



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

ANGLICAN FUNDS GRAFTON DIOCESE BOARD MEETING
Video Conference
Thursday 30th April 2020
AGENDA

1. **9am - Opening Prayer**
2. **Acknowledgement of Country**
We, the Board of Anglican Funds Grafton Diocese, acknowledge the Bundjalung, Arakwal, Yaegl, Githabul, Gumbayngirr, Dunghutti and Birpai peoples, traditional custodians of these lands on which this Diocese is based; and we pay tribute and respect to the elders of these nations and peoples, past, present and emerging and acknowledge their connection with and care for this country.
3. **Confirm attendees and apologies**
4. **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 and Director of Anglican Insurance and Risk Services (AIRS)
 - Blaine Fitzgerald – Head of Anglican Funds South Australia
5. **Confirmation of Minutes**
 - Meeting of 13 February 2020
 - Special Meeting of 3 April 2020
6. **Call for additional agenda items and close of agenda**
7. **Financial and performance reports**
 - a) Finance reports
 - b) Audit update – 31 Dec 2019 Audit Management Letter
8. **Matters for discussion and/or decision**
 - a) AFSA/AFGD Service Agreement client update from Blaine Fitzgerald includes;
 - Schools updates and report on major borrowers and any signs of financial stress.
 - Progress report on discussions with Westpac.
 - b) Lending and deposit rate reviews
 - c) COVID-19 and effect on AFGD activities including adjustments to staff and office arrangements; any changes to customer activity
 - d) Bishop-in-Council decisions regarding COVID-19, assisting parishes and accessing government assistance (incl Jobkeeper)
 - e) AFGD-AFSA discussions - an update
 - f) Corporate Trustee Funds on Deposit with AFGD
9. **Matters for noting and status updates**
 - a) RBA Governor Phil Lowe speech – Building bridges – notes from Escala 19 March 2020

b) Resolution – Corporate Trustee Meeting 27 February 2020

10. Correspondence

In:

- 27 February 2020 - AFSA/AFGD Discussions from Kevin Stracey & Blaine Fitzgerald AFSA
- 10 March 2020 email – Market Update from Alison Perrott Ord Minnett
- 19 April 2020 (dated 10 April 2020) – from South Grafton Anglican Parish – Request to Suspend Mortgage Payments and Capitalise Interest.

Out:

- 20 February 2020 email – to Kevin Stracey AFSA from Chris Nelson AFGD and AFSA Discussions
- 3 April 2020 – to Andrew Davis Westpac from Chris Nelson and David Ford - strategy position of the Diocese and AFGD to ensure the schools are adequately supported through the COVID-19 Pandemic.
- 23 April 2020 – to Kevin Stracey AFSA from David Ford re Service Agreement clause 7A.

11. Next meeting – joint meeting with Corporate Trustees originally scheduled for 18 June 2020. Proposed change to 11 June 2020 – joint meeting with Corporate Trustees to accommodate availability of Kevin Franey TNR Audit Partner.

12. Meeting close



BOARD MEETING DATE:

30/04/2020

No 5 Confirmation of Minutes

Meeting of 13 February 2020

Special Meeting of 3 April 2020

No of Pages. 8 incl Header



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

Minutes
Thursday 13 February 2020
By Zoom videoconference and telephone

- 1. Opening** Meeting opened at 9.03am.
- 2. Attendees:** Mr David Ford (Chair), Mr John Adlington, Mr Phil Crandon, Mr Ted Clarke, Gary Boyd, Bishop Murray Harvey.
Non-members: Mr Chris Nelson, Mr Blaine Fitzgerald (AFSA Head).

Apologies: Nil

Due to Mr David Ford only able to attend the meeting for a limited time, Mr John Adlington chaired this meeting.

Mr Ford attended from the commencement of the meeting until 9.54am during which time agenda items 8 a. and 8 b. were considered.

Mr Ted Clarke joined the meeting at 9.14am during the consideration of agenda item 8.a.

Mr Blaine Fitzgerald was present from the commencement of the meeting for discussions of items 8 a., 8 b., and 8 f. and left the meeting at 10.09am.

3. Prayers and Acknowledgement of Country

The Chair opened the meeting with prayer with an Acknowledgement of Country as printed in the meeting agenda and Bishop Murray Harvey said the opening prayer.

4. 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. The meeting was advised that his role as Director of Anglican Insurance and Risk Services (AIRS) ceased on 19 December 2019.
- David Ford – Member of Bishop-in-Council and Chair of Bishop Druitt College (BDC) Council. Mr Ford advised that BDC discussions with CVAS may produce a conflict of interest.
- Ted Clarke – Agreement with Clarence Valley Anglican School
- Blaine Fitzgerald – Head of Anglican Funds South Australia (AFSA)

5. Confirmation of Minutes

That the minutes of the meeting of 28 November 2019 be accepted as true and correct.

Moved: Mr Phil Crandon

Seconded: Mr Gary Boyd CARRIED

On 16 December 2019, the following resolution was agreed to by Flying Minute:

“That the AFGD Board, noting Lindisfarne Anglican Grammar School's request for finance for a development of its Middle School (\$6M of \$8M), development of pre-school and kindergarten at Sunshine Avenue (\$3.45M of \$4M), development of the Senior Centre (\$1.5M of \$3M) and purchase of land at Mahers Lane (\$3.1M of \$3.1M) approves, subject to relevant approvals from the Grafton Anglican Schools Commission and Bishop-in-Council, that:

1. A letter of support will be provided for the above projects;
2. Pari Passu facilities increase to \$24M in 2020;
3. AFGD will finance the purchase of land at Mahers Lane; and
4. Fishburn Watson O'Brien Lawyers will be engaged to include the above land purchase as security on the existing Pari Passu agreement.”

That the Flying Minute on Lindisfarne Anglican Grammar School finance dated 16 December 2019 be ratified.

Moved: Mr Phil Crandon
Seconded: Mr Gary Boyd CARRIED

On 14 January 2020, the following resolution was agreed to by Flying Minute:

“That the AFGD Board, in recognition of the extra duties performed by Mrs Annette Dent under the Expanded Services Agreement and without an AFGD Fund Manager, approves that Mrs Dent be offered a salary of \$(redacted) per annum that would be effective from 1 January 2020 and associated with a change of her job description to formally recognise the additional duties and a change of job title to AFGD Office Manager. All other employment conditions for Mrs Dent will remain as per current arrangements.”

That the Flying Minute on Salary Change Annette Dent dated 14 January 2020 be ratified.

Moved: Mr Phil Crandon
Seconded: Mr Gary Boyd CARRIED

6. Call for additional Agenda items and close of Agenda

There were no additional agenda items.

7. Financial and Performance Reports

a. Finance reports

The finance reports were considered. A close to budget performance for 2019 was noted.

That the AFGD Board receives the financial reports for the period to 31 December 2019.

Moved: Mr Phil Crandon
Seconded: Bp Murray Harvey CARRIED

That the AFGD Board notes the close to budget financial performance for 2019 and confirms that the operating surplus for 2019 will be used to improve capital adequacy.

Moved: Mr Ted Clarke
Seconded: Bp Murray Harvey CARRIED

b. Audit Update

The report on actions in response to previous audit reports was noted.

8. Matters for Discussion and or Decision:

a. AFSA/AFGD Service Agreement Update

Mr Blaine Fitzgerald provided an update on various administrative and fund management support actions provided to AFGD as part of the Service Agreement. His report covered the topics of:

- Schools Updates
- Liquidity Management
- Capital Adequacy Position
- Interest Rate Risk Management

At the request of the Board, Mr Chris Nelson also provided an update on progress by The Corporate Trustees in reviewing the investment of trust funds.

The Board acknowledged Blaine's work on flowcharts to map AFGD and AFSA working under the Service Agreement to manage liquidity restraints and to address capital adequacy. Mr David Ford and Mr Chris Nelson will investigate options for an external review of the legal, accounting and financial implications of the proposals.

In consideration of Interest Rate Risk Management, the Board resolved:

That the AFGD Board receives the report on interest rate settings and has determined to maintain the Fund's current position on interest rates.

Moved: Mr John Adlington

Seconded: Mr David Ford CARRIED

b. Development Funds – Capital Adequacy

The Board noted the report that the Diocesan Financial Advisory Task Force (DFATF) of the General Synod will be working on a review of capital adequacy recommendations during 2020.

c. AFSA/AFGD Consultation and Work Program

The Board noting that parameters need to be set for discussions with AFSA concerning the possibility of integration of the two Funds, considered a discussion document outlining 'desired outcomes' and other parameters.

That the AFGD Board approves the response as drafted to be sent to AFSA as part of the consultation process.

Moved: Bp Murray Harvey

Seconded: Mr Ted Clarke CARRIED

d. AFGD Client Survey Results

The AFGD Board discussed the report on the recent client survey and noted the strongly positive response particularly with regard to customer service and AFGD providing financial support to the ministry of the Diocese. On the downside, some comments about the computer interface being 'clunky' were noted.

With regard to the computer interface, the Board requested information from AFSA regarding plans to upgrade the customer computer interface.

The Board also noted a particularly disturbing account of a negative customer experience (#20, p96) and will seek information from staff on this for a discussion at the next meeting.

That the AFGD Board in response to The Corporate Trustees' request that the AFGD Board provide a cost-benefit analysis of non-investment benefits of the Fund advise The Corporate Trustees that in regard to this a client survey has been conducted and this shows that the client group highly values AFGD's services and its support for the Diocese.

Moved: Mr Gary Boyd

Seconded: Mr Phil Crandon

CARRIED

A copy of the client survey will be provided to The Corporate Trustees to accompany the above resolution.

e. AFGD contribution to the Anglican Diocese of Grafton for 2021

In discussing this matter, the Board noted that it had made a \$175,000 contribution to the Diocese in 2019 and will provide \$150,000 in 2020. The 2020 contribution would have been higher except for budget constraints.

That the AFGD Board approves of advising the Diocese of Grafton that it may include a \$175,000 contribution from AFGD in the 2021 Diocesan budget.

Moved: Mr Gary Boyd

Seconded: Mr Phil Crandon

CARRIED

f. Ord Minnett – Hybrids and Lending Substitution

At the request of the Board, Mr Blaine Fitzgerald commented on Ord Minnett's discussion paper on investing in hybrids. Mr Fitzgerald considered that the potential benefits of hybrids is not worth pursuing considering the likely future of AFGD's loan book relative to funds under management.

That the AFGD Board defers consideration of this report to its next meeting and that Alison Perrott of Ord Minnett be invited to join the next meeting by videoconference to talk to her discussion paper.

Moved: Mr Phil Crandon

Seconded: Mr Gary Boyd

CARRIED

9. Matters for noting and status updates

a. CVAS Sub-ordinated Debt

Mr John Adlington spoke to his report on the progress of the review of CVAS Sub-ordinated Debt

10. Correspondence

In: Letter from Alison Perrott Ord Minnett re Hybrids and Lending Substitution –
27 November 2019

Out: Letter from Chair David Ford to Brett Dinsdale Business Manager Lindisfarne Anglican Grammar School re Letter of Support Capital Projects & Land Purchase Fund –
19 December 2019

Letter from Chair David Ford to Brett Dinsdale Business Manager Lindisfarne Anglican Grammar School re Finance approval for purchase 72 Mahers Lane Terranora –
22 January 2020

That the inwards correspondence be received and that the outward correspondence be endorsed.

Moved: Mr Phil Crandon

Seconded: Mr Gary Boyd

CARRIED

11. Next Meeting:

30 April 2020

12. Meeting Close

The meeting closed at 11.23am.

CONFIRMED as a true and correct record of proceedings of Anglican Funds Grafton Diocese Board meeting of 13 February 2020.

Chair – David Ford



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

**Minutes – Special Board Meeting
Friday 3rd April 2020
Video Conference**

1. 11am - Opening

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

Non-members: Mr Chris Nelson, Mr Blaine Fitzgerald,
Mrs Annette Dent

All participants were joined by Zoom video conference.

Apologies: Bishop Murray Harvey

3. Business

The meeting was called to further discuss the fast paced onset of COVID-19 and AFGD's response to it. The conversation also expanded to the overall viability and liquidity of AFGD.

The consensus reached at a meeting between Mr David Ford, Mr Blaine Fitzgerald and the Corporate Trustees of the Diocese of Grafton was that it would be prudent for AFGD to re-align its asset classes deleveraging its longer term loan portfolio (ie school portfolios) and moving more to defensive assets classes including cash at bank and solid yielding interest bearing securities, improving AFGD's liquidity in this year of uncertainty.

The solution proposed places schools working capital facilities with a major financial institution where they will be able to take advantage of any stimulus packages flowing through from the federal government to the big 4 banks. (note term loan facilities to remain and pari passu retained to take advantage of future opportunities as they arise) provides AFGD and the Trustees with sufficient capital and reserves to support the ground roots missional work the Parishes will be called on to undertake.

That the AFGD Board endorses the letter to the Westpac Regional Manager, Mr Andrew Davis dated 3rd April 2020 from Mr Chris Nelson, Secretary The Corporate Trustees of the Diocese of Grafton and Mr David Ford, Chair Anglican Funds Grafton Diocese.

Moved: Mr Gary Boyd

Seconded: Mr John Adlington

Carried

The Board also discussed an enquiry from the South Grafton Anglican Parish in regards to a deferral of loan repayments. Mr Chris Nelson and Mr David Ford declared a conflict of interest. Mrs Annette Dent will contact Mr Jim Clarke Treasurer South Grafton Anglican Parish to ask if the Parish wants to submit a formal request in regards to their loan.

That the AFGD Board approves the conversion of an existing Parish loan from principal and interest to interest only or interest capitalization for a period of six months if requested by the Parish. This delegation has been assigned to AFGD staff.

Moved: Mr Phil Crandon

Seconded: Mr Ted Clarke

Carried Mr David Ford abstained from voting.

Mr Blaine Fitzgerald spoke to a request he received from St Columba Anglican School in regards to a concession in line fee charged to their line of credit facility.

That the AFGD Board approves a 25 basis points reduction in the current line fee charged to St Columba Anglican School from 1st April 2020 for a period of six months.

Moved: Mr Ted Clarke

Seconded: Mr Phil Crandon

Carried

4. **Next meeting** scheduled for 30 April 2020.
5. **Meeting close** – There being no further business, the meeting closed with Prayer at 12.07pm

CONFIRMED as true and correct record of proceedings of Anglican Funds Grafton Diocese Board special meeting of 3 April 2020

Chair – David Ford



BOARD MEETING DATE:

30/04/2020

No 7 Financial and Performance Reports

Item: a

Title: Finance reports

No of Pages. 12 incl Header

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

Profit & Loss Statement

January to December 2020

	Jan	Feb	Mar	YTD	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Forecast	Budget	Variance
4-0000																
Income																
Interest Recd - Investments	10,539	17,980	17,300		9,861	4,941	4,589	10,338	7,341	6,607	10,355	9,000	5,000	113,851	102,954	10,897
Interest Recd - Borrowers	76,493	53,483	53,664		44,816	54,691	65,145	54,545	55,272	62,594	51,782	51,183	51,183	674,851	594,970	(38,690)
Sundry Income - Other Asset classes and Ser	18,047	57,149	35,375		36,119	36,119	36,119	36,119	36,119	36,119	36,119	36,119	36,125	435,645	433,430	2,215
Total Income	105,079	128,613	106,339		90,796	95,751	105,853	101,002	98,732	105,319	98,255	96,302	92,308	1,224,347	1,131,354	(41,378)
5-0000																
Cost Of Sales																
Total Interest Paid to Investors	45,427	42,208	41,938		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	579,573	600,000	20,427
Gross Profit	59,652	86,405	64,401		40,796	45,751	55,853	51,002	48,732	55,319	48,255	46,302	42,308	644,775	531,354	113,421
6-0000																
Expenses																
Total Employee Benefits	9,172	11,064	10,617		10,768	10,768	11,768	10,768	10,768	11,168	10,768	10,768	11,765	130,161	132,012	1,851
Total Professional fees	1,886	3,146	1,886		2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,186	26,656	26,320	(336)
Total Banking and Indue Costs	16,676	16,720	16,739		18,056	18,056	18,056	18,056	18,056	18,056	18,056	23,056	18,051	217,638	221,672	4,034
Total insurance costs	1,109	1,120	1,114		1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,023	12,597	12,342	(255)
Total General Operations costs	793	878	1,050		1,940	1,940	1,940	1,940	1,940	1,940	1,940	1,940	1,947	20,189	23,287	3,098
Total Expenses	29,636	32,928	31,406		33,987	33,987	34,987	33,987	33,987	34,387	33,987	38,987	34,971	407,241	415,633	8,392
Total Net Profit	30,016	53,477	32,995		6,809	11,763	20,865	17,014	14,744	20,931	14,268	7,315	7,337	237,534	115,721	121,813
9-0000																
Distribution to Diocese																
Total Other Expenses	10,400	10,400	10,400		10,400	10,400	10,400	10,400	10,400	10,400	10,400	10,400	10,600	125,000	125,000	-
Net Profit/(Loss) after distribution	19,616	43,077	22,595		-3,591	1,363	10,465	6,614	4,344	10,531	3,868	-3,085	-3,263	112,534	-9,279	121,813

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

Profit & Loss Statement

January to December 2020

	January Actual	February Actual	March Actual	Ytd Actual	April Budget	May Budget	June Budget	July Budget	August Budget	September Budget	October Budget	November Budget	December Budget	Forecast	Budget	Variance
4-0000 Income																
4-1010 Interest Received - Investment	0	0	0	0	9,861	4,941	4,589	10,338	7,341	6,607	10,355	9,000	5,000	68,031	102,954	(34,923)
4-1011 Interest Received - NAB	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
4-1012 Interest Recd - AFSA	9,242	14,499	14,562	38,303	0	0	0	0	0	0	0	0	0	38,303	0	38,303
4-1013 Interest Recd - Melb CF7963	1,151	3,337	2,586	7,073	0	0	0	0	0	0	0	0	0	7,073	0	7,073
4-1014 Interest recd - WBC	147	144	153	444	0	0	0	0	0	0	0	0	0	444	0	444
4-1015 Interest Recd - AMP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
Interest Recd - Investments	10,539	17,980	17,300	45,820	9,861	4,941	4,589	10,338	7,341	6,607	10,355	9,000	5,000	113,851	102,954	10,897
4-1020 Overdraft/LOC INT INC	36,595	16,530	14,345	67,470	44,816	54,691	65,145	54,545	55,272	62,594	51,782	51,183	51,183	558,682	594,970	(36,288)
4-1021 Interest Only Loans INT INC	16,444	15,298	16,353	48,096	0	0	0	0	0	0	0	0	0	48,096	0	48,096
4-1022 Princ & Int Loans INT INC	23,453	21,655	22,966	68,074	0	0	0	0	0	0	0	0	0	68,074	0	68,074
Interest Recd - Borrowers	76,493	53,483	53,664	183,640	44,816	54,691	65,145	54,545	55,272	62,594	51,782	51,183	51,183	674,851	594,970	79,882
4-1055 Ord Min List Interest Income	3,631	3,631	3,275	10,537	3,345	3,345	3,345	3,345	3,345	3,345	3,345	3,345	3,349	40,646	40,144	502
4-1056 Ord Min U/List Interest Income	14,412	14,412	12,559	41,383	13,232	13,232	13,232	13,232	13,232	13,232	13,232	13,232	13,234	160,473	158,786	1,687
4-1057 Proceeds on Sale of Bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
4-1058 Profit/Loss Sale Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
4-2000 Service Fees Received	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
4-2100 Line Fee Income	0	39,084	19,541	58,625	19,542	19,542	19,542	19,542	19,542	19,542	19,542	19,542	19,542	234,500	234,500	0
4-3000 Sundry Income	4	22	0	26	0	0	0	0	0	0	0	0	0	26	0	26
Sundry Income - Other Asset classes and Service Fee	18,047	57,149	35,375	110,571	36,119	36,119	36,119	36,119	36,119	36,119	36,119	36,119	36,125	435,545	433,430	2,215
Total Income	105,079	128,613	106,339	340,031	90,796	95,751	105,853	101,002	98,732	105,319	98,255	96,302	92,308	1,224,347	1,131,354	92,993
5-2100 Interest Paid to Investors	45,427	42,208	41,938	129,573	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	579,573	600,000	20,427
Total Cost Of Sales	45,427	42,208	41,938	129,573	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	579,573	600,000	20,427
Gross Profit	59,652	86,405	64,401	210,458	40,796	45,751	55,853	51,002	48,732	55,319	48,255	46,302	42,308	644,775	531,354	113,421
6-0000 Expenses																
6-1100 Provision for Annual Leave	-658	443	443	228	0	0	0	0	0	0	0	0	0	228	0	(228)
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 Salaries and Wages	7,279	8,002	7,594	22,875	8,136	8,136	8,136	8,136	8,136	8,136	8,136	8,136	8,136	96,099	97,632	1,533
6-1400 Registry Support	1,859	1,859	1,859	5,577	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,856	22,305	22,305	0
6-1500 Superannuation	691	760	721	2,173	773	773	773	773	773	773	773	773	773	9,129	9,275	146
6-1600 Staff Training	0	0	0	0	0	0	400	0	0	400	0	0	400	1,200	1,600	400
6-1700 Fund Manager Vehicle	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
Total Employee Benefits	9,172	11,064	10,617	30,853	10,768	10,768	11,768	10,768	10,768	11,168	10,768	10,768	11,765	130,161	132,012	1,851
6-4200 Advertising	0	0	0	0	200	200	200	200	200	200	200	200	200	1,800	2,400	600
6-4300 Audit Fees	1,886	1,886	1,886	5,658	1,827	1,827	1,827	1,827	1,827	1,827	1,827	1,823	1,823	22,097	21,920	(177)
6-4360 Legal Fees	0	1,260	0	1,260	167	167	167	167	167	167	167	163	163	2,759	2,000	(759)
Total Professional fees	1,886	3,146	1,886	6,918	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,186	26,856	26,320	(536)
6-4400 WBC Bank Charges	499	449	524	1,472	560	560	560	560	560	560	560	560	560	6,512	6,720	208
6-4402 Indue Fees	73	20	36	128	49	49	49	49	49	49	49	49	47	567	586	19
6-4410 Consultancy Fees	0	0	0	0	625	625	625	625	625	625	625	625	625	5,625	7,500	1,875
6-4412 Donations	0	0	0	0	0	0	0	0	0	0	0	5,000	0	5,000	5,000	-
6-4440 WBC Line of Credit Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
6-4442 Ord Minnett Brokerage/Advice	1,200	1,200	1,200	3,600	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	15,480	15,840	360
6-4445 ASFA Line of Credit Charges	417	417	417	1,251	417	417	417	417	417	417	417	417	413	5,000	5,000	-
6-4450 AFSA Service Agreement Fees	14,487	14,635	14,562	43,684	15,085	15,085	15,085	15,085	15,085	15,085	15,085	15,085	15,086	179,454	181,026	1,572
Total Banking Costs	16,676	16,720	16,739	50,135	18,056	18,056	18,056	18,056	18,056	18,056	18,056	23,056	18,051	217,638	221,672	4,034
6-4510 Insurance - Workers Comp	109	120	114	342	136	136	136	136	136	136	136	136	130	1,560	1,626	66
6-4530 Insurance - General	1,000	1,000	1,000	3,000	893	893	893	893	893	893	893	893	893	11,037	10,716	(321)
Total insurance costs	1,109	1,120	1,114	3,342	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,023	12,597	12,342	(255)
6-4425 Depreciation Expense	123	69	69	261	123	123	123	123	123	123	123	123	123	1,368	1,476	108
6-4600 Meeting Expenses	0	0	0	0	41	41	41	41	41	41	41	41	49	377	500	123
6-4610 Marketing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
6-4700 Postage	0	84	80	164	99	99	99	99	99	99	99	99	95	1,051	1,184	133
6-4800 Printing & Stationery	139	0	374	513	215	215	215	215	215	215	215	206	206	2,439	2,571	132
6-4900 Rent/Victoria Street	433	433	433	1,300	433	433	433	433	433	433	433	433	437	5,201	5,200	(1)
6-5000 PC Repairs and Maintenance	0	0	0	0	250	250	250	250	250	250	250	250	250	2,250	3,000	750

6-5100	Telephone	98	110	95	302	110	110	110	110	110	110	110	110	110	1,292	1,320	28
6-5200	Travel & Accommodation - Board	0	182	0	182	416	416	416	416	416	416	416	416	424	3,934	5,000	1,066
6-5300	Travel & Accommodation - AFGD	0	0	0	0	200	200	200	200	200	200	200	200	200	1,800	2,400	600
6-5310	AFGD Staff Expenses Other	0	0	0	0	53	53	53	53	53	53	53	53	53	477	636	159
	Total General Operations costs	793	878	1,050	2,722	1,940	1,940	1,940	1,940	1,940	1,940	1,940	1,940	1,947	20,189	23,287	3,098
	Total Expenses	29,636	32,928	31,406	93,970	33,987	33,987	34,987	33,987	33,987	34,387	33,987	38,987	34,971	407,241	415,633	8,392
	Total Net Profit	30,016	53,477	32,995	116,488	6,809	11,763	20,865	17,014	14,744	20,931	14,268	7,315	7,337	237,534	115,721	121,813
9-2200	Contribution to Diocese	10,400	10,400	10,400	31,200	10,400	10,400	10,400	10,400	10,400	10,400	10,400	10,400	10,600	125,000	125,000	-
	Total Other Expenses	10,400	10,400	10,400	31,200	10,400	10,400	10,400	10,400	10,400	10,400	10,400	10,400	10,600	125,000	125,000	0
	Net Profit/(Loss) after distribution	19,616	43,077	22,595	85,288	-3,591	1,363	10,465	6,614	4,344	10,531	3,868	-3,085	-3,263	112,534	-9,279	121,813

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

Balance Sheet
As of March 2020

Account No.				
1-0000	Assets			
1-1000	Current Assets			
1-1105	WBC 032537 247819 Operating Ac		\$11,224.57	
1-1110	WBC 032537 120455 Client Chq		\$119,948.68	
1-1130	AFSA Float SAV00000202		\$28.18	
1-1131	AFSA MIA SAV00041173		\$10,586,746.10	
1-1137	Daily Txns Unproc'd in Phoenix		(\$224,999.76)	
1-1160	WBC 032537 163017 Cash Managem		\$544,879.63	
1-1165	Melb DIF 30 day term		\$2,000,000.00	
1-1170	Accrued Int Receivable Investm		\$6,981.92	
1-2700	Furniture & Fixtures			
1-2710	Furniture & Fixtures Orig Cost		\$4,852.56	
1-2720	Furniture & Fixtures Accum Dep		(\$1,915.82)	
1-2800	Plant & Equipment			
1-2810	Computer Hardware		\$26,730.39	
1-2820	Acc Deprn Computer Hardware		(\$26,472.65)	
1-2900	Intangible Assets			
1-2910	Computer Software		\$60,500.00	
1-2920	Acc Deprn - Compr Software		(\$60,500.00)	
1-3000	Financial Assets - Current			
1-3114	AFSA Term Investment		\$1,000,000.00	
1-3120	AFSA Security Dep SAV00000203		\$252,178.59	
1-3130	WBC Term Invested Funds		\$100,000.00	
1-3145	Ord Minnett-Listed Investments		\$1,120,826.00	
1-3147	Ord Minnett-Global Cash Trust		\$21,467.00	
1-3148	Ord Minn-Global Investments		\$4,605,375.00	
1-3150	Loan Assets			
1-3155	Line of Credit - O/D		\$6,672,863.84	
1-3160	Loan Advances		\$3,660,063.24	
1-3170	Loan Advances - P & I		\$5,321,222.55	
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			\$35,802,000.02
2-0000	Liabilities			
2-1000	Current Liabilities			
2-1004	Audit Costs		\$23,768.00	
2-1100	Accrued Interest payable			
2-1101	2243130 Access Acc INT PAY		\$99.13	
2-1102	2243131 Inst Acc INT PAY		\$173.23	
2-1104	2243133 Parish Prov INT PAY		\$52.11	
2-1200	Accounts payable			\$378.12
2-1221	2243310 Term 90 Days INT PAY			\$7,862.20
2-1222	2243320 Term 180 days INT PAY			\$38,257.26
2-1223	2243330 Term 365 days INT PAY			\$84,734.63
2-1700	Investor Funds Fin Liab Curren			
2-1710	2103300 Access Accounts		\$144,805.80	
2-1715	2103310 Institution Access		\$166,346.08	
2-1725	2103330 Parish Provider Access		\$5,167.50	
2-1730	2103350 Interest Free Deposits		\$8,635.17	
2-1735	2103370 Chq Acc Parishes		\$767,379.88	
2-1740	2103380 Chq Acc Ministry		\$3,528,980.32	
2-1745	2103400 Anglican Affiliates		\$8,271,285.46	
2-1750	139 Parishes CMA		\$624,418.73	
2-1755	2183310 Term Inv 90 days		\$5,468,355.85	
2-1756	2103420 Clergy Access Account		\$251,533.75	
2-1760	2183320 Term Inv 180 days		\$7,461,300.79	
2-1765	2183330 Term Inv 365 days		\$7,168,057.39	
2-1900	Other Current Liabilities			
2-1910	Accrued Annual Leave		\$2,605.34	
2-1911	Accrued Long Service Leave		\$11,627.54	
2-1915	Accrued Expenses		\$23,162.14	
2-3030	GST from purchases			(\$240.96)
2-9999	Westpac Unknown transactions			\$223.68
	Total Liabilities			\$34,058,969.14
	Net Assets			\$1,743,030.88
3-0000	Equity			
3-7000	Revaluation Financial Assets		(\$86,437.96)	
3-8000	Retained Earnings		\$1,744,181.29	
3-9000	Current Earnings		\$85,287.55	
	Total Equity			\$1,743,030.88

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

Balance Sheet [Multi-Period]

January 2020 To March 2020

Account No.	Account Name	January	February	March
	Assets			
	Current Assets			
		233,404	237,465	231,173
		14,209,486	13,666,732	13,180,300
		5,781,244	5,781,244	5,726,201
		-8,843	49,482	6,982
	Fixed Assets	3,332	3,263	3,194
	Loan Assets	16,186,834	17,319,658	16,654,150
		0	0	0
	Total Assets	36,405,458	37,057,844	35,802,000
	Liabilities			
	Current Liabilities			
		38,847	44,992	47,308
		117	222	324
		154,137	152,716	130,854
	Investor Funds Fin Liab Current	10,249,692	10,913,901	13,768,553
		24,217,852	24,157,198	20,097,714
	Sundry Liabilities	12,188	13,113	13,992
	Total Liabilities	34,673,055	35,282,365	34,058,969
	Net Assets	1,732,402	1,775,479	1,743,031
	Equity			
	Total Equity	1,732,402	1,775,479	1,743,031

Anglican Funds Grafton Diocese

Level 1 - 50 Victoria Street

Grafton 2460

NSW

Balance Sheet [Multi-Period]

January 2020 To March 2020

Account No.	Account Name	January	February	March
Assets				
Current Assets				
1-1105	WBC 032537 247819 Operating Ac	9,220	8,490	11,225
1-1110	WBC 032537 120455 Client Chq	124,185	128,975	119,949
1-3130	WBC Term Invested Funds	100,000	100,000	100,000
		233,404	237,465	231,173
1-1130	AFSA Float SAV00000202	81	68	28
1-1131	AFSA MIA SAV00041173	11,623,828	9,645,463	10,586,746
1-1137	Daily Txns Unproc'd in Phoenix	-26,017	1,320,661	-225,000
1-1160	WBC 032537 163017 Cash Managem	359,818	444,849	544,880
1-1165	Melb DIF 30 day term	2,000,000	2,000,000	2,000,000
1-3120	AFSA Security Dep SAV00000203	251,777	251,971	252,179
1-3147	Ord Minnett-Global Cash Trust	0	3,720	21,467
		14,209,486	13,666,732	13,180,300
1-3145	Ord Minnett-Listed Investments	1,166,574	1,166,574	1,120,826
1-3148	Ord Minn-Global Investments	4,614,670	4,614,670	4,605,375
		5,781,244	5,781,244	5,726,201
1-1170	Accrued Int Receivable Investm	3,567	8,485	6,982
1-1171	Ord Min List Accrued Int Rec	-6,906	-3,275	0
1-1172	Ord Min U/List Accrued Int Rec	-5,504	5,188	0
1-1173	Accrued Income	0	39,084	0
		-8,843	49,482	6,982
Fixed Assets				
1-2710	Furniture & Fixtures Orig Cost	4,853	4,853	4,853
1-2720	Furniture & Fixtures Accum Dep	-1,848	-1,882	-1,916
1-2810	Computer Hardware	26,730	26,730	26,730
1-2820	Acc Depn Computer Hardware	-26,403	-26,438	-26,473
1-2910	Computer Software	60,500	60,500	60,500
1-2920	Acc Depn - Compnr Software	-60,500	-60,500	-60,500
	Fixed Assets	3,332	3,263	3,194
Loan Assets				
1-3114	AFSA Term Investment	1,000,000	1,000,000	1,000,000
1-3155	Line of Credit - O/D	6,112,057	7,286,189	6,672,864
1-3160	Loan Advances	3,660,068	3,659,008	3,660,063
1-3170	Loan Advances - P & I	5,414,709	5,374,460	5,321,223
	Loan Assets	16,186,834	17,319,658	16,654,150
1-3199	Financial Assets Current - Adj	-15,104,496	-15,104,496	-15,104,496
1-4110	Financial Assets Non Current	15,104,496	15,104,496	15,104,496
		0	0	0
	Total Assets	36,405,458	37,057,844	35,802,000

Liabilities				
Current Liabilities				
2-1004	Audit Costs	19,996	21,882	23,768
2-1200	Accounts payable	164	2,075	378
2-1915	Accrued Expenses	18,687	21,035	23,162
		38,847	44,992	47,308
2-1101	2243130 Access Acc INT PAY	42	75	99
2-1102	2243131 Inst Acc INT PAY	56	111	173
2-1104	2243133 Parish Prov INT PAY	20	36	52
		117	222	324
2-1221	2243310 Term 90 Days INT PAY	16,549	12,718	7,862
2-1222	2243320 Term 180 days INT PAY	50,632	61,406	38,257
2-1223	2243330 Term 365 days INT PAY	86,956	78,593	84,735
		154,137	152,716	130,854
	Investor Funds Fin Liab Current			
2-1710	2103300 Access Accounts	175,199	134,895	144,806
2-1715	2103310 Institution Access	151,131	160,072	166,346
2-1725	2103330 Parish Provider Access	5,713	4,676	5,168
2-1730	2103350 Interest Free Deposits	9,770	8,717	8,635
2-1735	2103370 Chq Acc Parishes	947,250	705,047	767,380
2-1740	2103380 Chq Acc Ministry	4,381,571	3,816,458	3,528,980
2-1745	2103400 Anglican Affiliates	3,673,102	5,150,547	8,271,285
2-1750	139 Parishes CMA	658,581	679,238	624,419
2-1756	2103420 Clergy Access Account	247,375	254,249	251,534
	Investor Funds Fin Liab Current	10,249,692	10,913,901	13,768,553
2-1755	2183310 Term Inv 90 days	7,608,290	7,620,616	5,468,356
2-1760	2183320 Term Inv 180 days	9,071,122	9,347,496	7,461,301
2-1765	2183330 Term Inv 365 days	7,538,440	7,189,086	7,168,057
		24,217,852	24,157,198	20,097,714
	Sundry Liabilities			
2-1910	Accrued Annual Leave	1,720	2,163	2,605
2-1911	Accrued Long Service Leave	11,628	11,628	11,628
2-3030	GST from purchases	-1,160	-678	-241
	Sundry Liabilities	12,188	13,113	13,992
2-9999	Westpac Unknown transactions	224	224	224
	Total Liabilities	34,673,055	35,282,365	34,058,969
	Net Assets	1,732,402	1,775,479	1,743,031
	Equity			
3-7000	Revaluation Financial Assets	-31,395	-31,395	-86,438
3-8000	Retained Earnings	1,744,181	1,744,181	1,744,181
3-9000	Current Earnings	19,616	62,693	85,288
	Total Equity	1,732,402	1,775,479	1,743,031

Loan Book Data	31-Mar-20	Loan Balance	Unsecured	Limits	Unutilised/Not Drawn	Rate	Open Date	Amount Borrowed	Loan Expiry Date
CDM 730 436032770 Secondary Campus Stage 2	Clarence Valley Anglican School	\$ 1,767,672.55				6.10%	10/05/2005	\$ 1,758,979.66	31/12/2037
COM 730 436040019 Stage 2 Building Loan	Emmanuel Anglican College	\$ 100,351.16				4.21%	30/04/2013	\$ 405,163.30	30/04/2021
COM 730 436040020 Stage 3 Building Loan	Emmanuel Anglican College	\$ 89,817.77				4.21%	30/04/2013	\$ 257,533.50	30/04/2022
COM 730 436040021 Stage 4 Building Loan	Emmanuel Anglican College	\$ 1,149,732.46				4.21%	30/04/2013	\$ 1,672,479.06	30/04/2025
COM 730 436040136 Stanley St Unit Purchase	M Smedley	\$ 552,489.30				5.34%	25/01/2017	\$ 550,000.00	25/01/2047
COM 731 436040139 Refinance 10 Cotswood Close	Coffs Harbour Anglican Parish	\$ 23,883.25				4.85%	19/04/2017	\$ 174,000.00	19/04/2037
COM 731 436040069 6 McLean St, Coffs Harbour NSW	Coffs Harbour Anglican Parish	\$ 52,957.40				4.85%	01/12/2015	\$ 194,000.00	01/12/2031
COM 731 436040129 Administration & Classrooms	Emmanuel Anglican College	\$ 2,138,805.55				5.56%	03/01/2017	\$ 2,500,000.00	03/01/2032
COM 731 436040202 Construction Learning Spaces	Emmanuel Anglican College	\$ 746,485.46				4.19%	02/01/2020	\$ 750,000.00	02/01/2035
COM 731 436040059 Principal and Interest loan	Anglicare North Coast	\$ 14,280.74				5.50%	18/12/2014	\$ 1,200,000.00	18/12/2026
COM 731 436040211 Rectory Loan	South Grafton Anglican Parish	\$ 136,898.93				4.85%	27/02/2020	\$ 137,578.94	27/02/2031
COM 731 436040011 Middle School Stage 4	St Columba Anglican School Council Incor	\$ 369,743.63				4.98%	02/04/2013	\$ 1,003,682.80	02/05/2023
COM 731 436040012 Stage 5	St Columba Anglican School Council Incor	\$ 176,204.67				4.98%	02/04/2013	\$ 432,389.82	02/11/2023
COM 731 436040013 Stage 6	St Columba Anglican School Council Incor	\$ 515,180.90			\$ 10,120,195.63	4.98%	02/04/2013	\$ 1,209,360.63	02/03/2024
COM 731 436040014 Admin Building Stage 6b.1	St Columba Anglican School Council Incor	\$ 459,296.36				4.98%	02/04/2013	\$ 786,598.41	02/01/2027
COM 731 436040015 Building Loan Stage 7	St Columba Anglican School Council Incor	\$ 599,713.76				4.98%	02/04/2013	\$ 958,563.76	10/12/2027
COM 731 436040166 CCELC Purchase	St Columba Anglican School Council Incor	\$ 56.31			\$ 4,147,090.19	4.98%	05/06/2018	\$ 1,777,000.00	05/03/2026
COM 731 436040146 Clergy Car Loan	M Smedley	\$ 22,658.48				5.85%	22/09/2017	\$ 43,532.00	22/08/2022
COM 731 436040170 Ridge Clergy Car Loan	M A Ridge	\$ 15,782.25				5.85%	04/10/2018	\$ 21,660.00	04/10/2023
COM 731 436040149 Clergy Car Loan	M B Jones	\$ 5,989.32				5.85%	28/11/2017	\$ 13,450.00	28/11/2021
COM 731 436040071 Clergy Car Loan	B A Blackbell	\$ 1,213.70				6.00%	15/01/2016	\$ 20,000.00	15/02/2021
COM 731 436040143 Clergy Car Loan - Jenks	G C Jenks	\$ 19,504.41				5.85%	13/06/2017	\$ 40,000.00	13/06/2022
COM 731 436040145 Clergy Car Loan	D Snyman	\$ 18,770.89				5.85%	11/09/2017	\$ 36,000.00	11/08/2022
COM 731 436040161 Clergy Car Loan Toyota Corolla	D Snyman	\$ 3,796.74				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	\$ 1,063.92	\$	\$ 850,000.00	\$ 848,936.08				
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	\$ 2,026,894.56	\$	\$ 8,000,000.00	\$ 5,973,105.44				
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	\$ 3,449,092.12	\$	\$ 6,000,000.00	\$ 2,550,907.88				
OD 535 438040025 Working Capital Requirements	Bishop Druitt College Council	\$ 835,450.61	\$	\$ 3,450,000.00	\$ 2,614,549.39				
OD 535 438040026 Information Computer Technolog	Bishop Druitt College Council	\$ 360,362.63	\$	\$ 550,000.00	\$ 189,637.37				
		\$ 15,654,149.63	\$ -	\$ 22,790,000.00	\$ 16,117,136.16				
Total Loan Book assets	Excludes redraw	\$ 31,771,285.79							
	Loans only	\$ 8,981,285.79							
	Overdrafts only	\$ 6,672,863.84							
				Facility Limit	Annual Line Fee \$	Rate	Line Fee %		
	Anglican Diocese of Grafton		\$	450,000.00	\$ -	4.85%	0.00%		
	St Columba Anglican School Council Incor		\$	8,000,000.00	\$ 80,000.00	3.29%	1.00%		
	Camfar Properties Pty Ltd		\$	190,000.00	\$ -	5.53%	0.00%		
	Clarence Valley Anglican School		\$	850,000.00	\$ 4,250.00	6.10%	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	3.44%	0.75%		
	Lindisfarne Anglican School		\$	6,000,000.00	\$ 66,000.00	2.67%	1.10%		
	Bishop Druitt College Council		\$	5,450,000.00	\$ 54,500.00	4.36%	1.00%		
	Bishop Druitt College Council		\$	550,000.00	\$ 5,500.00	4.36%	1.00%		
			\$	24,790,000.00	\$ 234,500.00	3.57%	0.99%		
	Average return					3.162%	4.15%		
						refer balance by rate end of month for benchmark.			

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

Assets	Weighting	Asset Value	RWA
Cash (Govt. Securities, A Rated Aust. Banks)	10%	\$ 14,636,473	\$ 1,463,647
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%	\$ 15,654,150	\$ 11,740,612
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%	\$ 5,815,204	\$ 2,907,602
Rating BB+ to B-	100%	\$ -	\$ -
Rating CCC to D	200%	\$ -	\$ -
Unrated	400%	\$ -	\$ -
Other Investments/assets and Equities	400%	\$ -	\$ -
Total Assets		\$ 36,105,827	\$ 16,111,862

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

Risk Concentration:

To the extent an External loans exceeds 5% of Total Assets

Limit	Total Assets:	Limit Amount:	Number
5%	\$ 36,105,827	\$ 1,805,291	
Loans > 5% of TA		\$ -	400%

To the extent an Internal loans exceeds 30% of Total Assets

Limit	Total Assets:	Limit Amount:
30%	\$ 36,105,827	\$ 10,831,748
Loans > 30% of TA		200%

Total Risk Weighted Assets	\$ 16,111,862
8% of risk weighted assets	\$ 1,288,949
+ 2.5% Buffer	\$ 402,797
Required Capital 10.5%	\$ 1,691,745

Equity:	
Accumulated Funds	\$ 1,829,469
Asset Reserves	\$ 86,438
Total Equity	\$ 1,743,031
"Surplus" Capital	\$ 51,285
Actual Capital Adequacy ratio	10.82%

Comments should actual Capital Adequacy ratio be < 10.5%

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

Total Assets:	\$ 36,105,827
Minimum Liquidity requirement	10%
	\$ 3,610,583
Actual position:	
Cash	\$ 14,636,473
Undrawn Bank OD Facility	\$ 1,000,000
Total Actual Liquidity	\$ 15,636,473
"Surplus" Liquidity	\$ 12,025,890
Actual Liquidity Ratio	43.3%

Comments should actual Liquidity ratio be < 10%

4.3 Depositors in excess of 5% of Liabilities

Total depositors in excess of 5% of Liabilities	\$ 16,084,062	\$ 16,084,062	47.5%
Total liabilities		\$ 33,866,267	

Comments on large depositors

The number of accounts/clients with balances in excess of 5% is: **1** Corporate Trustees

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

Assets	Weighting	Asset Value	RWA
Cash (Govt. Securities, A Rated Aust. Banks)	10%	\$ 14,636,473	\$ 1,463,647
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%	\$ 31,771,286	\$ 23,828,464
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%	\$ 5,815,204	\$ 2,907,602
Rating BB+ to B-	100%	\$ -	\$ -
Rating CCC to D	200%	\$ -	\$ -
Unrated	400%	\$ -	\$ -
Other Investments/assets and Equities	400%	\$ -	\$ -
Total Assets		52,222,963	\$ 28,199,714

Note: includes undrawn facility limits
Note Adelaide utilise drawn facilities only.

Risk Concentration:

To the extent an External loans exceeds 5% of Total Assets						
		<u>Total Assets:</u>		<u>Limit Amount:</u>	<u>Number</u>	
Limit	5%	\$ 52,222,963	\$ 2,611,148			
Loans > 5% of TA			\$ -	400%	\$ -	\$ -
To the extent an Internal loans exceeds 30% of Total Assets						
		<u>Total Assets:</u>		<u>Limit Amount:</u>		
Limit	30%	\$ 52,222,963	\$ 15,666,889			
Loans > 30% of TA				200%	\$ -	\$ -
Total Risk Weighted Assets						\$ 28,199,714
8% of risk weighted assets						\$ 2,255,977
+ 2.5% Buffer						\$ 704,993
Required Capital 10.5%						\$ 2,960,970
Equity:						
Accumulated Funds						\$ 1,829,469
Asset Reserves						\$ 86,438
Total Equity						\$ 1,743,031
"Surplus" Capital						\$ 1,217,939
Actual Capital Adequacy ratio						6.18%

Comments should actual Capital Adequacy ratio be < 10.5%

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

Total Assets:		\$ 52,222,963	
Minimum Liquidity requirement	10%		\$ 5,222,296
Actual position:			
Cash		\$ 14,636,473	
Undrawn Bank OD Facility		\$ 1,000,000	
Total Actual Liquidity			\$ 15,636,473
"Surplus" Liquidity			\$ 10,414,176
Actual Liquidity Ratio			29.9%

Comments should actual Liquidity ratio be < 10%

4.3 Depositors in excess of 5% of Liabilities

Total depositors in excess of 5% of Liabilities	\$ 16,084,062	\$ 16,084,062	47.5%
Total liabilities		\$ 33,866,267	

Comments on large depositors

The number of accounts/clients with balances in excess of 5% is: 1 Corporate Trustees

ORD MINNETT

PORTFOLIO VALUATION

Portfolio Details as at: 31 March 2020

Corp Trustees of Diocese of Grafton GDIF

Code	Security Name	Quantity	Cost Base	Market Price	Market Value	Assets %	Est. Yield %	Est. Annual Income	Est. Franking %	Est. Franking Credits
INTEREST RATE SECURITIES										
AU3FN0032710	AAI LTD FRN 06/10/2022 - 2042 BBSW+3.20%	2,000,000	2,120,940.00	1.02	2,044,980.00	36.39	2.65	82,300.00		
AU3FN0033668	BENDIGO FRN 09/12/2021-2026 BBSW+2.80%	1,000,000	1,031,930.00	1.01	1,014,710.00	18.06	2.30	33,665.00		
AU3FN0037917	AMPAUS FRN 01/12/2022 - 2027 BBSW+1.80%	500,000	502,260.00	0.96	479,150.00	8.53	3.84	11,846.00		
AU3FN0039426	CHALLENGER LIFE CO LTD FRN 24/11/2022 -2042 BBSW+2.10%	500,000	500,000.00	0.89	446,665.00	7.95	3.17	14,875.00		
AU3FN0048716	AUSWIDE BANK LTD FRN 12/06/2024 - 2029 BBSW+3.2%	500,000	500,000.00	0.98	491,940.00	8.75	4.00	18,853.50		
Sub Total			4,655,130.00		4,477,445.00	79.67		161,539.50		
HYBRID SECURITIES										
AYUHB	AUSTRALIAN UNITY LTD	11,437	1,160,074.15	98.00	1,120,826.00	19.94	4.02	45,067.50		
Sub Total			1,160,074.15		1,120,826.00	19.94		45,067.50		
CASH										
PERSHING_AUD	PERSHING AUSTRALIAN DOLLARS	21,467	21,467.00	1.00	21,467.00	0.38				
Sub Total			21,467.00		21,467.00	0.38				
TOTAL PORTFOLIO			5,836,671.15		5,619,738.00	100.00	3.68	206,607.00		

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

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

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BOARD MEETING DATE:

30/04/2020

No 7 Financial and Performance Reports

Item: b

Title: Audit update

No of Pages. 8 incl Header



22 April 2020

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

Dear Michael

Management Letter on the Final Phase of the Audit

We have completed the final phase of the audit of the financial report of Anglican Funds Grafton Diocese (the "Fund") for the year ended 31 December 2019.

During the course of our audit we obtained an understanding of the Fund's internal control structure and procedures sufficient to allow us to determine our audit procedures for the purpose of expressing our opinion on the financial report.

Our consideration of the control structure and procedures would not necessarily disclose all significant control deficiencies, as our audit is based on selective tests of accounting records and supporting data, and is not intended to provide specific assurance on the internal control structure.

The purpose of this letter is to bring to your attention:

- significant weaknesses and deficiencies identified in the operation of your Fund's internal controls
- significant financial reporting matters
- unresolved matters identified during previous audits.

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

We have kept management informed of the issues included in this letter as they have arisen and a formal draft of this letter was provided on 17 April 2020. This letter includes management's formal responses, the person responsible for addressing the matter and the date by which this should be actioned.

We would like to express our appreciation to Chris Nelson and their staff for their assistance during our audit

Should you require any further information about the matters raised in this letter, please do not hesitate to contact me on 02 6626 3000.

Yours faithfully

THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS

Per:

K R FRANEY (Partner)

31 Keen Street
PO Box 106
Lismore NSW 2480
Phone: 02 (02) 6626 3000

Suite 901, Level 9, The Rocket
203 Robina Town Centre Drive
Robina QLD 4226
Phone: 02 (07) 5502 1801

Email: enquiries@tnr.com.au
Website: www.tnr.com.au

Management Letter on the Final Phase of the Audit

ANGLICAN FUNDS GRAFTON DIOCESE

YEAR ENDED 31 DECEMBER 2019



Thomas
Noble &
Russell

Accountants | Auditors | Business Advisers

www.tnr.com.au



Summary of Issues

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

ISSUE	DETAIL	RISK ASSESSMENT
1	Accounting Policy Manual (Repeat Matter)	Low
2	Review of Amendments to Accounts Payable Masterfile	Low

APPENDICES

Appendix A: Review of matters raised in prior year management letters

Appendix B: Our rating definitions



Issue 1: Accounting Policy Manual (2017 Repeat Matter)

Risk Assessment – Low

OBSERVATION

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

IMPLICATION

Accounting practices may not be consistent between financial reporting periods.

RECOMMENDATION

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

MANAGEMENT COMMENT

A suite of accounting policies applicable to AFGD will be established following review of the Accounting Policy Manual developed for Anglican Diocese of Grafton and Corporate Trustees.

RESPONSIBLE OFFICER

AFGD Office Administrator

EXPECTED COMPLETION DATE

31 Dec 2020



Issue 2: Review of Accounts Payable Masterfile

Risk Assessment – Low

OBSERVATION

Our audit noted that accounts payable personnel have the ability to amend data contained in the accounts payable Masterfile. Any amendments to the accounts payable Masterfile are not subject to independent review. We acknowledge that the Diocesan Accountant is currently reviewing any creditor changes processed during each creditor payment cycle, however there is no review for any amendments falling outside of this process.

IMPLICATION

Lack of independent review of accounts payable masterfile amendments may reduce the ability for the Fund to detect inaccurate and unauthorised changes to critical data in MYOB.

RECOMMENDATION

A regular review of changes to the accounts payable Masterfile should be undertaken by an employee who is independent of the accounts payable function (i.e. an employee who does not have the ability to process to the accounts payable system). An 'audit trail' report can be produced from MYOB to facilitate this review.

To achieve the appropriate segregation of duties, consideration should be given to restricting access rights to the accounts payable Masterfile to an employee independent of the accounts payable function.

MANAGEMENT COMMENT

Amendments to the AFGD payee masterfile in MYOB will be cross-authorised by either another AFGD office staff member or the Debtor's Clerk for Anglican Diocese of Grafton.

RESPONSIBLE OFFICER

Various

EXPECTED COMPLETION DATE

Effective immediately

Appendix A: Review of matters raised in prior year management letters

The issues in this appendix were raised in previous management letters. For each of these issues, we have determined:

- how management has addressed the issue in the current year
- what management still needs to do to address unresolved issues.

PRIOR ISSUES RAISED	RISK ASSESSMENT	ASSESSMENT OF ACTION TAKEN	RECOMMENDATION
Information Technology (IT) Policies and Procedures	Moderate	Policies and procedures are currently in draft.	Management is still undertaking corrective action.
IT Disaster Recovery Plan	High	Plan is currently in draft.	Management is still undertaking corrective action.
Accounting Policy Manual	Low	No further progress. Issue to be re-raised as no significant progress has been made in relation to resolving the matter.	See Issue 1.
Risk Management Framework	Moderate	No changes from previously reported status. To be monitored as anticipated to be approved prior to sign off in May.	Management is still undertaking corrective action
Clergy Loans	Moderate	No changes to credit policy. However, in August 2019 the Board resolved to wind down its facility to provide property loans to clergy and will no longer offer new loans of this type.	Management consider no further action required.
Liquidity Management	High	This matter has not yet been addressed. The Fund still has a maturity mismatch in place. We note an improvement in the ratio this year and the extended service agreement with Anglican Funds South Australia to assist in this matter. The outbreak of COVID-19 is expected to impact the liquidity of the Funds thus it is expected that a policy will be developed to address these rapidly changing conditions.	We will monitor the progress of the Board's development of a policy will re-assess the implementation of this recommendation once a decision has been reached.
Capital Adequacy	Moderate	This matter has not yet been addressed. The development of a strategy to lift capital to a level that is commensurate to the risk of its loan portfolio is dependent on the Fund's strategic direction.	We will monitor the progress of the Board's review of the long-term strategic direction of the Fund and will re-assess the implementation of this recommendation once a decision has been reached.



Appendix B: Our rating definitions

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

PRIORITY RATING	IMPACT
(H) HIGH	<ol style="list-style-type: none">1. Matters which pose a significant business or financial risk to the entity and should be addressed urgently; and / or2. Matters that have resulted or could potentially result in a modified or qualified audit opinion if not addressed as a matter of urgency by the entity.
(M) MODERATE	<ol style="list-style-type: none">1. Matters of a systemic nature that pose a moderate business or financial risk to the entity if not addressed within the current financial year;2. Matters that may escalate to high risk if not addressed promptly;3. Low risk matters which have been reported to management in the past but have not been satisfactorily resolved or addressed;4. Items that have been identified by external audit where material inefficiencies are occurring;5. Matters where regulatory obligations have been identified that do not pose a material, financial or reputation risk to the entity; and / or6. Matters where there is a scope for fraud and corruption without address by management.
(L) LOW	<ol style="list-style-type: none">1. Matters that are isolated, non-systemic or procedural in nature; and / or2. Matters that reflect relatively minor administrative shortcomings and could be addressed in the context of the entity's overall control environment.



BOARD MEETING DATE:

30/04/2020

No 8 Matters for discussion and/or decision

Item: a

Title: AFSA/AFGD Service Agreement report from Blaine Fitzgerald

No of Pages. 10 incl Header

Executive Summary		Confidential <input type="checkbox"/> Urgent <input type="checkbox"/>	
Date:	22/04/20	File number:	
To:	Anglican Funds Grafton Diocese (AFGD) Board	From:	AFSA Head
CC:			
Subject:	Expanded Service Agreement – update		

Background:

Expanded Service agreement signed – 27/11/19.

- The first step in working towards satisfying Clause 7a. in the agreement commenced in February 2020 with both parties outlining their preferred end position.
- The next step of coordinating a joint working committee meeting is currently on hold as both businesses come to terms with COVID-19.
- A moratorium or halt to discussions for a minimum of 3 months is proposed between AFGD and AFSA.

Overarching strategy Paper – Corporate Trustees of the Diocese of Grafton and Anglican Funds Grafton Diocese in response to COVID-19.

- Head of AFSA has been involved in several workshop discussions initially designed to deleverage Corporate Trustees investment in AFGD and enable the trustees to diversify into higher yielding funds.
- This led to further discussions regarding AFGD’s liquidity and ability to satisfy its current loan and line of credit commitments to customers and negotiating the shifting of large line of credit exposures under *Pari Passu* arrangements from AFGD to Westpac.
- The outcome of those discussions culminated in two key documents.
 1. A liquidity tracking worksheet (fluid live document that will be updated at each month end.)
 2. Correspondence to Westpac outlining strategy and support sought.
- In relation to the Westpac correspondence the following high-level update was recently provided to Chris Nelson to share with the Corporate Trustees.
 - Westpac Senior Management have received and discussed the CT’s/AFGD strategy paper and support the initiative.
 - Andrew Davis Regional General Manager has written an overarching strategy paper and process map to support the timely process of each request for funding.
 - Each Westpac account Relationship Executive has all the current financial information required and has commenced the credit writing process.
 - Head of AFSA has had either email or direct phone conversations with all the schools Business Managers and they appear to be supportive. – No negative feedback to date.

Key client updates

St Columba Anglican School

- Conversations and emails exchanged during February and March 2020.
- Head of AFSA articulated overarching strategy to Chair, Principal and Business Manager at SCAS and they were receptive and agreed with the strategy.
- Head of AFSA Spoke to Troy Mountain Account Executive Westpac confirming proposal.
- Westpac have commenced the process

- AFSA Head is currently coordinating with Fishburn Watson O'Brien, Westpac and SCAS the preparation of
 - an updated Pari Passu Deed
 - Shifting of existing line of credit \$8.0m from AFGD to Westpac.
 - New Loan Agreements – AFGD & Westpac.
- To complete the review process a request for updated financial information has been sent seeking confirmation and timing of:
 - 31/12/19 audited financial statements.
 - Council approved management results to 31/03/20.
 - Updated forecast for calendar year 2020 as a result of COVID-19 and if this represents a deviation from original council approved budget.

Bishop Druitt College

- Conversations and emails exchanged during February and March 2020.
- Head of AFSA articulated overarching strategy to Chair and Business Manager at BDC and they were receptive and agreed with the strategy.
- Head of AFSA Spoke to Troy Mountain Account Executive Westpac confirming proposal.
- Westpac have commenced the process.
- AFSA Head is currently coordinating with Fishburn Watson O'Brien, Westpac and BDC the signing of
 - an updated Pari Passu Deed
 - Mortgage over 83 North Boambee Road
 - Shifting of existing line of credit \$5.45m from AFGD to Westpac.
 - New Loan Agreements – AFGD & Westpac.
- To complete the review process a request for updated financial information will soon been sent seeking confirmation and timing of:
 - 31/12/19 audited financial statements.
 - Council approved management results to 31/03/20.
 - Update forecast for calendar year 2020 as a result of COVID-19.

Emmanuel Anglican College

- EAC will be the fourth school in the Grafton Diocese School network that wants to take up Pari Passu arrangements with AFGD and Westpac.
- Conversations and emails exchanged during February and March 2020.
- Head of AFSA articulated overarching strategy to Business Manager at EAC and they were receptive and agreed with the strategy.
- Head of AFSA Spoke to Glenn Joynson Account Executive Westpac confirming proposal.
- Westpac have commenced the process.
- AFSA Head is currently coordinating with Westpac and EAC the restructure of
 - Shifting of existing line of credit \$3.1m and Multi-Purpose Centre Loan \$6.0m from AFGD to Westpac.
 - New Loan Agreements – AFGD & Westpac.
 - In time a Pari Passu Deed
 - New Loan offers from respective financiers.
- To complete the review process a request for updated financial information has been sent seeking confirmation and timing of:
 - 31/12/19 audited financial statements to 31/12/19 (note: these should be received in the next 30 days. Management results are held.)
 - Council approved management results to 31/03/20.
 - Update forecast for calendar year 2020 as a result of COVID-19 and if this represents a deviation from original council approved budget.

AFGD Board to discuss and approve – refer email from Business Manager Kelley Malaba EAC

Thoughts and observations.

- Loan increase from \$6m to \$7.5m.
- Utilising retained earnings to fund working capital through COVID-19 is prudent and therefore borrowing more on term debt for a long-term asset is not being unreasonable.
- GASC have been informed and have advised the school verbally that it is prudent and will be approved by B-i-C.
- The request to vary existing repayment terms commencing in 2021 from \$1m per annum to \$600K per annum. Makes sense.
 - The project has been delayed for so long that this key milestone date doesn't line up with the completion of the project.
 - Covenant should be relaxed to something along the lines of "Annual capital reductions to loan facilities to be consistent with the respective financiers Loan Agreements.
- Most of this request will sit with Westpac and their appetite to fund EAC.

Lindisfarne Anglican Grammar School

- Conversations and emails exchanged during February and March 2020.
- Head of AFSA articulated overarching strategy to Business Manager at LAGS and they were receptive and agreed with the strategy.
- Head of AFSA Spoke to Mark Parry Account Executive Westpac confirming proposal.
- Westpac have commenced the process including new middle school building and Sunshine Avenue Campus upgrade. (Note they were already working on this)
- AFGD to fund new land purchase on 30/6/2020 \$3.1m. (previously AFGD Board approved)
- AFSA Head is currently coordinating with Fishburn Watson O'Brien, Westpac and LAGS the preparation of
 - an updated Pari Passu Deed
 - New Mortgage over 72 Mahers Lane Terranora NSW 2486 and Lot 602 Point Break Circuit Kingscliff NSW 2487
 - Shifting of existing line of credit \$6m from AFGD to Westpac.
 - New Loan Agreements – AFGD & Westpac.
- The school has provided all necessary financial data to assess the request.
- Westpac once their funding is finalised all parties will be able to move forward and settle their respective positions.

Clarence Valley Anglican School

- A copy of the Corporate Trustees and AFGD's strategy document was shared with the Business Manager Ian Morris.
- No action required.

Other Anglican Affiliates

Anglicare North Coast (ANC)

- Nothing new to report.

South Grafton Parish

- Request for interest capitalisation of their loan was requested and action by Annette Dent Office Manager AFGD in line with Board delegation provided to her.
-

Risk Management Framework

In regard to the operating business of AFGD work has progressed on its Risk Management Framework.

- Liquidity Policy. (Refer commentary above)
- Interest Rate Risk Management quarterly update as at 31/03/20. (Refer current Board papers)

Blaine Fitzgerald – Head of Anglican Funds South Australia

Disclaimer

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		Current position as at 27/03/20	April	May	June	July	August	Sept	Oct	Nov	Dec	Totals
		No of Accounts	\$									
Customer Investments												
A	*At Call	299	\$ 6,817,769	\$ 6,417,769	\$ 6,017,769	\$ 5,617,769	\$ 5,217,769	\$ 4,817,769	\$ 4,417,769	\$ 4,017,769	\$ 4,017,769	\$ 4,017,769
B	*Term Investments	209	\$ 10,887,761	\$ 10,487,761	\$ 10,087,761	\$ 9,687,761	\$ 9,287,761	\$ 8,887,761	\$ 8,887,761	\$ 8,887,761	\$ 8,887,761	\$ 8,887,761
Corporate Trustees Funds												
C	At Call	4	\$ 7,150,772	\$ 7,150,772	\$ 4,650,772	\$ 2,650,772	\$ 650,772	\$ 650,772	\$ 650,772	\$ 650,772	\$ 650,772	\$ 650,772
	Term Investments	12	\$ 9,245,152	\$ 9,245,152	\$ 9,245,152	\$ 9,245,152	\$ 9,245,152	\$ 9,245,152	\$ 9,245,152	\$ 9,245,152	\$ 9,245,152	\$ 9,245,152
Total		524	\$ 34,101,454	\$ 33,301,454	\$ 30,001,454	\$ 27,201,454	\$ 24,401,454	\$ 23,601,454	\$ 23,201,454	\$ 22,801,454	\$ 22,801,454	\$ 22,801,454
Customer Loans & Overdrafts												
D Loans												
E	New Advances	24	\$ 8,941,967	\$ 8,981,967	\$ 9,021,967	\$ 9,061,967	\$ 9,101,967	\$ 9,141,967	\$ 9,181,967	\$ 9,221,967	\$ 9,261,967	\$ 9,301,967
	Overdrafts Balances	4	\$ 6,455,956	\$ 8,680,956	\$ 10,905,956	\$ 2,678,232	\$ 1,300,601	\$ 1,175,601	\$ 1,050,601	\$ 925,601	\$ 800,601	\$ 750,601
Total			\$ 15,397,923	\$ 17,662,923	\$ 19,927,923	\$ 14,840,199	\$ 10,901,366	\$ 11,066,366	\$ 11,231,366	\$ 11,396,366	\$ 11,561,366	\$ 11,651,366
Current Short Term Liquidity position			\$ 18,703,531	\$ 15,638,531	\$ 10,073,531	\$ 12,361,255	\$ 13,500,088	\$ 12,535,088	\$ 11,970,088	\$ 11,405,088	\$ 11,240,088	\$ 11,150,088
F	Cross check Remaining LOC Limits		\$ 24,150,000	\$ 24,150,000	\$ 12,700,000	\$ 12,700,000	\$ 4,700,000	\$ 4,700,000	\$ 4,700,000	\$ 4,700,000	\$ 4,700,000	\$ 4,700,000
G	Plus undrawn facilities Overdrafts	\$ 24,150,000	\$ 17,694,044	\$ 15,469,044	\$ 1,794,044	\$ 10,021,768	\$ 4,700,000	\$ 4,700,000	\$ 4,700,000	\$ 4,700,000	\$ 4,700,000	\$ 4,700,000
H	Plus redraw availability	\$ 2,006,517	\$ -	\$ 220,000	\$ 440,000	\$ 660,000	\$ 880,000	\$ 1,100,000	\$ 1,320,000	\$ 1,540,000	\$ 1,760,000	\$ 1,980,000
Current Total commitments		32	\$ 33,091,967	\$ 33,351,967	\$ 22,161,967	\$ 25,521,967	\$ 16,481,366	\$ 16,866,366	\$ 17,251,366	\$ 17,636,366	\$ 18,021,366	\$ 18,331,366
Net Position			\$ 1,009,487	\$ 7,301,111	\$ 7,839,487	\$ 1,679,487	\$ 7,920,088	\$ 6,735,088	\$ 5,950,088	\$ 5,165,088	\$ 4,780,088	\$ 4,470,088

Note: * Potential parish Impact COVID -19 Parishes currently hold \$4.4m with AFGD. Above modeling does not factor this into the calculation

Projected outflows												
Parish Investor												
	At Call		\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,400,000
	Term Investment		\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,000,000
			\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 200,000	\$ 200,000	\$ -	\$ 2,400,000
Retail Associated												
	At Call		\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,400,000
	Term Investment		\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,000,000
			\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 200,000	\$ 200,000	\$ -	\$ 2,400,000
Corporate Trustees			\$ -	\$ 2,500,000	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,500,000
Schools increase demand for capital												
	Loans interest capitalisation		\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 360,000
	infrastrucure projects		\$ -	\$ -	\$ 3,100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,100,000
LOC utilisation												
	St Columba Anglican School Council Incar	\$ 8,000,000	\$ 1,853,833	\$ 750,000	\$ 750,000	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,103,833
	Clarence Valley Anglican School	\$ 850,000	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 450,000
	Anglicare North Coast	\$ 200,000	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 200,000
	Emmanuel Anglican College	\$ 3,100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Lindisfarne Anglican School	\$ 6,000,000	\$ 3,424,842	\$ 750,000	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,924,842
	Bishop Druiitt College Council	\$ 5,450,000	\$ 1,177,882	\$ 650,000	\$ 650,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,477,882
	Bishop Druiitt College Council	\$ 550,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000
			\$ 24,150,000	\$ 6,456,557	\$ 2,225,000	\$ 2,225,000	\$ 825,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 50,000

Notes/Assumptions

- A Run off assumes Parish and retail associated run off \$200k p/m
- B Run off assumes Parish and retail associated run off \$200k p/m
- C CT's Invest in tranches commencing 1/5/20
- D Small loan interest capitalisation \$40k p/m
- E New loan LAGS \$3.1m honoured - trade off move \$6m LOC to Westpac
- F Limit reduction under Pari Passu to Westpac May 2020. - LAGS \$6m & BDC \$5.45m =11.450m June 2020 BDC \$8m
- G Undrawn facilities and available limit reduces accordingly.
- H Redraw assumes \$220k p/m until fully utilised.
- I Taken from High level report DSN scenario testing.



Annette Dent <annette.dent@afgd.com.au>

FW: Emmanuel - Loan for Multi Purpose Centre

1 message

Blaine Fitzgerald <afsahead@adelaideanglicans.com>
To: "annette.dent" <annette.dent@afgd.com.au>

24 April 2020 at 09:38

Hi Annette

Kelley email.

*Kind regards***Blaine Fitzgerald**
Head of Anglican Funds South Australia18 King William Road, North Adelaide SA 5006
P 08 8305 9371 | M 0452 137 740

From: Kelley Malaba <kmalaba@eac.nsw.edu.au>
Date: Monday, 20 April 2020 at 2:07 pm
To: "Joynson, Glenn" <gjoynson@westpac.com.au>, Blaine Fitzgerald <blaine.fitzgerald@afgd.com.au>, Blaine Fitzgerald <afsahead@adelaideanglicans.com>
Cc: Rob Tobias <rtobias@eac.nsw.edu.au>
Subject: Emmanuel - Loan for Multi Purpose Centre

Hi Glenn and Blaine

Thanks for your time to date working with EAC to establish a pari passu with Westpac and AFGD. I write to seek an extension to the level of funding approval for the Multi Purpose Centre.

EAC College Council has been meeting regularly to monitor the impact of COVID-19 on the College community. At this time the full financial impact of COVID-19 on parent fee collections is unknown. We have already collected more than 40% of our 2020 annual fees and are confident that most of the outstanding balance will be collected.

The College is ready to commence the Multi Purpose Centre and will start bulk earthworks this coming week. This work is outside the scope of the building contract with Bennett Constructions and will be paid for from cash reserves.

To be sure that the College is not left under financial strain after the MPC works commence, College Council would like to extend the loan facility to \$7.5 million, instead of the previously approved \$6.0 million. This additional borrowing will ensure that the current cash reserves are available to support daily operations during the uncertainty being caused by COVID-19. A previous condition of the loan approval from AFGD was that the College would commence making annual principal repayments of \$1 million per annum from 2021. We also ask that this condition be lifted.

College Council passed the following resolution at their meeting held on Thursday 16 April 2020:

IT WAS RESOLVED, "That discussions commence with AFGD and Westpac asking for the facility for the MPC to be increased to \$7.5 million and that the loan terms be renegotiated to reduce minimum principal repayments on loans in 2021 to \$600,000 instead of \$1 million." Carried.

It would be appreciated if you could review this request as part of the discussions regarding a pari passu arrangement for the College.

I prepared the following analysis for College Council to help with their decision making.

The original five year forecast included in the budget approved for 2020 to 2024 was as follows.

Net Profit (Excluding Capital grants) as % of Gross Profit					
Surplus	1,014,910	436,398	859,375	1,381,307	1,686,399
Capital Grants	500,000	-	-	-	-
Subtotal	514,910	436,398	859,375	1,381,307	1,686,399
% of Gross Profit (exc Capital Grants)	3.5%	2.7%	5.0%	7.6%	8.6%
Cash Surplus from Operations (Excluding Capital grants)					
Net Surplus (excluding Capital Grants)	514,910	436,398	859,375	1,381,307	1,686,399
Add back Depreciation	1,135,231	1,377,984	1,341,600	1,358,390	1,352,657
	1,650,141	1,814,382	2,200,975	2,739,697	3,039,056
Less Principal Repayments	305,057	1,000,000	1,000,000	1,000,000	1,000,000
	1,345,084	814,382	1,200,975	1,739,697	2,039,056
% of Gross Profit	9.0%	5.1%	7.0%	9.5%	10.4%
Cash Committed to Capital Projects					
Cash Reserves as at beginning of year	2,000,000	545,084	559,466	1,300,442	2,575,139
Cash from operations	1,345,084	814,382	1,200,975	1,739,697	2,039,056
Total Cash Reserves	3,345,084	1,359,466	1,760,442	3,040,139	4,614,194
Less:					
Cash Committed to BGA project	500,000				
Mutli Purpose Hall	1,500,000				
Other Capital Expenditure	800,000	800,000	460,000	465,000	470,000
Cash Reserves at end of the year	545,084	559,466	1,300,442	2,575,139	4,144,194

If the College was to borrow an additional \$1.5 million to build the MPC during 2020/2021 and could reduce the loan repayments in 2021 to \$600,000, instead of \$1 million the net cash position at the end of each year over the next 5 years would only be slightly lower than the original forecast.

I prepared an updated Cash flow forecast (considering the impacts of COVID-19) and it shows a cash balance of \$1.8 million at the end of 2020, excluding construction of the MPC. This is a worst case scenario and assumes that we will only collect 50% of the balance owing on parent fee accounts between now and the end of 2020. If \$1 million was used for the MPC and \$100,000 interest was paid on the MPC Construction loan in 2020, then the net cash position at the start of 2021 would be approximately \$700,000. The updated forecast below starts with this net cash position.

	2021	2022	2023	2024
	758	785	820	857
Cash Surplus from Operations (Excluding Capital grants)				
Net Surplus (excluding Capital Grants)	436,398	859,375	1,381,307	1,686,399
Interest on additional borrowings (\$1.5 million @3.5%)	52,500	52,500	52,500	52,500
	383,898	806,875	1,328,807	1,633,899
Add back Depreciation	1,377,984	1,341,600	1,358,390	1,352,657
	1,761,882	2,148,475	2,687,197	2,986,556
Less Principal Repayments	600,000	1,000,000	1,000,000	1,000,000
	1,161,882	1,148,475	1,687,197	1,986,556
Cash Committed to Capital Projects				
Cash Reserves as at beginning of year	700,000	561,882	1,250,357	2,472,554
Cash from operations	1,161,882	1,148,475	1,687,197	1,986,556
Total Cash Reserves	1,861,882	1,710,357	2,937,554	4,459,110
Less:				
Cash Committed to BGA project	500,000			
Mutli Purpose Hall				
Other Capital Expenditure	800,000	460,000	465,000	470,000
Cash Reserves at end of the year	561,882	1,250,357	2,472,554	3,989,110

If \$6million was drawn down in 2020 for construction of the MPC and an additional \$1.5 drawn down in 2021, the debt per student ratio for 2020 to 2022 would be as follows.

Year	2020	2021	2022
Enrolments	728	758	785
Debt per Student	16,996	17,510	14,743

This calculation includes the balance of the Line of Credit facility as debt at the end of each year.

The College operates with a strong cash flow surplus and has the capacity to service this level of debt. This scenario would ensure this important project can be completed, the College can remain financially strong during the COVID-19 period and the long term objective of continuing to grow the College for future generations can be achieved.

I am happy to provide any additional information that may be required to assist with this process.

Bennett Construction's were originally scheduled to commence construction of the MPC last week. College Council would like to be in a position to make a decision on this project in the very near future. They meet again at 7.00am on Thursday 30th April.


Is there any chance we can have something in this time frame?

Regards

Kelley

Kelley Malaba, CA

Business Manager
Emmanuel Anglican College
62 Horizon Drive
Ballina NSW 2478
Phone: 02 6681 5054
Fax: 02 6681 3704
Email: kmalaba@eac.nsw.edu.au
Website: www.eac.nsw.edu.au
CRICOS Provider 02449F

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BOARD MEETING DATE:

30/04/2020

No 8 Matters for discussion and/or decision

Item: b

Title: Lending and deposit rate reviews

No of Pages. 3 incl Header

Briefing Paper		Confidential <input type="checkbox"/> Urgent <input type="checkbox"/>	
Date:	22/04/20	File number:	
To:	AFGD	From:	AFSA
CC:			
Subject:	Interest Rate Risk Management Quarterly update as at 31/03/20		

Background

Below is an overview and comparison between the two business units lending and deposit/investor interest rates.

Table below is a slightly different way of comparing current Net Interest Margins (NIM)

	Grafton		Adelaide	
	Rate	FUM	Rate	FUM
Savings	0.835%	\$13,768,553	0.580%	\$20,358,903
Investments	1.721%	\$20,097,714	1.854%	\$23,449,274
Cost of Deposits	1.361%	\$33,866,267	1.262%	\$43,808,177
Loans	5.186%	\$8,981,286	4.189%	\$3,121,012
Overdrafts (incl Line fee)	4.107%	\$6,672,864	4.604%	\$379,099
Return on Funds	4.726%	\$15,654,150	4.234%	\$3,500,111
Operating Margin	3.365%		2.972%	

Deposit/Investor rates

Adelaide as at 22/4/20

Monthly Income account	0.00%pa
Cheque Account	0.00%pa
30 Days	0.40%pa
60 Days	0.80%pa
90 Days	1.30%pa**
6 Months	1.65%pa**
12 Months	1.50%pa

Grafton as at 22/4/20

Cash Management Account	1.00%
Cheque Account	0.25%
90 Days	1.30%
180 Days	1.55%
365 Days	1.50%

Lending Rates

Adelaide as at 1/4/20

- This is a comparison of Adelaide's Loan base rate calculation methodology to compare against Grafton's rates.

AFSA Monthly Lending Rates	
Apr-20	
AFSA Business Reference Rate (ABRR)	5.54%
AFSA Parish Reference Rate (APRR)	3.54%
Parish Legacy Rate	2.73%
RBA Cash Rate	0.25%

Grafton as at 1/4/20

AFGD Monthly Lending Rates	
Apr-20	
AFGD Business Reference Rate (ABRR)	5.85%
AFGD Parish Reference Rate (APRR)	4.85%
Parish Legacy Rate	N/A
RBA Cash Rate	0.25%

Recommendation –

- Investor Rates:
 - Cash Management Account. Recommended range to be 0.50% to 0.75%. Board to make decision.
 - Cheque Account. Due to COVID-19 and impact on Parishes. Recommending no change.
 - Term Investments – No change.
- Lending Rates -
 - AFGD Business Reference Rate. Recommending reduction by 0.20% from 5.85% to 5.65%. Board to make decision.
 - AFGD Parish Reference Rate. Due to COVID-19 and impact on Parishes recommending a reduction in the range of 0.75% to 1.00%. Board to make decision.

Annette Dent
Office Manager AFGD

Blaine Fitzgerald
Head of AFSA



BOARD MEETING DATE:

30/04/2020

No 8 Matters for discussion and/or decision

Item: f

Title: Corporate Trustee funds on deposit with AFGD

No of Pages. 2 incl Header



Annette Dent <annette.dent@afgd.com.au>

Corporate Trustees Funds on Deposit with Anglican Funds Grafton Diocese

1 message

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

23 April 2020 at 16:35

To: David Ford <fordie@mac.com>

Cc: Annette Dent <office@afgd.com.au>, Blaine Fitzgerald <afsahead@adelaideanglicans.com>

Dear David,

Today, the Corporate Trustees had their regular meeting and naturally as 'business arising', the status of AFGD was discussed including AFGD's work with Westpac Bank. This discussion resulted in the following resolution:

"That the Corporate Trustees recognise and support AFGD's move to reduce its loan exposure through its relationship with Westpac Bank and note that this will provide the Corporate Trustees with greater latitude to strategically place some of its surplus liquidity. While noting that these actions will take 2 to 3 months to generate results, the Trustees request the AFGD Board to analyse its current market environment and indicate what scope exists for the Trustees to make withdrawals from its AFGD accounts for strategic investment during early May 2020."

Could you please have this resolution considered in the upcoming AFGD Board meeting?

Regards,

Chris Nelson

General Manager/Registrar

Anglican Diocese of Grafton

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BOARD MEETING DATE:

30/04/2020

No 9 Matters for noting and status updates

Item: a

Title: RBA Governor Phil Lowe speech – notes from Escala

No of Pages. 3 incl Header



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

From the CIO: RBA Governor Phil Lowe speech - Building bridges

Tom Meagher | Escala <tom.meagher@escalapartners.com.au>

19 March 2020 at 19:37

All, please see our notes from the RBA Governor's speech today.

Key points for me:

1. The RBA is prepared and is signalling the cash rate to stay at 0.25% for a long time (potentially as long as 3 years) – strong forward guidance
2. While targeting the 3-year yield at 0.25%, the RBA will be in the market buying bonds across the curve including 10 years
3. Like the BoE's announcement, though more subtle, pressure is being applied to the banks to accommodate their SME customers
4. There is no limit on how much will be purchased – purchases will be limited to govt and semi-govt (state) bonds however. We are likely to see a significant expansion in the RBAs balance sheet from here. There should be no shortage of bonds on issue given the expected expansion of government deficits (State and Federal). Note purchases will be in the secondary market so RBA is not "directly" funding the government.
5. This stimulus will be in place for some time – well past the point when the virus has gone. We are not likely to see just how stimulatory this is until after the virus passes, but on the surface, it is big. Back of the envelope: In the past 10 years, the steepest the 10-3 yield curve has been was 140bpts. If the RBA is keeping a foot on the 3-year at 0.25%, this suggests at worst, a 10-year yield of 1.15%. Over the last 10-years, the 10-year has averaged 3.5-4%. Of course, the RBA did say it would remove the 3 year target before it raises the cash rate but Gov Lowe didn't stipulate under what conditions a removal of the target would look like and it is unlikely to be 3 years but even if it is 18 months, a 10-year bond yield at 1.15% is very low. Not good necessarily for our income clients and would force investors back into risky parts of the market to get a return.

More detail from the speech:

- At some point the virus will be contained and things will return to normal, it is temporary
- This is about building a bridge to get to the other side of this virus
- Banks have a role to play in building the bridge to the recovery
- APRA confirmed current large buffers in the banking system can be used to support the economy
- Council of Financial Regulators meeting tomorrow (RBA, APRA, ASIC)
- Supporting small bus is a particular priority over coming months
- RBA balance sheet has increased due to repo operations from ~\$2.5b a month ago to \$20b today
- 4 elements of today's package – lower cash rate, target 0.25% on the 3 year bond, term funding to SME, to increase the interest rate on financial holdings with RBA
- In total MP has eased a cumulative 125bpts (1.25%) over the past year
- US, UK, NZ and AU all sitting at 0.25% interest rates
- Likely to be a current level of int rates for extended period of time [Gov did say it could be up to 3 years which is why they are targeting the 3-year bond]

- No update on forecasts – situation too fluid – hit will last for a number of months and expecting significant job losses
- When recovery does come, will be supported by low interest rates for extended period of time
- Target 3yr bond yield – traditionally the RBA targets the cash rate when setting interest rates. Now it is extending it to 3 years – 0.25% same as cash rate
- Why 3-years? 3-year bond is a key benchmark in the economy, it influences funding rates across the economy and is consistent with Boards view cash rate will be at 0.25% for some years
- First auction tomorrow – purchases in secondary mkt, not directly from the govt
- Emphasis is not on the quantities. How much it needs to purchase will depend on market conditions and prices on the day. Focus is on price of money and credit.
- Prepared to transact in whatever quantities are needed and prepared to buy bonds across all maturities including 5, 10, and longer dated bonds if necessary
- Expectation is yield target will be removed before cash rate is increased
- Term funding – two objectives
 - 1) lower fund costs entire banking system
 - 2) provide incentive lenders to support credit to bus esp SMEs – priority.
- ADIs will have access to at least \$90b, can draw on these funds out to Sept this year
- Every extra dollar lent by the banks to SMEs, banks will have access to an additional \$5 from RBA out to Mar 2021.
- Strongly encouraging ADI's to use facility
- Overall objective is to lower funding costs and support provision of credit
- Represents significant interventions by the RBA into financial markets

Q and A:

- Q: Are you concerned about the move of the 10 year yield today? – bond yields been very volatile, liquidity conditions poor, would expect as things settle down, bond yields across term structure will decline – prepared to buy across maturities, but targeting 3yr – need to give this time to settle down
- Nothing is off the table – prepared to do whatever is necessary
- Feel like done enough now
- Q: Any discussion to target 10yr yield? Didn't discuss it at board meeting – 3yr year rate makes sense because it is a key benchmark rate for bond listings and also is consistent with where the cash rate will be possibly be for 3yrs. Also consistent with 3yr fund package for banking system
- Q: impact on house prices? – Our priority is people keeping jobs and business keeping alive; likely to not be many transactions in housing mkt so not concerned
- Bond purchases are also about making sure market is liquid so prepared to enter the mkt to stabilise, this includes the FX market
- It is in the banks interest to support households
- AUD has been a great shock absorber, are prepared to act if liquidity dries up in that market. Liquidity is thin but not at point yet where needed to intervene but will if conditions deteriorate
- China appears to have contained the virus and business is getting back to normal activity.

Regards,

Tracey McNaughton
Chief Investment Officer

Escala Partners Ltd.
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Sydney 2000 Australia

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www.escalapartners.com.au

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BOARD MEETING DATE:

30/04/2020

No 9 Matters for noting and status updates

Item: b

Title: Resolution – Corporate Trustee meeting 27 February 2020

No of Pages. 2 incl Header

Corporate Trustees Meeting 27 February 2020

- a. Anglican Funds South Australia (AFSA) and Anglican Funds Grafton Diocese (AFGD)

MOTION

That the Corporate Trustees thank the AFGD Board for its work to date in consultation with AFSA and the positive feedback received in the client survey particularly with regard to personalised service, and encourages the AFGD Board to continue its consultation with AFSA with the aim of creating a financially stronger combined fund that maintains good client service.

Moved Mr Stephen Campbell

Seconded Dr Gordon Burch

Carried



BOARD MEETING DATE:

30/04/2020

No 10 Correspondence

In

- **27/02/20 – AFSA/AFGD Discussions from Kevin Stracey & Blaine Fitzgerald**
- **10/03/20 – Market Update Alison Perrott Ord Minnett**
- **19/04/20 – from South Grafton Anglican Parish re Loan**

No of Pages. 5 incl Header

27th February 2020

Mr Chris Nelson
 Registrar/General Manager Anglican Diocese of Grafton
 50 Victoria Street
 Grafton NSW 2460

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

Dear Chris & David

Thank you for your email correspondence dated 20th February 2020 whereby AFGD addressed the first steps in the work program as AFSA and AFGD commence the process of discovery on merger discussions.

The AFSA Board met on the 19th February 2020 and acknowledged the timing and receipt of the work program. During that meeting they considered the same questions that AFGD addressed and the table below contains a summary of AFSA's desired outcomes, downsides and possible models.

Desired/Essential Outcomes	Downsides to Avoid	Possible Models
<ul style="list-style-type: none"> ▪ Continued ability to assist local Anglican entities by offering transactional and lending products, and to support Dioceses from profitable operations. ▪ Retention of existing regulatory concessions. ▪ Increased profitability through reduction in duplication and through economies of scale. ▪ Enhanced opportunities for ADFs to lend and borrow across dioceses, and to work together in other ways. ▪ Model scalable and repeatable to enable wider application across the Anglican Church of Australia. ▪ Model sustainable through future rounds of regulatory change. ▪ Model acceptable to governing bodies in each Diocese. 	<ul style="list-style-type: none"> ▪ Loss of regulatory concessions. ▪ Net increase in regulatory or audit costs. ▪ Disproportionate increase in insurance costs ▪ Reduction in capital and liquidity ratios. ▪ Uncontrolled flow of credit risk between ADFs. ▪ Reduced capability to enhance value proposition of local brand/clients. 	<ul style="list-style-type: none"> ▪ Existing model, with opportunities to further increase services offered under the service agreement. ▪ Establishment of a separate incorporated entity to administer community funds for AFSA, AFGD, and any other participating diocese, and to facilitate cross-diocese lending and other forms of co-operation.

Comparing both responses, as anticipated there are synergies and differences that require further clarification and discussion. We look forward to the next round of discussions scheduled for the week commencing 16th March 2020.

Please liaise with Blaine to co-ordinate logistics for the respective working group.

Yours faithfully


 Kevin Tracey
 Chair Anglican Funds South Australia


 Blaine Fitzgerald
 Head of Anglican Funds South Australia

Market Update

1 message

Alison Perrott <aperrott@ords.com.au>

10 March 2020 at 17:24

To: Annette Dent <office@afgd.com.au>

Cc: "blaine.fitzgerald@afgd.com.au" <blaine.fitzgerald@afgd.com.au>

The pullback we had to have (This article was first published on Tuesday, 25 February 2020 and I have updated today 10 March 2020)

Things are moving very fast but wanted to keep you up to date. Some points on where we are.

- Markets were vulnerable – We have been pointing out for some time a growing disconnect between index levels, particularly in Australia, and fundamentals, such as economic growth and EPS trends. As of 3 weeks ago, the S&P/ASX 200 was trading on an 18.5x 12-month forward PE, its highest level in 20 years. Meanwhile, 12-month forward EPS growth expectations had slowed in the past few months from 8% to 4.5%. In our view, the coronavirus disease 2019 (COVID-19) has been a catalyst for markets to reset to more reasonable levels.
- A pull-back not a bear market – Whilst we have seen almost 20% correction we don't believe this is the start of a bear market, but a sustained pullback in the range of 5-10% is possible. During the 2003 SARS pandemic, the S&P/ASX 200 troughed around 12% from its peak. So far, the S&P/ASX 200 is down about 17% to 5939. At this level we are more positive on equities but caution for further falls.
- Credit Market Dislocation - As experienced in the GFC very light volume trading has seen hybrids sell off by 5% on average in the longer term notes. This does not truly reflect the value of the investments and we remain satisfied that all income payments will be paid and capital is not at risk.
- Progressing towards normal – The rate of infections in China has slowed. High frequency data suggests that activity is slowly resuming in China. Six provinces have reduced their emergency level settings, people have returned to work in several major cities, highway traffic last weekend grew compared to previous weeks of declines, and coal consumption has increased slightly. Unfortunately, attention has now turned to infection rates outside of China, which have increased, sparking fears of a pandemic and placing some countries like Italy into lockdown.
- COVID-19 a temporary disruption – There is no doubt COVID-19 will see a substantial slowdown in growth, particularly as manufacturing activity slows. With the epidemic spreading to countries outside China, we expect more downgrades to growth to come. Global GDP growth could slow to around a 1% annualised rate in 1Q. However, the disruption will be temporary. Once contained, we expect that activity should rebound by 3Q this year as restocking occurs and pent-up demand is released. In the interim, policy responses should limit a more intense slowdown. China has been cutting interest rates and offering subsidies to affected industries. The US Federal Reserve also has ample room to cut rates if required.
- While timing the end of the pull-back is difficult, we are watching for the following:
 - S&P/ASX 200 steady below 6000, which offers buying opportunity and more reasonable valuation levels;
 - Another set of economic growth downgrades from consensus, which would signal a peak economic impact of COVID-19; and/or
 - Infection rates to slow globally, which would signal that COVID-19 is being contained

We are monitoring your portfolio closely and whilst we appreciate this news is unwelcome given market conditions it is to be expected. We had been holding extra cash to absorb market volatility and will look to invest this over the coming weeks once calm is achieved.


If you have any queries or require a more detailed portfolio update before your standard reports please do not hesitate to contact me.

Kind regards,

Alison Perrott

Senior Adviser, Investments & Portfolio Strategy

Website: www.ords.com.au

 0410 407 169

 (08) 8203 2508

 aperrott@ords.com.au

ORD MINNETT



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South Grafton Anglican
64 Tyson Street, South Grafton NSW 2460
P O Box 20, South Grafton NSW 2460

www.sganglican.org.au

RECEIVED
19/04/20
@

10th day of April, 2020

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

Dear Chris

Request to Suspend Mortgage Payments and Capitalise Interest

The South Grafton Anglican Parish Council is concerned that continued payments of \$650 per fortnight towards the mortgage for the South Grafton Rectory will affect our ability to meet necessary church commitments while many usual sources of income are restricted due the COVID-19 virus.

In these circumstances we are requesting that mortgage payments be suspended for 6 months commencing 15th April 2020. We ask that the interest accrued to the account during this 6 month period be added to mortgage principal.

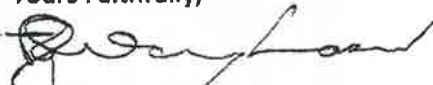
The relevant mortgage account is 436040211.

Yours sincerely


Jim Clark
Parish Treasurer

Francis Kean
Warden

Yours Faithfully,


Reverend Tim G. Waghorn



BOARD MEETING DATE:

30/04/2020

No 10 Correspondence

Out

- 20/02/20 – to Kevin Stracey from Chris Nelson re AFGD and AFSA Discussions
- 3/04/20 – to Andrew Davis Westpac from Chris Nelson and David Ford re Strategy Position
- 23/04/20 – to Kevin Stracey from David Ford re Service Agreement clause 7A

No of Pages. 5 incl Header



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

AFGD and AFSA Discussions

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

20 February 2020 at 15:16

To: Kevin Stracey <dikkops@gmail.com>

Cc: Blaine Fitzgerald <afsahead@adelaideanglicans.com>, Helen Clarke <hclarke@adelaideanglicans.com>, David Ford <fordie@mac.com>, Anna Halman <ahalman@adelaideanglicans.com>

Dear Kevin,

Although AFGD is yet to receive confirmation from AFSA that the attached work program is agreeable to AFSA, the AFGD Board has turned its collective mind to the first item on the program (i.e. AFGD and AFSA submit an outline of "Desired Outcomes"; "Downsides to Avoid" and possible models relative to the prospect of combining the two funds.)

At its meeting of 13 February 2020, the AFGD Board agreed to submit the following points.

Desired Outcomes

A fund structure that is:

- Financially and operationally sustainable over the long term including
 - Maintaining an AFSL License
 - Staffed with a professional manager and suitably qualified and trained support staff
 - meeting capital adequacy and liquidity benchmarks that would be expected of a well established credit union or a small bank
 - Maintaining currency with customer interface technology

Operating under a single board of governance

Paying participating Dioceses a 'dividend' based on the deposits and other business originating from within that Diocese

Remains sufficiently connected with the Anglican Church to understand the needs and the modus operandi of parishes and other church entities

Without diminishing prudential standards, provides church entities better access to credit than that available through major banks

Scalable to allow the inclusion of other Anglican Development Funds in this structure

Maintains a method for direct debit transfer to parish accounts in lieu of cash offertory (ideally no fee or low fee)

Downsides to Avoid

A transition that is difficult for customers of the Fund

A transition that doesn't include all current loans and deposits

An indefinite period of compulsory participation for church entities

Immediate loss of Grafton office assistance for Grafton clients

Board of governance with no Grafton representation

Possible Models

Two funds combining to become one new fund incorporating both funds

AFGD fund to become part of the AFSA fund

(Note: With the existing contracts, deeds and terms being specifically written for either AFGD and AFSA, it is appropriate to maintain both entities within the new structure at least initially so that the expense of re-documenting is avoided and the opportunity for customers to re-negotiate or exit is avoided. Over time, new contracts and deeds can be written in the name of the new managing entity.)

We look forward to AFSA's confirmation of the draft Program and AFSA's response to the above points.

--

Regards,

Chris Nelson

General Manager/Registrar

Anglican Diocese of Grafton



THE CORPORATE TRUSTEES OF THE DIOCESE OF GRAFTON

PO Box 4
GRAFTON
NSW 2460
02 6642 4122

registrar@graftondiocese.org.au

Friday, 3 April 2020

Andrew Davis
Regional General Manager NSW
Commercial Banking NSW | Business Bank
Westpac Bank
Level 1, 98-100 River Street
Ballina NSW 2478

Dear Mr Davis,

The outbreak of the COVID-19 virus and various actions taken to reduce the health impacts of the viral outbreak has caused dramatically new business conditions for all of us. We are sure that this is also true within Westpac Bank.

In consideration of COVID-19 impacts, The Corporate Trustees of the Diocese of Grafton have organised a review of Anglican Funds Grafton Diocese (AFGD), who handle the deposits and loans within the Anglican community of the Grafton Diocese.

The Corporate Trustees have assessed that AFGD is generally well placed to manage the period of the COVID-19 restrictions through the Corporate Trustees keeping a high level of liquid assets within the AFGD portfolio.

However, the Corporate Trustees are also aware that the COVID-19 outbreak will likely lead to a significant drawdown on invested funds by Parishes and individual members who need cash to transition this period of nil to low operational income and depressed investment earnings.

The Corporate Trustees are also aware that the Anglican schools that are significant borrowers will likely increase the utilisation of existing Lines of Credit to manage reduced incomes and may in some cases seek more credit.

As there is a chance that these combined forces will apply too much stress on AFGD, the Corporate Trustees have asked the AFGD Board to mitigate this exposure by transferring some of the Anglican school credit facilities to an external party. Such an action would make AFGD more secure and better positioned to support its parish clients.

The Diocese of Grafton and AFGD has had a strong long term relationship with Westpac Bank which includes pari passu lending arrangements with three Anglican schools: Lindisfarne Anglican Grammar School (Tweed Heads/Terranora), Bishop Druitt College (Coffs Harbour) and St Columba Anglican School (Port Macquarie).

It is the Corporate Trustees hope that through those pari passu arrangements, Westpac Bank will be able to take on a greater share of the credit facilities of each of those Anglican schools.

The Corporate Trustees are also interested in establishing a similar pari passu arrangement with Westpac Bank with regard to the borrowings of Emmanuel Anglican College at Ballina. Each of these 4 schools, despite COVID-19, are financially solid operations with a good business model and good execution of strategy and, as such, are sound banking customers.

The fifth Anglican school in the Diocese, Clarence Valley Anglican School (Grafton), will not be considered for new arrangements as it does not have the financial strength necessary for consideration at this time.

Through Mr David Ford and Mr Blaine Fitzgerald of AFGD, the various local lending managers of Westpac Bank will be approached with regard to these opportunities, which are listed in the following Schedule.

Our purpose in writing to you is so that you are aware of the underlying reasons for this approach and to ask you to consider providing global support for these revised arrangements.

We believe this initiative will ensure the Diocese's schools continue in delivering excellence in educational outcomes and will have the backing and support of a financier with the technology and capital base to support them. It will enable the Diocese and AFGD to support the growing missional work it will be required to undertake in the Northern Rivers community.

We look forward to favourable consideration and fruitful conversations.

Yours faithfully



Mr Chris Nelson
Secretary
The Corporate Trustees of the Diocese
of Grafton



Mr David Ford
Chair
Anglican Funds Grafton Diocese

Schedule:

St Columba Anglican School – Port Macquarie.
Transfer from AFGD to Westpac an existing AFGD Line of Credit \$8.00M
Westpac Account Executives: Les Murray and Troy Mountain

Bishop Druitt College – Coffs Harbour
Transfer from AFGD to Westpac an existing AFGD Line of Credit \$5.45M
Westpac Account Executive: Troy Mountain

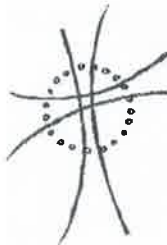
Lindisfarne Anglican Grammar School – Tweed Heads.
Transfer from AFGD to Westpac an existing AFGD Line of Credit \$6.00M in addition to major infrastructure funding currently being assessed by Westpac
Westpac Account Executive: Mark Parry

To start the process of setting up a pari passu arrangement with Emmanuel Anglican College – Ballina.

Transfer from AFGD to Westpac an existing AFGD Line of Credit \$3.1m in addition to funding of \$6M for construction of a Multi Purpose Centre.

There is potential for further infrastructure funding.

Westpac Account Executive: Glenn Joykson



Mr Kevin Stracey
Chair Anglican Funds South Australia
18 King William Road
NORTH ADELAIDE SA 5006

via email: dikkops@gmail.com

23 April 2020

Dear Kevin,

RE: AFGD AFSA Service Agreement clause 7A

I hope that you and all in the Diocese of Adelaide are travelling well in this unusual and challenging environment. It has certainly been a financial and personal test, but I am sure that there is plenty for us to learn along the way.

In recognition that COVID-19 has affected the immediate financial environment and will probably have long term financial effects, Anglican Funds Grafton Diocese (AFGD) would like to suggest a moratorium to our discussions under clause 7A of the Service Agreement.

We believe that it would be prudent to put a pause of 3 months to 31 July 2020 on those discussions. This would enable both parties a chance to better assess how the response to COVID-19 has affected business and to evaluate the "new normal". Progressing discussions at this uncertain time will no doubt include speculation as to how events will unfold.

If, as the 3 month period progresses, the uncertainty continues, we can agree to further extensions to the hiatus.

We put this forward in good faith and we look forward to receiving AFSA's response after due consideration.

Yours sincerely,

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

David Ford
Chair Anglican Funds Grafton Diocese

cc: **Blaine Fitzgerald Head of AFSA** bfitzgerald@adelaideanglicans.com