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

ANGLICAN FUNDS GRAFTON DIOCESE BOARD MEETING
Thursday 23rd May 2019
AGENDA

11am Participating in Corporate Trustees meeting

A. Consideration of Audited Financial Statements - Kevin Franey (TNR) in attendance
B. Discussion of AFGD Strategic Options

12.30pm Lunch – Corporate Trustees and AFGD Board

(Corporate Trustees resume at 1pm. Scheduled to conclude their meeting at 1.20pm approx.)

AFGD Board Meeting

1. **1.30pm** - 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 4 April 2019
   - Special meeting of 17 April 2019

5. Call for additional agenda items and close of agenda

6. Financial and performance reports
   a) Finance reports
   b) 2018 Financial Statements – Acceptance of reports

7. Matters for discussion and/or decision
   a) Service Agreement Report
   b) Strategic Options
   c) Capital Adequacy Reporting
   d) Synod Report

8. Matters for noting and status updates
   a) Bishop-in-Council approval of St Columba Anglican School Capital Project
   b) Bishop-in-Council approval of Lindisfarne Anglican Grammar School Capital Projects

9. Correspondence
In:
Nil

Out:
Nil

10. Next meeting scheduled for 1 August 2019.

11. Meeting close

Anglicanfunds
GRAFTON DIOCESE

BOARD MEETING DATE:

23/05/2019

No 4 Confirmation of Minutes

- **Meeting of 4 April 2019**
- **Special Meeting of 17 April 2019**

No of Pages. 6 incl Header

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

Minutes
Thursday 4 April 2019
Meeting by videoconference

1. **Opening Prayer** - Meeting opened at 9.01am with prayers by Mr Ted Clarke

2. **Attendees:** Mr John Adlington (Chair), Mr Ted Clarke, Mr Gary Boyd, Mr Phil Crandon.
Non-members: Mr Chris Nelson, Mr Blaine Fitzgerald (for item 7a and responded to questions relating to items 6a and 6b).

Apologies: Bishop Murray Harvey, Mr David Ford.

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 new or changed declarations were required.

4. **Confirmation of Minutes**

That the minutes of the meeting of 27 February 2019 be accepted as true and correct.
Moved: Mr Ted Clarke
Seconded: Mr Phil Crandon CARRIED

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

Response to question from Audit Committee (included in 6b)
AFGD Contribution for Diocese of Grafton 2020 Budget (new item 7e)
Apart from the above no further agenda items were requested.

6. **Financial and Performance Reports**

a. **Finance reports**

Balance Sheet and Profit & Loss reports for YTD 28 February 2019, Capital Adequacy and Liquidity, and Ord Minnett portfolio were considered. A small negative to budget and a better capital adequacy with good liquidity were noted. The improvement to capital adequacy is substantially due to the calculation using current loan obligations instead of loan commitments.

That the AFGD Board receives the financial reports for the period to 28 February 2019.
Moved: Mr Ted Clarke
Seconded: Mr Gary Boyd CARRIED

That the AFGD Board requests Mr Blaine Fitzgerald to clarify the Capital Adequacy report.
Moved: Mr Ted Clarke
Seconded: Mr Phil Crandon CARRIED

b. Draft 2018 Financial Statements

The Board considered the draft 2018 Financial Statements noting that the audit process is not yet complete and changes are possible before the final statements are considered by the Board at 23 May 2019 meeting.

The Board considered the question raised by the Audit Committee concerning the draft note on Outstanding Loan Commitments.

That the AFGD Board notes the reported total loan commitments of about $23.4 million and reports that this commitment is manageable considering the capital reduction payments of about $1.5 million per annum, the timing of the expected usage of loan commitments for projects, the availability of about $7 million in funds in Ord Minnett investments and the backup of the $1 million AFSA line of credit facility.

AFGD will also be conducting a review of the line of credit facilities AFGD provides to various clients as a number of these now appear to be in excess of client requirements.

Moved: Mr Ted Clarke
Seconded: Mr Gary Boyd CARRIED

That the AFGD Board requests Mr Blaine Fitzgerald to provide a timeline of the use of loan commitments so the proper management of these commitments can be assured.

Moved: Mr John Adlington
Seconded: Mr Phil Crandon CARRIED

7. Matters for Discussion and or Decision:

a. Schools Update

Mr Blaine Fitzgerald joined the meeting at 9.30am to make a presentation on the status of schools and other major clients of AFGD. No matters of concern were reported however the Board was advised that there will be close liaison with Lindisfarne Anglican Grammar School about their funding needs and AFGD's potential involvement

That the AFGD Board receives Mr Blaine Fitzgerald's report on the status of schools and other major clients.

Moved: Mr Phil Crandon
Seconded: Mr John Adlington CARRIED

Mr Blaine Fitzgerald left the meeting at 9.59am

That the AFGD Board requests that as each school's audited annual financial report becomes available that Mr Blaine Fitzgerald submits those statements to the Board along with his analysis of their financial position.

Moved: Mr Ted Clarke
Seconded: Mr Gary Boyd CARRIED

b. Interest Rate Review

The Board reviewed information of AFGD interest rates in comparison with the rates being offered by other institutions.

On consideration of the relevant market comparisons, the AFGD Board has determined that no change in its advertised interest rates is necessary at this time.

Moved: Mr John Adlington
Seconded: Mr Ted Clarke CARRIED

c. Strategic Options
The Board noted that the requested analysis of 4 options from TNR is not yet available and did not consider it appropriate to discuss these options or the possibility of a proposal from AFSA for taking over AFGD.

The Board determined to meet on 9 May 2019 for a special meeting to discuss Strategic Options.

d. Corporate Trustees resolution 14 March 2019
The Board noted the Corporate Trustees concerns about reduced reporting and recognised that this is a consequence of operating without a Fund Manager. The Board also noted and welcomed the Corporate Trustees request to discuss Strategic Options at the joint meeting of 23 May 2019.

e. AFGD Contribution for Diocese of Grafton 2020 Budget
The Registrar advised that the 2020 budget for the Anglican Diocese of Grafton is being prepared.

That the AFGD Board advises the Bishop-in-Council Finance Committee that the 2020 budget for the Diocese of Grafton may be prepared on the basis of a $175,000 contribution from AFGD to the Diocese.

Moved: Mr Gary Boyd
Seconded: Mr Ted Clarke CARRIED

8. Matters for noting and status updates

Nil

9. Correspondence
In: Nil

Out: Signed acceptance of 15 February proposal from Thomas Noble & Russell – 4 March 2019

10. Next Meeting:
9 May 2019 special meeting to discuss Strategic Options
23 May 2019 includes meeting with auditor and meeting with Corporate Trustees

11. Meeting Close
The meeting closed at 10.23am.

CONFIRMED as a true and correct record of proceedings of Anglican Funds Grafton Diocese Board meeting of 4 April 2019.

Chair – David Ford

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

Minutes of Special Meeting
Wednesday 17 April 2019
Meeting at Diocesan Conference Room 50 Victoria Street, Grafton

1. **Opening Prayer** - Meeting opened at 9.31am with prayers by Mr Phil Crandon

2. **Attendees:** Mr John Adlington (Chair), Bishop Murray Harvey, Mr Ted Clarke, Mr Phil Crandon.
   Non-member: Mr Chris Nelson.

   Apologies: Mr David Ford, Mr Gary Boyd.

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 new or changed declarations were required.

4. **Business**

Consideration of Strategic Options

That the AFGD Board recommends to the Corporate Trustees that the AFGD Board investigates the following scenarios involving relationships with Anglican Funds South Australia (AFSA), being:

- *Enhanced management services provided by AFSA ('Option B');*
- *Entering into an arrangement where AFSA takes on the AFGD 'book' ('Option E').*

If neither of the above proves satisfactory, the AFGD Board will reconvene to investigate further alternatives.

Moved: Bp Murray Harvey
Seconded: Mr John Adlington CARRIED

That the AFGD Board requests the Registrar to investigate 'Option E' with Anglican Funds South Australia (AFSA) as discussed by the Board.

Moved: Mr Phil Crandon
Seconded: Mr Ted Clarke CARRIED

5. **Next Meeting:**

23 May 2019 includes meeting with auditor and meeting with Corporate Trustees

6. **Meeting Close**

The meeting closed at 11.45am.

CONFIRMED as a true and correct record of proceedings of Anglican Funds Grafton Diocese Board special meeting of 17 April 2019.

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Chair – David Ford

Anglicanfunds
GRAFTON DIOCESE

BOARD MEETING DATE:

23/05/2019

No 6 Financial and performance reports

Item: a

Title: Finance reports

No of Pages. 15 incl Header

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

Profit & Loss Statement

January to December 2019

		Jan	Feb	Mar	Apr	YTD	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Forecast	Budget	Variance
4-0000	Income																
	Interest Recd - Investments	10,440	20,851	15,828	19,943	67,062	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,837	169,730	154,000	15,730
	Interest Recd - Borrowers	72,392	49,379	64,939	59,130	245,840	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,337	912,508	1,000,000	(38,690)
	Sundry Income - Other Asset classes and Ser	29,490	29,490	72,782	29,490	161,252	29,502	88,127	28,565	28,565	87,190	27,573	27,573	86,192	564,539	564,920	(381)
	Total Income	112,322	99,720	153,549	108,563	474,155	125,668	184,293	124,731	124,731	183,356	123,739	123,739	182,366	1,646,778	1,718,920	(41,378)
5-0000	Cost Of Sales																
	Total Interest Paid to Investors	62,930	54,652	59,547	58,244	235,373	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,337	774,041	808,000	33,959
	Gross Profit	49,393	45,068	94,002	50,320	238,782	58,335	116,960	57,398	57,398	116,023	56,406	56,406	115,029	872,737	910,920	(38,183)
6-0000	Expenses																
	Total Employee Benefits	7,347	9,047	9,004	8,317	33,715	8,760	9,760	8,760	8,760	9,160	8,760	8,760	9,760	106,195	107,920	1,725
	Total Professional fees	1,825	2,485	1,825	1,825	7,960	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,888	39,127	46,755	7,628
	Total Banking and Indue Costs	15,309	14,024	13,781	28,338	71,451	17,966	17,966	17,966	17,966	17,966	22,966	17,966	17,969	220,182	220,595	413
	Total insurance costs	677	620	673	658	2,628	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,739	16,554	20,890	4,336
	Total General Operations costs	767	905	1,113	2,206	4,992	2,244	2,244	2,244	2,244	2,244	2,244	2,244	2,251	22,951	26,935	3,984
	Total Expenses	25,924	27,080	26,396	41,344	120,744	34,608	35,608	34,608	34,608	35,008	39,608	34,608	35,607	405,007	423,095	18,088
	Total Net Profit	23,468	17,988	67,606	8,976	118,038	23,727	81,352	22,790	22,790	81,015	16,798	21,798	79,422	467,730	487,825	(20,095)
9-0000	Distribution to Diocese																
	Total Other Expenses	14,600	14,600	14,600	14,600	58,400	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,400	175,000	175,000	-
	Net Profit/(Loss) after distribution	8,868	3,388	53,006	-5,624	59,638	9,127	66,752	8,190	8,190	66,415	2,198	7,198	65,022	292,730	312,825	(20,095)

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

Profit & Loss Statement

January to December 2019

			January Actual	February Actual	March Actual	April Actual	YTD Actual	May Budget	June Budget	July Budget	August Budget	September Budget	October Budget	November Budget	December Budget	Forecast	Budget	Variance
	4-0000	**Income**																
4-1010	4-1010	Interest Received - Investment	0	0	0	0	0	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,837	102,668	154,000	(51,332)
4-1011	4-1011	Interest Received -NAB	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
4-1012	4-1012	Interest Recd - AFSA	2,338	8,469	8,509	10,210	29,526	0	0	0	0	0	0	0	0	29,526	0	29,526
4-1013	4-1013	Interest Recd - Melb CF7963	6,081	10,145	4,789	7,310	28,325	0	0	0	0	0	0	0	0	28,325	0	28,325
4-1014	4-1014	Interest recd - WBC	2,022	2,237	2,530	2,423	9,212	0	0	0	0	0	0	0	0	9,212	0	9,212
4-1015	4-1015	Interest Recd - AMP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
		Interest Recd - Investments	**10,440**	**20,851**	**15,828**	**19,943**	**67,062**	**12,833**	**12,833**	**12,833**	**12,833**	**12,833**	**12,833**	**12,833**	**12,837**	**169,730**	**154,000**	**15,730**
4-1020	4-1020	Overdraft/LOC INT INC	20,419	4,739	16,193	12,513	53,864	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,337	720,532	1,000,000	(279,468)
4-1021	4-1021	Interest Only Loans INT INC	21,498	19,412	21,491	20,798	83,199	0	0	0	0	0	0	0	0	83,199	0	83,199
4-1022	4-1022	Princ & Int Loans INT INC	30,475	25,229	27,255	25,819	108,777	0	0	0	0	0	0	0	0	108,777	0	108,777
		Interest Recd - Borrowers	**72,392**	**49,379**	**64,939**	**59,130**	**245,840**	**83,333**	**83,333**	**83,333**	**83,333**	**83,333**	**83,333**	**83,333**	**83,337**	**912,508**	**1,000,000**	**(87,492)**
4-1055	4-1055	Ord Min List Interest Income	4,527	4,527	4,462	4,527	18,043	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527	54,259	54,324	(65)
4-1056	4-1056	Ord Min U/List Interest Income	24,963	24,963	24,695	24,963	99,584	24,962	24,962	24,025	24,025	24,025	23,033	23,033	23,033	290,682	290,946	(264)
4-1057	4-1057	Proceeds on Sale of Bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
4-1058	4-1058	Profit/Loss Sale Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
4-2000	4-2000	Service Fees Received	0	0	0	0	0	13	13	13	13	13	13	13	7	98	150	(52)
4-2100	4-2100	Line Fee Income	0	0	43,625	0	43,625	0	58,625	0	0	58,625	0	0	58,625	219,500	219,500	-
4-3000	4-3000	Sundry Income	0	0	1	0	1	0	0	0	0	0	0	0	0	1	0	1
		Sundry Income - Other Asset classes and Service Fee	**29,490**	**29,490**	**72,782**	**29,490**	**161,252**	**29,502**	**88,127**	**28,565**	**28,565**	**87,190**	**27,573**	**27,573**	**86,192**	**564,539**	**564,920**	**(381)**
		Total Income	**112,322**	**99,720**	**153,549**	**108,563**	**474,155**	**125,668**	**184,293**	**124,731**	**124,731**	**183,356**	**123,739**	**123,739**	**182,366**	**1,646,778**	**1,718,920**	**(72,142)**
5-2100	5-2100	Interest Paid to Investors	62,930	54,652	59,547	58,244	235,373	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,337	774,041	808,000	33,959
		Total Cost Of Sales	**62,930**	**54,652**	**59,547**	**58,244**	**235,373**	**67,333**	**67,333**	**67,333**	**67,333**	**67,333**	**67,333**	**67,333**	**67,337**	**774,041**	**808,000**	**33,959**
		Gross Profit	**49,393**	**45,068**	**94,002**	**50,320**	**238,782**	**58,335**	**116,960**	**57,398**	**57,398**	**116,023**	**56,406**	**56,406**	**115,029**	**872,737**	**910,920**	**(38,183)**
6-0000	6-0000	**Expenses**																
6-1100	6-1100	Provision for Annual Leave	-1,355	462	462	-370	-800	0	0	0	0	0	0	0	0	-800	0	800
6-1200	6-1200	Provision Long Service Leave	0	0	0	0	0	0	600	0	0	0	0	0	600	1,200	1,200	-
6-1300	6-1300	Salaries and Wages	7,964	7,840	7,800	7,946	31,551	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	95,551	96,000	449
6-1500	6-1500	Superannuation	737	745	741	741	2,964	760	760	760	760	760	760	760	760	9,044	9,120	76
6-1600	6-1600	Staff Traing	0	0	0	0	0	0	400	0	0	400	0	0	400	1,200	1,600	400
6-1700	6-1700	Fund Manager Vehicle	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
		Total Employee Benefits	**7,347**	**9,047**	**9,004**	**8,317**	**33,715**	**8,760**	**9,760**	**8,760**	**8,760**	**9,160**	**8,760**	**8,760**	**9,760**	**106,195**	**107,920**	**1,725**
6-4200	6-4200	Advertising	0	127	0	0	127	246	246	246	246	246	246	246	244	2,093	2,950	857
6-4300	6-4300	Audit Fees	1,825	1,825	1,825	1,825	7,300	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,406	26,569	28,905	2,336
6-4360	6-4360	Legal Fees	0	533	0	0	533	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,238	10,465	14,900	4,435
		Total Professional fees	**1,825**	**2,485**	**1,825**	**1,825**	**7,960**	**3,897**	**3,897**	**3,897**	**3,897**	**3,897**	**3,897**	**3,897**	**3,888**	**39,127**	**46,755**	**7,628**
6-4400	6-4400	WBC Bank Charges	469	498	502	523	1,992	560	560	560	560	560	560	560	564	6,476	6,724	248
6-4402	6-4402	Indue Fees	138	14	54	23	228	49	49	49	49	49	49	49	47	618	586	(32)
6-4410	6-4410	Consultancy Fees	2,333	2,333	2,333	19,033	26,033	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	60,433	51,600	(8,833)
6-4412	6-4412	Donations	0	0	0	0	0	0	0	0	0	0	5,000	0	0	5,000	5,000	-
6-4440	6-4440	WBC Line of Credit Charges	868	292	0	0	1,160	0	0	0	0	0	0	0	0	1,160	0	(1,160)
6-4442	6-4442	Ord Minnett Brokerage/Advice	2,500	2,500	2,500	121	7,621	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	27,621	30,000	2,379
6-4445	6-4445	ASFA Line of Credit Charges	0	0	0	0	0	417	417	417	417	417	417	417	413	3,332	5,000	1,668
6-4450	6-4450	AFSA Service Agreement Fees	9,000	8,387	8,392	8,637	34,416	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,145	115,541	121,685	6,144
		Total Banking Costs	**15,309**	**14,024**	**13,781**	**28,338**	**71,451**	**17,966**	**17,966**	**17,966**	**17,966**	**17,966**	**22,966**	**17,966**	**17,969**	**220,182**	**220,595**	**413**
6-4510	6-4510	Insurance - Workers Comp	118	115	115	117	465	134	134	134	134	134	134	134	128	1,531	1,602	71
6-4530	6-4530	Insurance - General	559	505	559	541	2,163	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,611	15,023	19,288	4,265
		Total insurance costs	**677**	**620**	**673**	**658**	**2,628**	**1,741**	**1,741**	**1,741**	**1,741**	**1,741**	**1,741**	**1,741**	**1,739**	**16,554**	**20,890**	**4,336**
6-4425	6-4425	Depreciation Expense	0	0	369	123	492	68	68	68	68	68	68	68	68	1,036	816	(220)
6-4600	6-4600	Meeting Expenses	0	0	0	0	0	70	70	70	70	70	70	70	72	562	842	280
6-4610	6-4610	Marketing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-

6-4700	6-4700	Postage	0	95	82	88	265	173	173	173	173	173	173	173	177	1,653	2,080	427
6-4800	6-4800	Printing & Stationery	140	8	50	842	1,041	179	179	179	179	179	179	179	176	2,470	2,145	(325)
6-4900	6-4900	Rent/Victoria Street	433	433	433	433	1,733	433	433	433	433	433	433	433	437	5,201	5,200	(1)
6-5000	6-5000	PC Repairs and Maintenance	0	0	0	0	0	33	33	33	33	33	33	33	37	268	400	132
6-5100	6-5100	Telephone	193	187	179	100	659	199	199	199	199	199	199	199	201	2,253	2,390	137
6-5200	6-5200	Travel & Accommodation - Board	0	182	0	619	801	890	890	890	890	890	890	890	886	7,917	10,676	2,759
6-5300	6-5300	Travel & Accommodation - AFGD	0	0	0	0	0	146	146	146	146	146	146	146	144	1,166	1,750	584
6-5310	6-5310	AFGD Staff Expenses Other	0	0	0	0	0	53	53	53	53	53	53	53	53	424	636	212
		Total General Operations costs	767	905	1,113	2,206	4,992	2,244	2,244	2,244	2,244	2,244	2,244	2,244	2,251	22,951	26,935	3,984
		Total Expenses	25,924	27,080	26,396	41,344	120,744	34,608	35,608	34,608	34,608	35,008	39,608	34,608	35,607	405,007	423,095	18,088
		Total Net Profit	23,468	17,988	67,606	8,976	118,038	23,727	81,352	22,790	22,790	81,015	16,798	21,798	79,422	467,730	487,825	(20,095)
9-2200	9-2200	Contribution to Diocese	14,600	14,600	14,600	14,600	58,400	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,400	175,000	175,000	-
		Total Other Expenses	14,600	14,600	14,600	14,600	58,400	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,400	175,000	175,000	0
		Net Profit/(Loss) after distribution	8,868	3,388	53,006	-5,624	59,638	9,127	66,752	8,190	8,190	66,415	2,198	7,198	65,022	292,730	312,825	(20,095)

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

Balance Sheet

As of April 2019

Account No.				
1-0000	Assets			
1-1000	Current Assets			
1-1105	WBC 032537 247819 Operating Ac	$7,258.15		
1-1110	WBC 032537 120455 Client Chq	$122,615.50		
1-1130	AFSA Float SAV00000202	$948.41		
1-1131	AFSA MIA SAV00041173	$3,084,905.95		
1-1137	Daily Txns Unproc'd in Phoenix	($1,388,465.49)		
1-1160	WBC 032537 163017 Cash Managem	$296,282.57		
1-1165	Melb DIF 30 day term	$4,000,000.00		
1-1170	Accrued Int Receivable Investm	$25,519.38		
1-1171	Ord Min List Accrued Int Rec	$4,527.00		
1-1172	Ord Min U/List Accrued Int Rec	$11,097.92		
1-1400	Prepaid Insurance	$3,316.33		
1-2700	Furniture & Fixtures			
1-2710	Furniture & Fixtures Orig Cost	$4,852.56		
1-2720	Furniture & Fixtures Accum Dep	($1,536.72)		
1-2800	Plant & Equipment			
1-2810	Computer Hardware	$26,730.39		
1-2820	Acc Depn Computer Hardware	($25,599.25)		
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			
1-3114	AFSA Term Investment	$1,000,000.00		
1-3120	AFSA Security Dep SAV00000203	$249,356.89		
1-3130	WBC Term Invested Funds	$1,100,000.00		
1-3145	Ord Minnett-Listed Investments	$1,179,040.33		
1-3147	Ord Minnett-Global Cash Trust	$10,155.78		
1-3148	Ord Minn-Global Investments	$6,323,283.00		
1-3150	Loan Assets			
1-3155	Line of Credit - O/D	$5,543,779.85		
1-3160	Loan Advances	$4,557,370.25		
1-3170	Loan Advances - P & I	$5,958,179.01		
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			$32,093,617.81
2-0000	Liabilities			
2-1000	Current Liabilities			
2-1004	Audit Costs	$7,720.00		
2-1100	Accrued Interest payable			
2-1101	2243130 Access Acc INT PAY	$55.36		
2-1102	2243131 Inst Acc INT PAY	$165.88		
2-1104	2243133 Parish Prov INT PAY	$121.44		
2-1200	Accounts payable		$10,995.62	
2-1221	2243310 Term 90 Days INT PAY		$23,856.63	
2-1222	2243320 Term 180 days INT PAY		$56,708.28	
2-1223	2243330 Term 365 days INT PAY		$115,126.54	
2-1700	Investor Funds Fin Liab Curren			
2-1710	2103300 Access Accounts	$90,432.88		
2-1715	2103310 Institution Access	$130,709.42		
2-1725	2103330 Parish Provider Access	$4,538.50		
2-1730	2103350 Interest Free Deposits	$8,124.31		
2-1735	2103370 Chq Acc Parishes	$797,810.05		
2-1740	2103380 Chq Acc Ministry	$2,793,791.65		
2-1745	2103400 Anglican Affiliates	$1,065,036.30		
2-1750	139 Parishes CMA	$604,943.74		
2-1755	2183310 Term Inv 90 days	$7,018,474.61		
2-1756	2103420 Clergy Access Account	$210,502.86		
2-1760	2183320 Term Inv 180 days	$8,768,912.24		
2-1765	2183330 Term Inv 365 days	$8,877,545.06		
2-1900	Other Current Liabilities			
2-1910	Accrued Annual Leave	$4,567.21		
2-1911	Accrued Long Service Leave	$9,488.20		
2-1915	Accrued Expenses	$11,000.00		
2-3030	GST from purchases		($2,379.87)	
2-9999	Westpac Unknown transactions		$223.68	
	Total Liabilities			$30,608,470.59
	Net Assets			$1,485,147.22
3-0000	Equity			
3-7000	Revaluation Financial Assets		($15,000.63)	
3-8000	Retained Earnings		$1,440,509.90	
3-9000	Current Earnings		$59,637.95	
	Total Equity			$1,485,147.22

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

Balance Sheet

As of March 2019

Account No.				
1-0000	Assets			
1-1000	Current Assets			
1-1105	WBC 032537 247819 Operating Ac	$7,865.34		
1-1110	WBC 032537 120455 Client Chq	$169,848.31		
1-1130	AFSA Float SAV00000202	$875.99		
1-1131	AFSA MIA SAV00041173	$4,068,414.60		
1-1137	Daily Txns Unproc'd in Phoenix	($28,619.20)		
1-1160	WBC 032537 163017 Cash Managem	$176,202.37		
1-1165	Melb DIF 30 day term	$3,000,000.00		
1-1170	Accrued Int Receivable Investm	$13,543.76		
1-1400	Prepaid Insurance	$3,857.04		
1-2700	Furniture & Fixtures			
1-2710	Furniture & Fixtures Orig Cost	$4,852.56		
1-2720	Furniture & Fixtures Accum Dep	($1,502.72)		
1-2800	Plant & Equipment			
1-2810	Computer Hardware	$26,730.39		
1-2820	Acc Depn Computer Hardware	($25,510.25)		
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			
1-3114	AFSA Term Investment	$1,000,000.00		
1-3120	AFSA Security Dep SAV00000203	$248,964.01		
1-3130	WBC Term Invested Funds	$1,100,000.00		
1-3145	Ord Minnett-Listed Investments	$1,179,040.33		
1-3147	Ord Minnett-Global Cash Trust	$10,155.78		
1-3148	Ord Minn-Global Investments	$6,323,283.00		
1-3150	Loan Assets			
1-3155	Line of Credit - O/D	$4,663,248.73		
1-3160	Loan Advances	$4,558,063.52		
1-3170	Loan Advances - P & I	$6,133,044.45		
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			$32,632,358.01
2-0000	Liabilities			
2-1000	Current Liabilities			
2-1004	Audit Costs	$5,895.00		
2-1100	Accrued Interest payable			
2-1101	2243130 Access Acc INT PAY	$43.09		
2-1102	2243131 Inst Acc INT PAY	$122.04		
2-1104	2243133 Parish Prov INT PAY	$90.37		
2-1200	Accounts payable		$26,022.02	
2-1221	2243310 Term 90 Days INT PAY		$28,097.98	
2-1222	2243320 Term 180 days INT PAY		$63,535.74	
2-1223	2243330 Term 365 days INT PAY		$116,352.80	
2-1700	Investor Funds Fin Liab Curren			
2-1710	2103300 Access Accounts	$92,529.30		
2-1715	2103310 Institution Access	$137,093.42		
2-1725	2103330 Parish Provider Access	$5,210.50		
2-1730	2103350 Interest Free Deposits	$8,222.30		
2-1735	2103370 Chq Acc Parishes	$795,469.58		
2-1740	2103380 Chq Acc Ministry	$2,565,341.43		
2-1745	2103400 Anglican Affiliates	$1,727,808.58		
2-1750	139 Parishes CMA	$605,604.39		
2-1755	2183310 Term Inv 90 days	$7,024,676.04		
2-1756	2103420 Clergy Access Account	$201,063.38		
2-1760	2183320 Term Inv 180 days	$8,790,736.87		
2-1765	2183330 Term Inv 365 days	$8,918,734.48		
2-1900	Other Current Liabilities			
2-1910	Accrued Annual Leave	$4,936.83		
2-1911	Accrued Long Service Leave	$9,488.20		
2-1915	Accrued Expenses	$16,500.00		
2-3030	GST from purchases		($2,211.44)	
2-9999	Westpac Unknown transactions		$223.68	
	Total Liabilities			$31,141,586.58
	Net Assets			$1,490,771.43
3-0000	Equity			
3-7000	Revaluation Financial Assets		($15,000.63)	
3-8000	Retained Earnings		$1,440,509.90	
3-9000	Current Earnings		$65,262.16	
	Total Equity			$1,490,771.43

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

Balance Sheet [Multi-Period]

January 2019 To April 2019

Account No.	Account Name	January	February	March	April
	Assets				
	Current Assets				
		1,075,297	1,290,336	1,287,869	1,240,029
		11,470,780	9,060,173	7,465,838	6,243,028
		7,509,199	7,509,199	7,502,323	7,502,323
		27,518	26,072	17,401	44,461
	Fixed Assets	4,939	4,939	4,570	4,447
	Loan Assets	14,271,797	14,739,617	16,354,357	17,059,329
		0	0	0	0
	Total Assets	34,359,531	32,630,335	32,632,358	32,093,618
	Liabilities				
	Current Liabilities				
		46,209	42,493	48,417	29,716
		86	169	256	343
		201,967	188,112	207,987	195,691
	Investor Funds Fin Liab Current	7,998,130	6,271,934	6,138,343	5,705,890
		24,658,258	24,669,031	24,734,147	24,664,932
	Sundry Liabilities	13,403	13,731	12,214	11,676
		224	224	224	224
	Total Liabilities	32,918,277	31,185,694	31,141,587	30,608,471
	Net Assets	1,441,253	1,444,641	1,490,771	1,485,147
	Equity				
	Total Equity	1,441,253	1,444,641	1,490,771	1,485,147

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

Balance Sheet [Multi-Period]

January 2019 To April 2019

Account No.	Account Name	January	February	March	April
	Assets				
	Current Assets				
1-1105	WBC 032537 247819 Operating Ac	8,743	14,510	7,865	7,258
1-1110	WBC 032537 120455 Client Chq	158,441	142,963	169,848	122,616
1-3130	WBC Term Invested Funds	900,000	1,100,000	1,100,000	1,100,000
1-3147	Ord Minnett-Global Cash Trust	8,113	32,863	10,156	10,156
		1,075,297	**1,290,336**	**1,287,869**	**1,240,029**
1-1130	AFSA Float SAV00000202	7,325	1,797	876	948
1-1131	AFSA MIA SAV00041173	5,001,781	3,727,715	4,068,415	3,084,906
1-1137	Daily Txns Unproc'd in Phoenix	-116,754	-178,363	-28,619	-1,388,465
1-1160	WBC 032537 163017 Cash Managem	330,234	260,466	176,202	296,283
1-1165	Melb DIF 30 day term	6,000,000	5,000,000	3,000,000	4,000,000
1-3120	AFSA Security Dep SAV00000203	248,194	248,559	248,964	249,357
		11,470,780	**9,060,173**	**7,465,838**	**6,243,028**
1-3145	Ord Minnett-Listed Investments	1,192,879	1,192,879	1,179,040	1,179,040
1-3148	Ord Minn-Global Investments	6,316,320	6,316,320	6,323,283	6,323,283
		7,509,199	**7,509,199**	**7,502,323**	**7,502,323**
1-1170	Accrued Int Receivable Investm	32,203	26,520	13,544	25,519
1-1171	Ord Min List Accrued Int Rec	-8,989	-4,462	0	4,527
1-1172	Ord Min U/List Accrued Int Rec	-616	-402	0	11,098
1-1400	Prepaid Insurance	4,920	4,416	3,857	3,316
		27,518	**26,072**	**17,401**	**44,461**
	Fixed Assets				
1-2710	Furniture & Fixtures Orig Cost	4,853	4,853	4,853	4,853
1-2720	Furniture & Fixtures Accum Dep	-1,401	-1,401	-1,503	-1,537
1-2810	Computer Hardware	26,730	26,730	26,730	26,730
1-2820	Acc Depn Computer Hardware	-25,243	-25,243	-25,510	-25,599
1-2910	Computer Software	60,500	60,500	60,500	60,500
1-2920	Acc Depn - Comptr Software	-60,500	-60,500	-60,500	-60,500
	Fixed Assets	**4,939**	**4,939**	**4,570**	**4,447**
	Loan Assets				
1-3114	AFSA Term Investment	1,000,000	1,000,000	1,000,000	1,000,000
1-3155	Line of Credit - O/D	2,259,905	2,891,022	4,663,249	5,543,780
1-3160	Loan Advances	4,558,070	4,555,984	4,558,064	4,557,370
1-3170	Loan Advances - P & I	6,453,822	6,292,611	6,133,044	5,958,179
	Loan Assets	**14,271,797**	**14,739,617**	**16,354,357**	**17,059,329**
1-3199	Financial Assets Current - Adj	-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
		0	**0**	**0**	**0**
	Total Assets	**34,359,531**	**32,630,335**	**32,632,358**	**32,093,618**

	Liabilities				
	Current Liabilities				
2-1004	Audit Costs	23,715	25,540	5,895	7,720
2-1200	Accounts payable	10,994	2,953	26,022	10,996
2-1915	Accrued Expenses	11,500	14,000	16,500	11,000
		46,209	**42,493**	**48,417**	**29,716**
2-1101	2243130 Access Acc INT PAY	17	32	43	55
2-1102	2243131 Inst Acc INT PAY	39	76	122	166
2-1104	2243133 Parish Prov INT PAY	31	61	90	121
		86	**169**	**256**	**343**
2-1221	2243310 Term 90 Days INT PAY	18,134	15,351	28,098	23,857
2-1222	2243320 Term 180 days INT PAY	53,722	68,709	63,536	56,708
2-1223	2243330 Term 365 days INT PAY	130,110	104,052	116,353	115,127
		201,967	**188,112**	**207,987**	**195,691**
	Investor Funds Fin Liab Current				
2-1710	2103300 Access Accounts	115,186	104,147	92,529	90,433
2-1715	2103310 Institution Access	118,882	126,448	137,093	130,709
2-1725	2103330 Parish Provider Access	4,614	3,916	5,211	4,539
2-1730	2103350 Interest Free Deposits	8,874	8,844	8,222	8,124
2-1735	2103370 Chq Acc Parishes	862,557	819,096	795,470	797,810
2-1740	2103380 Chq Acc Ministry	3,636,377	2,864,729	2,565,341	2,793,792
2-1745	2103400 Anglican Affiliates	2,436,365	1,563,922	1,727,809	1,065,036
2-1750	139 Parishes CMA	572,582	581,551	605,604	604,944
2-1756	2103420 Clergy Access Account	242,693	199,281	201,063	210,503
	Investor Funds Fin Liab Current	**7,998,130**	**6,271,934**	**6,138,343**	**5,705,890**
2-1755	2183310 Term Inv 90 days	5,722,725	6,863,031	7,024,676	7,018,475
2-1760	2183320 Term Inv 180 days	8,944,669	8,885,722	8,790,737	8,768,912
2-1765	2183330 Term Inv 365 days	9,990,864	8,920,279	8,918,734	8,877,545
		24,658,258	**24,669,031**	**24,734,147**	**24,664,932**
	Sundry Liabilities				
2-1910	Accrued Annual Leave	4,013	4,475	4,937	4,567
2-1911	Accrued Long Service Leave	9,488	9,488	9,488	9,488
2-3030	GST from purchases	-98	-232	-2,211	-2,380
	Sundry Liabilities	**13,403**	**13,731**	**12,214**	**11,676**
2-9999	Westpac Unknown transactions	224	224	224	224
		224	**224**	**224**	**224**
	Total Liabilities	**32,918,277**	**31,185,694**	**31,141,587**	**30,608,471**
	Net Assets	**1,441,253**	**1,444,641**	**1,490,771**	**1,485,147**
	Equity				
3-7000	Revaluation Financial Assets	-8,125	-8,125	-15,001	-15,001
3-8000	Retained Earnings	1,440,510	1,440,510	1,440,510	1,440,510
3-9000	Current Earnings	8,868	12,256	65,262	59,638
	Total Equity	**1,441,253**	**1,444,641**	**1,490,771**	**1,485,147**

AFGD Capital Adequacy & Liquidity: 30/04/2019

Capital Adequacy (4.4.2): (Target > 10% of Risk Weighted Assets)

Assets	Weighting	Asset Value	RWA
Cash (Govt. Securities, A Rated Aust. Banks)	10%	$ 9,897,751	$ 989,775
Cash (Other Aust. Banks, ADI's)		$ -	
Rating AAA to AA-	20%	$ -	$ -
Rating A+ to BBB-	50%	$ -	$ -
Rating BB+ to B-	100%	$ -	$ -
Rating CCC to D	200%	$-	
Unrated	400%	$-	
Internal Loans - Unsecured	100%	$-	
Internal Loans		$-	
Secured Commercial	75%	$ 33,305,549	$ 24,979,162
Secured Residential	50%	$ -	$ -
External Loans - Secured Residential Property	75%		$ -
External Loans - Secured Commercial property	125%		$ -
Other Investments (excluding Equities) with claims on Australian and International counter parties:			$ -
Rating AAA to AA-	20%		$ -
Rating A+ to BBB-	50%	$ 7,485,544	$ 3,742,772
Rating BB+ to B-	100%		$ -
Rating CCC to D	200%		$ -
Unrated	400%		$ -
Other Investments/assets and Equities	400%		$ -
Total Assets		50,688,845	$ 29,711,709

9861367.47
36383.78
9897751.25

Note: includes undrawn facility limits

Note Adelaide utilse drawn facilities only.

Risk Concentration:

To the extent an External loans exceeds 5% of Total Assets							
		Total Assets:	Limit Amount:	Number			
Limit	5%	$ 50,688,845	$ 2,534,442				
Loans > 5% of TA			$ -		400%	$ -	$ -
							$ -
To the extent an Internal loans exceeds 30% of Total Assets							
		Total Assets:	Limit Amount:				
Limit	30%	$ 50,688,845	$ 15,206,653				
Loans > 30% of TA					200%	$ -	$ -

Total Risk Weighted Assets	**$ 29,711,709**
8% of risk weighted assets	$ 2,376,937
+ 2.5% Buffer	$ 742,793
Required Capital 10.5%	**$ 3,119,729**

Equity:

Accumulated Funds	$ 1,500,148
Asset Reserves	-$ 15,001
Total Equity	**$ 1,485,147**
"Surplus" Capital	**-$ 1,634,582**
Actual Capital Adequacy ratio	**5.00%**

Comments should actual Capital Adequacy ratio be < 10.5%

Liquidity (4.1): (> 10% of Total Assets):

Total Assets:		$ 50,688,845	
Minimum Liquidity requirement	**10%**		**$ 5,068,884**
Actual position:			
Cash		$ 9,897,751	
Undrawn Bank OD Facility		$ 1,000,000	
Total Actual Liquidity			$ 10,897,751
"Surplus" Liquidity			**$ 5,828,867**
Actual Liquidity Ratio			**21.5%**

Comments should actual Liquidity ratio be < 10%

4.3 Depositors in excess of 5% of Liabilities

Total depositors in excess of 5% of Liabilities	$ 15,655,565	$ 15,655,565	51.5%
Total liabilities		$ 30,370,822	

Comments on large depositors

The number of accounts/clients with balances in excess of 5% is: **2** **Corporate Trustees & SCRLC**

AFGD Capital Adequacy & Liquidity: 30/04/2019

Capital Adequacy (4.4.2): (Target > 10% of Risk Weighted Assets)

Assets	Weighting	Asset Value	RWA	
Cash (Govt. Securities, A Rated Aust. Banks)	10%	$ 9,897,751	$ 989,775	9861367.47
Cash (Other Aust. Banks, ADI's)		$ -		36383.78
Rating AAA to AA-	20%	$ -	$ -	9897751.25
Rating A+ to BBB-	50%	$ -	$ -	
Rating BB+ to B-	100%	$ -	$ -	
Rating CCC to D	200%	$-		
Unrated	400%	$-		
Internal Loans - Unsecured	100%	$-		
Internal Loans		$-		
Secured Commercial	75%	$ 16,059,329	$ 12,044,497	Note: excludes available for re-draw & undrawn facility limits
Secured Residential	50%	$ -	$ -	Note Adelaide utilse drawn facilities only.
External Loans - Secured Residential Property	75%		$ -	
External Loans - Secured Commercial property	125%		$ -	
Other Investments (excluding Equities) with claims on Australian and International counter parties:			$ -	
Rating AAA to AA-	20%		$ -	
Rating A+ to BBB-	50%	$ 7,485,544	$ 3,742,772	
Rating BB+ to B-	100%		$ -	
Rating CCC to D	200%		$ -	
Unrated	400%		$ -	
Other Investments/assets and Equities	400%		$ -	
Total Assets		**33,442,624**	**$ 16,777,044**	

Risk Concentration:

To the extent an External loans exceeds 5% of Total Assets							
		Total Assets:	Limit Amount:	Number			
Limit	5%	$ 33,442,624	$ 1,672,131				
Loans > 5% of TA			$ -		400%	$ -	$ -
							$ -
To the extent an Internal loans exceeds 30% of Total Assets							
		Total Assets:	Limit Amount:				
Limit	30%	$ 33,442,624	$ 10,032,787				
Loans > 30% of TA					200%	$ -	$ -

Total Risk Weighted Assets	**$ 16,777,044**
8% of risk weighted assets	$ 1,342,164
+ 2.5% Buffer	$ 419,426
Required Capital 10.5%	**$ 1,761,590**

Equity:

Accumulated Funds	$ 1,500,148
Asset Reserves	-$ 15,001
Total Equity	**$ 1,485,147**
"Surplus" Capital	**-$ 276,443**
Actual Capital Adequacy ratio	**8.85%**

Comments should actual Capital Adequacy ratio be < 10.5%

Liquidity (4.1): (> 10% of Total Assets):

Total Assets:		$ 33,442,624	
Minimum Liquidity requirement	**10%**		**$ 3,344,262**
Actual position:			
Cash		$ 9,897,751	
Undrawn Bank OD Facility		$ 1,000,000	
Total Actual Liquidity			$ 10,897,751
"Surplus" Liquidity			**$ 7,553,489**
Actual Liquidity Ratio			**32.6%**

Comments should actual Liquidity ratio be < 10%

4.3 Depositors in excess of 5% of Liabilities

Total depositors in excess of 5% of Liabilities	$ 15,655,565	$ 15,655,565	51.5%
Total liabilities		$ 30,370,822	

Comments on large depositors

The number of accounts/clients with balances in excess of 5% is: **2** **Corporate Trustees & SCRLC**

AFGD Capital Adequacy & Liquidity: 31/03/2019

Capital Adequacy (4.4.2): (Target > 10% of Risk Weighted Assets)

Assets	Weighting	Asset Value	RWA	
Cash (Govt. Securities, A Rated Aust. Banks)	10%	$ 9,782,326	$ 978,233	9772170.62
Cash (Other Aust. Banks, ADI's)		$ -		10155.78
Rating AAA to AA-	20%	$ -	$ -	9782326.4
Rating A+ to BBB-	50%	$ -	$ -	
Rating BB+ to B-	100%	$ -	$ -	
Rating CCC to D	200%	$-		
Unrated	400%	$-		
Internal Loans - Unsecured	100%	$-		
Internal Loans		$-		
Secured Commercial	75%	$ 31,481,108	$ 23,610,831	Note: includes undrawn facility limits
Secured Residential	50%	$ -	$ -	Note Adelaide utilse drawn facilities only.
External Loans - Secured Residential Property	75%		$ -	
External Loans - Secured Commercial property	125%		$ -	
Other Investments (excluding Equities) with claims on Australian and International counter parties:			$ -	
Rating AAA to AA-	20%		$ -	
Rating A+ to BBB-	50%	$ 7,502,323	$ 3,751,162	
Rating BB+ to B-	100%		$ -	
Rating CCC to D	200%		$ -	
Unrated	400%		$ -	
Other Investments/assets and Equities	400%		$ -	
Total Assets		**48,765,758**	**$ 28,340,225**	

Risk Concentration:

To the extent an External loans exceeds 5% of Total Assets							
		Total Assets:	Limit Amount:	Number			
Limit	5%	$ 48,765,758	$ 2,438,288				
Loans > 5% of TA			$ -		400%	$ -	$ -
							$ -
To the extent an Internal loans exceeds 30% of Total Assets							
		Total Assets:	Limit Amount:				
Limit	30%	$ 48,765,758	$ 14,629,727				
Loans > 30% of TA					200%	$ -	$ -

Total Risk Weighted Assets	**$ 28,340,225**
8% of risk weighted assets	$ 2,267,218
+ 2.5% Buffer	$ 708,506
Required Capital 10.5%	**$ 2,975,724**

Equity:

Accumulated Funds	$ 1,505,772
Asset Reserves	-$ 15,001
Total Equity	**$ 1,490,771**
"Surplus" Capital	**-$ 1,484,953**
Actual Capital Adequacy ratio	**5.26%**

Comments should actual Capital Adequacy ratio be < 10.5%

Liquidity (4.1): (> 10% of Total Assets):

Total Assets:		$ 48,765,758	
Minimum Liquidity requirement	**10%**		**$ 4,876,576**
Actual position:			
Cash		$ 9,782,326	
Undrawn Bank OD Facility		$ 1,000,000	
Total Actual Liquidity			$ 10,782,326
"Surplus" Liquidity			**$ 5,905,751**
Actual Liquidity Ratio			**22.1%**

Comments should actual Liquidity ratio be < 10%

4.3 Depositors in excess of 5% of Liabilities

Total depositors in excess of 5% of Liabilities	$ 15,656,352	$ 15,656,352	50.7%
Total liabilities		$ 30,872,490	

Comments on large depositors

The number of accounts/clients with balances in excess of 5% is: **2** **Corporate Trustees & SCRLC**

AFGD Capital Adequacy & Liquidity: 31/03/2019

Capital Adequacy (4.4.2): (Target > 10% of Risk Weighted Assets)

Assets	Weighting	Asset Value	RWA
Cash (Govt. Securities, A Rated Aust. Banks)	10%	$ 9,782,326	$ 978,233
Cash (Other Aust. Banks, ADI's)		$ -	
Rating AAA to AA-	20%	$ -	$ -
Rating A+ to BBB-	50%	$ -	$ -
Rating BB+ to B-	100%	$ -	$ -
Rating CCC to D	200%	$-	
Unrated	400%	$-	
Internal Loans - Unsecured	100%	$-	
Internal Loans		$-	
Secured Commercial	75%	$ 15,354,357	$ 11,515,768
Secured Residential	50%	$ -	$ -
External Loans - Secured Residential Property	75%		$ -
External Loans - Secured Commercial property	125%		$ -
Other Investments (excluding Equities) with claims on Australian and International counter parties:			$ -
Rating AAA to AA-	20%		$ -
Rating A+ to BBB-	50%	$ 7,502,323	$ 3,751,162
Rating BB+ to B-	100%		$ -
Rating CCC to D	200%		$ -
Unrated	400%		$ -
Other Investments/assets and Equities	400%		$ -
Total Assets		**32,639,006**	**$ 16,245,162**

9772170.62
10155.78
9782326.4

Note: excludes available for re-draw & undrawn facility limits
Note Adelaide utilse drawn facilities only.

Risk Concentration:

To the extent an External loans exceeds 5% of Total Assets							
		Total Assets:	Limit Amount:	Number			
Limit	5%	$ 32,639,006	$ 1,631,950				
Loans > 5% of TA			$ -		400%	$ -	$ -
							$ -
To the extent an Internal loans exceeds 30% of Total Assets							
		Total Assets:	Limit Amount:				
Limit	30%	$ 32,639,006	$ 9,791,702				
Loans > 30% of TA					200%	$ -	$ -

Total Risk Weighted Assets	**$ 16,245,162**
8% of risk weighted assets	$ 1,299,613
+ 2.5% Buffer	$ 406,129
Required Capital 10.5%	**$ 1,705,742**

Equity:

Accumulated Funds	$ 1,505,772
Asset Reserves	-$ 15,001
Total Equity	**$ 1,490,771**
"Surplus" Capital	**-$ 214,971**
Actual Capital Adequacy ratio	**9.18%**

Comments should actual Capital Adequacy ratio be < 10.5%

Liquidity (4.1): (> 10% of Total Assets):

Total Assets:		$ 32,639,006	
Minimum Liquidity requirement	**10%**		**$ 3,263,901**
Actual position:			
Cash		$ 9,782,326	
Undrawn Bank OD Facility		$ 1,000,000	
Total Actual Liquidity			$ 10,782,326
"Surplus" Liquidity			**$ 7,518,426**
Actual Liquidity Ratio			**33.0%**

Comments should actual Liquidity ratio be < 10%

4.3 Depositors in excess of 5% of Liabilities

Total depositors in excess of 5% of Liabilities	$ 15,656,352	$ 15,656,352	50.7%
Total liabilities		$ 30,872,490	

Comments on large depositors

The number of accounts/clients with balances in excess of 5% is: **2** **Corporate Trustees & SCRLC**

Loan Book Data	30-Apr-19	Loan Balance	Unsecured	Limits	Unutilised/Not Drawn	Rate	Open Date	Amount Borrowed	Loan Expiry Date
COM 730 436032770 Secondary Campus Stage 2	Clarence Valley Anglican School	$ 1,767,695.37				6.30%	10/05/2005	$ 1,758,979.66	31/12/2037
COM 730 436040020 Stage 3 Building Loan	Emmanuel Anglican College	$ 114,007.74				5.41%	30/04/2013	$ 257,533.50	30/04/2022
COM 730 436040021 Stage 4 Building Loan	Emmanuel Anglican College	$ 1,226,330.46				5.41%	30/04/2013	$ 1,672,479.06	30/04/2025
COM 730 436040019 Stage 2 Building Loan	Emmanuel Anglican College	$ 144,227.68				5.41%	30/04/2013	$ 405,163.30	30/04/2021
COM 730 436040173 Construction Learning Spaces	Emmanuel Anglican College	$ 752,700.00				4.39%	23/11/2018	$ 750,000.00	23/11/2034
COM 730 436040136 Stanley St Unit Purchase	M Smedley	$ 552,409.00				5.34%	25/01/2017	$ 550,000.00	25/01/2047
COM 731 436040139 Refinance 10 Colswold Close	Coffs Harbour Anglican Parish	$ 16,426.19				5.05%	19/04/2017	$ 174,000.00	19/04/2037
COM 731 436040069 6 McLean St, Coffs Harbour NSW	Coffs Harbour Anglican Parish	$ 12,231.49				5.05%	01/12/2015	$ 194,000.00	01/12/2031
COM 731 436034254 Surplus Debit - 2nd Tranche	Clarence Valley Anglican School	$ 52,128.67				6.30%	14/03/2012	$ 1,190,001.32	28/03/2037
COM 731 436040052 Refinance of Solar Panel Loan	Clarence Valley Anglican School	$ 46,086.57				7.30%	01/08/2014	$ 146,000.00	01/02/2021
COM 731 436040129 Administration & Classrooms	Emmanuel Anglican College	$ 2,252,756.51				5.56%	03/01/2017	$ 2,500,000.00	03/01/2032
COM 731 436040059 Principal and interest loan	Anglicare North Coast	$ 36,213.21				5.50%	18/12/2014	$ 1,200,000.00	18/12/2026
COM 731 436040113 Rectory Loan	South Grafton Anglican Parish	$ 131,734.71		Largest exposure		5.05%	23/08/2016	$ 157,534.35	23/08/2031
COM 731 436040011 Middle School Stage 4	St Columba Anglican School Council Incor	$ 469,133.92		St Columba Anglican School		4.98%	02/04/2013	$ 1,003,682.80	02/05/2023
COM 731 436040012 Stage 5	St Columba Anglican School Council Incor	$ 216,440.67		includes full OD limit		4.98%	02/04/2013	$ 432,389.82	02/11/2023
COM 731 436040013 Stage 6	St Columba Anglican School Council Incor	$ 624,442.85		$ 11,281,098.27		4.98%	02/04/2013	$ 1,209,360.63	02/03/2024
COM 731 436040015 Building Loan Stage 7	St Columba Anglican School Council Incor	$ 656,487.39				4.98%	02/04/2013	$ 959,563.76	10/12/2027
COM 731 436040014 Admin Building Stage 6b.1	St Columba Anglican School Council Incor	$ 511,316.46		Balance of OD only		4.98%	02/04/2013	$ 786,598.41	02/01/2027
COM 731 436040166 CCELC Purchase	St Columba Anglican School Council Incor	$ 803,276.98		$ 5,761,066.04		4.98%	05/06/2018	$ 1,777,000.00	05/03/2026
COM 731 436040146 Clergy Car Loan	M Smedley	$ 30,446.50				5.85%	22/08/2017	$ 43,532.00	22/08/2022
COM 731 436040170 Ridge Clergy Car Loan	M A Ridge	$ 19,425.49				5.85%	04/10/2018	$ 21,660.00	04/10/2023
COM 731 436040076 Clergy Car Loan	K E McPherson	$ -				6.00%	30/03/2016	$ 25,000.00	30/03/2020
COM 731 436040149 Clergy Car Loan	M B Jones	$ 9,042.60				5.85%	28/11/2017	$ 13,450.00	28/11/2021
COM 731 436040071 Clergy Car Loan	B A Blackbell	$ 7,570.37				6.00%	15/01/2016	$ 20,000.00	15/02/2021
COM 731 436040148 Clergy Car Loan	B L Marchant	$ 3,659.53				5.85%	19/10/2017	$ 7,000.00	19/10/2020
COM 731 436040143 Clergy Car Loan - Jenks	G C Jenks	$ 26,741.02				5.85%	13/06/2017	$ 40,000.00	13/06/2022
COM 731 436040145 Clergy Car Loan	D Snyman	$ 25,223.03				5.85%	11/08/2017	$ 36,000.00	11/08/2022
COM 731 436040161 Clergy Car Loan Toyota Corolla	D Snyman	$ 7,394.85				5.85%	06/02/2018	$ 11,662.00	06/02/2021
OD 535 438040007 Annual Insurance Premium Fundi	Anglican Diocese of Grafton	$ -	$ -	$ 450,000.00	$ 450,000.00				
OD 535 438040004 Line of Credit	Clarence Valley Anglican School	$ 2.31	$ -	$ 850,000.00	$ 849,997.69				
OD 535 438040015 Working Capital & Residual Fun	Emmanuel Anglican College	$ -	$ -	$ 3,100,000.00	$ 3,100,000.00				
OD 535 438040010 Working Capital	Anglicare North Coast	$ -	$ -	$ 200,000.00	$ 200,000.00				
OD 535 438040008 Line of Credit	St Columba Anglican School Council Incor	$ 2,479,967.77	$ -	$ 8,000,000.00	$ 5,520,032.23				
OD 535 438040017 Line of Credit	Camfar Properties Pty Ltd	$ -	$ -	$ 190,000.00	$ 190,000.00				
OD 535 438040018 Line of Credit	Lindisfarne Anglican School	$ 1,051,678.89	$ -	$ 6,000,000.00	$ 4,948,321.11				
OD 535 438040025 Working Capital Requirements	Bishop Druitt College Council	$ 2,012,130.88	$ -	$ 3,450,000.00	$ 1,437,869.12				
OD 535 438040026 Information Computer Technolog	Bishop Druitt College Council	$ -	$ -	$ 550,000.00	$ 550,000.00				
		$ 16,059,329.11	**$ -**	**$ 22,790,000.00**	**$ 17,246,220.15**				
Total Loan Book assets	**Excludes redraw**	**$ 33,306,549.26**							
	Loans only	**$ 10,515,549.26**							
	Overdrafts only	**$ 5,543,779.85**							

	Facility Limit	Annual Line Fee $	Rate	Line Fee %
Anglican Diocese of Grafton	$ 450,000.00	$ -	5.05%	0.00%
St Columba Anglican School Council Incor	$ 8,000,000.00	$ 80,000.00	3.49%	1.00%
Camfar Properties Pty Ltd	$ 190,000.00	$ -	5.73%	0.00%
Clarence Valley Anglican School	$ 850,000.00	$ 4,250.00	6.30%	0.50%
Anglicare North Coast	$ 200,000.00	$ 1,000.00	5.00%	0.50%
Emmanuel Anglican College	$ 3,100,000.00	$ 23,250.00	3.64%	0.75%
Lindisfarne Anglican School	$ 6,000,000.00	$ 66,000.00	3.4749%	1.10%
Bishop Druitt College Council	$ 5,450,000.00	$ 54,500.00	4.56%	1.00%
Bishop Druitt College Council	$ 550,000.00	$ 5,500.00	4.56%	1.00%
	$ 24,790,000.00	**$ 234,500.00**	**3.92%**	**0.99%**
		Average return	**3.875%**	**4.87%**

refer balance by rate end of month for benchmark

ORD MINNETT

PORTFOLIO VALUATION

Portfolio Details as at: 30 April 2019

Corp Trustees of Diocese of Grafton GDIF

Code	Security Name	Quantity	Cost Price	Cost Base	Market Price	Market Value	Assets %	Est. Yield %	Est. Annual Income	Est. Franking %	Est. Franking Credits	Est. Gross Yield %
INTEREST RATE SECURITIES												
AU3FN0023750	AUSWIDE BANK LTD FRN 12/06/2019 - 2024 BBSW+4.25%	500,000	1.0094	504,685.00	1.003	501,285.00	6.66	3.76	30,597.00			3.76
AU3FN0024410	MEB FRN 29/08/2019-2024 BBSW+2.70%	1,700,000	0.9999	1,699,829.00	1.004	1,706,205.00	22.68	3.19	77,674.70			3.19
AU3FN0032710	AAI LTD FRN 06/10/2022 - 2042 BBSW+3.20%	2,000,000	1.0605	2,120,940.00	1.047	2,093,560.00	27.83	3.33	98,468.00			3.33
AU3FN0033668	BENDIGO FRN 09/12/2021-2026 BBSW+2.80%	1,000,000	1.0319	1,031,930.00	1.029	1,028,770.00	13.68	3.22	46,694.00			3.22
AU3FN0037917	AMPAUS FRN 01/12/2022 - 2027 BBSW+1.80%	500,000	1.0045	502,260.00	0.973	486,640.00	6.47	4.17	18,353.00			4.17
AU3FN0039426	CHALLENGER LIFE CO LTD FRN 24/11/2022 -2042 BBSW+2.10%	500,000	1.0000	500,000.00	1.005	502,510.00	6.68	3.52	19,955.50			3.52
Sub Total				**6,359,644.00**		**6,318,970.00**	**84.01**		**291,742.20**			
HYBRID SECURITIES												
AYUHB	AUSTRALIAN UNITY LTD	11,437	101.4317	1,160,074.15	102.000	1,166,574.00	15.51	4.72	55,049.71			4.72
Sub Total				**1,160,074.15**		**1,166,574.00**	**15.51**		**55,049.71**			
CASH												
PERSHING_AUD	PERSHING AUSTRALIAN DOLLARS	36,384	1.0000	36,383.78	1.000	36,383.78	0.48					
Sub Total				**36,383.78**		**36,383.78**	**0.48**					
TOTAL PORTFOLIO				**7,556,101.93**		**7,521,927.78**	**100.00**	**4.61**	**346,791.91**			**4.61**

Adviser Name: *Alison Perrott*
Location: *ADELAIDE*
Phone No: *(08) 8203 2500*
Account No: *1146256*

Note: Estimate information based on rolling 12 months actual data.

Anglicanfunds GRAFTON DIOCESE

BOARD MEETING DATE:

23/05/2019

No 6 Financial and performance reports

Item: b

Title: 2018 Financial Statements – Acceptance of reports

No of Pages. 31 incl Header

AFGD BOARD
Item Paper

AGENDA ITEM NO 6.b.	SUBJECT: 2018 Audited Financial Statements	PREPARED BY: Mr Chris Nelson Registrar	DATE: 23 May 2019

PURPOSE:

To seek approval of the audited financial statements for Anglican Funds Grafton Diocese for the year ending 31 December 2018 and for those statements to be presented to the 2019 Synod.

BACKGROUND:

The accounts of the AFGD have been audited by Thomas Noble & Russell (TNR) and have been considered at a meeting of the Audit Committee on 2 April 2019.

Mr Kevin Franey, TNR Audit Partner, will join the joint meeting of the Corporate Trustees and AFGD Board to report on the audit and answer any questions that arise.

RECOMMENDATION:

It is recommended that the Corporate Trustees make the following resolutions:

That the Board of Anglican Funds Grafton Diocese accept the general purpose financial report for the year ending 31 December 2018 which has been prepared in accordance with the accounting policies described in Note 2 to the financial statements.
The Board declares that:
1. The financial statements and notes, as set out on pages 5 to 24 present fairly the Fund's financial position as at 31 December 2018 and its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements.
2. In the Board's opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

That the AFGD Board authorises Mr David Ford and Mr Ted Clarke to sign the Audited Financial Statements.

That the Audited Financial Statements for 2018 for Anglican Funds Grafton Diocese as presented to Board be presented to Synod by ____________________ on behalf of the Fund.

Anglican Funds Grafton Diocese

ABN 42 489 753 905

Financial Statements

For the Year Ended 31 December 2018

Anglican Funds Grafton Diocese

ABN 42 489 753 905

Contents

For the Year Ended 31 December 2018

Anglican Funds Grafton Diocese

ABN 42 489 753 905

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2018

	Note	2018 $	2017 $
Interest income	4	**1,488,627**	1,671,706
Interest expense	5	**(808,005)**	(946,251)
Net interest income		**680,622**	725,455
Non-interest income	4	**93,701**	2,423
Employee benefits expense		**(123,751)**	(250,662)
Depreciation and amortisation expense	5	**(6,925)**	(5,488)
Computer expenses		**(118,718)**	(114,732)
Bank fees and charges		**(17,838)**	(17,617)
Investment management fees		**(38,482)**	(39,684)
Professional fees and charges		**(74,190)**	(79,190)
Travel and accommodation expenses		**(12,122)**	(7,399)
Other expenses		**(36,698)**	(31,648)
Total expenses		**(428,724)**	(546,420)
Profit for the year before contributions to related parties		**345,599**	181,458
Contribution to Anglican Diocese of Grafton		**(175,000)**	(150,000)
Income tax expense		**-**	-
Profit after income tax and contributions to related parties		**170,599**	31,458
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		**-**	-
Items that will be reclassified to profit or loss when specific conditions are met			
Net fair value movements for available-for-sale financial assets	15	**(137,185)**	94,090
Other comprehensive income for the year		**(137,185)**	94,090
Total comprehensive income for the year		**33,414**	125,548

The accompanying notes form part of these financial statements.

Anglican Funds Grafton Diocese

ABN 42 489 753 905

Statement of Financial Position

As At 31 December 2018

	Note	2018 $	2017 $
ASSETS			
Cash and cash equivalents	6	**3,072,425**	3,021,515
Trade and other receivables	7	**24,032**	28,664
Other financial assets	8	**8,722,787**	12,687,370
Loans and advances	9	**20,771,018**	23,060,252
Property, plant and equipment	10	**4,939**	33,867
TOTAL ASSETS		**32,595,201**	38,831,668
LIABILITIES			
Trade and other payables	12	**250,935**	323,226
Deposits	13	**30,897,025**	37,093,111
Provisions	14	**14,855**	16,359
TOTAL LIABILITIES		**31,162,815**	37,432,696
NET ASSETS		**1,432,386**	1,398,972
EQUITY			
Reserves	15	**(8,125)**	129,060
Retained earnings		**1,440,511**	1,269,912
TOTAL EQUITY		**1,432,386**	1,398,972

The accompanying notes form part of these financial statements.

Anglican Funds Grafton Diocese
ABN 42 489 753 905

Statement of Changes in Equity

For the Year Ended 31 December 2018

2018

	Retained Earnings *	Financial Assets Revaluation Reserve	FVOCI Reserve	Total
	$	$	$	$
Balance at 1 January 2018	1,269,912	129,060	-	**1,398,972**
Restatement due to AASB 9	-	(129,060)	129,060	-
Balance at 1 January 2018 (restated)	1,269,912	-	129,060	**1,398,972**
Net profit/(loss) for the year	170,599	-	-	**170,599**
Total other comprehensive income for the year	-	-	(137,185)	**(137,185)**
Balance at 31 December 2018	1,440,511	-	(8,125)	**1,432,386**

2017

	Retained Earnings *	Financial Assets Revaluation Reserve	FVOCI Reserve	Total
	$	$	$	$
Balance at 1 January 2017	1,238,454	34,970	-	1,273,424
Net profit/(loss) for the year	31,458	-	-	31,458
Total other comprehensive income for the year	-	94,090	-	94,090
Balance at 31 December 2017	1,269,912	129,060	-	1,398,972

* Formerly disclosed as the Capital Adequacy Reserve.

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 December 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit after income tax expense		**170,599**	31,458
Non cash flows in profit from operating activities			
Depreciation		**6,925**	5,488
Loss on disposal of property, plant and equipment		**2,367**	-
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		**4,632**	6,588
(Increase)/decrease in other assets		**-**	2,500
(Increase)/decrease in loans and advances		**2,289,234**	2,353,159
Increase/(decrease) in trade and other payables		**(72,291)**	14,930
Increase/(decrease) in depositor funds		**(6,196,086)**	(2,505,970)
Increase/(decrease) in provisions		**(1,504)**	5,511
Net cash provided by/(used in) operating activities		**(3,796,124)**	(86,336)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment		**19,636**	-
Purchase of property, plant and equipment		**-**	(34,665)
Net movement in other financial assets		**3,827,398**	656,077
Net cash provided by/(used in) investing activities		**3,847,034**	621,412
Net increase/(decrease) in cash and cash equivalents held		**50,910**	535,076
Cash and cash equivalents at beginning of year		**3,021,515**	2,486,439
Cash and cash equivalents at end of financial year	16(a)	**3,072,425**	3,021,515

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2018

The financial report covers the Anglican Funds Grafton Diocese ("AFGD" or "the Fund") as an individual entity. The Anglican Funds Grafton Diocese is established as an operation of The Corporate Trustees of the Diocese of Grafton and is governed under the Diocese of Grafton's "Diocesan Governance Ordinance 2008" (as amended), specifically Chapter 18. The ordinance provides that Fund shall be under the control of The Corporate Trustees of the Diocese of Grafton who are empowered to delegate the administration and management of the Fund to a Board.

The Anglican Funds Grafton Diocese is not a separately incorporated legal entity and as such operates as a segment of The Corporate Trustees of the Diocese of Grafton.

The functional and presentation currency of Anglican Funds Grafton Diocese is Australian dollars.

The financial report was authorised for issue by the Board on 23 May 2019.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board. The financial statements have been prepared to meet the reporting requirement of the ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813.

The Fund is a not-for-profit entity and has therefore applied the additional "AUS" paragraphs applicable to "not-for-profit" entities. Accordingly, a statement of compliance with International Financial Reporting Standards ("IFRS") cannot be made.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The statement of financial position has been prepared in order of liquidity.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Fund is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Fund and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

2 Summary of Significant Accounting Policies (continued)

(b) Revenue and other income (continued)

Interest revenue

Interest is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue

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

Other income

Other income is recognised on an accruals basis when the Fund is entitled to it.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Cash and cash equivalents

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

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(e) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

business model for managing them.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income;
- investments in equity instruments designated at fair value through other comprehensive income;
- financial assets at fair value through profit or loss; and
- financial assets designated at fair value through profit or loss.

The Fund holds financial assets at amortised cost and at fair value through other comprehensive income.

Financial assets at amortised cost

The Fund measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Fund's other financial assets at amortised cost are loans & advances, cash investments and term deposits.

Financial assets at fair value through other comprehensive income

The Fund measures financial assets at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2 **Summary of Significant Accounting Policies (continued)**

(e) **Financial instruments (continued)**

Financial assets at fair value through other comprehensive income are carried in the statement of financial position at fair value with net changes in fair value recognised in the Financial Assets Reserve.

This category includes the Fund's other financial assets such as listed and unlisted bonds and notes.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Fund's financial liabilities include trade and other payables, and loans and borrowings.

Subsequent measurement

After initial recognition, payables, and loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Impairment

The adoption of AASB 9 has changed the Fund's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss ('ECL') approach.

AASB 9 requires the Fund to record an allowance for ECLs for all trade and other receivables, loans and other debt financial assets not held at fair value through profit and loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Fund expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

(f) **Property, plant and equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Fund, commencing when the asset is ready for use.

2 Summary of Significant Accounting Policies (continued)

(f) Property, plant and equipment (continued)

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Plant and Equipment	3 - 10 years
Computer Equipment	3 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Intangibles

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of six years.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Impairment of non-financial assets

At the end of each reporting period the Fund determines whether there is any evidence of impairment indicators for its non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

2 Summary of Significant Accounting Policies (continued)

(i) Depositor Funds

Depositor funds are those that are lodged with Anglican Funds Grafton Diocese by Parishes, Diocesan Organisations and Anglican Parishioners.

(j) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Fund during the reporting period, which remain unpaid. The balance is recognised as a liability with the amounts normally paid within 30 days of recognition of the liability.

(k) Employee benefits

Provision is made for the Fund's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

(l) Adoption of new and revised accounting standards

The Fund has adopted all standards which became effective for the first time at 1 January 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Fund.

The Fund applied AASB 9 Financial Instruments for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

AASB 9 Financial Instruments replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Fund has applied AASB 9 under the modified retrospective approach with an initial application date of 1 January 2018. Comparatives have not been restated and continue to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in retained earnings and other components of equity.

Classification and Measurement

The measurement requirements of AASB 9 did not have a significant impact on the Fund. Assets previously classified as held to maturity are now classified as financial assets at amortised cost. Assets previously

2 Summary of Significant Accounting Policies (continued)

(l) Adoption of new and revised accounting standards (continued)

recognised as available for sale have now been recognised as financial assets at fair value through other comprehensive income.

On the date of initial application, 1 January 2018, the financial instruments of the Fund were as follows, with any reclassifications noted:

Financial assets	Measurement category Original (AASB 139)	New (AASB 9)	Carrying amount Original $	New $	Difference $
Interest bearing securities	Available for sale	Fair value through other comprehensive income	7,509,199	7,509,199	-
Loans & advances	Loans and receivables	Amortised cost	20,771,018	20,771,018	-
Fixed rate investments	Held to maturity	Amortised cost	1,213,588	1,213,588	-

Impairment

The adoption of AASB 9 has also changed the Fund's accounting for impairment losses for financial assets by replacing the previous incurred loss approach with a forward-looking expected credit loss model. Adoption of the expected credit losses model did not have any impact on the provision for impairment.

(m) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Board has decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the Fund.

3 Critical Accounting Estimates and Judgements

The members of the Board make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment

The Fund assesses impairment at the end of each reporting period by evaluating conditions specific to the Fund that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Notes to the Financial Statements
For the Year Ended 31 December 2018

4 Revenue and Other Income

	Note	2018 $	2017 $
Revenue:			
- interest income		**1,488,627**	1,671,706
Total revenue		**1,488,627**	1,671,706
Other income:			
- dividend income		-	509
- other income		**93,701**	1,914
Total other income		**93,701**	2,423

5 Result for the Year

The result for the year includes the following specific expenses:

		2018 $	2017 $
Contributions to defined contribution superannuation funds		**9,926**	19,805
Depreciation and amortisation expenses:			
Depreciation - plant and equipment		**835**	1,556
Depreciation - motor vehicles		**6,090**	3,932
Total depreciation and amortisation expenses		**6,925**	5,488
Interest expense:			
Interest paid to investors		**808,005**	946,251
Rental expense on operating leases:			
- minimum lease payments		**5,200**	5,200

6 Cash and Cash Equivalents

	Note	2018 $	2017 $
Cash at bank		**1,572,425**	1,271,515
Short-term deposits	6(a)	**1,500,000**	1,750,000
Total cash and cash equivalents	16(a)	**3,072,425**	3,021,515

(a) Short term deposits

Short term deposits include a number of on call accounts and term deposits with maturity dates of less than 3 months.

7 Trade and Other Receivables

	Note	2018 $	2017 $
Expected to mature within the next 12 months			
Accrued interest		**24,032**	28,664
Total trade and other receivables		**24,032**	28,664

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable in the financial statements.

8 Other Financial Assets

	Note	2018 $	2017 $
Expected to mature within the next 12 months			
Financial assets held at fair value through other comprehensive income			
- interest bearing securities	8(a)	**7,509,199**	4,353,132
Total financial assets held at fair value through other comprehensive income		**7,509,199**	4,353,132
Expected to mature after the next 12 months			
Financial assets at amortised cost			
- fixed rate investments	8(b)	**1,213,588**	8,334,238
Total financial assets at amortised cost		**1,213,588**	8,334,238
Total other financial assets		**8,722,787**	12,687,370

(a) Financial assets held at fair value through other comprehensive income ("FVOCI")

FVOCI comprise:

- investments in bonds and floating rate notes of various listed and unlisted entities. There are fixed maturity dates and floating returns to these assets.

(b) Financial assets at amortised cost

Financial assets at amortised cost comprise investments in term deposits. There are fixed rate returns on these investments and fixed maturity dates.

Notes to the Financial Statements
For the Year Ended 31 December 2018

9 Loans and Advances

	2018 $	2017 $
Secured		
Loans	**11,890,532**	13,325,025
Other credit facilities	**8,880,486**	9,735,227
Less: Provision for impairment	**-**	-
Total loans and advances	**20,771,018**	23,060,252

(a) Loans and receivables

Loans and receivables comprise loans from AFGD to other parties, including Anglican schools, parishes and individuals.

At balance date, no loans are in arrears or past due. As a result, no provision for doubtful debts is considered necessary.

10 Property, plant and equipment

	2018 $	2017 $
Plant and equipment		
At cost	**31,583**	33,072
Accumulated depreciation	**(26,644)**	(25,809)
Total plant and equipment	**4,939**	7,263
Motor vehicles		
At cost	**-**	30,536
Accumulated depreciation	**-**	(3,932)
Total motor vehicles	**-**	26,604
Total property, plant and equipment	**4,939**	33,867

Notes to the Financial Statements

For the Year Ended 31 December 2018

10 Property, plant and equipment (continued)

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current and previous financial years:

	Plant and Equipment $	Motor Vehicles $	Total $
Year ended 31 December 2018			
Balance at the beginning of year	**7,263**	**26,604**	**33,867**
Additions	**-**	**-**	**-**
Disposals	**(1,489)**	**(20,514)**	**(22,003)**
Depreciation expense	**(835)**	**(6,090)**	**(6,925)**
Balance at the end of the year	**4,939**	**-**	**4,939**
Year ended 31 December 2017			
Balance at the beginning of year	4,690	-	4,690
Additions	4,129	30,536	34,665
Depreciation expense	(1,556)	(3,932)	(5,488)
Balance at the end of the year	7,263	26,604	33,867

11 Intangible Assets

	2018 $	2017 $
Computer software		
Cost	**60,500**	60,500
Accumulated amortisation and impairment	**(60,500)**	(60,500)
Total intangibles	**-**	-

Notes to the Financial Statements

For the Year Ended 31 December 2018

12 Trade and Other Payables

	2018	2017
	$	$
Expected to be settled within 12 months		
Trade payables	**43,624**	74,148
Accrued interest	**207,311**	249,078
Total trade and other payables	**250,935**	323,226

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

13 Deposits

	2018	2017
Maturing within the next 12 months		
Funds deposited by The Corporate Trustees of the Diocese of Grafton	**11,478,872**	11,752,444
Other depositors	**19,418,153**	25,334,443
	30,897,025	37,086,887
Maturing after the next 12 months		
Other depositors	**-**	6,224
	-	6,224
Total deposits	**30,897,025**	37,093,111

Compliance with Australian Securities and Investment Commission (ASIC) Charitable Fundraising Instrument 2016/813

During the 2017 financial year, the Fund's Board was undertaking a process to manage its retail deposit-taking activities in accordance with the abovementioned Instrument. The Board determined the eligibility of each account held individually or jointly and exited those accounts that were not covered by the Identification Statement approved by the Australian Security and Investments Commission (ASIC) on 17 May 2017. The Board finalised this process by 30 September 2018 and refunded deposits as required. An updated Identification Statement was approved by the Australian Security and Investments Commission (ASIC) on 5 October 2018. This has resulted in a reduction of deposits by approximately $6.1 million.

14 Employee Benefits

	2018	2017
Long service leave	**9,488**	7,048
Annual leave	**5,367**	9,311
Total employee benefits	**14,855**	16,359
Analysis of liability:		
Expected to be settled within 12 months	**5,367**	9,311
Expected to be settled after 12 months	**9,488**	7,048
	14,855	16,359

Notes to the Financial Statements
For the Year Ended 31 December 2018

14 Employee Benefits (continued)

(a) Employee benefits

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 2(k) to this report.

15 Reserves

	Note	2018 $	2017 $
Financial assets revaluation reserve			
Opening balance		**129,060**	34,970
Revaluation increment/(decrement)		**(137,185)**	94,090
Closing balance		**(8,125)**	129,060
Total reserves		**(8,125)**	129,060

(a) Financial assets revaluation reserve

The financial assets revaluation reserve records the movement in the fair value of financial assets.

16 Cash Flow Information

(a) Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	Note	2018 $	2017 $
Cash and cash equivalents	6	**3,072,425**	3,021,515
Balance as per statement of cash flows		**3,072,425**	3,021,515

(b) Approved standby credit facilities limits

The following facilities were available at the end of the reporting period:

	2018 $	2017 $
Total facilities		
Westpac Banking Corporation	**1,500,000**	1,500,000
Anglican Funds South Australia (AFSA)	**4,000,000**	100,000
	5,500,000	1,600,000
Used at reporting date		
Westpac Banking Corporation	**-**	-
Anglican Funds South Australia (AFSA)	**-**	-
	-	-
Unused at reporting date		
Westpac Banking Corporation	**1,500,000**	1,500,000
Anglican Funds South Australia (AFSA)	**4,000,000**	100,000
	5,500,000	1,600,000

16 Cash Flow Information (continued)

(b) Approved standby credit facilities limits (continued)

The Westpac Banking Corporation facility is secured by registered first mortgages over freehold land and buildings owned by the Corporate Trustees of the Diocese of Grafton and an $800,000 term deposit.

The Anglican Funds South Australia (AFSA) facility is secured by the AFGD Ord Minnett interest bearing security portfolio.

Subsequent to 31 December 2018, the Fund has renegotiated their standby credit facilities. As at the date of this report, the $1.5 million Westpac Banking Corporation facility and the $4 million temporary AFSA facility have both been closed. A permanent $1 million line of credit has been established with AFSA. At the date of this report the total facility is unused.

17 Financial Risk Management

The Fund's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans and advances, depositor funds, and other financial assets.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018 $	2017 $
Financial Assets			
Cash and cash equivalents	6	**3,072,425**	3,021,515
Loans and receivables:			
- Trade and other receivables	7	**24,032**	28,664
- Loans and advances	9	**20,771,018**	23,060,252
Financial assets held at fair value through OCI	8	**7,509,199**	4,353,132
Financial assets at amortised cost	8	**1,213,588**	8,334,238
Total financial assets		**32,590,262**	38,797,801
Financial Liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	12	**250,935**	323,226
- Deposits	13	**30,897,025**	37,093,111
Total financial liabilities		**31,147,960**	37,416,337

The Board has responsibility for the establishment and oversight of the risk management framework, identifying and analysing the risks faced by the Fund. Management's policies are approved and reviewed by the Board on a regular basis and relate to the management of:

- Liquidity risk
- Capital adequacy
- Credit risk
- Interest rate risk
- Investing activities

17 Financial Risk Management (continued)

It is, and has been throughout the period under review, the Fund's policy that no trading of financial instruments shall be undertaken. The main risks arising from holding these financial instruments are cash flow risk, interest rate risk, liquidity risk and credit risk. The approach to managing the main risks are summarised below:

(a) Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Fund's exposure to interest rate risk is measured and monitored on a monthly basis by the Board.

Financial Instrument Repricing Analytics

The Fund's exposure to interest rate risk and the effective weighted average on financial assets and financial liabilities is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Repricing Within 1 Year		Fixed Interest Rate Repricing 1 to 5 Years	
	2018	2017	2018	2017	2018	2017	2018	2017
	%	%	$	$	$	$	$	$
Financial Assets:								
Cash and cash equivalents	**1.90**	1.90	**1,572,425**	1,271,515	**1,500,000**	1,750,000	**-**	-
Trade and other receivables	**-**	-	**-**	-	**-**	-	**-**	-
Loans and advances	**5.36**	5.40	**5,576,131**	6,720,741	**2,787,715**	4,219,806	**12,407,172**	12,119,705
FVOCI	**4.70**	4.20	**-**	-	**3,405,899**	4,353,132	**4,103,300**	-
Amortised cost	**2.30**	2.60	**65,795**	-	**1,147,792**	8,334,238	**-**	-
Total Financial Assets			**7,214,351**	7,992,256	**8,841,406**	18,657,176	**16,510,472**	12,119,705
Financial Liabilities:								
Trade and other payables	**-**	-	**-**	-	**-**	-	**-**	-
Deposits	**2.30**	2.40	**5,116,865**	4,867,609	**25,780,160**	32,219,278	**-**	6,224
Total Financial Liabilities			**5,116,865**	4,867,609	**25,780,160**	32,219,278	**-**	6,224

	Fixed Interest Rate Repricing After 5 Years		Non-Interest Sensitive		Total	
	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$
Financial Assets:						
Cash and cash equivalents	**-**	-	**-**	-	**3,072,425**	3,021,515
Trade and other receivables	**-**	-	**24,032**	28,664	**24,032**	28,664
Loans and advances	**-**	-	**-**	-	**20,771,018**	23,060,252
FVOCI	**-**	-	**-**	-	**7,509,199**	4,353,132
Amortised cost	**-**	-	**-**	-	**1,213,587**	8,334,238
Total Financial Assets	**-**	-	**24,032**	28,664	**32,590,261**	38,797,801
Financial Liabilities:						
Trade and other payables	**-**	-	**250,935**	323,226	**250,935**	323,226
Deposits	**-**	-	**-**	-	**30,897,025**	37,093,111
Total Financial Liabilities	**-**	-	**250,935**	323,226	**31,147,960**	37,416,337

17 Financial Risk Management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Fund may experience difficulties raising funds to meet commitments associated with loan funding or customer withdrawal requests. The Board manages the Fund's liquidity risk by:

- Maintaining cash reserves and credit facilities to meet customer withdrawal requests
- Monitoring cash flow requirements
- Monitoring the liquidity ratio

The Board has a minimum liquid assets target of 10% of total liabilities. At balance date, the the Fund's liquidity ratio exceeded this and was 30.1% (2017: 13.4%).

Maturity profile of financial liabilities

The amounts disclosed in the table reflects the undiscounted contractual settlement terms for the Fund's financial liabilities. As such, the balances in the table may not equal the balances in the statement of financial position.

The Fund's liabilities have contractual maturities which are summarised below:

	On demand		Less than 3 months		3 to 12 months
	2018	2017	2018	2017	2018
	$	$	$	$	$
Trade and other payables	-	-	**250,935**	323,226	-
Deposits	**5,116,865**	4,867,609	**12,909,377**	13,093,094	**12,871,782**
Total outflow	**5,116,865**	4,867,609	**13,160,312**	13,416,320	**12,871,782**

	3 to 12 months	1 to 5 years		Total	
	2017	2018	2017	2018	2017
	$	$	$	$	$
Trade and other payables	-	-	-	**250,935**	323,226
Deposits	19,126,184	-	6,224	**30,898,024**	37,093,111
Total outflow	19,126,184	-	6,224	**31,148,959**	37,416,337

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Fund. Credit risk arises principally from the Fund's loan, bank and investment assets.

Loans and Advances

The maximum credit exposure for loans is the carrying value disclosed on the statement of financial position plus any undrawn credit facilities. The Fund manages its risk of losses arising from lending to customers by adopting responsible lending practices including verifying a borrower's capacity to repay and ensuring that appropriate security is taken over each loan. The Fund maintains a lending policy to ensure a consistent and thorough approach is taken to each loan assessment and approval process.

17 Financial Risk Management (continued)

(c) Credit risk (continued)

Investments

The Fund has a strategy to invest in highly rated and ethical instruments so that capital is preserved and liquidity is maintained at all times. The Fund's investment practices are governed by its Investment Policy with regular reporting provided to the Board on the investment portfolio profile and performance.

As at reporting date, there is no indication that any of the Fund's financial assets were impaired.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

The Fund does not have any derivative financial instruments at 31 December 2018 and 31 December 2017.

18 Fair Value Measurement

The Fund measures the following assets and liabilities at fair value on a recurring basis:

- Financial assets
  - Other Financial Assets (FVOCI)

The Fund has no other assets or liabilities that are measured at fair value on a non-recurring basis.

Fair value hierarchy

The fair value of financial instruments carried at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Fund:

31 December 2018	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial assets at FVOCI					
Australian securities	8	7,509,199	-	-	7,509,199

18 Fair Value Measurement (continued)

Fair value hierarchy (continued)

31 December 2017	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial assets at FVOCI					
Australian securities	8	**4,353,132**	-	-	4,353,132

The fair value of listed securities are based on closing quoted bid prices at the end of the reporting period.

Transfers between levels of the hierarchy

There were no transfers between levels of the fair value hierarchy.

19 Capital Management

The Board manages the level of capital maintaned by the Fund with the view of having sufficient capital to absorb economic shocks and protect depositors' funds. The Fund manages its capital levels via its Capital Adequacy Policy which provides for a target level of capital of at least 10% of risk weighted assets. As at balance date, the Fund's capital adequacy ratio was 7.25% (2017: 6.3%).

20 Key Management Personnel Remuneration

The names of members of the Board of the Anglican Funds Grafton Diocese at any time during, or since the end of, the year were:

The Right Reverend Dr Murray Harvey (appointed 29 September 2018)*
The Right Reverend Dr Sarah Macneil (resigned 3 March 2018)*
Mr David John Ford
Mr Kenneth John Adlington
Mr Philip Charles Crandon
Mr Edward Alfred Clarke
Mr Christopher Philip Nelson (until 22 March 2018)*
Mr Terence Lancelot Hunt (resigned 19 April 2018)
Mr Gary Laurence Boyd
Ms Lisa Michelle Mulvaney (20 July 2017 to 8 May 2018)
Mr James William Flavin (16 November 2017 to 9 May 2018)

The total remuneration paid to key management personnel of the Anglican Funds Grafton Diocese is $18,117 (2017: $163,469).

Directors of the Fund do not receive any remuneration for their services.

* These key management personnel receive remuneration through related Diocesan entities.

Notes to the Financial Statements

For the Year Ended 31 December 2018

21 Related Parties

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

The parent entity, which exercises full control over the Fund, is The Corporate Trustees of the Diocese of Grafton which is established in Australia.

Key management personnel - refer to Note 20.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

The Fund's policy for lending to directors, trustees and other related parties is that all loans and other credit facilities are approved and deposits accepted on the same terms and conditions that apply to all other customers for each type of loan or deposit. No concessional interest rates or other special terms are applied to loans or deposit products for related parties.

There are no loans or other credit facilities advanced to related parties that are impaired at balance date or have been impaired or written-off during the financial year.

The following transactions occurred with related parties:

	2018 $	2017 $
Loans & Advances		
Aggregate value of loans to key management personnel and other related parties at balance date	-	3,299
Total value of other credit facilities to key management personnel and other related parties at balance date	-	2,493
Total value of loans and credit facilities advanced to key management personnel and other related parties during the year	-	5,793
Interest earned on loans and credit facilities to key management personnel and other related parties during the year	10	546
Deposits		
Total value of deposits held by key management personnel and other related parties at balance date	1,563,658	1,845,010
Total interest paid on deposits held by key management personnel and other related parties during the financial year	40,203	52,431
Other Transactions		
Other transactions with related parties occurring on normal trading terms and conditions are as follows:		
Contribution to Anglican Diocese of Grafton	175,000	150,000
Receivable from Corporate Trustees of the Diocese of Grafton	-	-

Notes to the Financial Statements

For the Year Ended 31 December 2018

22 Commitments

(a) Capital Expenditure

As at 31 December 2018, the Anglican Funds Grafton Diocese had not engaged in any material capital expenditure commitments (31 December 2017: Nil).

(b) Operating Leases

As at 31 December 2018, the Anglican Funds Grafton Diocese did not have any material non-cancellable operating lease commitments.

(c) Outstanding Loan Commitments

Loans and credit facilities approved but not funded or drawn at balance date:

	2018 $	2017 $
Loans approved but not funded	**12,000,000**	6,000,000
Undrawn overdraft and credit facilities	**11,397,580**	9,214,772
Total loan commitments	**23,397,580**	15,214,772

23 Auditor's Remuneration

Remuneration of the auditor Thomas Noble & Russell, for:		
- auditing or reviewing the financial statements	**19,410**	18,900
- other services - assistance with financial reporting	**2,560**	2,000
Total auditor's remuneration	**21,970**	20,900

24 Contingencies

In the opinion of the Board, the Fund did not have any contingencies at 31 December 2018 (31 December 2017: Nil).

25 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

26 Statutory Information

The registered office of and principal place of business of the Fund is:

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

Statement by the Board of the Anglican Funds Grafton Diocese

The Board of the Anglican Funds Grafton Diocese declare that:

1. the financial statements and notes for the year ended 31 December 2018 are in accordance with the ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 and:

    a. comply with Australia Accounting Standards - Reduced Disclosure Requirements;

    b. give a true and fair view of the financial position and performance of the Fund;

    c. the activities of the Anglican Funds Grafton Diocese have been undertaken in line with the delegated authority of the Board of Management as per Chapter 18 of the Diocese Governance Ordinance 2008.

2. In the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Chairperson ....
David Ford

AFGD Board Member ....
Edward Clarke

Dated this 23rd day of May 2019

Thomas Noble & Russell
Accountants | Auditors | Business Advisers

Independent Auditor's Report to the Members of Anglican Funds Grafton Diocese

Opinion

We have audited the financial report of Anglican Funds Grafton Diocese ("the Entity") which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the Board.

In our opinion, the accompanying financial report of the Entity is in accordance with ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813, and:

a) gives a true and fair view of the Entity's financial position as at 31 December 2018 and of its financial performance and cash flows for the year then ended; and

b) complies with Australian Accounting Standards – Reduced Disclosure Requirements.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

31 Keen Street | **Email**: enquiries@tnr.com.au | **Website**: www.tnr.com.au
PO Box 106 | **Phone**: +61 (02) 6626 3000
Lismore NSW 2480

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS
Per:

....
K R FRANEY (Partner)
Dated at Lismore this 23rd day of May 2019.

Anglicanfunds
GRAFTON DIOCESE

BOARD MEETING DATE:

23/05/2019

No 7 Matters for discussion and/or decision

Item: a

Title: Service Agreement Report

No of Pages. 18 incl Header

Anglican Funds Grafton Diocese Service Agreement Report

Report Date: 29/03/19 to the period ending 14/5/19

Prepared by: Blaine Douglas Fitzgerald ABN 98 966 145 256
43 Perry Drive, Coffs Harbour, NSW, 2450

Service Agreement Clause 3. Services

a. **In consideration for the Client paying the Fees, and subject to the provisions of this Agreement , the Service Provider herby agrees to provide the Client with the following services:**

I. ***The provision of Portfolio Management Services for AFGD's loan portfolio for the following Anglican bodies corporate:***

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

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

Email from Chris Nelson dated 5/4/19
That the AFGD Board requests Mr Blaine Fitzgerald to provide a timeline of the use of loan commitments so the proper management of these commitments can be assured."

- Under construction

Master spreadsheet cash flow indicating AFGD's capital funding capacity is under construction at present.
There are still schools to confirm timing so at this point in time it not comprehensive enough to get a sense of capacity.

On the topic of schools:
"That the AFGD Board requests that as each school's audited annual financial report becomes available that Mr Blaine Fitzgerald submits those statements to the Board along with his analysis of their financial position."

- *SCAS completed and attached.*
- *CVAS completed and attached.*

On the topic of Capital Adequacy:
"That the AFGD Board requests Mr Blaine Fitzgerald to clarify the Capital Adequacy report."

- Completed refer to email sent to Chris Nelson dated 9/4/19

On the topic of interest rates:
"On consideration of the relevant market comparisons, the AFGD Board has determined that no change in its advertised interest rates is necessary at this time."

- No action required.

School portfolio

St Columba Anglican School 14/3/19

- Half yearly review with benefit of 31/12/18 audited results completed.
- Currently working with school and Westpac to firm up split of funding required in the latter part of 2019 and into 2020.
- Master spreadsheet commented on above to be updated when specific details are known.
    - Environmental Centre & Amphitheatre. Cost $3.5m BGA $600k Borrow $2.9m
    - Braeroy Land - est $1 to $1.2M
- Further discussion with all stakeholders required.

Bishop Druitt College

- 31/12/19 audited results held. Anticipate review completion in 30 days.
- Cash flow needs out to June 19 should be forwarded from BDC direct to Annette shortly.

Emmanuel Anglican College

- The $6m of AFGD funding for multi-function Centre exists as a commitment AFGD has agreed to fund.
- My general understanding is that project is delayed due to local council planning approval delays. I will follow up again with EAC.
- This delay may assist AFGD.
- 2019 School Council approved operating budget held.
- Audited financial statements at time of writing not held.

Lindisfarne Anglican Grammar School

- 31/12/19 audited results held. Anticipate review completion in 45 days.
- I have requested additional information on project funding covering initially 2019 through to 2021.

- High level lump sum annual funding cash flow projections provided.
- At this early stage there does not appear to be any drawdown on AFGD facilities until 2020.
- Master spreadsheet commented on above to be updated when specific details are known.

Clarence Valley Anglican School

- Half yearly review with benefit of 31/12/18 audited results completed.
- 5/11/18 Council approved 2019 Operating Budget held
- CVAS is submitting BGA capital grant application for a $2.3M Performance Hall incl anonymous donor $1.4M. Application includes Facilities Master Plan as well as Performance Hall concept design. Sought EOI tender process with 3 architects with change to Raunik Design Group - used @ EAC.
- During late April 2019 to support their application loan amortization forecasting was completed by myself to assist their application process. (refer comments in half yearly review document.)

Other Anglican bodies corporate

Anglicare North Coast (ANC)

- No recent contact.
- Letter drafted seeking an update of financial information and strategic direction has been prepared. I will forward through in the next 10 days.

St Cuthbert's Retirement Living Complexes (SCRLC)

- No recent contact.

II. The provision of reports and recommendations to the Client every two months on the interest rate position of AFGD relative to the market and with regard to sustainability of AFGD funds under management in accordance with AFGD's Interest Rate Risk Management Policy.

Nothing to report

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

Nothing to report

b) The Services may include any other tasks which the Parties may agree on.

Nothing to report

c) The Client reserves the right to review the Services at any time and reduce the scope of Services at any time. Fees will remain unchanged unless a change is agreed by both Parties.

No comments.

Yours faithfully

Blaine Fitzgerald
Mobile: 0450 924 448
Email: blaine.fitzgerald@afgd.com.au

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.

Date: 30/4/19
Credit Memorandum

Purpose of advices:

- **Completion of half yearly review to 30/04/2019 with the benefit of 31/12/18 audited results.**

History/Background

History and correspondence relating to this group is well discussed and documented with the Diocese.
Ian Morris confirmed the school has adopted the following Budget for the 2019 year.

2019 School Council Approved Budget as at 5/11/18

- 325 students
- CVAS are also in the final stages of submitting BGA capital grant application for a $2.3M Performance Hall including an anonymous donor $1.4M.
- Application includes Facilities Master Plan as well as Performance Hall concept design.
- Sought EOI tender process with 3 architects with change to Raunik Design Group - used @ EAC.
- No increased borrowings will be or have been requested of AFGD.

During Late April 2019 Ian Morris sought information on existing borrowings to assist the BGA process.

Information sought included some thoughts and observations and I would encourage the AFGD Board and Diocese stakeholders to commence planning from mid to late 2019 when current facilities at CVAS are repaid freeing up significant capital that could be applied to other loan facilities with AFGD.

Refer attachment A

Financial Performance Summary as at 31/12/2018:

- The balance sheet has remained stable with borrowings reducing in line with terms of finance arrangements with AFGD and the Diocese.
- Current borrowings reduced significantly as there was less reliance on working capital via increased enrolments, increased profitability and sound expense management.
- One of the goals for 2019 is zero reliance on working capital. If this is achieved. The school will have corrected the slide evident from 2015 through to 2017 where in February 2018 AFGD sought further clarification on viability of the school.
- The ratio analysis in 2018 is interesting and highlights the improvements the school has been able to achieve in one year.
- Excluding subordinated debt the school met the current independent schools underwriting standards that have been set in conjunction with Westpac and AFGD for Pari Passu arrangements. Whilst CVAS has not entered into any joint venture funding it highlights the improved performance achieved in a short space of time.
- The most significant change evident is the 2018 data is that it appears under the stewardship of Ian Morris as business Manager, the Principal Martin Oates and school Council chaired by Philip Bonser the school has returned to being operationally profitable.
- No doubt this has not occurred without a lot of hard work and they should be recognised for their efforts.

Date: 30/4/19

Credit Memorandum

Financial Performance Summary –

($000's)	2015 Audited	2016 Audited	2017 Audited	2018 Audited	
Student Numbers*	326	308	302	322	
Staff FTE*	28	28	27	26	
Non Teaching	14	14	13	12	
Current Assets	$ 369	$ 261	$ 351	$ 255	
Cash	$ 102	$ 83	$ 76	$ 56	
Trade	$ 135	$ 118	$ 242	$ 147	
other	$ 132	$ 60	$ 33	$ 52	
Non-Current Assets	$ 5,583	$ 6,116	$ 5,965	$ 6,095	
Property P&E	$ 5,583	$ 6,116	$ 5,965	$ 6,095	
Total Assets	$ 5,952	$ 6,377	$ 6,316	$ 6,350	
Current Liabilities	$ 1,009	$ 1,523	$ 1,727	$ 1,259	
Trade	$ 488	$ 422	$ 421	$ 533	
Borrowings	$ 216	$ 784	$ 871	$ 216	
Other	$ 305	$ 317	$ 435	$ 510	
Non- Current Liabilities	$ 9,409	$ 8,758	$ 8,538	$ 8,394	
Borrowings	$ 2,757	$ 2,103	$ 1,926	$ 1,793	
Borrowings subordinated	$ 6,572	$ 6,572	$ 6,572	$ 6,572	
other	$ 80	$ 83	$ 40	$ 29	
Non Interest Loan Diocese					
Net Asset/Total equity	-$ 4,466	-$ 3,904	-$ 3,949	-$ 3,303	
Net Assets Ex Loans	$ 5,872	$ 6,294	$ 6,276	$ 6,321	
Income					
Fees	$ 1,634	$ 1,446	$ 1,280	$ 1,477	
Gov Grants	$ 4,190	$ 3,844	$ 4,177	$ 4,713	
Capital Grants		$ 250	$ 116	$ 266	
Other Revenue	$ 292	$ 200	$ 293	$ 313	
Diocesan Support	$ 137	$ 575	$ -	$ -	
Total Revenue	$ 6,253	$ 6,315	$ 5,866	$ 6,769	
Expenses					
Staff Costs Teaching	$ 4,069	$ 3,704	$ 3,680	$ 3,894	
Staff Costs Non Teaching					
Other staff costs super etc	$ 366	$ 339	$ 342	$ 355	
Other operating costs	$ 1,294	$ 1,242	$ 1,458	$ 1,450	
Depreciation	$ 303	$ 297	$ 272	$ 287	
Interest	$ 202	$ 171	$ 158	$ 137	
Total Expenses	$ 6,234	$ 5,753	$ 5,910	$ 6,123	
Surplus	$ 19	$ 562	-$ 44	$ 646	
Operating Surplus	-$ 118	-$ 263	-$ 160	$ 380	
EBIT	$ 84	-$ 92	-$ 2	$ 517	
EBITD	$ 387	$ 205	$ 270	$ 804	
Ratio Analysis					**Benchmarks**
Return on Investment	-2.0%	-4.2%	-2.5%	6.0%	> 5%
Interest Cover (EBITD/Interest)	1.9	1.2	1.7	5.9	>2.0x
Debt EBITD	24.7	46.1	34.7	10.7	< 6.5x
Debt EBITD excluding subordinated	7.7	14.1	10.4	2.5	<6.5x
Net Operating Margin	6.3%	3.7%	4.7%	12.4%	> 10%
Debt per student	$ 29.3	$ 30.7	$ 31.0	$ 26.6	<$10K
Debt per student excluding subordinated	$ 9.1	$ 9.4	$ 9.3	$ 6.2	
Fee income per student	$ 5.0	$ 4.7	$ 4.2	$ 4.6	$8K
Teachers Salary per student	$ 12.5	$ 12.0	$ 12.2	$ 12.1	
Teaching costs as a % of Revenue	71%	64%	69%	63%	<75%
Teaching costs as a % of Expenses	71%	70%	68%	69%	<75%
Students/Staff	7.8	7.3	7.6	8.5	>11

Historical Capacity to service:

Capacity to pay		2015 Audited	2016 Audited	2017 Audited	2019 Audited	
Operating Surplus		-$ 118	-$ 263	-$ 160	$ 380	
Plus addbacks						
Depreciation		$ 303	$ 297	$ 272	$ 287	
Interest		$ 202	$ 171	$ 158	$ 137	
Other						
Solar Panel power cost reduction						
Budget allowance IT						
		$ 387	**$ 205**	**$ 270**	**$ 804**	
Less Commitments						
as at 31/12/2018						
436030591 Working Capital **	$ 850,000	40	40	40	15	**6.30%**
436032770 Secondary Campus	$ 1,758,568	114	114	114	111	**6.30%**
436034254 Clarenza Second Tranche	$ 108,000	224	224	224	108	**6.30%**
436040052 Solar panel loan	$ 55	29	29	29	29	**7.30%**
436040050 Server upgrade Loan	$ -	9	9	0	0	**Repaid in full**
** Working capital is based on peak monthly requirements		**416**	**416**	**407**	**263**	
Average OD for next 12 months $500K						
*** Subordinated debt until 30/06/2016						
$6,572,191 - no repayments currently required						
Total Finance Commitments	**2,716,623**	**416**	**416**	**407**	**263**	
Net Surplus/Deficit		**-$ 29**	**-$ 211**	**-$ 137**	**$ 541**	
Total Finance Commitments 8.00%	**2,717,000**	**312**	**312**	**312**	**312**	
sensitised Average rate 15 yrs						
Net Surplus/Deficit		**$ 75**	**-$ 107**	**-$ 42**	**$ 492**	

- The most significant change evident is the 2018 data is that it appears under the stewardship of Ian Morris as business Manager, the Principal Martin Oates and school Council chaired by Philip Bonser the school has returned to being operationally profitable and its ability to service current non- subordinated debt is evident based on actual and sensitised rates.
- 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 the school should switch its attention to loan no 436040052 apply $13,917 to this loan facility and by February 2020 this loan will also be repaid in full.
- The school should commence discussions with Diocese and stakeholders during late 2019 to discuss and agree on plan for any further capital reductions.

Valuation of security:

Security Assessment sheet

Description	Status Held/to be taken	FMV	Extension Ratio	XTV
First Registered Mortgage over the property situated at Clarenza Lot 11 In Deposited Plan 261062 Folio 11/261062 given by - The Cathedral School Council Inc.	**Held**	$6,095,134	50%	3,047,567
Registered fixed and floating charge (ie: equitable mortgage) over the school's assets	**Held**			

Based on 30/06/2018 Audited financial results conservative valuation would appear to be
Total Land & Buildings at written down value
Given the limited alternate use and the likelihood of ever realising on this asset it would be considered a special purpose asset and would have a conservative extended value for risk assessment of 50%. Ie 3,047,567

Total Limits AFGD $2,732,400 as at 31/03/19

112% cover - Security indicator B to apply

Indicative Risk Grade 7B

I am recommending the risk grade for this entity remain unchanged at 7B due to the continued risk.

- Nominal increase in student enrolments.
- Inability to take on any portion of the subordinated debt.
- Ongoing monitoring and reporting required by AFGD to liaise with key stakeholders.

Without subordination - Total Debt $ 9,304,559

Risk Grade Tool	Customer Credit Rating	Security Indicator	
Australian Government	1	A	125% + Cover
State Government	2	B	100% - 124% Cover
Local Government	3	C	80% - 99% Cover
Very Strong Corporate entity	4	D	60% - 79% Cover
Solid Corporate entity	5	E	40% - 59% Cover
Developing Corporate entity	6	F	20% - 39% Cover
High Risk Corporate entity	7	G	0% - 19% Cover
High Risk of write off or loss	8		

With subordination in place Debt $ 2,732,400

Risk Grade Tool	Customer Credit Rating	Security Indicator	
Australian Government	1	A	125% + Cover
State Government	2	B	100% - 124% Cover
Local Government	3	C	80% - 99% Cover
Very Strong Corporate entity	4	D	60% - 79% Cover
Solid Corporate entity	5	E	40% - 59% Cover
Developing Corporate entity	6	F	20% - 39% Cover
High Risk Corporate entity	7	G	0% - 19% Cover
High Risk of write off or loss	8		

Date: 30/4/19
Credit Memorandum

Insurance Confirmation:

Insurance is held for the current year with the Diocese office annually 2019 insurance is in place.
Diocese Finance office can confirm.

Covenants/ongoing monitoring requirements:

- The Borrower will be required to furnish the AFGD with quarterly report on its financial position .Ie 31/3, 30/6, 30/9 & 31/12 by the 15th of the following month. A copy of the CVAS management's financial /operational monthly report to school council will normally suffice.
- Annual review for continuation of facilities will be due by 30 April yearly and the following will be required to enable this to be completed
  - Annual Audited financial statements as at 31/12 (next being 31/12/2019)
  - Annual approved budget or cash flow forecast for all facilities covering buildings, staffing levels, student numbers and working capital requirements for 2019 (already held)
  - any other information as the AFGD deems appropriate.
- All new bank loans or credit facilities to third parties to be approved by AFGD. Consent not to be unreasonably withheld.
- No other financial institution or lender to be added to mortgage or security documents without prior consent from AFGD. Consent not to be unreasonably withheld.
- Clarence Valley Anglican School remains a party to A Deed of Gift and Indemnity. This remains in place unchanged unless an event is triggered requiring an update to all stakeholders.
- Clarence Valley Anglican School remains a party to A Deed of Subordination. This Deed was extended unchanged in June 2016 for a further five years to 30/06/2021.

Recommendation

- Extension of rolling half yearly review for a further term to 31/10/2019.
- Approval of the half yearly review as at 30/04/2019 with the benefit of 31/12/2019 audited financial statements.
- Extension of risk grade 7B

Blaine Fitzgerald
For and on behalf of Anglican Funds Grafton Diocese

St Columba Anglican School

Date: 12/4/19
Credit Memorandum

Purpose of advices:

- Half yearly rolling review of facilities including the consolidated results of St Columba Anglican School (SCAS) and Columba Cottage Early Learning Centre (CCELC)
- Review date triggers are 31/3 & 30/9 consistent with Westpac's under Pari Passu Deed requirements.

History/Background

During the 30/6/18 the school commenced the fit out of the PACE Centre and continued with ongoing minor capital expenditure refurbishing its existing assets consistent with its annual maintenance programme.

- 2019 cashflow projection and approved operating budget provided.
- Funding to construct an Environmental Centre will be sought. Cost $3m, AIS BGA Grant $600K. Finance sought $2.4m. Funding will be sought from either Westpac or AFGD around September/October 19 with progress claims commencing in November 2019.
- Land bank opportunity via purchase of land (Braeroy Estate). Proposal is currently under consideration by School Council for future growth of the school. $1.2m. Timing in current school year. To be confirmed if it progresses. Cash flow indicates January 2020.
- CCELC loan is scheduled to be paid off by 31/12/19. 3 years ahead of schedule.
- 3 yr Fixed rate Interest only facility with Westpac will revert to a variable rate in 2020.
- AFGD SCAS 5yr Fixed rate facilities will revert to a variable rate in 1/12/2020.
- AFGD CCELC 5yr Fixed rate facility will revert to a variable rate in 31/3/2021. However indications are it will repaid by 31/12/19

Financial data update:

- All financial data required to date has been received by AFGD.
  - 31/12/2018 audited results held including stand-alone SCAS, CCELC & consolidated
  - 31/12/2019 annual approved operating budget held.
  - 2020 to 2022 Forecasts held.

SCAS stand-alone Financial Performance comment as at 31/12/18:

- Salary costs and FTE increase from 2017 to 2018 are explained as follows;
  - Teaching staff -additional permanent Part time (PPT) staff offset by reduction in use of casuals.
  - Non-teaching staff - additional 3.5 FTE for Iona Café and employment of PPT staff to reduce casual staff.
- Note depreciation has now been reinstated at the higher level as recommended by the Somerset review the school had done.
- Interest cover and Net profit margin is acceptable.
- However the reduced profitability, a direct result of the staffing re-structure, and the increased borrowings on the Performing Arts Centre has impacted the debt to EBIT ratio pushing it slightly outside lending covenant underwriting standards. No cause for concern as on a consolidated financial statement basis it complies.
- Debt per student is above benchmark a direct result of the Performing Arts Centre finance construction costs.
- Overall the school remains in a sound position.

Financial Performance Summary as at 31/12/2018 audited results are summarised on the next pages:

St Columba Anglican School

Date: 12/4/19
Credit Memorandum

SCAS ($000's)	2015 Audited	2016 Audited	2017 Audited	2018 Audited
Student Numbers*	1045	1070	1121	1139
Staff FTE Teaching	81	80	82	86
Non Teaching	36	40	40	48
	117	120	122	134
Current Assets	$ 1,382	$ 1,076	$ 1,267	$ 1,433
Cash	$ 1,034	$ 736	$ 923	$ 1,066
Trade	$ 255	$ 331	$ 340	$ 278
other	$ 93	$ 9	$ 4	$ 89
Non-Current Assets	$ 30,522	$ 34,644	$ 41,487	$ 48,714
Investment CCELC	$ 663	$ 1,458	$ 1,458	$ 4,027
Property P&E	$ 29,859	$ 33,186	$ 40,029	$ 44,687
Total Assets	$ 31,904	$ 35,720	$ 42,754	$ 50,147
Current Liabilities	$ 3,361	$ 3,623	$ 3,212	$ 3,308
Trade	$ 468	$ 1,030	$ 498	$ 267
OD -working capital included below				
Borrowings	$ 1,274	$ 1,069	$ 1,211	$ 1,390
Other	$ 1,619	$ 1,524	$ 1,503	$ 1,651
Non- Current Liabilities	$ 10,293	$ 10,519	$ 14,468	$ 15,456
Borrowings	$ 9,888	$ 10,074	$ 14,060	$ 15,051
other	$ 405	$ 445	$ 408	$ 405
Non Interest Loan Diocese				
Net Asset/Total equity	$ 18,250	$ 21,578	$ 25,074	$ 31,383
Net Assets Ex Loans	$ 29,412	$ 32,721	$ 40,345	$ 47,824
Income				
Fees	$ 6,202	$ 6,428	$ 7,235	$ 7,731
Gov Grants	$ 11,163	$ 11,483	$ 12,934	$ 13,707
Capital Grants				
Other Revenue	$ 848	$ 700	$ 491	$ 401
Diocesan Support				
Total Revenue	$ 18,213	$ 18,611	$ 20,660	$ 21,839
Expenses				
Staff Costs Teaching	$ 12,454	$ 12,280	$ 12,964	$ 14,554
Staff Costs Non Teaching				
Other staff costs super etc				
Other operating costs	$ 2,579	$ 3,012	$ 3,598	$ 4,497
Depreciation	$ 340	$ 333	$ 480	$ 776
Interest	$ 655	$ 384	$ 617	$ 635
Total Expenses	$ 16,028	$ 16,009	$ 17,659	$ 20,462
Surplus	$ 2,185	$ 2,602	$ 3,001	$ 1,377
Operating Surplus	$ 2,185	$ 2,602	$ 3,001	$ 1,377
EBIT	$ 2,840	$ 2,986	$ 3,618	$ 2,012
EBITD	$ 3,180	$ 3,319	$ 4,098	$ 2,788

	2015	2016	2017	2018	Benchmarks
Return on Investment	7.4%	8.0%	7.4%	2.9%	> 5%
Interest Cover (EBITD/Interest)	4.9	8.6	6.6	4.4	>2.0x
Debt EBITD	3.5	3.4	3.7	5.9	< 5.5x
Net Operating Margin	17.5%	17.8%	19.8%	12.8%	> 10%
Debt per student	$ 10.7	$ 10.4	$ 13.6	$ 14.4	<$10K
Fee Income per student	$ 5.9	$ 6.0	$ 6.5	$ 6.8	>6.5
Salary costs per student	$ 11.9	$ 11.5	$ 11.6	$ 12.8	
Salaries/Net Income %	68%	66%	63%	67%	< 75%
Salaries/Total Expenses %	78%	77%	73%	71%	< 75%
Students/Teaching Staff	12.9	13.4	13.7	13.2	>11

St Columba Anglican School

Date: 12/4/19
Credit Memorandum

CCELC stand-alone audited results summary from 1/1/15 to 31/12/18 are summarised on the next 2 pages

CCELC stand- alone Profit and Loss results

Financial Data	Audited results 2015 Joint Venture		Audited results 2016 1/4/16 stand alone		Audited results 2017 stand alone		Audited results 2018 stand alone		Benchmarks
Income									
Room fees	2,744,586		2,322,463		3,158,993		3,322,939		
DEEWR grants			-		-		-		
Wage subsidies	31,446								
Other	12,668		52,620		109,712		58,686		
Total Income	**2,788,700**		**2,375,083**		**3,268,705**		**3,381,625**		
less expenditure									
Bank charges	3,670		-		-		-		
Depreciation	109,462		73,586		126,158		60,661		
Insurance	35,955	**1.29%**	26,620	**1.12%**	39,654	**1.21%**	55,829	**1.65%**	
Interest Paid AFGD	99,935	**3.58%**	100,861	**4.25%**	114,295	**3.50%**	77,901	**2.30%**	
Management Fee SCAS		**0.00%**	90,000	**3.79%**	120,000	**3.67%**	-	**0.00%**	
Property Maintenance			53,820		85,164		26,067		
Leasing Costs	1,690		-		-		-		
Superannuation	149,583		-		-		-		
Wages	1,645,815	**64.38%**	1,517,378	**63.89%**	2,060,747	**63.04%**	1,996,936	**59.05%**	**50 - 60%**
Other	366,417	**13.14%**	165,209	**6.96%**	200,842	**6.14%**	177,001	**5.23%**	**6 - 10%**
Total Expenditure	**2,412,527**		**2,027,474**		**2,746,860**		**2,394,395**		
Net Profit	**376,173**	**13.49%**	**347,609**	**14.64%**	**521,845**	**15.96%**	**987,230**	**29.19%**	**15 - 20%**
Accumulated P/L begin	**561,315**		**1,110,411**		**1,110,411**		**1,110,411**		
Distribution to JV	**160,000**								
Accumalated P/L end	**777,488**		**1,458,020**		**1,632,256**		**2,097,641**		
EBITDA	**585,570**	**21.00%**	**665,876**	**28.04%**	**762,298**	**23.32%**	**1,125,792**	**33.29%**	**25 -30%**
Depreciation	109,462		73,586		126,158		60,661		
Interest	99,935		244,681		114,295		77,901		
Covenants									
Interest Cover	4.76		2.42		5.57		13.67		**2 - 2.5%**
Debt Service Cover	1.38		1.57		1.87		2.76		**1.40 -2.00%**

St Columba Anglican School

Date: 12/4/19

Credit Memorandum

CCELC stand-alone Balance sheet results

	Audited results 2015 Joint Venture		Audited results 2016 1/4/16 stand alone		Audited results 2017 stand alone		Audited results 2018 stand alone	
Current Assets								
Cash	313,323		265,722		195,335		267,500	
Trade	26,251		57,652		34,094		30,728	
other	6,000		444		-		-	
	345,574	**12.20%**	**323,818**	**7.21%**	**229,429**	**5.17%**	**298,228**	**5.38%**
Non Current Assets								
Land and Buildings	2,487,741		2,500,643		2,539,924		3,582,110	
Intangible	-		1,667,347		1,667,347		1,667,347	
	2,487,741	**87.80%**	**4,167,990**	**92.79%**	**4,207,271**	**94.83%**	**5,249,457**	**94.62%**
Total Assets	**2,833,315**		**4,491,808**		**4,436,700**		**5,547,685**	
Current Liabilities								
Trade	96,655		57,839		69,750		39,974	
Borrowings	287,454		392,402		392,402		392,402	
Provisions	48,461		105,611		156,457		165,008	
Other	53,128		191,727		109,804		123,704	
	485,698	**30.00%**	747,579	**24.64%**	728,413	**29.65%**	721,088	**47.43%**
Non Current Liabilities								
Trade	-							
Borrowings	1,096,925		2,286,209		1,728,602		799,102	
Long term Provisions	36,516		-		-		-	
	1,133,441	**70.00%**	**2,286,209**	**75.36%**	**1,728,602**	**70.35%**	**799,102**	**52.57%**
Total Liabilities	**1,619,139**		**3,033,788**		**2,457,015**		**1,520,190**	
Net Assets	**1,214,176**		**1,458,020**		**1,979,685**		**4,027,495**	
Equity								
Reserves	**50,000**		**1,110,411**		**1,458,020**		**1,979,865**	
	388,744		-		-		**1,060,400**	
SCAS	**388,744**		-		-		-	
Accumulated P/L	**386,687**		**347,609**		**521,845**		**987,230**	
Total Equity	**1,214,175**		**1,458,020**		**1,979,865**		**4,027,495**	
Borrowings Total	1,384,379		2,678,611		2,121,004		1,191,504	
Going Concern Valuation	4,110,000		4,110,000		4,110,000		4,110,000	
Covenants								
Gearing	1.14		1.84		1.07		0.30	
Debt/EBITDA	2.36		4.02		2.78		1.06	
LVR	34%		65%		52%		29%	

St Columba Anglican School

Date: 12/4/19
Credit Memorandum

SCAS consolidated Audited results summary from 1/1/15 to 31/12/18

	2015 audited results	2016 audited results	2017 audited results	2018 audited results
Student Numbers*	**1045**	**1070**	**1121**	**1139**
Staff FTE Teaching	**81**	**80**	**82**	**86**
Non Teaching	**36**	**40**	**38**	**48**
Consolidated Balance Sheet	117	120	120	134
Current Assets				
Cash & Cash Equivalents	1,034,039	1,002,218	1,118,641	1,333,617
Trade & Other Receivables	255,510	388,264	374,169	308,697
Investments	-			
Other	92,719	9,624	3,818	88,489
Total Current Assets	**1,382,268**	**1,400,106**	**1,496,628**	**1,730,803**
Non-Current Assets				
Investments	662,778	1,263,179	1,263,179	1,263,179
PPE	29,858,937	35,687,051	42,568,621	48,268,918
Total Non-current Assets	**30,521,715**	**36,950,230**	**43,831,800**	**49,532,097**
Total Assets	**31,903,983**	**38,350,336**	**45,328,428**	**51,262,900**
Current Liabilities				
Trade & Other Payables	467,706	1,087,728	567,625	307,076
Borrowings	1,273,693	1,460,933	1,603,501	1,782,162
Provisions	966,996	1,053,854	1,178,475	1,268,507
Other	652,542	767,646	590,387	671,206
Total Current Liabilities	**3,360,937**	**4,370,161**	**3,939,988**	**4,028,951**
Non-Current Liabilities				
Borrowings	9,888,306	12,360,440	15,788,697	15,849,713
Provisions	266,924	353,365	336,124	344,748
Other	137,709	91,813	71,650	59,870
Total Non-current liabilities	**10,292,939**	**12,805,618**	**16,196,471**	**16,254,331**
Total Liabilities	**13,653,876**	**17,175,779**	**20,136,459**	**20,283,282**
Reservies	14,990,875	18,225,107	21,669,318	28,614,956
Retained Surplus	3,259,232	2,949,450	3,522,649	2,364,662
Total equity	**18,250,107**	**21,174,557**	**25,191,967**	**30,979,618**
Net Assets Ex Loans	**29,412,106**	**34,995,930**	**42,584,165**	**48,611,493**
Revenue				
Tuition Fees	6,202,211	6,428,334	7,235,193	7,731,186
Fees received CCELC		2,322,463	3,158,993	3,322,939
Government Funding	11,162,376	11,513,381	12,992,463	13,721,132
Other Income	848,463	631,994	421,787	445,595
Total Revenue	**18,213,050**	**20,896,172**	**23,808,436**	**25,220,852**
Expenses				
Depreciation	340,476	406,758	605,999	836,190
Salary & On-costs	12,453,616	13,797,830	15,024,695	16,551,407
Insurance	121,551	148,751	178,008	252,081
Interest	655,107	485,300	730,942	712,467
Property R&M	512,185	590,556	683,741	809,485
Tuition consumables	1,205,960	1,138,665	1,344,592	1,692,122
Other Expenses	739,173	1,378,862	1,717,810	2,002,438
Total Expenses	**16,028,068**	**17,946,722**	**20,285,787**	**22,856,190**
Net Operating Surplus	**2,184,982**	**2,949,450**	**3,522,649**	**2,364,662**
EBIT	**2,840,089**	**3,434,750**	**4,253,591**	**3,077,129**
EBITDA	**3,180,565**	**3,841,508**	**4,859,590**	**3,913,319**

St Columba Anglican School

Date: 12/4/19
Credit Memorandum

Consolidated results - ratio analysis

Ratio Analysis	2015 audited results	2016 audited results	2017 audited results	2018 audited results	Benchmarks
Return on Investment	7.4%	8.4%	8.3%	4.9%	> 5%
Interest Cover (EBITD/Interest)	4.9	7.9	6.6	5.5	>2.0x
Net Operating Margin	17.5%	18.4%	20.4%	15.5%	> 10%
Debt/EBITDA	3.6	3.7	3.6	4.6	< 5.5x
Debt Service Cover (DSC)	1.78	2.04	2.63	2.12	1.40 -2.00%
Loan Value ratio	38.9%	40.5%	41.6%	37.0%	< 50%

Capacity to service – based on historical performance from 1/1/2015 to 31/12/2018

Capacity to pay				Audited results 2015	Audited results 2016	Audited results 2017	Audited results 2018
SCAS							
Surplus				2185	2949	3523	2365
Plus addbacks							
Depreciation				340	407	606	836
Interest				655	485	731	712
Other Loan capital repayments				0	0	0	0
Consolidated position				$ 3,181	$ 3,842	$ 4,860	$ 3,913
		Int Rate	Loan expiry date	Repayments	Repayments	Repayments	Repayments
Subsidised Loans		Fixed til expiry					
COM731 436040007 Building Loans 1Ai & 1Aii	$ -	4.73%	02-10-16	$ -	$ -	$ -	$ -
COM731 436040009 Building Loan Stage 2	$ -	4.73%	02-08-17	$ 53	$ 53	$ -	$ -
COM731 436040010 Library Stage 3	$ -	4.58%	02-03-18	$ 59	$ 59	$ -	$ -
	$ -						
Subsidised Loans Fixed		5Yr Fixed					
COM731 436040011 Middle School Stage 4	$ 493,556	4.98%	02-05-23	$ 131	$ 131	$ 131	$ 131
COM731 436040012 Stage 5	$ 226,225	4.98%	02-11-23	$ 55	$ 55	$ 55	$ 55
COM731 436040013 Stage 6	$ 650,873	4.98%	02-03-24	$ 149	$ 149	$ 149	$ 149
COM731 436040014 Admin Building Stage 6b.1	$ 523,077	4.98%	02-01-27	$ 83	$ 83	$ 83	$ 83
COM731 436040015 Building Loan Stage 7	$ 668,944	4.98%	02-01-28	$ 95	$ 95	$ 95	$ 95
	$ 2,562,675						
Non - subsidised Line of Credit		Variable					
COM 735 00040044	$ 8,000,000	3.49%	30-11-20	$ 224	$ 224	$ 223	$ 223
Line Fee charge on approved limit		1.00%				$ 80	$ 80
CCELC							
Fixed		5Yr Fixed					
436040166 Principal and interest loan	$ 1,773,802	4.98%	01-04-26	$ 395	$ 395	$ 395	$ 395
Performing Arts Centre - Westpac							
Fixed Interest only		5Yr Fixed					
Interest only Tranche 1	$ 5,000,000	5.56%	30-06-22	$ 278	$ 278	$ 278	$ 278
Int on;y Variable	$ 2,500,000	5.23%	31-12-20	$ 131	$ 131	$ 131	$ 131
Fit out costs - 5 yrs P&I	$ 1,400,000	5.32%	14-12-21	$ 130	$ 228	$ 228	$ 228
	$ 8,900,000						
Indicative only							
Total Facilities - Includes OD	$ 21,236,477			$ 1,783	$ 1,881	$ 1,848	$ 1,848
Consolidated position Surplus				$ 1,398	$ 1,961	$ 3,011	$ 2,065
Consolidated position SenitisedSurplus @ 7.5%				$ 817	$ 1,478	$ 2,496	$ 1,549

Comments:

- Capacity to service current facilities based on historical performance and actual rates can be demonstrated.
- Capacity to service current facilities based on historical performance and a sensitised rate of 7.5% over 15 years on the full debt can be demonstrated.
- It is worth noting that AFGD's approved limit of $8m is utilised to a maximum of 60% at present. Average debt of $4.8m over 12 months.

St Columba Anglican School

Date: 12/4/19

Credit Memorandum

Security/Safety Assessment

SCAS consolidated Security Assessment sheet as at 31/12/18				
Description	Status Combined Value	FMV	Extension Ratio	XTV
First Registered Mortgage over the property situated at 3 Iona Avenue, Port Macquarie, NSW 2444 Folio 581/75434 Lot 581 in deposited plan 754434 at Hastings	Held	$48,268,918	50%	24,134,459
First Registered Mortgage over the property situated at 1 Iona Avenue, Port Macquarie, NSW 2444 Folio 101/1134660 Lot 101 in deposited plan 1134660 at Port Macquarie	Held			-
Registered fixed and floating charge (ie: equitable mortgage) over the school's assets	Held			
Valuation based on Audited financial statements Balance Sheet value for property, plant and equipment as at				31-12-18
Opteon Valuation as at 9/12/18 supports this	$47,471,524			
Pari Passu Deed between St Columba Anglcan School Incorportaed Wstpac Banking Corportaion Anglican Funds Grafton Diocese.	Held			
Less Combined Total Limits		21,500,000	100%	21,500,000
Security Surplus/Deficit				2,634,459

- Position is fully secured.

Indicative Risk Grade:

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

- Risk Grade adopted for the group 5B with 112% cover is recommended.
- The College is flagged as a solid well managed corporate entity demonstrating strong financial ratios.
- Debt per student and Debt Service Cover (DSC) will improve as SCAS continues to accelerate its debt reduction strategy and an upgrade by next full reporting period if this trend continues is likely to be justified.

Insurance Confirmation:

- The school is insured through the Diocese with the Anglican National Insurance Programme (ANIP).
- The Diocese Finance Department can confirm all insurance premiums are paid and adequate cover is in place.

Covenants/ongoing monitoring requirements:

- No additional Capex outside budgets presented.
- You agree and acknowledge to maintain the following minimum Group loan reductions:-
  - Confirmation of loan facility reductions to be provided, and to be to the lender's satisfaction.
  - Columba Cottage Early Learning Centre apportioned debt (circa $2,200,000) to amortise over 8 Years and 2 months commencing 01/02/2018.
- Transaction Banking is to remain with Westpac/AFGD as is the case now.
- Half Yearly reviews by 31/3 and 30/9. Specific review requirements are details below.
- Debt/EBIT multiple is to be at all times <5.5x and ongoing, this is on a Group combined ie, SCAS and CCELC basis. This will be tested half yearly on a rolling 12 month basis.
- EBIT/ICR ratio is to be >2.0 times this is also on a Group combined ie, SCAS and CCELC basis. This will be tested half yearly on a rolling 12 month basis.
- Plus any agreed Westpac covenants for alignment under Pari Passu.

Further conditions:

- "the Bishop-in-Council will not approve the application of church trust property to a first call mortgage by an external financial provider unless Anglican Funds Grafton Diocese is unable or unwilling to provide finance."
  - Approval obtained for joint funding proposal. Refer to correspondence dated 7th June 2016.

- "by the end of 2014 all Diocesan organisations will be required to conduct transactional banking with Anglican Funds Grafton Diocese unless authorised to bank with an external financial provider by the Bishop –in –Council"
  - Approval obtained for joint funding proposal. Refer to correspondence dated 7th June 2016.

Recommendation

- Approval of half yearly review with the benefit of 31/12/18 audited financial statements is recommended.
- Next half yearly review is scheduled for 30/9/19.

Blaine Fitzgerald
On behalf of Anglican Funds Grafton Diocese

Anglicanfunds
GRAFTON DIOCESE

BOARD MEETING DATE:

23/05/2019

No 7 Matters for discussion and/or decision

Item: b

Title: Strategic Options

No of Pages. 41 incl Header

AFGD BOARD
Item Paper

AGENDA ITEM NO 7.b.	SUBJECT: Strategic Option	PREPARED BY: Mr Chris Nelson Registrar	DATE: 23 May 2019

PURPOSE:

To progress the consideration of the strategic options for Anglican Funds Grafton Diocese.

BACKGROUND:

The following papers were provided to the Corporate Trustees of the Diocese of Grafton as background material for the discussion with the AFGD Board on this topic.

DISCUSSION:

Item 7b in the AFGD Board meeting agenda is the opportunity for the Board to have any discussion or make any resolution as a result of the discussions on this matter with the Corporate Trustees.

The Corporate Trustees of the Diocese of Grafton

Item No 6a

THE DIOCESE OF GRAFTON
Corporate Trustees
Item Paper

AGENDA ITEM NO	SUBJECT:	PREPARED BY:	DATE:
6. a.	AFGD Strategic Options	Mr Chris Nelson Registrar	23 May 2019

PURPOSE:

To update the Corporate Trustees regarding the AFGD Board's consideration of their strategic options.

BACKGROUND:

Since early 2018, the AFGD Board concerned that its current situation was not yielding sufficient returns for the risks being managed has been considering options for its strategic direction.

An options paper was considered in July 2018.

Arising from the options paper, AFGD made contact with several other Anglican development investment funds. Of these funds, only Anglican Funds South Australia (AFSA) showed any real interest.

A proposal was received from AFSA that offered enhanced management services, access to the AFSA endowment fund and improved fees from Ord Minnett.

The AFGD Board contracted Thomas Noble & Russell (TNR) to conduct a financial analysis of 4 options:
Option A Current arrangement
Option B Current arrangement with AFSA services
Option C Treasury model
Option D Wind up

Since TNR were commissioned to conduct this analysis, there were informal discussions between David Ford (AFGD Chair) and Blaine Fitzgerald (AFSA Head) concerning the AFSA proposal and how it was not the proposal sought by AFGD. AFGD were seeking a "merger" proposal (nicknamed 'Option E') rather than a "management services" proposal.

The AFGD Board held a special meeting on 17 April 2019 to consider the best way forward.

At the special meeting, the AFGD Board resolved:

"That the AFGD Board recommends to the Corporate Trustees that the AFGD Board investigates the following scenarios involving relationships with Anglican Funds South Australia (AFSA), being:

- *Enhanced management services provided by AFSA ('Option B');*
- *Entering into an arrangement where AFSA takes on the AFGD 'book' ('Option E').*

If neither of the above proves satisfactory, the AFGD Board will reconvene to investigate further alternatives."

A letter dated 18 April 2019 was sent to Mr Blaine Fitzgerald advising him of the AFGD Board's standpoint and seeking a formal response from the AFSA Board.

On 9 May 2019, Blaine advised that the AFSA Board next meets on 15 May 2019 and he anticipates being able to respond after that meeting.

RECOMMENDATION:

It is recommended that the Corporate Trustees resolve:

That the Corporate Trustees endorse investigations with Anglican Funds South Australia as proposed by the AFGD Board and asks the AFGD Board to report make to the Corporate Trustees with recommendations to be considered by the 18 July 2019 Corporate Trustees meeting.

Anglicanfunds
GRAFTON DIOCESE

Thursday 18 April 2019

Mr Blaine Fitzgerald
Head
Anglican Funds South Australia
18 King William Road
North Adelaide SA 5006

Anglican Funds South Australia (AFSA) and Anglican Funds Grafton Diocese (AFGD)

Dear Blaine,

On 12 September 2018, the Chair of AFGD Mr David Ford and I came to Adelaide to open discussions with AFSA about the possibility of AFGD and AFSA becoming a single fund.

On 28 November 2018, you wrote to David to putting a proposal in which AFSA "expands the existing service agreement to include ... the current service agreement ...[and] overarching portfolio management of the Grafton balance sheet."

This proposal also included an arrangement where the Corporate Trustees could place funds previously invested with AFGD with the AFSA Endowment Fund and AFSA would replace the funds dollar for dollar in AFGD to maintain the Funds Under Management of AFGD.

With regard to that point, the AFGD Board at a special meeting on 17 April 2019, requested the following information:

- Confirmation from the AFSA Board that the above endowment placement and replacement of funds by AFSA would be acceptable for amounts up to $8 million and would be in place for not less than 5 years;
- Rules and conditions of the AFSA Endowment Fund; and
- The most recent audited financial statements of the AFSA Endowment Fund.

The above information will assist the AFGD Board in completing its evaluation of the AFSA proposal and provide information necessary for the Corporate Trustees in considering the placement of their funds.

As previously indicated in conversations that you have had with Mr David Ford and me, the AFGD Board is favouring its September 2018 position over the November 2018 AFSA proposal.

With regard to the September 2018 position, AFGD Board are contemplating an arrangement where:

- AFGD transfers its loans and deposits to AFSA (the mechanism of this is yet to be determined) and the AFGD Board is disbanded;
- That the Anglican Diocese of Grafton receives a regular monetary consideration from AFSA based proportional to the amount of deposits and the amount of loans originating from the Diocese of Grafton region. A percentage would be agreed for each.
- That AFSA deals with incorporated clients in the Grafton region on a commercial basis and may exercise its rights with regards in the event of default;
- That AFSA deals with clients that are unincorporated members of the Diocese of Grafton (e.g. parishes) on a commercial basis except to the extent that any loan security is prior authorised by The Corporate Trustees of the Diocese of Grafton;

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- AFSA to provide annual audited financial statements and quarterly reports on capital adequacy, liquidity and other key risk measures to the Corporate Trustees as assurance of AFSA's continuing suitability to hold deposits from the Diocese of Grafton;
- That the arrangements be contracted to continue for at least 5 years with the following conditions or arrangements only maintained for a transitional period of 3 years (or less, where agreed):
  - AFGD branding;
  - AFGD customer service officers in Grafton;
  - Corporate Trustees equity (approx. $1.5M) retained in the Fund; and
  - Diocese of Grafton regulations enforcing compulsory participation in AFGD.

The AFGD Board welcomes a formal response from the AFSA Board to this suggested arrangement including a proposal as to the monetary consideration that AFSA would be prepared to offer for such an arrangement.

I wish you and your family a blessed Easter.

Chris Nelson
Registrar/General Manager
Anglican Diocese of Grafton

cc: Mr David Ford, Chair – Anglican Funds Grafton Diocese

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Gmail

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

AFGD - AFSA discussions

3 messages

Chris Nelson <chris.nelson@graftondiocese.org.au> 18 April 2019 at 11:32
To: Blaine Fitzgerald <afsahead@adelaideanglicans.com>
Cc: David Ford <fordie@mac.com>, Annette Dent <office@afgd.com.au>

Hi Blaine,

Please find attached a letter that comes as a result of a special meeting of the AFGD Board on 17 April 2019.
--

Regards,

Chris Nelson

General Manager/Registrar

Anglican Diocese of Grafton

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AFGD - AFSA discussions 18 April 2019.pdf
126K

Blaine Fitzgerald <afsahead@adelaideanglicans.com> 9 May 2019 at 15:38
To: Chris Nelson <chris.nelson@graftondiocese.org.au>
Cc: David Ford <fordie@mac.com>, Annette Dent <office@afgd.com.au>

Hi Chris,

Thank you for the correspondence from AFGD Board dated 18/4/19.

By way of update the AFSA Board is next scheduled to meet on Wednesday 15/5/19 where the correspondence will be tabled as incoming correspondence for review and discussion.

I will come back to you with a further update by 17/5/19.

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

Anglicanfunds SOUTH AUSTRALIA

Report to the Anglican Funds Grafton Diocese

Financial Modelling of Strategic Options

TNR® Thomas Noble & Russell

Accountants | Auditors | Business Advisers

ISSUED: 10 April 2019

www.tnr.com.au

Table of Contents

Thomas Noble & Russell

Accountants | Auditors | Business Advisers

Executive Summary

Anglican Funds Grafton Diocese ("AFGD" or "the Client") has engaged Thomas Noble and Russell to prepare a financial analysis of the following 4 strategic options:

Option A: Maintain the current arrangement with the addition of a fund manager.

Option B: Maintain the current arrangement with additional expanded service agreement from Anglican Funds South Australia ("AFSA")

Option C: Treasury Model

Option D: Wind Down

These four options are being considered due to:

- Increasing restrictions resulting from changes in exemptions under the *Banking Act 1959 (Cwlth)*
- Sustained periods of low interest rates
- Low returns for the Corporate Trustee Funds invested with AFGD

The board has acknowledged the maximising returns for the Corporate Trustees and parishes is key.

The table below compares the figures projected from a 12 month period for Option A, Option B and Option C:

Account Name	Option A $	Option B $	Option C $
Income			
Total Income	1,464,876	1,607,733	973,773
Cost Of Sales			
Interest Paid to Investors	747,037	747,037	583,593
Total Cost Of Sales	747,037	747,037	583,593
Gross Profit	717,839	860,696	390,180
Expenses			
Total Expenses	498,361	391,456	153,038
Surplus Profit for Distribution	219,478	469,240	237,142

Entity Returns

Projected returns for AFGD, the Corporate Trustees and Diocese of Grafton is summarised in the table below:

Entity	Option A Return $	Option B Return $	Option C Return $	Option D Return $
AFGD	44,478	294,240	62,142	-
Corporate Trustees	292,151	628,151	490,779	490,779
Less: 25% to ADoG	(73,038)	(157,038)	(122,695)	(122,695)
Total Corporate Trustees	219,114	471,114	368,084	368,084
Diocese of Grafton	175,000	175,000	175,000	-
Add: 25% from Corporate Trustees	73,038	157,038	122,695	122,695
Total Diocese of Grafton	248,038	332,038	297,695	122,695
Combined	**511,629**	**1,097,391**	**727,921**	**490,779**

- AFGD return based on surplus available after contribution to Grafton Diocese.
- Contribution to Diocese of Grafton estimated at 2018 actual of $175,000.
- Assumed approximately 25% of the Corporate Trustees returns relate to funds held on behalf of the Diocese of Grafton, shown as an adjustment above.
- Corporate Trustees returns calculated as follows:
  - Option A: Maintaining the current status and returns
    - Type A Funds - $572,666 returning 1.5% = $8,590
    - Type B Funds - $10,906,205 returning 2.6% = $283,561
  - Option B: Participation in the AFSA Endowment fund will provide an additional benefit over Option A. This is a direct result of the $8m returning 5% plus 1.8% CPI compared to 4.5% on an open market
    - Type A Funds - $572,666 returning 1.5% = $8,590
    - Type B Funds - $2,906,205 returning 2.6% = $75,561
    - Funds with AFSA - $8,000,000 returning 5% + CPI @1.8% = $544,000
  - Option C: Treasury role provides the opportunity for investment in the open market. Open market returns calculated using 4.5%
    - Type A Funds - $Nil
    - Type B Funds - $10,906,205 returning 4.5% = $490,779
  - Option D: Opportunity for investment in the open market. Open market returns calculated using 4.5%
    - $10,906,205 returning 4.5% = $490,779

The table below displays any additional benefits compared to maintaining the current arrangement of Option A:

Entity	Additional Benefits of Option B v Option A $	Additional Benefits of Option C v Option A $	Additional Benefits of Option D v Option A $
AFGD	249,762	17,664	(44,478)
Corporate Trustees	336,000	198,628	198,628
Less: 25% to ADoG	(84,000)	(49,657)	(49,657)
Total Corporate Trustees	252,000	148,971	148,971
Diocese of Grafton	-	-	(175,000)
Add: 25% from Corporate Trustees	84,000	49,657	49,657
Total Diocese of Grafton	84,000	49,657	(125,343)
Combined	**585,762**	**216,292**	**(20,850)**

- Of the $585,762 combined benefit of Option B v Option A above, $184,000 is the direct result of the 2.3% additional margin on $8m

Capital Adequacy

Asset	Option A $	Option B $	Option C $
Loans	20,392,036	20,392,036	-
Investments	7,415,286	-	20,371,822
AFSA Endowment Fund	-	7,415,286	-
Cash	3,089,702	3,089,702	3,595,027
Total	30,897,024	30,897,024	23,966,849
Capital Adequacy	7.42%	7.42%	13.58%

1. Instructions

1.1 Anglican Funds Grafton Diocese ("AFGD") has engaged Thomas Noble & Russell to prepare a financial analysis of the following 4 strategic options that are being considered by AFGD based upon assumptions and parameters provided by AFGD.

1.2 Option A comprise maintaining the current arrangements. The model is to draft a 5 year budget with a path of improving AFGD's capital adequacy over a 3 year time frame;

1.3 Option B comprises a continuance of the current structure with additional services provided by AFSA;

1.4 Option C comprises a funds management model whereby AFGD manages the excess cash needs of various entities. Existing loans and advances would be absorbed within the portfolio and eventually paid out.

1.5 Option D comprises a "wind up" model. At this stage a "map" of how to proceed down this path would need to be developed after Options A, B and C are considered. Consideration of the potential impact of the finances of the Anglican Diocese of Grafton and the Corporate Trustees of the Diocese of Grafton over the review period will be important.

2. Disclosure of Other Services

We note that Thomas Noble & Russell acts as auditor for AFGD. AFGD acknowledges that we provide this other service, and have agreed for Thomas Noble & Russell to perform the engagement.

3. Sources of Information

We have reviewed and relied upon the following sources of information:

- 2017 Financial Statements for AFGD
- 2018 Draft Financial Statements for AFGD
- Letter of Offer from David Ford of AFSA including expanded Service Agreement from AFSA
- Emails from Chris Nelson
- Telephone conversations with Chris Nelson
- Confidential paper summarising AFGD Strategic Options
- Ord Minnett Portfolio Valuation as at 31 December 2018
- Summary of Estimated Income Yields for 2019

Thomas Noble & Russell

Accountants | Auditors | Business Advisers

4. Analysis of Options A, B & C

Option A: Maintain Current Arrangements

Under this option the current operations continue with parishes, schools and associated retail investors. Customer service levels will remain with counter service during business hours, telephone service and a business banking portal. Refer to Appendix A for assumptions

Account No.	Account Name	Year 1 $	Year 2 $	Year 3 $	Year 4 $	Year 5 $
4-0000	Income					
4-1012	Interest Recd - AFSA	6,931	7,056	7,183	7,312	7,444
4-1013	Interest Recd - Melb CF7963	80,673	82,125	83,604	85,109	86,640
4-1014	Interest Recd - WBC	25,090	25,542	26,002	26,470	26,946
4-1020	Overdraft/LOC INT INC	187,175	190,544	193,974	197,466	201,020
4-1021	Interest Only Loans INT INC	247,383	251,836	256,369	260,984	265,681
4-1022	Princ & Int Loans INT INC	422,005	429,601	437,334	445,206	453,220
4-1055	Ord Min List Interest Income	120,513	122,682	124,891	127,139	129,427
4-1056	Ord Min U/List Interest Income	233,937	238,148	242,435	246,799	251,241
4-2100	Line Fee Income	141,167	143,708	146,294	148,928	151,608
	Total Income	**1,464,876**	**1,491,244**	**1,518,086**	**1,545,412**	**1,573,229**
5-0000	Cost Of Sales					
5-2100	Interest Paid to Investors	747,037	760,484	774,172	788,108	802,294
	Total Cost Of Sales	747,037	760,484	774,172	788,108	802,294
	Gross Profit	**717,839**	**730,760**	**743,914**	**757,304**	**770,935**
6-0000	Expenses					
6-1100	Provision for Annual Leave	2,994	3,048	3,103	3,158	3,215
6-1300	Salaries and Wages	222,400	226,403	230,478	234,627	238,850
6-1500	Superannuation	21,128	21,508	21,895	22,290	22,691
6-1700	Fund Manager Vehicle	4,800	4,886	4,974	5,064	5,155
6-4200	Advertising	2,878	2,930	2,983	3,036	3,091
6-4300	Audit Fees	26,890	27,374	27,867	28,368	28,879
6-4360	Legal Fees	7,262	7,392	7,525	7,661	7,799
6-4400	WBC Bank Charges	6,398	6,513	6,630	6,750	6,871
6-4402	Indue Fees	586	597	608	619	630
6-4425	Depreciation Expense	7,516	7,652	7,789	7,930	8,072
6-4440	WBC Line of Credit Charges	10,230	10,414	10,602	10,792	10,987
6-4442	Ord Minnett Brokerage/Advice	18,538	18,872	19,212	19,557	19,909
6-4445	ASFA Line of Credit Charges	624	635	647	658	670
6-4450	AFSA Service Agreement Fees	118,718	120,855	123,030	125,245	127,499
6-4510	Insurance - Workers Comp	3,336	3,396	3,457	3,519	3,583
6-4530	Insurance - General	18,818	19,157	19,501	19,852	20,210
6-4600	Meeting Expenses	822	837	852	868	883
6-4700	Postage	2,030	2,067	2,104	2,142	2,180
6-4800	Printing & Stationery	2,093	2,130	2,169	2,208	2,248
6-4900	Rent/Victoria Street	5,200	5,294	5,389	5,486	5,585
6-5000	PC Repairs & Maintenance	25	25	26	26	27
6-5100	Telephone	2,332	2,374	2,417	2,460	2,505
6-5200	Travel & Accommodation - Board	10,415	10,603	10,794	10,988	11,186
6-5300	Travel & Accommodation - AFGD	1,706	1,737	1,768	1,800	1,832
6-5310	AFGD Staff Expenses Other	621	632	643	655	667
	Total Expenses	498,361	507,331	516,463	525,760	535,223
	Surplus Profit for Distribution	**219,478**	**223,429**	**227,450**	**231,544**	**235,712**

Option B: Continue with additional management services from AFSA

This option assumes the current business operations continue with the vacant manager position not filled. The additional management service requirements will be met by an expanded service agreement from AFSA.

In addition to the extra services from AFSA, we have factored in an adjusted investment profile with AFGD moving Corporate Trustee funds of $8m to AFSA endowment fund. Refer to Appendix B.

Account No.	Account Name	Year 1 $	Year 2 $	Year 3 $	Year 4 $	Year 5 $
	Income					
4-1012	Interest Recd - AFSA	504,239	513,316	522,555	531,961	541,537
4-1013	Interest Recd - Melb CF7963	80,673	82,125	83,604	85,109	86,640
4-1014	Interest Recd - WBC	25,090	25,542	26,002	26,470	26,946
4-1020	Overdraft/LOC INT INC	187,175	190,544	193,974	197,466	201,020
4-1021	Interest Only Loans INT INC	247,383	251,836	256,369	260,984	265,681
4-1022	Princ & Int Loans INT INC	422,005	429,601	437,334	445,206	453,220
4-1055	Ord Min List Interest Income	-	-	-	-	-
4-1056	Ord Min U/List Interest Income	-	-	-	-	-
4-2100	Line Fee Income	141,167	143,708	146,294	148,928	151,608
	Total Income	**1,607,733**	**1,636,672**	**1,666,133**	**1,696,123**	**1,726,653**
5-0000	Cost Of Sales					
5-2100	Interest Paid to Investors	747,037	760,484	774,172	788,108	802,294
	Total Cost Of Sales	747,037	760,484	774,172	788,108	802,294
	Gross Profit	**860,696**	**876,189**	**891,960**	**908,015**	**924,360**
6-0000	Expenses					
6-1100	Provision for Annual Leave	1,244	1,266	1,289	1,312	1,336
6-1300	Salaries and Wages	92,400	94,063	95,756	97,480	99,235
6-1500	Superannuation	8,778	8,936	9,097	9,261	9,427
6-4200	Advertising	2,878	2,930	2,983	3,036	3,091
6-4300	Audit Fees	26,890	27,374	27,867	28,368	28,879
6-4360	Legal Fees	7,262	7,392	7,525	7,661	7,799
6-4400	WBC Bank Charges	6,398	6,513	6,630	6,750	6,871
6-4402	Indue Fees	586	597	608	619	630
6-4440	WBC Line of Credit Charges	10,230	10,414	10,602	10,792	10,987
6-4442	Ord Minnett Brokerage/Advice	0	-	-	-	-
6-4445	ASFA Line of Credit Charges	624	635	647	658	670
6-4450	AFSA Service Agreement Fees	188,718	192,115	195,573	199,093	202,677
6-4510	Insurance - Workers Comp	1,386	1,411	1,436	1,462	1,489
6-4530	Insurance - General	18,818	19,157	19,501	19,852	20,210
6-4600	Meeting Expenses	822	837	852	868	883
6-4700	Postage	2,030	2,067	2,104	2,142	2,180
6-4800	Printing & Stationery	2,093	2,130	2,169	2,208	2,248
6-4900	Rent/Victoria Street	5,200	5,294	5,389	5,486	5,585
6-5000	PC Repairs & Maintenance	25	25	26	26	27
6-5100	Telephone	2,332	2,374	2,417	2,460	2,505
6-5200	Travel & Accommodation - Board	10,415	10,603	10,794	10,988	11,186
6-5300	Travel & Accommodation - AFGD	1,706	1,737	1,768	1,800	1,832
6-5310	AFGD Staff Expenses Other	621	632	643	655	667
	Total Expenses	391,456	398,502	405,675	412,978	420,411
	Surplus Profit for Distribution	**469,240**	**477,686**	**486,285**	**495,038**	**503,948**

Option C: Treasury

This option examines the results after making changes to the structure of the businesses service offerings by reducing the accounts available to customers, reducing customer service and focusing on maximising the overall return on investments. Refer to Appendix C for assumptions.

Funds managed are divided into the following categories:

- Type A Funds: Excess cashflow not required for that organisation's cashflow in the next 30 days. These funds are those of the Corporate Trustees of the Diocese of Grafton; Anglican Schools and Anglicare North Coast Funds.
- Type B Funds: Amounts greater than $50,000 or greater from Parishes and other organisations of the Diocese of Grafton.

As at 31 December 2018 Type A, Type B and funds to be returned to investors comprise the following:

Description	Totals $	Type A $	Type B $	Funds Returned $
Anglican Affiliate Entity	6,700,691	1,005,104	5,695,587	
Grafton Diocese	12,208,494	1,831,274	10,377,220	
Individuals	4,047,888			4,047,888
Organisation	393,804			393,804
Parish	4,617,512	692,627	3,924,885	
School	440,153	66,023	374,130	
Self Managed Superannuation Fund	2,488,479			2,488,479
	30,897,021	3,595,027	20,371,822	6,930,171

This results in $23,966,849 remaining in the Treasury Model. Refer to Appendix C.

Account No.	Account Name	Year 1 $	Year 2 $	Year 3 $	Year 4 $	Year 5 $
4-0000	Income					
4-1055	Ord Mn List Interest Income	331,083	337,042	343,109	349,285	355,572
4-1056	Ord Mn U/List Interest Income	642,690	654,259	666,035	678,024	690,228
	Total Income	**973,773**	**991,301**	**1,009,144**	**1,027,309**	**1,045,801**
5-0000	Cost Of Sales					
5-2100	Interest Paid to Investors	583,593	594,097	604,791	615,677	626,760
	Total Cost Of Sales	583,593	594,097	604,791	615,677	626,760
	Gross Profit	**390,180**	**397,204**	**404,353**	**411,632**	**419,041**
6-0000	Expenses					
6-1100	Provision for Annual Leave	1,010	1,028	1,046	1,065	1,084
6-1300	Salaries and Wages	75,000	76,350	77,724	79,123	80,548
6-1500	Superannuation	7,125	7,253	7,384	7,517	7,652
6-4360	Legal Fees	7,262	7,392	7,525	7,661	7,799
6-4442	Ord Minnett Brokerage/Advice	50,930	51,846	52,780	53,730	54,697
6-4510	Insurance - Workers Comp	1,125	1,145	1,166	1,187	1,208
6-4530	Insurance - General	9,409	9,578	9,751	9,926	10,105
6-5000	PC Repairs & Maintenance	13	13	13	13	13
6-5100	Telephone	1,166	1,187	1,208	1,230	1,252
	Total Expenses	153,038	155,793	158,597	161,452	164,358
	Surplus Profit for Distribution	**237,142**	**241,411**	**245,756**	**250,180**	**254,683**

5. Comments on Option D

In order to wind the fund up in an orderly and structured manner a number of key financial decisions would need to be made inter alia:

- Managing the wind down of the existing loan portfolio;
- Return of deposits from investors
- Payment of entitlements to staff
- How any surplus of funds are to be distributed

6. Scope of Engagement

6.1 We have provided the Services to you in accordance with engagement letter dated 15 February 2019.

6.2 The Services covered by this engagement do not include audit or review services, therefore, no assurance will be provided.

6.3 The Services do not cover financial or legal advice. Should you require financial or legal advice we can recommend a licenced practitioner to you or you may seek your own advice from a licenced practitioner.

6.4 Other than our responsibility to AFGD's Board of Directors and Management, neither Thomas Noble & Russell nor any member or employee of Thomas Noble & Russell undertakes responsibility arising in any way from reliance placed by a third party on this Report. Any reliance placed is that party's sole responsibility

6.5 Our Report is for the sole use of the board and is not to be used by any other person for any other purpose and may not be distributed, duplicated, quoted, referred to, in whole or in part, without our prior written consent.

6.6 The report was prepared on the basis that full disclosure of all information that may affect the options considered in this report was made to us. We have not verified the reliability, accuracy or completeness of the information provided to us

6.7 We reserve the right, if it is considered necessary, to review all calculations referred to in this report.

THOMAS NOBLE AND RUSSELL
CHARTERED ACCOUNTANTS

Per:

B Lane

....

BRETT LANE (Partner_

7. Appendix A

Income Assumptions

- Interest Received – based on 2018 actuals
- Ord Minnett Investment returns based on the yield projections for 2019 for Ord Minnett performance, calculated at 4.78%. Income split between listed in unlisted based on 2018 actuals.
- Ord Minnett returns calculated on funds invested of $7.4m.
- The following accounts have been deemed not relevant:
  - 4-1058 Profit/Loss on Sale of Fixed Assets
  - 4-2000 Service Fees Received
  - 4-1057 Proceeds on Sale of Bonds
  - 4-3000 Sundry Income
  - 4-1011 Interest Recd – NAB
  - 4-1015 Interest Recd - AMP

Investor Distribution Assumptions:

- Distributions to Investors has been calculated on the following Assumptions:
  - Type A Funds – 1.5%
  - Type B Funds – 2.6%

Expense Assumptions:

- The following accounts have been deemed not relevant:
  - 6-1200 Provision for Long Service Leave
  - 6-4410 Consultancy Fees – replaced with manager wage
  - 6-4412 Donations

- 6-1300 Salaries & Wages – increased with an additional manager role at $130,000p.a plus on-costs
- 6-1500 Superannuation – 9.5% of Salaries & Wages
- 6-1100 Provision for Annual Leave – Monthly Accrued entitlement based on Salaries & Wages
- 6-4510 Insurance – Worker's Comp – 1.5% of Salaries and Wages
- 6-4360 Legal Fees - reduced to 50% of 2018
- 6-4425 Depreciation Expense – Included to account for fund manager vehicle
- 6-4442 Ord Minnett Brokerage/Advice – reduction from 0.4% management fee to 0.25% as negotiated by Blaine Fitzgerald

8. Appendix B

Income Assumptions:

- Interest Received – based on 2018 actuals
- Ord Minnett Investment returns have been reduced to $Nil, based on reinvesting the balance of $7.4m into the AFSA Endowment Fund.
- $8m of Corporate Trustees funds moved to AFSA, and replaced by AFSA back-filling $8m into AFGD and invested in the same proportions as 2018.
- Endowment fund income calculated at 5% + 1.8% CPI on $8m
- The following accounts have been deemed not relevant:
    - 4-1058 Profit/Loss on Sale of Fixed Assets
    - 4-2000 Service Fees Received
    - 4-1057 Proceeds on Sale of Bonds
    - 4-3000 Sundry Income
    - 4-1011 Interest Recd – NAB
    - 4-1015 Interest Recd - AMP

Investor Distribution Assumptions:

- Distributions to Investors has been calculated on the following Assumptions:
    - Type A Funds – 1.5%
    - Type B Funds – 2.6%

Expense Assumptions:

- The following accounts have been deemed not relevant/significant:
    - 6-1200 Provision for Long Service Leave
    - 6-4412 Donations
    - 6-4410 Consultancy Fees – replaced with increased AFSA Service Agreement of $70,000
    - 6-4425 Depreciation Expense
    - 6-1700 Fund Manager Vehicle

- 6-1300 Salaries & Wages – Only existing staff. Management reporting taken on through additional service agreement from AFSA
- 6-1500 Superannuation – 9.5% of Salaries & Wages
- 6-1100 Provision for Annual Leave – Monthly Accrued entitlement based on Salaries & Wages
- 6-4510 Insurance – Worker's Comp – 1.5% of Salaries and Wages
- 6-4360 Legal Fees - reduced to 50% of 2018
- 6-4450 AFSA Service Agreement – Increase of $70,000 per year
- 6-4442 Ord Minnett Brokerage/Advice – reduction from 0.4% management fee to 0.25% as negotiated by Blaine Fitzgerald – Balance transferred to AFSA Endowment Fund has resulted in $Nil Ord Minnett Fees.

9. Appendix C

The following assumptions are in relation to Option C Treasury Model.

Income Assumptions:

- Investment returns based on the yield projections for 2019 for Ord Minnett performance, calculated at 4.78%. Income split between listed in unlisted based on 2018 actuals.
- The following accounts have been deemed not relevant:
  - 4-1058 Profit/Loss on Sale of Fixed Assets
  - 4-2000 Service Fees Received
  - 4-2100 Line Fee Incomes
  - 4-1057 Proceeds on Sale of Bonds
  - 4-1020 Overdraft/LOC Interest Income
  - 4-1021 Interest Only Loans Interest Income
  - 4-1022 Princ & Int Loans INT Inc
  - 4-1011 Interest Recd – NAB
  - 4-1012 Interest Recd - AFSA
  - 4-1013 Interest Recd – Melb CF7963
  - 4-1014 Interest Recd - WBC
  - 4-4015 Interest Recd – AMP
  - 4-3000 Sundry Income

Investor Distribution Assumptions:

- Distributions to Investors has been calculated on the following Assumptions:
  - Type A Funds – 1.5%
  - Type B Funds – 2.6%

Expense Assumptions:

- The following accounts have been deemed not relevant:
  - 6-1700 Fund Manager Vehicle
  - 6-4200 Advertising
  - 6-4300 Audit Fees
  - 6-4402 Indue Fees
  - 6-4410 Consultancy Fees
  - 6-4412 Donations
  - 6-4440 WBC Line of Credit Charges
  - 6-4445 AFSA Line of Credit Charges
  - 6-4450 AFSA Service Agreement Fees
  - 6-4600 Meeting Expenses
  - 6-4700 Postage
  - 6-4800 Printing & Stationery
  - 6-4900 Rent/Victoria Street

  - 6-5200 Travel & Accommodation – Board
  - 6-1200 Provision for Long Service Leave
  - 6-4425 Depreciation Expense
  - 6-5310 AFGD Staff Expenses

- 6-4360 Legal Fees - reduce to 50%
- 6-4530 Insurance - General - reduce to 50%
- 6-5000 PC Repairs & Maintenance - reduce to 50%
- 6-5100 Telephone - Reduce to 50%
- 6-1300 Salaries & Wages – Based on a 0.5 FTE manager role at $150,000
- 6-1500 Superannuation – 9.5% of Salaries & Wages
- 6-1100 Provision for Annual Leave – Monthly Accrued entitlement based on Salaries & Wages
- 6-4510 Insurance – Worker's Comp – 1.5% of Salaries and Wages
- 6-4442 Ord Minnett Brokerage/Advice – reduction from 0.4% management fee to 0.25% as negotiated by Blaine Fitzgerald

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 increased borrowing or the amendment of terms;
5. Personal contacts 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 amended 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;

Client	Activity	Frequency	
i. School portfolio St Columba Anglican School Bishop Druitt College Clarence Valley Anglican School Emmanuel Anglican College Lindisfarne Anglican Grammar School	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	for each entity
AFGD Board Reporting requirements	Provision of a written structured Board report summarising	quarterly 2 via Zoom teleconference	

	Key client activities Risk Management Framework (covering all items in item b) Financial Performance - analysing performance against agreed benchmarks.	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.	phone diversion call service during staff absences in Grafton Services to be agreed between the two parties	as required

b. Other Services

Risk Management Framework	Policy assistance review and recommendation	once every 2 years
Interest rate Risk	Policy assistance review and recommendation Review and produce Investor Interest rate data Review and produce Lending reference rate data	once every 2 years weekly monthly
Credit Risk	Policy assistance review and recommendation Apply credit policy and authorisations on all credit recommendations	once every 2 years as required when applied
Capital Adequacy - includes DFATF prudential benchmarks.	Policy assistance review and recommendation DFATF prudential benchmark template	once every 2 years

Liquidity - including surplus liquidity policy	Policy assistance review and recommendation Interest Bearing securities review and recommendation Data available monthly	once every 2 years report to AFGD Board Quarterly
audit assistance	Financial year end 31/12 annually January annually produce Data Action reports to satisfy audit requirements Including but not limited to	once every year one week collating the data per year by AFSA Team.
	Investor book information: 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.**

Gmail by Google

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

Some dates we need to be aware of PLUS

Fordie <fordie@mac.com> 11 March 2019 at 11:48
To: Chris Nelson <chris.nelson@graftondiocese.org.au>

Greetings Chris,
I am sure you are aware that the insurance and contract that we have in please with Blaine for his contribution finish on 15th June this year.

I caught up with BF over the weekend.
I expressed my thoughts that it is a pity that AFSA didn't come back with a staged plan to "take over" AFGD.

As he is want to do BF came back to me with the following.

Is it possible that we could grab an hour with BF on Thursday or Friday, as he will also be in Port, to discuss these points please.

I think this should be thrashed out a bit more for clarity.
Here are some back of envelope thoughts.
Assume this means community fund - AFGD.
Investor book and loans -

Grafton:
What does Grafton want out of it per annum?
Annette remains as local representative - but remains on Grafton's payroll.
Grafton AFGD - audit cost saving $30K. (no longer required)
Service agreement saving - DA pass through software and transactional costs & Adelaide service costs will pass to Adelaide.
No financial reporting required as Adelaide simply distribute a consistent income back to Grafton on an agreed formula/methodology.
(less HR requirement in Finance Department Grafton.) 2 days per week -potentially - needs to be factored in.
Parishes and Anglican associated investors Grafton may be able participate in Adelaide's annual Participant distribution. $50K pool las two years.
Capital adequacy - Adelaide.
Existing retained earnings Grafton to transfer to Adelaide's to become stakeholder investment Circa $1.5m - to help offset Capital Adequacy burden.
Grafton simplify bank accounts with reconciliations reduced significantly.

Trustees stay with plan to invest in Adelaide Endowment Fund. $6m to $8m.

Adelaide:
All existing income and expenses associated in the Grafton portfolio including distribution to Grafton, is Adelaide's.
Can Adelaide make it work or be more profitable than it currently is. Don't know the answer.
Adelaide expand ASIC ID statement to include Grafton product offering. Initially no change then over time consolidate offerings taking the best from both parties.

Elephant in the room:
Loans - in the event of default.
Grafton
Existing loans written

Regards

David Ford
0418 654 909
fordie@mac.com

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For AFGD Board Discussion Only

Notes re Blaine Fitzgerald's March 2019 Responses

Basics:

- AFSA to take over AFGD 'book'
- AFGD brand remains
- AFGD contact person remains in Grafton Office (Grafton employee)
- Diocese of Grafton to get reward for book
- Diocese of Grafton dissolves AFGD Board. Relationship with AFSA under Corporate Trustees oversight.

What sort of 'reward' should be due to Grafton?

- Based on Grafton deposits? (Diocese, Schools, other organisations, individuals)
- Based on loans to Grafton?
- Based on a combination of deposits and loans? Share of margin?
- What would be our target figure?
  - GDIF provided about $500K per annum in the good ol' days
  - 2018 AFGD profit before distribution and revaluations was $345K
  - 2018 net interest/deposits was 2.20%
  - No target. "Go with the flow"
  - Need to cover local employment costs out of Grafton's share

Questions?

- Is this deal contingent on Corporate Trustees maintaining AFGD accounts and/or Adelaide Endowment deposits?
- Can we start off with the existing parameters (e.g. local staff, compulsory participation, AFGD branding) but put a sunset on each?

Elephants

- In the event of default of loan
  - If Corporate Trustees stood behind all loans then the risks are:
    - Soft or poorly managed loans
    - Corporate Trustees bearing contingent liabilities
    - Corporate Trustees would need to approve/monitor each loan
  - If AFSA wears default
    - Need ability to foreclose; appoint administrator and/or appoint liquidator (similar to a commercial bank)

- Existing loans
  - If AFSA were to take on AFGD 'book' then all existing loans would transfer across
  - All existing AFGD loans seem to be good quality with possible exception of CVAS but margin on CVAS loan is more attractive
  - AFGD is a signatory in Deed of Gift & Indemnity and CVAS subordinated debt
  - Makes sense for all loans to be included in 'deal' but not Deed of Gift & Indemnity

- Compulsory arrangements
  - Currently all Diocesan organisations are required to use AFGD unless approved otherwise
  - Assume that AFSA will want arrangement to remain in place which means that Bishop-in-Council will continue to approve exemptions from time to time. Potential source of conflict where exemption given despite AFSA desire to service that client.

- Cost shifting
  - Diocese of Grafton desires a share of the economic value arising from the deposits and loans of Grafton entities but AFSA could just increase the margin to cover Grafton's 'reward'. This will just shift costs and act as a levy on Grafton entities.

- Section 83C issues
  - If the Diocese gets a monetary reward as a result of schools deposits and loans but without the Diocese actually providing a service, the arrangement could be considered to be the type of financial siphoning that is prohibited under s83C of the Education Act
  - Legal advice would be required to clarify

Other issues:

- Legal processes
  - Will need legal advice on transfer of 'book' to AFSA to avoid the process of re-signing each loan contract and pari passu deed
  - Reassigning and renaming of Investment Fund ABN will probably be required

- Monitoring of relationship
  - What sort of effort/infrastructure is needed to monitor AFSA relationship?
  - Would the Corporate Trustees need to appoint a consultant/contractor to monitor and report?

- What if AFSA gets shaky?
  - AFSA's financial reports, audited financial reports would need to be available to Corporate Trustees
  - Would there be compulsory reporting covenants if certain KPIs (capital adequacy, liquidity, risk concentration) were triggered?
  - Right to conduct an orderly exit if AFSA reached particular levels on KPIs

- Retained earnings
  - Blaine's proposal is that Corporate Trustees hand over Retained Earnings with the 'book'
  - Unless this is converted into an equity position, there should be a time limit to this arrangement

- Promotions and gifting
  - Should be AFSA management responsibility

- Size of Corporate Trustees investment in Adelaide Endowment Fund
  - Investment in Adelaide Endowment Fund is more lucrative than investment in AFGD term deposits
  - $6M to $8M investment in Adelaide Endowment Fund would be the single largest investment by the Corporate Trustees and would need to be subject to its own due diligence

- Maintaining Grafton presence
  - There will be less need for a Grafton presence as AFSA becomes more familiar with the Grafton clients and the clients become less reliant on dealing with a Grafton office. Technology improvements will emphasise this trend.
  - There should be a time limit or periodic review of these arrangements

- Maintaining brand
  - The AFGD brand is positive at this time but will lose importance as a relationship with AFSA matures
  - There should be a time limit or periodic review of the brand strategy

- What happens if AFSA want to withdraw 3 years from now?
  - Once the AFGD 'book' is transferred to AFSA, most other options are removed
  - If AFSA decided at a future date to close AFSA or to return to just SA accounts, there would be no effective options for the former AFGD clients except individually to find the best arrangement/service provider they can

Next Steps?

1. Discuss in AFGD Board. Considering the potential positives and pitfalls and comparison to other options does the Board wish to explore this?
2. Contact Blaine Fitzgerald to confirm that AFSA are willing to enter into discussions on this basis.
3. Confirm with Corporate Trustees that they are willing for AFGD Board to enter into these discussions.
4. a. Agree on overall parameters; b. Appoint negotiating team; c. Appoint legal adviser and any other advisers who are required.
5. Commence negotiations

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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:

- 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.

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

- 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.

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	Weaknesses
• 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	• 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	**Threats**
• Most opportunities are covered by other strategic options • Business from other Anglican dioceses	• 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.

AFGD Strategic Options

Strengths	Weaknesses
• 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	• 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
Opportunities	**Threats**
• Most opportunities are covered by other strategic options • Non-retail business from other Anglican Dioceses	• 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

<u>Comments</u>

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.

Strengths	Weaknesses
• 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	• 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

• 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 • No locking in of Corporate Trustees and other diocesan deposits. Greater opportunity for investments • Increased capacity could unlock other opportunities	**Threats** • 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).

AFGD Strategic Options

Strengths	Weaknesses
• 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	• 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	**Threats**
• No locking in of Corporate Trustees and other diocesan deposits. Greater opportunity for investments • Increased capacity could unlock other opportunities	• Ability to demand agency participation is in doubt • New arrangement may threaten pari passu arrangements

<u>Comments</u>

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).

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	**Weaknesses**
• 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	• Requires close and trustworthy relationship with schools, parishes and agencies on cashflow forecasts • Recruitment and new processes to be developed
Opportunities	**Threats**
• Provide Treasury for other small dioceses	• 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)

<u>Comments</u>

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

The AFGD Board would be disbanded upon practical completion.

Option F. Wind up of AFGD

Planned closure of AFGD.

Reasons • 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 • 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.

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:

23/05/2019

No 7 Matters for discussion and/or decision

Item: c

Title: Capital Adequacy Reporting

No of Pages. 4 incl Header

AFGD BOARD
Item Paper

AGENDA ITEM NO	SUBJECT:	PREPARED BY:	DATE:
7.c.	Capital Adequacy Reporting	Mr Chris Nelson Registrar	23 May 2019

PURPOSE:

To agree on the Capital Adequacy reporting desired by the Board of Anglican Funds Grafton Diocese.

BACKGROUND:

Capital Adequacy reporting has been a feature of AFGD Board reports for several years, the Capital Adequacy reporting is based on guidelines issued by the Anglican Church of Australia Diocesan Financial Advisory Task Force (DFATF).

At a recent AFGD Board meeting, the reported Capital Adequacy made a substantial 'improvement' on previously reports. When investigated, the 'improvement' was attributed to a change in the calculation whereas credit facilities agreed but not used were not included in the calculation. This change reflects the approach that Anglican Funds South Australia (AFSA) use for their Capital Adequacy reporting.

This has raised the issue as to the method of Capital Adequacy reporting to use and the form of Capital Adequacy to be used as the performance benchmark for AFGD.

DISCUSSION:

The AFSA approach that only considers credit in use gives a more accurate indication of the Capital Adequacy of the current position of the Fund.

Where Capital Adequacy considers all credit facilities, whether used or unused, it gives a more accurate picture of the risk exposure of the Fund.

Both calculations provide useful information.

As Capital Adequacy is a risk management benchmark, it would be appropriate to continue to calculate Capital Adequacy using all agreed credit facilities.

RECOMMENDATION:

It is recommended that the AFGD Board resolves:

That the AFGD Board confirms that it will retain its benchmark for Capital Adequacy where the calculation considers all agreed credit facilities whether used or not used but requests a supplementary figure that shows the Capital Adequacy where credit facilities not in use are excluded.

Gmail

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

Resolutions of AFGD Board Meeting of 4 April 2019

Chris Nelson <chris.nelson@graftondiocese.org.au> 5 April 2019 at 09:11
To: Blaine Fitzgerald <blaine.fitzgerald@afgd.com.au>
Cc: Annette Dent <office@afgd.com.au>, David Ford <fordie@mac.com>

Hi Blaine,

Please find below various resolutions arising from the 4 April 2019 AFGD Board Meeting.

In response to the Audit Committee's question re Note 22c:
"That the AFGD Board notes the reported total loan commitments of about $23.4 million and reports that this commitment is manageable considering the capital reduction payments of about $1.5 million per annum, the timing of the expected usage of loan commitments for projects, the availability of about $7 million in funds in Ord Minnett investments and the backup of the $1 million AFSA line of credit facility.

AFGD will also be conducting a review of the line of credit facilities AFGD provides to various clients as a number of these now appear to be in excess of client requirements."

Further on that topic:
"That the AFGD Board requests Mr Blaine Fitzgerald to provide a timeline of the use of loan commitments so the proper management of these commitments can be assured."

On the topic of schools:
"That the AFGD Board requests that as each school's audited annual financial report becomes available that Mr Blaine Fitzgerald submits those statements to the Board along with his analysis of their financial position."

On the topic of Capital Adequacy:
"That the AFGD Board requests Mr Blaine Fitzgerald to clarify the Capital Adequacy report."

On the topic of interest rates:
"On consideration of the relevant market comparisons, the AFGD Board has determined that no change in its advertised interest rates is necessary at this time."

I hope all of this is self-explanatory.
--

Regards,

Chris Nelson

General Manager/Registrar

Anglican Diocese of Grafton

Gmail by Google

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

Resolutions of AFGD Board Meeting of 4 April 2019

Blaine Fitzgerald <blaine.fitzgerald@afgd.com.au> 9 April 2019 at 18:32
To: Chris Nelson <chris.nelson@graftondiocese.org.au>, Annette Dent <annette.dent@afgd.com.au>, David Ford <fordie@mac.com>

Hi Chris,

On the topic of Capital Adequacy:
"That the AFGD Board requests Mr Blaine Fitzgerald to clarify the Capital Adequacy report."

Historically leading up to 31/12/18 the Capital Adequacy reports prepared were conservative in nature are were calculated including all unused facilities/approved limits.

The reports prepared for auditors TNR as at 31/12/18 were calculated including only drawn facilities as were the recent management reports as at 28/2/19.

This improves the end capital adequacy position substantially and is consistent with AFSA calculation methodology.
The big improvement in two months relates to school debt via line of credit usage. Cyclically its high to 31/12 as the school year comes to an end and by the end of Feb of the following year 75% of government funding is received all but eliminating outstanding borrowings on lines of credit.

I have included both reports that were prepared by Annette and cross checked by myself.
Annette can recalculate them if need be and provide the calculations including undrawn commitments.
If that was the case Capital Adequacy would revert to circa 5% and additional capital circa $1.5m would be required.

Please let me Know if you require anything further.

kind regards

Blaine Fitzgerald
Mobile: **0450 924 448**
Email: **blaine.fitzgerald@afgd.com.au**

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I believe the advice and information herein to be accurate and reliable, but no warranty of accuracy or reliability is given. Unless otherwise specified, to the extent there is any advice contained within this message, such advice is general advice and not personal advice nor a recommendation.

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Anglicanfunds
GRAFTON DIOCESE

BOARD MEETING DATE:

23/05/2019

No 7 Matters for discussion and/or decision

Item: d

Title: Synod Report

No of Pages. 3 incl Header

AFGD BOARD
Item Paper

AGENDA ITEM NO	SUBJECT:	PREPARED BY:	DATE:
7.d.	Synod Report	Mr Chris Nelson Registrar	23 May 2019

PURPOSE:

To endorse the report to Synod by the Chair of Anglican Funds Grafton Diocese.

BACKGROUND:

Each Diocesan Organisation is required to provide a concise report to the Synod on their activities over the preceding calendar year.

Reports are collated into the Synod Report Book.

DISCUSSION:

The following report has been submitted by the Chair for inclusion in the Synod Report Book.

RECOMMENDATION:

It is recommended that the AFGD Board resolves:

That the AFGD Board endorses the Chair's report to the 2019 Synod.

ANGLICAN FUNDS GRAFTON DIOCESE (AFGD)
Report for year ending 2018

2018 has been a year of change within AFGD.

During the year, to enable AFGD successfully managed compliance the Australian Securities and Investments Commission Charitable Investment Fundraising Instrument 2016/813. Unfortunately, this required the closing of accounts and return of funds for investors that did not meet the ASIC definition of 'associated' and $6.1 million of funds were returned in this process by the 30 September 2018 deadline.

At the same time, AFGD reviewed dormant accounts and tracked down many of the account holders. About $2,000 of funds were remitted to the Office of State Revenue for dormant accounts where the account owners were unable to be traced.

Special acknowledgment must be given to Annette Dent, who with the assistance of Linda Butler (Predo), professionally ensured a seamless transition for both the Fund and our clients.

The operating profit in 2018 at $345,599 was an improvement over the 2017 profit of $181,458. In 2018, $175,000 was contributed to the Diocese of Grafton for mission, ministry, and administration.
(2017: $150,000).

The remainder of earnings were retained to strengthen the Capital Adequacy of the Fund.

Mr Blaine Fitzgerald left AFGD in January 2018 but we have been able to maintain a working relationship with Blaine as both a consultant and in his new role as head of Anglican Funds South Australia (AFSA). As a consultant, Blaine Fitzgerald ensures that our major clients, our five schools, continue to receive a high level of service from AFGD.

The AFGD Board works diligently to ensure the Fund remains stable, well managed, and profitable, as they continue to explore how The Fund can best operate in the years to come. The Board is also exploring the most appropriate management structure for the Fund for future years.

The Chair wishes to thank the Diocesan Registrar Mr Chris Nelson for his diligence in his role in providing oversight to the Fund in a changing environment.

David Ford
Chair of AFGD Board

Anglicanfunds
GRAFTON DIOCESE

BOARD MEETING DATE:

23/05/2019

No 8 Matters for noting and status updates

Item: a

Title: Bishop-in-Council approval of St Columba Anglican School Capital Project

No of Pages. 2 incl Header

THE ANGLICAN DIOCESE OF GRAFTON

Chris Nelson Registrar

PO Box 4
GRAFTON
NSW 2460
02 6642 4122
registrar@graftondiocese.org.au

Thursday, 18 April 2019

Dr Gordon Burch
Chair
St Columba Anglican School
PO Box 5358
PORT MACQUARIE NSW 2444

Capital Project – Senior Studies Annex

Dear Gordon,

I am writing to advise you that on 11 April 2019, the Bishop-in-Council of the Diocese of Grafton accepted the recommendation of the Grafton Anglican Schools Commission and resolved as follows in relation to the capital project for a Senior Studies Annex:

That approval be given for the St Columba Anglican School Council to proceed with this project and to undertake funding via a $600,000 additional draw down on the current overdraft facility with AFGD and Westpac.

I am sure that this new building will be a valuable addition to the school's facilities.

Yours sincerely,

Chris Nelson
Registrar/General Manager
Anglican Diocese of Grafton

cc: Mr Phillip Bonser, Chair - Grafton Anglican Schools Commission
Mr Terry Muldoon, Principal - St Columba Anglican School
Mr Garry Clifton, Business Manager - St Columba Anglican School
Mr Blaine Fitzgerald – Anglican Funds Grafton Diocese

BOARD MEETING DATE:

23/05/2019

No 8 Matters for noting and status updates

Item: b

Title: Bishop-in-Council approval of Lindisfarne Anglican Grammar School Capital Projects

No of Pages. 3 incl Header

THE ANGLICAN DIOCESE OF GRAFTON

Chris Nelson Registrar

PO Box 4
GRAFTON
NSW 2460
02 6642 4122
registrar@graftondiocese.org.au

Thursday, 18 April 2019

Mr Chris Goldstone
Chair
Lindisfarne Anglican Grammar School
PO Box 996
BANORA POINT NSW 2486

Lindisfarne Anglican Grammar School Capital Projects

Dear Chris,

I am writing to advise you that on 11 April 2019, the Bishop-in-Council of the Diocese of Grafton was apprised of the school's success in attracting Commonwealth government funding for a Middle School building, Senior Centre, and development of a new P-4 campus at Mahers Lane. The Bishop-in-Council was also informed of the school being awarded a BGA grant toward a Pre-School and Kindergarten building at Sunshine Avenue.

The Bishop-in-Council was advised that Lindisfarne Anglican Grammar School was, in accordance with its Master Plan, seeking to proceed with the Middle School development and the Pre-School and Kindergarten development at Sunshine Avenue and was also seeking in principle support for the balance of the funded projects.

In this regard, the Bishop-in-Council accepted the recommendations of the Grafton Anglican Schools Commission and made the following resolutions:

That approval be given to the Lindisfarne Anglican Grammar School Council for the development of the Middle School at Mahers Lane and the Pre-School and Kindergarten Buildings at the Sunshine Avenue.

That Bishop-in-Council notes that future aspects of the plan for the development of Lindisfarne Anglican Grammar School will necessitate borrowing of up to $13 million and that when this becomes necessary individual projects and/or borrowing requirements will need to be the subject of separate applications for approval.

I wish you well as Lindisfarne Anglican Grammar School enters this exciting development phase.

Yours sincerely,

Chris Nelson
Registrar/General Manager
Anglican Diocese of Grafton

cc: Mr Stuart Marquardt, Principal, Lindisfarne Anglican Grammar School
Mr Brett Dinsdale, Business Manager, Lindisfarne Anglican Grammar School
Mr Phillip Bonser, Chair, Grafton Anglican Schools Commission
Mr David Ford, Chair, Anglican Funds Grafton Diocese
Mr Blaine Fitzgerald, Anglican Funds Grafton Diocese