and appropriate performance benchmarks.

The objectives of this policy do not include investments that are direct loans, these are governed by the *Credit Policy*.

3. DEFINITIONS

- a) **ADI** refers to an Authorised Deposit-taking Institution as defined by APRA. The list of ADIs is found on the APRA website at <http://www.apra.gov.au/adi/pages/adilist.aspx>
- b) **AFGD Board** refers to Anglican Funds Grafton Diocese
- c) **CTs** refers to the Corporate Trustees of the Diocese of Grafton
- d) **APRA** refers to the Australian Prudential Regulation Authority
- e) **Fund** refers to Anglican Funds Grafton Diocese
- f) **Management** refers to AFGD's Fund Manager and Senior Customer Service Officer (SCSO)
- g) **Investment Managers** refers to a person, people or organisations that make investments in portfolios of securities on behalf of clients, in accordance with the investment objectives and parameters defined by these clients.
- h) **External Credit Assessment Institute** refers to a credit rating agency recognised by APRA as being competent to assess the credit worthiness of debtors.
- i) **Solicited Rating** refers to rating made by an External Credit Assessment Institute that has been initiated and paid for by the issuer or rated counterparty or a commercial associate of the issuer or rated counterparty.

- j) **Issuer:** An issuer is a legal entity that develops, registers and sells securities for the purpose of financing its operations. The most common types of securities issued are common and preferred stocks, bonds, notes, debentures, bills and derivatives.

4. RESPONSIBILITIES

- a) The AFGD Board is responsible for:
- i) Defining and communicating the acceptable level of investment risk;
 - ii) Recommending any amendment to this policy;
 - iii) Ensuring there are adequate management policies, procedures and controls in place to effectively manage the investment risk; and
 - iv) Ensuring this policy is reviewed at least every two years and when the regulatory, operating or investment environment changes significantly, for the approval of CTs.
 - v) Ensuring ongoing compliance of the Fund Manager and Investment Managers with the policy.
 - vi) Monitoring the performance of the investments and compliance with the policy.
- b) The CTs are responsible for:
- i) Approving the Investment Policy;
 - ii) Approving any amendments to the Investment Policy.
- c) Management is responsible for effectively managing investment risk by:
- i) Ensuring this policy is communicated to all relevant staff and contractors of AFGD;
 - ii) Effecting the policy in the day-to-day management of the investment operations of the Fund;
 - iii) Instructing and monitoring the activities of the Investment Manager(s).
 - iv) Producing all required reporting for both CTs and the AFGD Board as determined in this policy, and as directed by the AFGD Board and CTs from time to time, and
 - v) Ensuring this policy is reviewed at least every two years and when the regulatory, operating or investment environment changes significantly, for the approval of CTs.

INVESTMENT - RULES

5. PRIORITY OF INVESTMENT

- a) Lending to parishes and Anglican Affiliated organisations, through the mechanisms of the *Credit Policy* is the preferred investment of the assets of the Fund.
- b) Funds which, but for lack of suitable lending opportunities, would ordinarily be available for lending are eligible for investment through this policy.
- c) Should suitable lending opportunities arise subsequently, funds invested through this policy are to be re-applied to those lending opportunities.

6. INVESTMENT OBJECTIVES

- a) Preserve capital.
- b) Ensure sufficient liquidity at all times.

7. PERFORMANCE BENCHMARK

The investment performance benchmark shall be the BBSW 90 Day variable rate, assessed over a 12 month period at the end of each calendar year.

8. APPOINTMENT OF INVESTMENT MANAGERS

- a) The investments made under this policy shall be invested in one or more deposits with an ADI, an AFGD Board approved Anglican Development Fund up to 10% of total assets or through Investment Managers.
- b) Any Investment Managers appointed shall:
 - i) Hold an Australian Financial Services Licence;
 - ii) Have a minimum of \$100m in funds under management, and
 - iii) Demonstrate competence in managing the securities approved under this policy.
- c) It shall be the responsibility of the AFGD Board under advice from Management to appoint an Investment Managers. Management is responsible to putting policy into action as per 4c.
- d) The Investment Managers will be responsible for investments which are non-cash product. It will be the responsibility of the Investment Managers to ensure that individual investments adhere to the criteria within this investment policy such as liquidity, ethical screening, an approved security and other limitations.

9. ETHICAL INVESTMENT REQUIREMENT

As an ethical investor AFGD will take reasonable steps to ensure that:

- a) Its funds are invested in accordance with the requirements of the law; and
- b) Investments in companies or investment products which promote any of the following are avoided; and
 - Pornography; or
 - Armaments.
- c) Investments in companies associated with serious violations of any of the following types are to be avoided:
 - Exploitation of the disadvantaged including discriminatory employment and violation of the rights of indigenous peoples;
 - Support of repressive regimes; and
 - Environmental degradation.
- d) Investments in companies or investment products whose business activity in revenue terms exceeds 15% of total turnover are avoided.
 - Mining, extracting, refining or retailing of fossil fuels;
 - Activities involving heavy pollution (including carbon emissions);
 - Gambling and gambling venues;
 - Manufacture, distribution and or sale of tobacco and tobacco related products;
 - Manufacture, distribution and or sale of alcoholic beverages;
 - Manufacture, distribution and or sale of non-offensive military equipment;
 - Human embryonic cloning; or
 - Payday lending and other high interest lending to vulnerable clients.
- e) Where any investment has been made that is in contradiction with this policy or where a change in policy or the activity of a company has led to a contradiction with this policy, such investments will be sold as soon as practicable.

10. APPROVED SECURITIES

- a) Only investments in Australian securities are approved.
- b) Solicited Ratings will be the only means by which to determine the credit quality of a security.
- c) The credit quality of all securities must be investment grade or better.
- d) The Investment Managers shall invest in all assets considered part of the fixed income asset class. These include but not limited to:
 - i) Cash deposits in an ADI or an AFGD Board approved Anglican Development Fund up to 10% of total assets.
 - ii) Bank bills, negotiable certificates of deposit, transferable certificates of deposit
 - iii) Term deposits in an ADI an AFGD Board approved Anglican Development Fund up to 10% of total assets.
 - iv) Government, semi-government and CPI-linked bonds
 - v) Fixed and floating rate corporate bonds and certificates of deposit
 - vi) Listed interest bearing securities
 - vii) Mortgage backed securities

- viii) Asset backed securities
 - ix) Structured securities
 - x) Fixed income funds
 - xi) Subordinated Notes
 - xii) Australian Government Bonds
 - xiii) International Government Bonds (Hedged)
 - xiv) Global Credit (Hedged)
 - xv) Australian Fixed Interest
- e) Securities that convert into equity (Hybrid Securities) will not be investments of the Fund unless approved by the AFGD Board.
- f) Any other asset type must receive specific approval of the AFGD Board.

11. LIQUIDITY

- a) For the purpose of this policy rule, liquidity is defined as assets that can be sold at fair value within two weeks.
- b) Management shall seek to have 75% of the portfolio by market value in liquid assets at all times.
- c) It is the intention of the AFGD Board to maintain a position of not less than 10% of the fund's liabilities in at call deposits.

12. ASSET ALLOCATION

- a) The portfolio shall be diversified by issuer and asset type.
- b) The maximum weighting to any issuer shall be the lower of:
 - i) 5% of the assets of the Fund, or
 - ii) 25% of the portfolio by market value issuer.
- c) The Investment Manager(s) will consider the available range of fixed income products in allocating funds to best meet the objectives of this policy. This will involve identifying the best value across different issuers and asset types with regard to credit quality and liquidity.

13. OTHER LIMITATIONS

- a) The portfolio may not:
 - i) be used as security for any form of loan.
 - ii) use derivatives (except where derivatives, including options, are embedded in certain structured products).
 - iii) be invested in equities unless due to the conversion of a security admitted under 10(e). (However it is the intention of this policy to at all times minimise conversion risk).
 - iv) be invested in any form of property, including direct or indirect i.e. listed and unlisted property trusts.
 - v) include investments in excess of 10% of the portfolio whereby the Investment Managers is the sole distributor and primary source of liquidity.
 - vi) invest more than 30% of the portfolio's market value into primary issues. Where the Investment Managers is the lead or joint broker all fees received by the Investment Managers are to be disclosed to AFGD.

14. REPORTING

- a. Management is required to report to the AFGD Board on a quarterly basis the status of the investment portfolio, including:
 - i) Performance of the portfolio (net of fees) as compared to the performance benchmark;
 - ii) The asset allocation of the portfolio, including the level of turnover of investments in the portfolio;
 - iii) Any information concerning past or potential future breaches of this policy, and
 - iv) And other information that the AFGD Board may require from time to time.
 - v) Breach of this policy shall be reported to the AFGD Board immediately.

RELATED DOCUMENTS

- Diocese Governance Ordinance 2008 Chapter 18.
- AFGD Credit Policy
- General Synod's Diocesan Advisory Group's (DFAG) Anglican Development Fund Minimum Standards



BOARD MEETING DATE:

20/12/2018

No 7 Matters for discussion and/or decision

Item: f)

Title: Review of AFGD Capital Adequacy Policy

No of Pages. 4 incl Header

**AFGD BOARD
Item Paper**

AGENDA ITEM NUMBER	SUBJECT:	PREPARED BY:	DATE:
7 f	Review of AFGD Capital Adequacy Policy	Chris Nelson Registrar	20 December 2018

PURPOSE:

To consider the AFGD Capital Adequacy Policy which is due for its 2 year review.

BACKGROUND:

The AFGD Capital Adequacy Policy was approved on 16 November 2016 by the Corporate Trustees and subject to a 2 year review. That review was due on 16 November 2018.

DISCUSSION:

The current policy has been serving the Board well and is consistent with the Identification Statement approved by ASIC.

The AFGD Board are currently investigating strategic options which would significantly change the operations of the Fund. Subsequent to any decision on a change to the Fund, the AFGD Capital Adequacy Policy may need to be reviewed to fit to the new operations.

There is also a need to consider a formal risk management framework and the plan to achieve the Capital Adequacy target as proposed by the auditor in their 2017 Audit Management Letter.

RECOMMENDATION:

That the AFGD Board makes the following resolution:

That the AFGD Board has reviewed the AFGD Capital Adequacy Policy and considers that no change is required at this time.

Subject: AFGD Capital Adequacy Policy		Procedure Reference Number RM003
Date Approved: The Corporate Trustees of the Diocese of Grafton		Revision Number – Not applicable to replace any previous Capital Adequacy Policy
Policy Implementation Date: 16/11/2016	Review date and frequency 16/11/2018, every two years	Responsible for review AFGD Board

1. PURPOSE

To set an adequate level and a system of capital adequacy risk management after taking into account the risk characteristic in the placement of depositors' funds and fund equity. Capital adequacy serves to protect depositors' funds and provide confidence in the stability of the Fund.

2. SCOPE

This policy is to guide the Board of AFGD as to the management of the investment portfolio in such a way to ensure that there is sufficient asset backing for all investments after accounting for the risk inherent in each.

3. DEFINITIONS

- i. **Capital Asset:** A tangible asset arising from depositors' funds or equity of AFGD.
- ii. **Risk Weighted Asset:** The value of a specific tangible asset multiplied by a risk weighting to reflect the risk characteristic in the placement of those funds.
- iii. **Capital Adequacy:** The sum of Capital Assets divided by the sum of Risk Weighted Assets and multiplied by 100
- iv. **Risk weightings:** Anglican Funds Grafton Diocese have adopted the following risk weightings as recommended by the Anglican Church of Australia's Diocesan Financial Advisory Task Force on 25th May 2012.

Cash (Government Securities, A rated Australian Banks)	10%
Cash (Other Australian Banks and ADIs)	20%
Anglican Loans – Unsecured	100%
Anglican Loans – Secured	50%
Undrawn Anglican Loans – Secured	50%
Redraw funds available	50%
External Loans – secured Commercial	100%

Property	
Undrawn External Loans – Secured	100%
100% Commercial Property	
Equities	400%
Other Investments	300%
Other Claims/Debtors	100%

4. POLICY

- i. The Board of AFGD will monitor Capital Adequacy at each meeting.
- ii. The Board will make investment decisions such that Capital Adequacy reaches and is maintained at not less than 100%.

5. REPORTING

Management is to report to the AFGD board at each meeting the Capital Adequacy of the fund and any actual and likely breaches of the risk measure.

6. REFERENCES

- Diocese Governance Ordinance 2008 Chapter 18.
- General Synod's - Diocesan Financial Advisory Task Force (DFATF) - Anglican Development Fund Minimum Standards
- APRA Prudential Standard APS 110 Capital Adequacy



BOARD MEETING DATE:

20/12/2018

No 8 Matters for noting and status updates

Item: a)

Title: Activation of AFSA line of credit and cancellation of Westpac line of credit

No of Pages. 2 incl Header

AFSA Line of Credit

The \$4M Temporary Line of Credit facility was activated by AFSA on Monday 03/12/2018 (60 Days 5.45% p.a.).

The \$1M Permanent Overdraft Facility is due to commence at the end of January 2019 when the temporary limit expires.

A new AFSA Term Investment account for \$1M will be held as security for the facility limit and will replace the \$800K Term Investment currently held with Westpac due to mature 03/02/2019. The relevant AFSA account application form is to be signed by AFGD Board/Registrar.

Westpac Line of Credit

Emails were sent to Troy Mountain (Westpac) 10/12/18 & follow up 12/12/18 advising that the facility is to be cancelled and asking for relevant form/paperwork to do so.

The response from Troy Mountain 13/12/18 – "I have sent off requesting a request to release form, once I receive this I will e-mail through to you for execution. Once returned we can then get the limit cancelled".

As soon as I receive the 'request to release' form back from Westpac I will arrange for signing.

Annette Dent
14/12/2018



BOARD MEETING DATE:

20/12/2018

No 9 Correspondence

In

- Indue
- Westpac

No of Pages. 6 incl Header

18 October 2019

Adelaide Anglican Synod

Via email: office@adelaideanglicans.com
enquiries@anglicanfundssa.com.au

Dear Sir / Madam,

Re: Pricing increases for Chequing

In the Australian Payments Network 2017 Annual Review - *Making Payments Thrive* - they highlight that as digital payments continue their strong growth, cheques are in terminal decline. This year, cheque use plummeted by a record 21% with numbers dropping under 100 million for the first time, down to 99.9 million. Since 2012/13, cheque use in Australia has dropped by 52.3%.

While cheque values have remained steady in recent years, in 2016/17 the total value of cheques dropped by 4.2%, down to \$1.1 trillion. Indue's own statistics also reflect the same trend with a 22% decline in cheques being used by our clients across FY17 and FY18.

Interestingly, the Reserve Bank of Australia recently reported that "*payments occurring through the New Payments Platform (NPP) has already surpassed the number of cheques that are being written by Australian households, businesses and government entities.*" Equally, this trend is also reflected in Indue's payment volumes.

While we recognise that Cheques are an important product to our clients, we also recognise that the consistent decline in volumes places pressure on our ability to recover the costs to support the product. We remain committed to providing our Chequing services as we do today, however, in order to do this sustainably, it is necessary for a number of fee changes to be made. These are outlined on the next page.

The new fee changes are effective from **1 February 2019**.

Yours sincerely,



Helen Flaherty
Senior Product Manager

PO Box 523, Toowong QLD 4066

phone +61 7 3258 4222 fax +61 7 3258 4211
email indue@indue.com.au web indue.com.au

ABN 97 087 822 464

All fees are shown as GST exclusive.

The new fee changes are effective from **1 February 2019**.

Chequing Transactional Fees	Current	New
Presented Cheques - Member Cheque - Calculated on monthly volumes	0.3670	0.3950
Minimum Monthly Transaction Fee		
Minimum fee - or part thereof - is applicable if the aggregate transaction fees for any one month are less than the minimum fee	638.00	685.85
Deposits		
Deposit by Member	1.8700	2.0100
Collection Item - Member Cheque	0.3740	0.4020
Dishonour Fees	Current	New
Outward Dishonours - Electronic	16.00	No change
Outward Dishonours - Paper	30.00	No change
Inward Dishonours - Member Electronic	1.12	No change
Inward Dishonours - Paper	10.00	No change
Servicing Fees	Current	New
Chequing encashment and exchange authority establishment fee	70.00	No change
Renewal of cheque cashing authority	55.00	No change
Amendment of cheque cashing authority	10.18	No change
Chequing encashment maintenance (per month)	3.33	No change
Special Clearance (next day)	15.27	No change
Trace of paid cheque/deposit	22.40 + copy fee	No change
Cheque Viewing		
Cheque Viewing performed by client	4.25	No change
Cheque Viewing performed by Indue	5.60	No change
Over 100 days	\$60 per hour, min \$30 plus Westpac costs	No change

2018	Indue			WBC Payway	
	Cheque Clearing	WBC Branch Deposits		Deposits at AusPost	
Jan	174 x 0.336	196 x 2.04	\$399.84	216 x 1.823	\$393.77
Feb	181 x 0.367	243 x 2.244	\$545.29	241 x 1.823	\$439.34
Mar	166 x 0.367	278 x 2.244	\$623.83	255 x 1.823	\$464.87
Apr	154 x 0.367	247 x 2.244	\$554.27	226 x 1.823	\$412.00
May	171 x 0.367	301 x 2.244	\$675.44	276 x 1.823	\$503.15
Jun	132 x 0.367	241 x 2.244	\$540.80	266 x 1.823	\$484.92
Jul	165 x 0.367	272 x 2.244	\$610.37	261 x 1.823	\$475.80
Aug	174 x 0.367	250 x 2.244	\$561.00	262 x 1.823	\$477.63
Sep	122 x 0.367	280 x 2.244	\$628.32	249 x 1.823	\$453.93
Oct	160 x 0.367	277 x 2.244	\$621.59	243 x 1.823	\$442.99
Nov				245 x 1.823	\$446.64
Dec					
Totals			\$577.44	\$5,760.75	\$4,995.04

2017	Indue			WBC Payway	
	Cheque Clearing	WBC Branch Deposits		Deposits at AusPost	
Jan	221 x 0.336	181 x 2.04	\$74.26	203 x 1.823	\$370.06
Feb	249 x 0.336	239 x 2.04	\$83.66	212 x 1.823	\$386.47
Mar	223 x 0.336	307 x 2.04	\$74.93	246 x 1.823	\$448.45
Apr	192 x 0.336	253 x 2.04	\$64.51	221 x 1.823	\$402.88
May	192 x 0.336	253 x 2.04	\$64.51	249 x 1.823	\$453.93
Jun	208 x 0.336	270 x 2.04	\$69.89	223 x 1.823	\$406.53
Jul	208 x 0.336	270 x 2.04	\$69.89	246 x 1.823	\$448.46
Aug	175 x 0.336	278 x 2.04	\$58.80	275 x 1.823	\$501.33
Sep	210 x 0.336	263 x 2.04	\$70.56	265 x 1.823	\$483.10
Oct	196 x 0.336	285 x 2.04	\$65.86	274 x 1.823	\$499.50
Nov	203 x 0.336	291 x 2.04	\$68.21	255 x 1.823	\$464.87
Dec	196 x 0.336	253 x 2.04	\$65.86	249 x 1.823	\$453.93
Totals			\$830.94	\$6,411.72	\$5,319.51

New Charges from 3 Dec 2018 for Payway & 1 Feb 2019 for Indue

WBC/AusPost Payway \$1.858

Indue Chq Clearing \$0.395

Indue WBC Branch Dep \$2.412



018 - 1379195 - P01 - 000155
THE CORPORATE TRUSTEES OF THE DIOCESE OF
GRAFTON INVESTMENT
Grafton Diocese Investment Fund
The Secretary
Lvl 1
50 Victoria St
GRAFTON NSW 2460

Date: 1 November 2018

Dear: Sir/Madam.

We are writing to inform you of changes to the Australia Post services provided to you by Westpac, effective 3rd December 2018.

Post Billpay & Barcode Banking - Cheque clearance period

Value received for cheque deposits via Australia Post will remain uncleared for 5 business days. The value will be deposited to your nominated settlement account on Day 1, remaining uncleared and unavailable for use until Day 5. However, from Day 1, the funds will be calculated towards your daily account balance for the purpose of interest calculation.

We acknowledge this change may cause challenges to your account reconciliation therefore you may want to consider encouraging customers to use payment methods other than Cheques.

Post BillPay – Cash Limit

A revised cash deposit limit of \$7,000 will be introduced.

The new maximum cash limit will impact your customers where an issued invoice is greater than \$7,000. If this is the case, you will need to advise your customers to use a payment method other than cash.

In regards to the below CPI increase, from 1st December these changes will apply to Post Billpay only.

CPI Increase

Australia Post, a Commercial Partner with Westpac, provides both services mentioned above. Unfortunately the costs from Australia Post for the services increase annually therefore all transaction fees that you are levied for your Post Billpay service will increase by 1.9%.

For further assistance regarding any of the matters mentioned within this letter or to arrange for new or alternative online payment acceptance channels please contact your Westpac Relationship Manager.

Yours sincerely,

Mark Raymer

Head of Payments Product
Global Transaction Services



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

Bank at Post charges

Annette Dent <office@afgd.com.au>

9 November 2018 at 12:23

To: Chris Nelson <chris.nelson@graftondiocese.org.au>, David Ford <fordie@mac.com>

Hi Chris & David,

In regards to the first two changes for Westpac Australia Post services changes - Cheque clearance period and Cash Limit, I don't feel these changes will impact AFGD significantly. Currently, for cheque deposits processed via AusPost 'Payway' the funds are made available to the client next business day and in the time that we have been using Payway we have only ever had a couple of instances of cheques not clearing. In these circumstances we have simply debited the client account for the relevant amount. I don't see a change to the clearance period having an impact on the way we process these transactions. In regards to the cash deposit limit - I have only had a quick look however I don't believe that any of our clients who currently use 'Payway' would process cash deposits of \$7,000 or more at any one time. It would just mean I will communicate to any clients who use 'Payway' for cash deposits the new limit.

The third change regarding the CPI Increase of 1.9% to all transaction fees will impact the costs that AFGD currently absorb for providing 'Payway' to our clients.

In saying that - the charges for 'Indue' transactions will be increasing from 1 February 2019 also. I have attached a copy of some correspondence I received from Anna Halman AFSA in just the last week or so. I also had a telephone conference with both Anna & Jess from Newcastle last week to discuss both the fee changes and any ideas on how to reduce the number of transactions being processed by our clients via these Indue methods. Anna was going to do some research on possible alternatives and get back to us.

I have also attached a breakdown by month from Jan 2017 to Sep 2018 of the charges we incurred for the transactions that will be the most affected by the fee changes - let me know if you have questions.

To answer your question in regards to alerting the AFGD Board at the next meeting - considering we currently do not pass on these charges to our clients - I certainly think it is worth a discussion at Board level to confirm that is how we will continue.

Again - let me know if you have any questions.

thanks
Annette

Annette Dent
Office Admin / Customer Service
Anglican Funds Grafton Diocese
Level 1, 50 Victoria Street GRAFTON NSW 2460
PO Box 4 GRAFTON NSW 2460
FreeCall 1800 810 919 (NSW Only)
Ph: 02 6642 4480 Fax: 02 6643 2391



Visit www.anglicanfundsgraftondiocese.com.au for details on our Investment Products,
Saver and Term Investment Accounts - currently paying up to 2.65% pa

The contents of this email are confidential. Any unauthorised use of the contents is expressly prohibited. If you have received this email in error, please advise by telephone (reverse charges) immediately and then delete/destroy the email and any printed copies. Thank you.

[Quoted text hidden]

2 attachments

Chequing_AdelaideAS_NSH_181018.pdf
339K

181109 Indue & WBC Payway Fee Charges Summary 2018 & 2017.xlsx
14K



BOARD MEETING DATE:

20/12/2018

No 9 Correspondence

Out

- Mr Blaine Fitzgerald
- St Columba Anglican School Council Incorporated

No of Pages. 4 incl Header

14/11/2018

Mr Blaine Fitzgerald
43 Perry Drive
COFFS HARBOUR NSW 2480

VIA EMAIL: blaine.fitzgerald@afgd.com.au

Dear Blaine,

Re: Extension to Service Agreement with Anglican Funds Grafton Diocese

At a recent Board Meeting of Anglican Funds Grafton Diocese it was resolved to extend the existing 'Service Agreement' between yourself, Blaine Fitzgerald and The Corporate Trustees of the Diocese of Grafton Investment Fund trading as Anglican Funds Grafton Diocese ABN 43 489 753 905 to 15th June 2019. The new 'End Date' of 15th June 2019 is to align with the period of your current 'Professional Indemnity and Public Liability Insurance' policy.

All other Terms and Conditions as set out in the original 'Service Agreement' dated 14th March 2018 are to remain the same for the period of extension.

Could you please respond in writing by 23rd November 2018, to confirm your acceptance of this offer to extend the current 'Service Agreement' to 15th June 2019.

We take this opportunity to thank you for your support of Anglican Funds Grafton Diocese and look forward to continuing to work with you in the future.

Yours sincerely

A handwritten signature in black ink, appearing to read "David Ford".

David Ford
Chair – Board of AFGD

3rd December 2018

The Business Manager
St Columba Anglican School Council Incorporated
PO Box 5358
PORT MACQUARIE
NSW 2444

Dear Mr Garry Clifton

Consent for funding of the fit out costs associated with the Performing Arts Centre of Excellence from Westpac Banking Corporation

I can confirm that the following motions were carried at the AFGD Board meeting on 25 October 2018

“Subject to the confirmation of the Grafton Anglican Schools Commission’s approval, the AFGD Board accepts St Columba Anglican School’s application to Westpac for an extra \$0.9M (total \$1.4M) of finance for the fit out of the Performing Arts Centre of Excellence complex”

Yours faithfully

A handwritten signature in black ink, appearing to read "David", with a stylized flourish at the end.

David Ford
Chair Anglican Funds Grafton Diocese.

SCAS Increase in Equipment/Fit out Finance

1 message

Annette Dent <office@afgd.com.au>

5 December 2018 at 10:05

To: Garry Clifton <g.clifton@scas.nsw.edu.au>

Cc: Imurray@westpac.com.au, Blaine Fitzgerald <blaine.fitzgerald@afgd.com.au>, David Ford <fordie@mac.com>, Chris Nelson <chris.nelson@graftondiocese.org.au>

Hi Garry

Please find attached correspondence from AFGD in regards to the fit out funding.

Kind Regards
Annette

Annette Dent
Office Admin / Customer Service
Anglican Funds Grafton Diocese
Level 1, 50 Victoria Street GRAFTON NSW 2460
PO Box 4 GRAFTON NSW 2460
FreeCall 1800 810 919 (NSW Only)
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Visit www.anglicanfundsgraftondiocese.com.au for details on our Investment Products,
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