



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

**ANGLICAN FUNDS GRAFTON DIOCESE BOARD MEETING
Video Conference
Thursday 11th June 2020
AGENDA**

10.00am Participating in Corporate Trustees meeting

10.00am TNR representatives and AFGD Board join Corporate Trustees for consideration of financial statements (for up to 1 hour)

5 minute break - TNR depart

11.00am (approx.) - Discussion between Corporate Trustees and AFGD Board

11.30am - AFGD Board members depart - Corporate Trustees meeting continues

AFGD Board Meeting

- 1. 2.30pm - 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 (BDC) Council and member of Bishop-in-Council.
 - Ted Clarke – agreement with Clarence Valley Anglican School (CVAS)
 - Chris Nelson – involved on various Diocesan boards and committees.
 - Blaine Fitzgerald – Head of Anglican Funds South Australia (AFSA).
- 5. Confirmation of Minutes**
 - Meeting of 30 April 2020
 - Flying Minute of 12 May 2020 – Withdrawal of Corporate Trustee Funds
 - Flying Minute of 3 June 2020 – Lindisfarne AFGD Loan Documents Mortgage Annexure
 - Flying Minute of 3 June 2020 – Term Investment Interest Rate Changes
- 6. Call for additional agenda items and close of agenda**
- 7. Financial and performance reports**
 - a) Finance reports
 - b) Audit update - 2019 Financial Statements - Acceptance of reports

8. Matters for discussion and/or decision

- a) AFSA/AFGD Service Agreement client update from Blaine Fitzgerald to be provided as a late paper by Tuesday 9th June 2020 and includes;
 - Schools updates and report on major borrowers.
 - Progress report on discussions with Westpac.
- b) Ordinance Requirements
- c) Withdrawal of Corporate Trustee Funds – updated May actuals and June forecast.
To be provided as a late paper by Tuesday 9th June 2020.

9. Matters for noting and status updates

- a) Corporate Trustees Resolution regarding AFGD and AFSA

10. Correspondence

In:

- NIL

Out:

- NIL

11. Next meeting scheduled for 20 August 2020.

12. Meeting close



BOARD MEETING DATE:

11/06/2020

No 5 Confirmation of Minutes

Title: Meeting of 30 April 2020

No of Pages. 5 incl Header

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

Minutes
Thursday 30th April 2020
By Zoom Video Conference

1. Opening Meeting opened at 9.03am
2. **Attendees:** Mr David Ford (Chair), Mr Phil Crandon, Mr Ted Clarke,
Mr John Adlington,
Bishop Murray Harvey joined the meeting at 9.16am

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

All participants were joined by Zoom video conference.

Apologies: Mr Gary Boyd

3. **Prayers and Acknowledgement of Country**

The Chair opened the meeting with prayer and Acknowledgement of Country as printed in the meeting agenda and Mr Chris Nelson 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
- David Ford – Chair of Bishop Druitt College (BDC) Council and member of Bishop-in-Council.
- Ted Clarke – Agreement with Clarence Valley Anglican School
- Chris Nelson – involved on various Diocesan boards and committees.
- Blaine Fitzgerald – Head of Anglican Funds South Australia (AFSA)

5. Confirmation of Minutes

That the minutes of the meeting of 13 February 2020 be accepted as true and correct

Moved: Mr John Adlington

Seconded: Mr Phil Crandon

Carried

That the minutes of the special meeting of 3 April 2020 be accepted as true and correct

Moved: Mr Phil Crandon

Seconded: Mr John Adlington

Carried

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

There were no additional agenda items. A late paper email forwarded by Mr Chris Nelson from Mr Blaine Fitzgerald Head of AFSA dated 29/04/2020 in response to correspondence dated 23/04/2020 – AFGD Expanded Service Agreement was submitted as part of existing Agenda item 8.e AFGD-AFSA discussions – an update and Agenda item 10 Correspondence In.

7. **Financial and Performance Reports**

a. **Finance Reports**

The finance reports were considered. Mr Blaine Fitzgerald spoke to the reports and advised that for the first three months of 2020 the budget to expense lines have been well managed and forecast to

budget tracking ok. Due to COVID-19 the fund may experience stress towards the middle & back half of the year however the fund is maintaining liquidity at this stage. 31 March 2020 accounts look normal at this stage. Mr Chris Nelson commented that it shouldn't be expected that income from loans is affected short term however as some of these facilities are moved away from AFGD these income lines will be affected. Mr Blaine Fitzgerald raised a question in regards the Ord Minnett portfolio and the potential for significant change. Mr Blaine Fitzgerald recommended asking for Ord Minnett to provide a 'credit worthiness' report on holdings.

Mr Ted Clarke asked for the P&L statement to have a heading of actual for the reporting period e.g Jan-Mar 2020.

That the AFGD Board receives the financial reports for the period to 31 March 2020.

Moved: Mr Ted Clarke

Seconded: Mr Phil Crandon

Carried

b. Audit Update

The 31 December 2019 Audit Management Letter that was presented was noted. Mr Chris Nelson provided commentary in regards to the Audit Committee Meeting held on 28 April 2020 and noted the audit reports were all approved with no qualifications so a clean audit in that respect. Mr Chris Nelson noted compliments to the staff involved in the audit, that it was the most advanced audit program and shortest audit committee meeting in a number of years. Overall good results were noted for the audit. An 'emphasis of matter' was listed for each of the reports by the auditor which is not a problem but highlighting COVID-19 as an issue in the environment which creates a certain amount of uncertainty about audit results. For the AFGD statement in regards to COVID-19 there has been some affect on the business but it is on the watch list and there is sufficient liquidity other mitigating activities mean that AFGD should be able to get through quite stably. IT & Disaster Recovery is being worked on as a whole office matter and pandemics will be included in this work. Mr Blaine Fitzgerald advised that BCP is included in the AFSA policies and Grafton are welcome to use this to assist in development Grafton policies. Statements are reserved until the day of signing which is scheduled for 11 June 2020.

8. Matters for Discussion and or Decision

a. AFSA/AFGD Service Agreement Update

Mr Blaine Fitzgerald provided an update on various administration and support provided to AFGD as part of the Service Agreement. The report covered the topics of:

- Overarching strategy with Westpac update
- Schools updates
- Liquidity
- Capital Adequacy

Mr Blaine Fitzgerald is working with the schools & Westpac towards shifting certain facilities from AFGD to Westpac. Mr Blaine Fitzgerald noted that previous work on pari passu agreements took longer than expected to finalise the documentation. Mr Blaine Fitzgerald advised the Westpac timing is 1. LAGS, 2. SCAS, 3. BDC and 4. EAC. Mr Blaine Fitzgerald has advised that Mr Jay Clowes is aware of deadlines however he will follow up in writing to confirm timelines. Mr Blaine Fitzgerald noted email correspondence between himself and Mrs Kelley Malaba from EAC, with further work in regards to increase to borrowings to be completed and that no decision needs to be made by the AFGD Board today.

Mr David Ford spoke in regards to the announcement of the new Principal for CVAS Mrs Karin Lisle. It was also discussed that due to COVID-19, school government funding is due to be released early with 50% in May and 50% in June (this funding is usually received by the schools in July) which will be factored into analysis of liquidity requirements and potential release of Corporate Trustee funds.

b. Lending and deposit rate reviews

Mrs Annette Dent spoke to the 'Interest Rate Risk Management Quarterly update as at 31/03/2020' report presented. The AFGD Board discussed the report further and resolved the following.

That the advertised rate for Cash Management Account types be reduced from 1.00%p.a. to 0.75%p.a effective 30 April 2020

Moved: Mr Phil Crandon
Seconded: Mr John Adlington
Carried

That the advertised variable AFGD Anglican Business Reference Rate (ABRR) be reduced from 5.85%p.a. to 5.65%p.a and that the advertised variable AFGD Anglican Parish Reference Rate (APRR) be reduced from 4.85%p.a. to 3.85%p.a. effective 30 April 2020

Moved: Mr Phil Crandon
Seconded: Mr John Adlington
Carried

c. COVID-19 and affect on AFGD activities including adjustments to staff and office arrangements; any changes to customer activity.

Mrs Annette Dent spoke to this agenda item and advised that to date the workload had not reduced as a result of COVID-19. Due to DataAction (DA) not being able to provide additional 'Remote Access' logins, Ms Linda Butler's AFGD work tasks have been limited to functions which do not require access to the DA system. There has been a significant increase in new participants of 'Parish Provider'. Mrs Annette Dent also advised she had spoken to a number of clients (individuals & Parish) who had made enquiries in regards to existing Term Investments and short term cash requirements but to date there have been no requests for early redemption. A number of clients have requested closure at maturity of existing Term Investments and so far this has been managed within normal cashflow. Mrs Annette Dent also advised she is working through school requirements in conjunction with Mr Blaine Fitzgerald in regards short term cash requirements and the shift of some facilities to Westpac.

d. Bishop-in-Council decisions regarding COVID-19, assisting parishes and accessing government assistance (inc Jobkeeper).

Mr Chris Nelson spoke to this agenda item and provided a summary of the current initiatives to support parishes during this period including waiver of Parish Pledge, Clergy Removal & Cathedral Maintenance and a reduction in monthly payroll with 55% being covered by the Diocese. Mr Chris Nelson also advised that the Diocese is applying for government assistance in the form of 'JobKeeper' on behalf of eligible employees and will apply those funds towards the payment of those employees. The Diocese will also access other government COVID-19 assistance and allocate those funds to the COVID-19 Support Fund to offset some of the gap between employment costs after accounting for 'JobKeeper' and the reduced level of parish contribution. Mrs Annette Dent also discussed 'JobKeeper' and confirmed that she had completed the employee form so that the Diocese as the employer can include her as an eligible employee participant. Mrs Annette Dent also noted that she had been advised by the Diocese that the payroll expenses for AFGD would not be adjusted as a result of 'JobKeeper'.

That the AFGD Board acknowledges that the JobKeeper payments related to AFGD staff will be retained by the Diocese for the support of continuing employment within the Diocese.

Moved: Bishop Murray Harvey
Seconded: Mr Ted Clarke
Carried

e. AFGD-AFSA discussions – an update

That the AFGD Board ratifies the Chair's correspondence to AFSA dated 23 April 2020 and the email response from Mr Blaine Fitzgerald dated 29 April 2020 in regards clause 7a of the Expanded Service Agreement and confirms a delay of three months as a result of COVID-19.

Moved: Mr Ted Clarke
Seconded: Mr John Adlington
Carried

f. Corporate Trustee Funds on Deposit with AFGD

The AFGD Board noted the Corporate Trustee resolution of 23 April 2020 in regards to withdrawal of Corporate Trustee funds held with AFGD commencing May 2020. Mr Blaine Fitzgerald and Mrs

Annette Dent were asked to complete further analysis on expected cashflow requirements and liquidity and then advise the AFGD Board by week ending 8 May 2020 so that a decision can be made by the AFGD Board via flying minute. To support the analysis Mr Blaine Fitzgerald was also asked to contact the schools requesting a detailed forecast of inflows and outflows for the following 60 days.

9. Matters for noting and status updates

a. RBA Governor Phil Lowe speech – Building bridges – notes from Escala 19 March 2020

The Chair noted the item as presented.

b. Resolution – Corporate Trustee Meeting 27 February 2020

The Chair noted the resolution as presented.

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.
- 29 April 2020 email – re AFGD Expanded Service Agreement from Blaine Fitzgerald - acknowledgment and response to AFGD corro 23/04/20.

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.

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

Moved: Mr John Adlington

Seconded: Mr Phil Crandon

Carried

11. Next meeting – after discussion it was confirmed that the next meeting is scheduled for 11 June 2020 as a joint meeting with The Corporate Trustees of the Diocese of Grafton.

12. Meeting close –the meeting closed with Prayer from Bishop Murray at 11.08am

CONFIRMED as true and correct record of proceedings of Anglican Funds Grafton Diocese Board meeting of 30 April 2020

Chair – David Ford



BOARD MEETING DATE:

11/06/2020

No 5 Confirmation of Minutes

Title: Flying Minute of 12 May 2020 – Withdrawal of Corporate Trustee Funds

No of Pages. 5 incl Header

Re: Withdrawal of Corporate Trustee Funds - AFGD Board Flying Minute - Please Respond

1 message

Annette Dent <office@afgd.com.au>

12 May 2020 at 08:21

To: David Ford <fordie@mac.com>, Chris Nelson <chris.nelson@graftondiocese.org.au>, John Adlington <jadlington2@gmail.com>, Philip Crandon <phil_crandon@bigpond.com>, Ted & Peggy Clarke <tedpeggy@bigpond.net.au>, Gary Boyd <garyandcilla@outlook.com>, Murray Harvey <bishop@graftondiocese.org.au>
Cc: bfitzgerald@adelaideanglicans.com, Linda Butler <linda.butler@afgd.com.au>

Hi Everyone

Thanks for your responses.

The motion is carried with a note that Bishop Murray Harvey abstained from voting.

Kind regards
Annette

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



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Saver and Term Investment Accounts - currently paying up to 1.55% pa

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Thank you.*

On Mon, 11 May 2020 at 09:25, Annette Dent <office@afgd.com.au> wrote:

Hi AFGD Board Members,

Further to the email forwarded to each of you on Friday:

That when comparing 30/4/20 actual liquidity against the forecast liquidity position, it has become evident that AFGD will not be in a position to release funds in early May 2020 to The Corporate Trustees and that based on the forecast liquidity position to 31/5/20, AFGD would need to wait until the actual data becomes available before it will be in a position to advise the Corporate Trustees further. AFGD anticipates it will be able to provide that information to the Corporate Trustees by 5/6/20.

Moved: John Adlington
Seconded: David Ford

Could you please 'Reply All' to indicate if you are in favour.

Kind regards
Annette

Annette Dent
Office Admin / Customer Service
Anglican Funds Grafton Diocese
Level 1, 50 Victoria Street GRAFTON NSW 2460
PO Box 4 GRAFTON NSW 2460

FreeCall 1800 810 919 (NSW Only)
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Thank you.*

Re: Corporate Trustees Funds on Deposit with Anglican Funds Grafton Diocese

1 message

Annette Dent <office@afgd.com.au>

12 May 2020 at 08:26

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

Cc: Fordie <fordie@mac.com>, Blaine Fitzgerald <afsahead@adelaideanglicans.com>

Hi Chris

Please see below resolution from the AFGD Board in response to the Corporate Trustees resolution of 23/04/20.

That when comparing 30/4/20 actual liquidity against the forecast liquidity position, it has become evident that AFGD will not be in a position to release funds in early May 2020 to The Corporate Trustees and that based on the forecast liquidity position to 31/5/20, AFGD would need to wait until the actual data becomes available before it will be in a position to advise the Corporate Trustees further. AFGD anticipates it will be able to provide that information to the Corporate Trustees by 5/6/20.

Kind regards

Annette

Annette Dent
Office Admin / Customer Service
Anglican Funds Grafton Diocese
Level 1, 50 Victoria Street GRAFTON NSW 2460
PO Box 4 GRAFTON NSW 2460
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Thank you.*

On Wed, 29 Apr 2020 at 09:07, Chris Nelson <chris.nelson@graftondiocese.org.au> wrote:

Thanks David

On Wed, 29 Apr 2020 at 08:36, Fordie <fordie@mac.com> wrote:

Greetings Chris,
I have explored this question with Annette.

I believe that we will be in a better position to address this issue after the Board meeting.
At that time we will be in a better place to understand the position with regards to the WestPac refunding.

Today's announcement re Independent Schools funding will make a significant difference to the cashflow of all of our schools also impacting on the amount of cash AFGD will have at hand and enable Annette to better know when the drawing of school funds could be needed.

I believe that, if we are not in a position to make a judgement call on this request from the Trustees at the conclusion of our Board meeting that we should be in a position to do so within the following week.

Regards

David Ford
0418 654 909
fordie@mac.com

On 23 Apr 2020, 4:36 PM +1000, Chris Nelson <chris.nelson@graftondiocese.org.au>, wrote:

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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Regards,

Chris Nelson

General Manager/Registrar

Anglican Diocese of Grafton

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BOARD MEETING DATE:

11/06/2020

No 5 Confirmation of Minutes

Title: Flying Minute of 3 June 2020 – Lindisfarne AFGD Loan Documents Mortgage Annexure

No of Pages. 8 incl Header



Re: AFGD Loan Documents - Mortgage Annexure

1 message

Blaine Fitzgerald <afsahead@adelaideanglicans.com>

3 June 2020 at 16:52

To: Brett Dinsdale <bdinsdale@lindisfarne.nsw.edu.au>

Cc: David Ford <fordie@mac.com>, "annette.dent" <annette.dent@afgd.com.au>

Hi Brett

I have a response from the Board of AFGD.

After taking in to consideration the request and advice from AFGD's solicitors Fishburn Watson O'Brien (FWO), AFGD confirm they are prepared to accept the following amendments:

Clause 6.

No change

"The proposed deletion of clause 6 would be unusual in a commercial mortgage because it would allow the school to carry out works on the land without AFGD's consent or oversight. Because those works have the potential to change the value of the land itself, most mortgagees require that they not be carried out without the lender's consent."

Also I have obtained a copy of Westpac Mortgage provisions and note it contains a similar clause. Refer clause 7.

Clause 8.

Amended as requested.

"The proposed amendment to clause 8 is appropriate."

Clause 12.

Amended as requested (deleted)

If you would like to proceed on that basis please come back to me and I will instruct FWO to update the document.

Kind regards

Blaine Fitzgerald

Head of Anglican Funds [South Australia](#)



From: Blaine Fitzgerald <afsahed@adelaideanglicans.com>
Date: Friday, 22 May 2020 at 9:48 am
To: Brett Dinsdale <bdinsdale@lindisfarne.nsw.edu.au>
Subject: Re: AFGD Loan Documents - Mortgage Annexure

Hi Brett

Please send through the marked up changes proposed and I will seek clarification from Jay Clowes at FWO.

Kind regards

Blaine Fitzgerald

Head of Anglican Funds [South Australia](#)

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



From: Brett Dinsdale <bdinsdale@lindisfarne.nsw.edu.au>
Date: Friday, 22 May 2020 at 9:00 am
To: Blaine Fitzgerald <afsahed@adelaideanglicans.com>
Subject: AFGD Loan Documents - Mortgage Annexure

Hi Blaine,

Council have reviewed the documents and have a few requests for amendments on the Mortgage Annexure Document.

Can you please review and then we can discuss.

The Proposed amendments are:

1. Preferable to delete all of Clause 6 (WORKS).

If this not acceptable to you then

a) Clause 6.1 - remove the reference to Lenders consent

b) Clause 6.2 to 6.5 delete inclusive

2. Clause 8 amend "everything necessary" to "everything within the borrowers power" to remove any caveat placed on the title to the land without the Lenders consent.

3. Clause 12 delete 12.2 to 12.4 inclusive.

Appreciate it if you could consider these requests for changes.

I can send through a marked up document if you would prefer, please let me know.

Kind Regards

Brett Dinsdale

Business Manager



Mortgage Memorandum (002)[2].pdf

1171K

Re: Lindisfarne Anglican Grammar School

1 message

Fordie <fordie@mac.com>

3 June 2020 at 16:17

To: Blaine Fitzgerald <afsahead@adelaideanglicans.com>, Murray Harvey <murray.harvey@graftondiocese.org.au>

Cc: John Adlington <jadlington2@gmail.com>, Philip Crandon <phil_crandon@bigpond.com>, Ted & Peggy Clarke <tedpeggy@bigpond.net.au>, Gary Boyd <garyandcilla@outlook.com>, office <office@afgd.com.au>

Thank you all for your prompt replies.
For the record I also endorse the recommendation.

Thank you Blaine for your extra work in explaining the background.

Can you please advise Lindisfarne of the Boards decision

Regards

David Ford

0418 654 909

fordie@mac.comOn 3 Jun 2020, 2:26 PM +1000, Murray Harvey <murray.harvey@graftondiocese.org.au>, wrote:

I agree with the recommended changes as outlined in Blaine's email.
+Murray

Dr Murray Harvey
Bishop of Grafton

Email: bishop@graftondiocese.org.au

Phone: +612 66424122

Twitter: @MurrayAHarvey



The Bishop's Registry
PO Box 4
50 Victoria Street
Grafton NSW 2460

The one who calls you is faithful, and he will do this (1Thessalonians 5:24)

I respectfully acknowledge the traditional custodians of the land on which we live and serve, and pay respect to their elders, past, present and future. I am committed to honoring Australian Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to the land, waters and seas and their rich contribution to society.

On Wed, 3 Jun 2020 at 13:38, Blaine Fitzgerald <afsahead@adelaideanglicans.com> wrote:

Dear AFGD Board members

I'm providing a little more background to the LAGS request to amend clause 6 & 8 which inadvertently may not of been shared with all.

Lindisfarne request

Hi Blaine,

Council have reviewed the documents and have a few requests for amendments on the Mortgage Annexure Document.

Can you please review and then we can discuss.

The Proposed amendments are:

1. Preferable to delete all of Clause 6 (WORKS).

If this not acceptable to you then

a) Clause 6.1 - remove the reference to Lenders consent

b) Clause 6.2 to 6.5 delete inclusive

2. Clause 8 amend "everything necessary" to "everything within the borrowers power" to remove any caveat placed on the title to the land without the Lenders consent.

3. Clause 12 delete 12.2 to 12.4 inclusive.

Appreciate it if you could consider these requests for changes.

I can send through a marked up document if you would prefer, please let me know.

Kind Regards

Brett Dinsdale

Business Manager

Jay Clowes FWO – Comments

Blaine,

The proposed amendment to clause 8 is appropriate.

The proposed deletion of clause 6 would be unusual in a commercial mortgage because it would allow the school to carry out works on the land without AFGD's consent or oversight. Because those works have the potential to change the value of the land itself, most mortgagees require that they not be carried out without the lender's consent.

As unusual as deleting clause 6 would be, it is open to AFGD to agree to the deletion. I attach an amended copy of the mortgage on a chain incorporating both amendments requested by the school. Feel free to release it to them if you wish. If you would prefer to consent to only the amendment to clause 8, let me know and we'll send you an appropriately amended copy.

Jay Clowes

Principal

FISHBURN WATSON O'BRIEN PTY LIMITED
the law specialists

Blaine Fitzgerald – Comments to Chris Nelson

Chris Nelson to Blaine Fitzgerald

I can see why Clause 6 is included as a standard condition (i.e. to protect the value of the asset which is security for the loan) and I guess that we have some protection that they need Bishop-in-Council approval to construct but that wouldn't cover all of the conditions in the clause.

Can you tell me that if this loan was transferred to Westpac whether Westpac would be insisting on a clause similar to clause 6?

Blaine Fitzgerald response to Chris Nelson

Hi Chris,

I would expect to see a similar clause.

It's to stop people demolishing things or building without DA etc and then undermining the value of the security or worse the mortgagee in possession having to foot the bill to make it comply.

I do not have a Westpac example to compare it against although probably not too difficult to get.

That being said, a sufficient number of responses by flying minute have been received and unless there are any objections I intend to respond accordingly to LAGS.

Note clause 12 change was accepted and changed by FWO what remained to be dealt with was:

- **AFGD need to approve the changes requested by LAGS at clauses 6 and 8 or**

Nil acceptances

- **AFGD to approve change to clause 8 and reject changes requested at clause 6.**

Yes,

John Adlington

Ted Clarke

Phil Crandon

David Ford

I hope this assists to close any gaps in the correspondence and the request.

Kind regards

Blaine Fitzgerald

Head of Anglican Funds [South Australia](#)

[18 King William Road, North Adelaide SA 5006](#)

P 08 8305 9371 | M 0452 137 740

<image001.png>



BOARD MEETING DATE:

11/06/2020

No 5 Confirmation of Minutes

**Title: Flying Minute of 3 June 2020 – Term Investment
Interest Rate Changes**

No of Pages. 5 incl Header



AFGD Board Flying Minute - Term Investment Rates 03/06/2020

1 message

Annette Dent <office@afgd.com.au>

3 June 2020 at 16:15

To: David Ford <fordie@mac.com>, John Adlington <jadlington2@gmail.com>, Philip Crandon <phil_crandon@bigpond.com>, Ted & Peggy Clarke <tedpeggy@bigpond.net.au>, Gary Boyd <garyandcilla@outlook.com>, Murray Harvey <bishop@graftondiocese.org.au>
Cc: Chris Nelson <chris.nelson@graftondiocese.org.au>, bfitzgerald@adelaideanglicans.com, Linda Butler <linda.butler@afgd.com.au>

Dear AFGD Board Members,

As part of my regular fortnightly review of deposit rates, specifically Term Investment rates, please see below proposed rate changes.

AFGD currently advertises the following Term Investment rates:

90 days 1.30% p.a.
180 days 1.55% p.a.
365 days 1.50% p.a.

Most recent assessment (3 June) of comparative retail rates (see attachment) which on average are:

90 days 0.90% p.a.
180 days 0.98% p.a.
365 days 1.07% p.a.

AFSA current rates 03/062020 are:

90 days 0.80% p.a.
180 days 1.55% p.a.
365 days 1.40% p.a.

Could you please respond by Reply All email whether you support the following proposed resolution?

That the AFGD Board approves the following Term Investment rates effective immediately:

90 days 1.00% p.a.
180 days 1.55% p.a.
365 days 1.40% p.a.

Kind regards
Annette

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Visit www.anglicanfundsgraftondiocese.com.au for details on our Investment Products, Saver and Term Investment Accounts - currently paying up to 1.55% pa

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Thank you.

 **200603 AFGD Term Investment rate review.pdf**
706K

03/06/2020

Term (months)	1	2	3	6	12
0					
CBA	0.20	0.30	0.75	0.80	0.95
WESTPAC	0.15	0.30	0.85	0.75	1.00
BANKWEST	0.40	0.65	0.90	0.95	1.00
NAB	0.27	0.44	0.85	0.90	1.10
SUNCORP BANK	0.30	0.35	0.75	0.85	0.90
MACQUARIE	0.10	0.10	0.90	0.90	0.90
CUA	0.30	0.50	1.15	1.30	1.30
0					
BENDIGO&ADELAIDE BANK	0.25	0.50	0.70	0.80	1.05
BANK OF QLD	0.25	0.40	0.80	0.95	1.05
ME BANK	1.00	1.10	1.35	1.55	1.40
Average	0.32	0.46	0.90	0.98	1.07
Median	0.26	0.42	0.85	0.90	1.03
Current	0.20	0.40	0.90	1.55	1.40
Difference	0.12	0.06	-	0.58	0.34
New	0.20	0.35	0.80	1.55	1.40
Std Dev	0.25	0.27	0.20	0.25	0.17
Movement	-	0.05	0.10	-	-
From Max	0.80	0.75	0.55	-	-

Comparison Rate

1.25% Monthly rate
1.26% Annualised compound rate

Security Float

0.97% 1,124,000
1.92% 281,000
1.16% 1,405,000

For ALCO Report

Average	0.32	0.46	0.90	0.98	1.07
Median	0.26	0.42	0.85	0.90	1.03
Standard Deviation	0.25	0.27	0.20	0.25	0.17
AFSA Current Rates	0.20	0.35	0.80	1.55	1.40

Current

AFSA as @ 03/06/2020

90 Day 0.80% p.a.

180 Day 1.55% p.a.

365 Day 1.40% p.a.

AFAD

Current

1.30% p.a.

1.55% p.a.

1.50% p.a.

AFAD Proposed

Change 03/06/20

1.00% ↓ 0.30%

1.55% No change

1.40% ↓ 0.10%

03/26/2020

	30	60	90	180	365			
CBA	0.20	0.30	0.75	0.80	0.95			
WESTPAC	0.15	0.30	0.85	0.75	1.00			
BANKWEST	0.40	0.65	0.90	0.95	1.00			
NAB	0.27	0.44	0.85	0.90	1.10			
SUNCORP BANK	0.30	0.35	0.75	0.85	0.90			
MACQUARIE	0.10	0.10	0.90	0.90	0.90			
CUA	0.30	0.50	1.15	1.30	1.30			
BENDIGO&ADELAIDE BANK	0.25	0.50	0.70	0.80	1.05			
BANK OF QLD	0.25	0.40	0.80	0.95	1.05			
ME BANK	1.00	1.10	1.35	1.55	1.40			
	-	-	-	-	-			
	-	-	-	-	-			
	30	60	90	120	150	180	270	365
WESTPAC ☺								
ST GEORGE ☺								
BANK OF MELBOURNE ☺								
BANK SA ☺								
NAB ☺	0.25%	0.40%	0.90%	2.24%	2.26%	0.90%	1.80%	1.25%
ANZ								
SUNCORP BANK ☺								
AMP BANK ☺	1.10%	1.20%	1.30%	2.15%	2.65%	1.65%	2.05%	1.45%
MACQUARIE ☺								
ING Direct - Middle Market ☺								
ING Direct - Adviser ☺								
BENDIGO&ADELAIDE BANK ☺	0.25%	0.55%	0.70%	2.60%	2.65%	0.90%	1.75%	1.05%
BANK OF QLD ☺	0.30%	0.60%	1.00%	2.58%	2.58%	1.15%	2.05%	1.20%
ME BANK ☺	1.00%	1.10%	1.35%	2.68%	2.68%	1.60%	2.00%	1.40%
WESTPAC ☺	1.48%	1.75%	2.14%	2.18%	0.0223	0.0227	0.0229	0.022
ST GEORGE ☺	1.48%	1.75%	2.14%	2.18%	0.0223	0.0227	0.0229	0.022
BANK OF MELBOURNE ☺	1.48%	1.75%	2.14%	2.18%	0.0223	0.0227	0.0229	0.022
BANK SA ☺	1.48%	1.75%	2.14%	2.18%	0.0223	0.0227	0.0229	0.022
NAB ☺	1.80%	2.25%	2.39%	2.39%	0.0239	0.0239	0.0241	0.0241
SUNCORP BANK ☺	1.70%	1.80%	2.27%	2.45%	0.023	0.0255	0.024	0.0247
AMP BANK ☺	2.15%	2.15%	2.50%	2.35%	0.02	0.026	0.026	0.026
MACQUARIE ☺	1.55%	1.55%	2.35%	2.35%	0.023	0.023	0.0235	0.024
ING Direct - Middle Market ☺	1.70%	2.04%	2.17%		0.0232	0.0262	0.0259	0.0259
ING Direct - Adviser ☺	2.00%	2.40%				0.026		0.027
BENDIGO&ADELAIDE BANK ☺	1.60%	1.95%	2.20%	2.25%	0.023	0.024	0.0245	0.025
BANK OF QLD ☺	1.65%	2.00%	2.45%	2.50%	0.0255	0.026	0.026	0.0255
ME BANK ☺	1.85%	2.15%	2.52%	2.55%	0.0255	0.0265	0.026	0.026

Fixed Income - Term Deposits

Indicative Rates

03-Jun-2020

\$100,000 to \$1,000,000 for Wholesale Clients

Issuer (Long Term Rating / Short Term Rating)	Min	1 Month	2 Months	3 Months	6 Months	9 Months	12 Months	2 Years	3 Years	5 Years
Bank Bill Swap Rates (Mid)		0.09%	0.09%	0.10%	0.10%	0.17%	0.17%	0.22%	0.40%	0.47%
AMP (BBB+ / A-2)	\$100k	1.10%	1.20%	1.30%	1.60%	1.45%	1.45%	1.40%	1.40%	1.40%
Bank of Queensland (BBB+ / A-2)	\$500k	0.25%	0.40%	0.80%	0.95%	1.00%	1.05%	1.15%	1.25%	1.45%
Bendigo and Adelaide Bank (BBB+ / A-2)	\$100k	0.25%	0.50%	0.70%	0.80%	0.80%	1.05%	1.10%	1.10%	1.10%
BOQ Specialist (BBB+ / A-2)	\$100k	0.75%	0.75%	1.15%	1.30%	0.85%	1.15%	0.90%	0.90%	1.05%
Community First Credit Union (NR / NR)	\$250k	0.00%	0.50%	0.50%	0.60%	0.00%	0.60%	0.00%	0.00%	0.00%
ME Bank (BBB / A-2)	\$100k	1.00%	1.10%	1.35%	1.55%	1.35%	1.40%	0.00%	0.00%	0.00%
NAB (AA- / A-1+)	\$500k	0.27%	0.44%	0.85%	0.90%	1.00%	0.06%	0.92%	1.00%	1.20%
Rural Bank (BBB+ / A-2)	\$250k	0.30%	0.35%	0.75%	0.90%	0.75%	1.05%	0.90%	0.90%	0.90%

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BOARD MEETING DATE:

11/06/2020

No 7 Finance and Performance Reports

Item: a

Title: Finance Reports

No of Pages. 13 incl Header

Anglican Funds Grafton Diocese

Level 1 - 50 Victoria Street
Grafton 2460
NSW

Profit & Loss Statement

January to December 2020

	YTD												Forecast	Budget	Variance	
	Jan Actual	Feb Actual	Mar Actual	Apr Actual	May Actual	Jan-May Actual	Jun Budget	Jul Budget	Aug Budget	Sep Budget	Oct Budget	Nov Budget				Dec Budget
4-0000																
Income																
Interest Recd - Investments	10,539	17,980	17,300	10,907	7,418	64,145	4,589	10,338	7,341	6,607	10,355	9,000	5,000	117,374	102,954	14,419
Interest Recd - Borrowers	76,493	53,483	53,664	57,453	63,116	304,209	65,145	54,545	55,272	62,594	51,782	51,183	51,183	695,913	594,970	(38,690)
Sundry Income - Other Asset classes and Ser	18,047	57,149	35,375	37,585	37,585	185,741	36,119	36,119	36,119	36,119	36,119	36,119	36,125	438,577	433,430	5,147
Total Income	105,079	128,613	106,339	105,945	108,118	554,094	105,853	101,002	98,732	105,319	98,255	96,302	92,308	1,251,864	1,131,354	(41,378)
5-0000																
Cost Of Sales																
Total Interest Paid to Investors	45,427	42,208	41,938	35,985	33,083	198,641	50,000	50,000	50,000	50,000	50,000	50,000	50,000	548,641	600,000	51,359
Gross Profit	59,652	86,405	64,401	69,960	75,036	355,453	55,853	51,002	48,732	55,319	48,255	46,302	42,308	703,223	531,354	171,869
6-0000																
Expenses																
Total Employee Benefits	9,172	11,064	10,617	10,617	10,617	52,087	11,768	10,768	10,768	11,168	10,768	10,768	11,765	129,859	132,012	2,153
Total Professional fees	1,886	3,146	1,886	1,886	1,886	10,690	2,194	2,194	2,194	2,194	2,194	2,194	2,186	26,040	26,320	280
Total Banking and Indue Costs	16,676	16,720	16,739	17,841	16,942	84,918	18,056	18,056	18,056	18,056	18,056	23,056	18,051	216,308	221,672	5,364
Total insurance costs	1,109	1,120	1,114	-2,025	601	1,918	1,029	1,029	1,029	1,029	1,029	1,029	1,023	9,115	12,342	3,227
Total General Operations costs	793	878	1,050	1,134	683	4,540	1,940	1,940	1,940	1,940	1,940	1,940	1,947	18,127	23,287	5,160
Total Expenses	29,636	32,928	31,406	29,453	30,730	154,153	34,987	33,987	33,987	34,387	33,987	38,987	34,971	399,449	415,633	16,184
Total Net Profit	30,016	53,477	32,995	40,507	44,306	201,300	20,865	17,014	14,744	20,931	14,268	7,315	7,337	303,774	115,721	188,053
9-0000																
Distribution to Diocese																
Total Other Expenses	10,400	10,400	10,400	10,400	10,400	52,000	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	30,107	33,906	149,300	10,465	6,614	4,344	10,531	3,868	-3,085	-3,263	178,774	-9,279	188,053

6-4610	Marketing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
6-4700	Postage	0	84	80	118	79	361	99	99	99	99	99	99	95	1,050	1,184	134
6-4800	Printing & Stationery	139	0	374	112	0	625	215	215	215	215	215	206	2,121	2,571	450	
6-4900	Rent/Victoria Street	433	433	433	433	433	2,167	433	433	433	433	433	437	5,202	5,200	(2)	
6-5000	PC Repairs and Maintenance	0	0	0	36	0	36	250	250	250	250	250	250	1,786	3,000	1,214	
6-5100	Telephone	98	110	95	365	102	770	110	110	110	110	110	110	1,540	1,320	(220)	
6-5200	Travel & Accommodation - Board	0	182	0	0	0	182	416	416	416	416	416	424	3,102	5,000	1,898	
6-5300	Travel & Accommodation - AFGD	0	0	0	0	0	0	200	200	200	200	200	200	1,400	2,400	1,000	
6-5310	AFGD Staff Expenses Other	0	0	0	0	0	0	53	53	53	53	53	53	371	636	265	
	Total General Operations costs	793	878	1,050	1,134	683	4,540	1,940	1,940	1,940	1,940	1,940	1,940	1,947	18,127	23,287	5,160
	Total Expenses	29,636	32,928	31,406	29,453	30,730	154,153	34,987	33,987	33,987	34,387	33,987	38,987	34,971	399,449	415,633	16,184
	Total Net Profit	30,016	53,477	32,995	40,507	44,306	201,300	20,865	17,014	14,744	20,931	14,268	7,315	7,337	303,774	115,721	188,053
9-2200	Contribution to Diocese	10,400	10,400	10,400	10,400	10,400	52,000	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	10,400	10,400	52,000	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	30,107	33,906	149,300	10,465	6,614	4,344	10,531	3,868	-3,085	-3,263	178,774	-9,279	188,053

Anglican Funds Grafton Diocese

Level 1 - 50 Victoria Street
Grafton 2460
NSW

Balance Sheet

As of May 2020

Account No.				
1-0000	Assets			
1-1000	Current Assets			
1-1105	WBC 032537 247819 Operating Ac		\$18,428.05	
1-1110	WBC 032537 120455 Client Chq		\$102,076.43	
1-1130	AFSA Float SAV00000202		\$59.44	
1-1131	AFSA MIA SAV00041173		\$7,282,054.17	
1-1137	Daily Txns Unproc'd in Phoenix		\$34,583.58	
1-1160	WBC 032537 163017 Cash Managem		\$395,266.76	
1-1170	Accrued Int Receivable Investm		\$12,048.09	
1-1171	Ord Min List Accrued Int Rec		(\$3,260.04)	
1-1172	Ord Min U/List Accrued Int Rec		\$4,599.50	
1-1173	Accrued Income		\$39,082.00	
1-1400	Prepaid Insurance		\$1,446.35	
1-2700	Furniture & Fixtures			
1-2710	Furniture & Fixtures Orig Cost		\$4,852.56	
1-2720	Furniture & Fixtures Accum Dep		(\$1,983.82)	
1-2800	Plant & Equipment			
1-2810	Computer Hardware		\$26,730.39	
1-2820	Acc Depn Computer Hardware		(\$26,542.65)	
1-2900	Intangible Assets			
1-2910	Computer Software		\$60,500.00	
1-2920	Acc Depn - Compnr Software		(\$60,500.00)	
1-3000	Financial Assets - Current			
1-3114	AFSA Term Investment		\$1,000,000.00	
1-3120	AFSA Security Dep SAV00000203		\$252,587.56	
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		\$3,708.50	
1-3148	Ord Minn-Global Investments		\$4,605,375.00	
1-3150	Loan Assets			
1-3155	Line of Credit - O/D		\$9,049,642.49	
1-3160	Loan Advances		\$3,569,383.41	
1-3170	Loan Advances - P & I		\$5,215,750.50	
1-3190	Accrued Interest Loans			
1-3199	Financial Assets Current - Adj		(\$15,104,496.17)	
1-4000	Financial Assets - Non Current			
1-4110	Financial Assets Non Current		\$15,104,496.17	
	Total Assets			\$32,806,714.27
2-0000	Liabilities			
2-1000	Current Liabilities			
2-1004	Audit Costs		\$9,930.00	
2-1100	Accrued Interest payable			
2-1101	2243130 Access Acc INT PAY		\$148.65	
2-1102	2243131 Inst Acc INT PAY		\$295.65	
2-1104	2243133 Parish Prov INT PAY		\$94.78	
2-1200	Accounts payable			\$26.18
2-1221	2243310 Term 90 Days INT PAY			\$6,206.50
2-1222	2243320 Term 180 days INT PAY			\$28,005.63
2-1223	2243330 Term 365 days INT PAY			\$78,121.03

2-1700	Investor Funds Fin Liab Curren			
2-1710	2103300 Access Accounts		\$129,102.16	
2-1715	2103310 Institution Access		\$168,937.08	
2-1725	2103330 Parish Provider Access		\$6,339.72	
2-1730	2103350 Interest Free Deposits		\$9,262.17	
2-1735	2103370 Chq Acc Parishes		\$898,417.89	
2-1740	2103380 Chq Acc Ministry		\$2,740,215.90	
2-1745	2103400 Anglican Affiliates		\$7,478,704.65	
2-1750	139 Parishes CMA		\$598,722.55	
2-1755	2183310 Term Inv 90 days		\$3,736,936.91	
2-1756	2103420 Clergy Access Account		\$277,126.47	
2-1760	2183320 Term Inv 180 days		\$8,363,110.44	
2-1765	2183330 Term Inv 365 days		\$6,439,440.04	
2-1900	Other Current Liabilities			
2-1910	Accrued Annual Leave		\$3,490.78	
2-1911	Accrued Long Service Leave		\$11,627.54	
2-1915	Accrued Expenses		\$17,400.00	
2-3030	GST from purchases			(\$2,215.44)
2-9999	Westpac Unknown transactions			\$223.68
	Total Liabilities			\$30,999,670.96
	Net Assets			\$1,807,043.31
3-0000	Equity			
3-7000	Revaluation Financial Assets			(\$86,437.96)
3-8000	Retained Earnings			\$1,744,181.29
3-9000	Current Earnings			\$149,299.98
	Total Equity			\$1,807,043.31

Anglican Funds Grafton Diocese

Level 1 - 50 Victoria Street
Grafton 2460
NSW

Balance Sheet [Multi-Period]

January 2020 To May 2020

Account No.	Account Name	January	February	March	April	May
Assets						
Current Assets						
		233,404	237,465	231,173	196,629	220,504
		14,209,486	13,666,732	13,180,300	8,266,595	7,968,260
		5,781,244	5,781,244	5,726,201	5,726,201	5,726,201
		-8,843	49,482	6,982	18,622	53,916
	Fixed Assets	3,332	3,263	3,194	3,125	3,056
	Loan Assets	16,186,834	17,319,658	16,654,150	19,553,641	18,834,776
		0	0	0	0	0
	Total Assets	36,405,458	37,057,844	35,802,000	33,764,814	32,806,714
Liabilities						
Current Liabilities						
		38,847	44,992	47,308	31,984	27,356
		117	222	324	432	539
		154,137	152,716	130,854	127,653	112,333
	Investor Funds Fin Liab Current	10,249,692	10,913,901	13,768,553	12,597,666	12,306,829
		24,217,852	24,157,198	20,097,714	19,221,233	18,539,487
	Sundry Liabilities	12,188	13,113	13,992	12,485	12,903
		224	224	224	224	224
	Total Liabilities	34,673,055	35,282,365	34,058,969	31,991,676	30,999,671
	Net Assets	1,732,402	1,775,479	1,743,031	1,773,138	1,807,043
	Equity					
	Total Equity	1,732,402	1,775,479	1,743,031	1,773,138	1,807,043

Anglican Funds Grafton Diocese

Level 1 - 50 Victoria Street
Grafton 2460
NSW

Balance Sheet [Multi-Period]

January 2020 To May 2020

Account No.	Account Name	January	February	March	April	May
Assets						
Current Assets						
1-1105	WBC 032537 247819 Operating Ac	9,220	8,490	11,225	3,676	18,428
1-1110	WBC 032537 120455 Client Chq	124,185	128,975	119,949	92,953	102,076
1-3130	WBC Term Invested Funds	100,000	100,000	100,000	100,000	100,000
		233,404	237,465	231,173	196,629	220,504
1-1130	AFSA Float SAV00000202	81	68	28	345	59
1-1131	AFSA MIA SAV00041173	11,623,828	9,645,463	10,586,746	7,804,067	7,282,054
1-1137	Daily Txns Unproc'd in Phoenix	-26,017	1,320,661	-225,000	-727,433	34,584
1-1160	WBC 032537 163017 Cash Managem	359,818	444,849	544,880	395,251	395,267
1-1165	Melb DIF 30 day term	2,000,000	2,000,000	2,000,000	500,000	0
1-3120	AFSA Security Dep SAV00000203	251,777	251,971	252,179	252,380	252,588
1-3147	Ord Minnett-Global Cash Trust	0	3,720	21,467	41,985	3,709
		14,209,486	13,666,732	13,180,300	8,266,595	7,968,260
1-3145	Ord Minnett-Listed Investments	1,166,574	1,166,574	1,120,826	1,120,826	1,120,826
1-3148	Ord Minn-Global Investments	4,614,670	4,614,670	4,605,375	4,605,375	4,605,375
		5,781,244	5,781,244	5,726,201	5,726,201	5,726,201
1-1170	Accrued Int Receivable Investm	3,567	8,485	6,982	10,143	12,048
1-1171	Ord Min List Accrued Int Rec	-6,906	-3,275	0	-6,891	-3,260
1-1172	Ord Min U/List Accrued Int Rec	-5,504	5,188	0	-6,105	4,600
1-1173	Accrued Income	0	39,084	0	19,541	39,082
1-1400	Prepaid Insurance	0	0	0	1,934	1,446
		-8,843	49,482	6,982	18,622	53,916
Fixed Assets						
1-2710	Furniture & Fixtures Orig Cost	4,853	4,853	4,853	4,853	4,853
1-2720	Furniture & Fixtures Accum Dep	-1,848	-1,882	-1,916	-1,950	-1,984
1-2810	Computer Hardware	26,730	26,730	26,730	26,730	26,730
1-2820	Acc Depn Computer Hardware	-26,403	-26,438	-26,473	-26,508	-26,543
1-2910	Computer Software	60,500	60,500	60,500	60,500	60,500
1-2920	Acc Depn - Comptr Software	-60,500	-60,500	-60,500	-60,500	-60,500
	Fixed Assets	3,332	3,263	3,194	3,125	3,056
Loan Assets						
1-3114	AFSA Term Investment	1,000,000	1,000,000	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	9,706,905	9,049,642
1-3160	Loan Advances	3,660,068	3,659,008	3,660,063	3,579,509	3,569,383
1-3170	Loan Advances - P & I	5,414,709	5,374,460	5,321,223	5,267,227	5,215,751
	Loan Assets	16,186,834	17,319,658	16,654,150	19,553,641	18,834,776
1-3199	Financial Assets Current - Adj	-15,104,496	-15,104,496	-15,104,496	-15,104,496	-15,104,496
1-4110	Financial Assets Non Current	15,104,496	15,104,496	15,104,496	15,104,496	15,104,496
		0	0	0	0	0
	Total Assets	36,405,458	37,057,844	35,802,000	33,764,814	32,806,714

Liabilities**Current Liabilities**

2-1004	Audit Costs	19,996	21,882	23,768	8,044	9,930
2-1200	Accounts payable	164	2,075	378	6,929	26
2-1915	Accrued Expenses	18,687	21,035	23,162	17,011	17,400
		38,847	44,992	47,308	31,984	27,356

2-1101	2243130 Access Acc INT PAY	42	75	99	124	149
2-1102	2243131 Inst Acc INT PAY	56	111	173	233	296
2-1104	2243133 Parish Prov INT PAY	20	36	52	75	95
		117	222	324	432	539

2-1221	2243310 Term 90 Days INT PAY	16,549	12,718	7,862	13,003	6,207
2-1222	2243320 Term 180 days INT PAY	50,632	61,406	38,257	36,323	28,006
2-1223	2243330 Term 365 days INT PAY	86,956	78,593	84,735	78,326	78,121
		154,137	152,716	130,854	127,653	112,333

Investor Funds Fin Liab Current

2-1710	2103300 Access Accounts	175,199	134,895	144,806	145,581	129,102
2-1715	2103310 Institution Access	151,131	160,072	166,346	164,328	168,937
2-1725	2103330 Parish Provider Access	5,713	4,676	5,168	6,346	6,340
2-1730	2103350 Interest Free Deposits	9,770	8,717	8,635	8,819	9,262
2-1735	2103370 Chq Acc Parishes	947,250	705,047	767,380	908,970	898,418
2-1740	2103380 Chq Acc Ministry	4,381,571	3,816,458	3,528,980	2,337,787	2,740,216
2-1745	2103400 Anglican Affiliates	3,673,102	5,150,547	8,271,285	8,187,149	7,478,705
2-1750	139 Parishes CMA	658,581	679,238	624,419	573,933	598,723
2-1756	2103420 Clergy Access Account	247,375	254,249	251,534	264,753	277,126
	Investor Funds Fin Liab Current	10,249,692	10,913,901	13,768,553	12,597,666	12,306,829

2-1755	2183310 Term Inv 90 days	7,608,290	7,620,616	5,468,356	5,569,728	3,736,937
2-1760	2183320 Term Inv 180 days	9,071,122	9,347,496	7,461,301	7,080,361	8,363,110
2-1765	2183330 Term Inv 365 days	7,538,440	7,189,086	7,168,057	6,571,143	6,439,440
		24,217,852	24,157,198	20,097,714	19,221,233	18,539,487

Sundry Liabilities

2-1910	Accrued Annual Leave	1,720	2,163	2,605	3,048	3,491
2-1911	Accrued Long Service Leave	11,628	11,628	11,628	11,628	11,628
2-3030	GST from purchases	-1,160	-678	-241	-2,191	-2,215
		12,188	13,113	13,992	12,485	12,903

2-9999	Westpac Unknown transactions	224	224	224	224	224
		224	224	224	224	224

Total Liabilities

	34,673,055	35,282,365	34,058,969	31,991,676	30,999,671
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Net Assets

	1,732,402	1,775,479	1,743,031	1,773,138	1,807,043
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Equity

3-7000	Revaluation Financial Assets	-31,395	-31,395	-86,438	-86,438	-86,438
3-8000	Retained Earnings	1,744,181	1,744,181	1,744,181	1,744,181	1,744,181
3-9000	Current Earnings	19,616	62,693	85,288	115,394	149,300
	Total Equity	1,732,402	1,775,479	1,743,031	1,773,138	1,807,043

Loan Book Data		31-May-20	Loan Balance	Unsecured	Limits	Unutilised/Not Drawn	Rate	Open Date	Amount Borrowed	Loan Expiry Date
COM 730	436032770	Secondary Campus Stage 2	Clarence Valley Anglican School	\$	1,767,400.06		5.90%	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	\$	462,081.96		5.34%	25/01/2017	\$ 550,000.00	25/01/2047
COM 731	436040139	Refinance 10 Cotswold Close	Coffs Harbour Anglican Parish	\$	21,745.08		3.85%	19/04/2017	\$ 174,000.00	19/04/2037
COM 731	436040069	6 McLean St, Coffs Harbour NSW	Coffs Harbour Anglican Parish	\$	50,331.23		3.85%	01/12/2015	\$ 194,000.00	01/12/2031
COM 731	436040129	Administration & Classrooms	Emmanuel Anglican College	\$	2,117,422.93		5.56%	03/01/2017	\$ 2,500,000.00	03/01/2032
COM 731	436040202	Construction Learning Spaces	Emmanuel Anglican College	\$	740,285.15		3.99%	02/01/2020	\$ 750,000.00	02/01/2035
COM 731	436040059	Principal and interest loan	Anglicare North Coast	\$	14,412.81		5.50%	18/12/2014	\$ 1,200,000.00	18/12/2026
COM 731	436040211	Rectory Loan	South Grafton Anglican Parish	\$	137,234.51		3.85%	27/02/2020	\$ 137,578.94	27/02/2031
COM 731	436040011	Middle School Stage 4	St Columba Anglican School Council Incor	\$	351,174.43		4.98%	02/04/2013	\$ 1,003,682.80	02/05/2023
COM 731	436040012	Stage 5	St Columba Anglican School Council Incor	\$	168,687.30		4.98%	02/04/2013	\$ 432,389.82	02/11/2023
COM 731	436040013	Stage 6	St Columba Anglican School Council Incor	\$	494,766.25		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	\$	449,574.11		4.98%	02/04/2013	\$ 786,598.41	02/01/2027
COM 731	436040015	Building Loan Stage 7	St Columba Anglican School Council Incor	\$	589,101.58		4.98%	02/04/2013	\$ 959,563.76	10/12/2027
COM 731	436040166	CCELC Purchase	St Columba Anglican School Council Incor	\$	56.92		4.98%	05/06/2018	\$ 1,777,000.00	05/03/2026
COM 731	436040146	Clergy Car Loan	M Smedley	\$	21,195.98		5.85%	22/08/2017	\$ 43,532.00	22/08/2022
COM 731	436040170	Ridge Clergy Car Loan	M A Ridge	\$	15,098.43		5.85%	04/10/2018	\$ 21,660.00	04/10/2023
COM 731	436040149	Clergy Car Loan	M B Jones	\$	5,416.24		5.85%	28/11/2017	\$ 13,450.00	28/11/2021
COM 731	436040071	Clergy Car Loan	B A Blackbell	\$	420.30		6.00%	15/01/2016	\$ 20,000.00	15/02/2021
COM 731	436040143	Clergy Car Loan - Jenks	G C Jenks	\$	18,146.08		5.85%	13/06/2017	\$ 40,000.00	13/06/2022
COM 731	436040145	Clergy Car Loan	D Snyman	\$	17,559.65		5.85%	11/08/2017	\$ 36,000.00	11/08/2022
COM 731	436040161	Clergy Car Loan Toyota Corolla	D Snyman	\$	3,121.52		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	\$	-	\$ -	\$ 850,000.00	\$ 850,000.00		
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	\$	2,879,559.99	\$ -	\$ 8,000,000.00	\$ 5,120,440.01		
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	\$	3,460,251.91	\$ -	\$ 6,000,000.00	\$ 2,539,748.09		
OD 535	438040025	Working Capital Requirements	Bishop Druitt College Council	\$	2,346,905.23	\$ -	\$ 3,450,000.00	\$ 1,103,094.77		
OD 535	438040026	Information Computer Technolog	Bishop Druitt College Council	\$	362,925.36	\$ -	\$ 550,000.00	\$ 187,074.64		
				\$	17,834,776.40	\$ -	\$ 22,790,000.00	\$ 13,740,357.51		
Total Loan Book assets		Excludes redraw		\$	31,575,133.91					
		Loans only		\$	8,785,133.91					
		Overdrafts only		\$	9,049,642.49					
							Facility Limit	Annual Line Fee \$	Rate	Line Fee %
		Anglican Diocese of Grafton		\$	450,000.00	\$ -			3.85%	0.00%
		St Columba Anglican School Council Incor		\$	8,000,000.00	\$ 60,000.00			3.09%	0.75%
		Camfar Properties Pty Ltd		\$	190,000.00	\$ -			5.33%	0.00%
		Clarence Valley Anglican School		\$	850,000.00	\$ 4,250.00			5.90%	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			3.24%	0.75%
		Lindisfarne Anglican School		\$	6,000,000.00	\$ 66,000.00			1.95%	1.10%
		Bishop Druitt College Council		\$	5,450,000.00	\$ 54,500.00			4.16%	1.00%
		Bishop Druitt College Council		\$	550,000.00	\$ 5,500.00			4.16%	1.00%
				\$	24,790,000.00	\$ 214,500.00			3.23%	0.92%
							Average return	4.024%	4.95%	
							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%	\$ 9,154,181	\$ 915,418			
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%	\$ 17,834,776	\$ 13,376,082			
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		32,804,161	\$ 17,199,102			
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%	\$ 32,804,161	\$ 1,640,208			
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%	\$ 32,804,161	\$ 9,841,248			
Loans > 30% of TA				200%	\$ -	\$ -
					Total Risk Weighted Assets	\$ 17,199,102
					8% of risk weighted assets	\$ 1,375,928
					+ 2.5% Buffer	\$ 429,978
					Required Capital 10.5%	\$ 1,805,906
Equity:						
					Accumulated Funds	\$ 1,859,576
					Asset Reserves	-\$ 86,438
					Total Equity	\$ 1,773,138
					"Surplus" Capital	-\$ 32,768
					Actual Capital Adequacy ratio	10.31%
Comments should actual Capital Adequacy ratio be < 10.5%						

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

Liquidity (4.1): (> 10% of Total Assets):						
Total Assets:					\$ 32,804,161	
Minimum Liquidity requirement	10%					\$ 3,280,416
<u>Actual position:</u>						
Cash					\$ 9,154,181	
Undrawn Bank OD Facility					\$ 1,000,000	
Total Actual Liquidity						\$ 10,154,181
"Surplus" Liquidity						\$ 6,873,765
Actual Liquidity Ratio						31.0%
Comments should actual Liquidity ratio be < 10%						

4.3 Depositors in excess of 5% of Liabilities						
Total depositors in excess of 5% of Liabilities		\$ 15,459,426			\$ 15,459,426	50.1%
Total liabilities					\$ 30,846,316	
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%	\$ 9,154,181	\$ 915,418			
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%	\$ 31,575,134	\$ 23,681,350			
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		46,544,519	\$ 27,504,371			
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%	\$ 46,544,519	\$ 2,327,226			
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%	\$ 46,544,519	\$ 13,963,356			
Loans > 30% of TA				200%	\$ -	\$ -
					Total Risk Weighted Assets	\$ 27,504,371
					8% of risk weighted assets	\$ 2,200,350
					+ 2.5% Buffer	\$ 687,609
					Required Capital 10.5%	\$ 2,887,959
Equity:						
					Accumulated Funds	\$ 1,859,576
					Asset Reserves	-\$ 86,438
					Total Equity	\$ 1,773,138
					"Surplus" Capital	-\$ 1,114,821
					Actual Capital Adequacy ratio	6.45%
Comments should actual Capital Adequacy ratio be < 10.5%						

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

Liquidity (4.1): (> 10% of Total Assets):						
Total Assets:					\$ 46,544,519	
Minimum Liquidity requirement			10%			\$ 4,654,452
<u>Actual position:</u>						
Cash					\$ 9,154,181	
Undrawn Bank OD Facility					\$ 1,000,000	
Total Actual Liquidity						\$ 10,154,181
"Surplus" Liquidity						\$ 5,499,729
Actual Liquidity Ratio						21.8%
Comments should actual Liquidity ratio be < 10%						

4.3 Depositors in excess of 5% of Liabilities						
Total depositors in excess of 5% of Liabilities		\$ 15,459,426			\$ 15,459,426	50.1%
Total liabilities					\$ 30,846,316	
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 May 2020

Corp Trustees of Diocese of Grafton GDIF

Code	Security Name	Quantity	Cost Price	Cost Base	Market Price	Market Value	Assets %	Est. Yield %	Est. Annual Income	Est. Franking %	Est. Franking Credits	Est. Gross Yield %
INTEREST RATE SECURITIES												
AU3FN0032710	AAI LTD FRN 06/10/2022 - 2042 BBSW+3.20%	2,000,000	1.0605	2,120,940.00	1.016	2,031,780.00	36.52	2.63	68,800.00			2.63
AU3FN0033668	BENDIGO FRN 09/12/2021-2026 BBSW+2.80%	1,000,000	1.0319	1,031,930.00	1.009	1,008,980.00	18.14	2.35	33,665.00			2.35
AU3FN0037917	AMPAUS FRN 01/12/2022 - 2027 BBSW+1.80%	500,000	1.0045	502,260.00	0.954	477,130.00	8.58	3.79	11,846.00			3.79
AU3FN0039426	CHALLENGER LIFE CO LTD FRN 24/11/2022 -2042 BBSW+2.10%	500,000	1.0000	500,000.00	0.850	425,245.00	7.64	3.23	14,875.00			3.23
AU3FN0048716	AUSWIDE BANK LTD FRN 12/06/2024 - 2029 BBSW+3.2%	500,000	1.0000	500,000.00	0.934	466,880.00	8.39	5.12	18,853.50			5.12
Sub Total				4,655,130.00		4,410,015.00	79.27		148,039.50			
HYBRID SECURITIES												
AYUHB	AUSTRALIAN UNITY LTD	11,437	101.4317	1,160,074.15	100.500	1,149,418.50	20.66	3.92	45,067.50			3.92
Sub Total				1,160,074.15		1,149,418.50	20.66		45,067.50			
CASH												
PERSHING_AUD	PERSHING AUSTRALIAN DOLLARS	3,709	1.0000	3,708.50	1.000	3,708.50	0.07					
Sub Total				3,708.50		3,708.50	0.07					
TOTAL PORTFOLIO				5,818,912.65		5,563,142.00	100.00	3.47	193,107.00			3.47

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

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

Ord Minnett Limited AFS Licence 237121 ABN 86 002 733 048 A Market Participant of the Australian Stock Exchange Limited

While Ord Minnett believes that the information contained herein is reliable, no warranty is given as to its accuracy or the accuracy of information or material from other sources and persons who rely on it do so at their own risk. Accordingly you should satisfy yourself as to the correctness or otherwise of the statements contained herein.



BOARD MEETING DATE:

11/06/2020

No 7 Financial and Performance Reports

Item: b

**Title: Audit update - 2019 Financial Statements -
Acceptance of reports**

No of Pages. 69 incl Header



Fwd: AFGD financials

1 message

Chris Nelson <chris.nelson@graftondiocese.org.au>
To: Annette Dent <office@afgd.com.au>

25 May 2020 at 08:00

Hi Annette,

For the AFGD Board meeting papers for 11 June.

----- Forwarded message -----

From: **Jodie Carter** <Jodie.Carter@tnr.com.au>

Date: Sun, 24 May 2020 at 13:20

Subject: AFGD financials

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

Cc: Kaytrina Jessup <kaytrina.jessup@graftondiocese.org.au>, Terry Luce <terry.luce@graftondiocese.org.au>, Kevin Franey <kevin.franey@tnr.com.au>, Ellenor McLeod <Ellenor.McLeod@tnr.com.au>

Hi Chris,

Find attached updated AFGD financials reflecting the following changes from the Audit Committee:

- Sign-off date change to 11 June throughout
- Rounding adjustments within Note 17 corrected
- Inclusion of Dr Harvey's middle name
- Draft watermark removed

Can you please review the COVID-19 disclosure and let me know if any changes are required.

Kind regards,

Jodie

Jodie Carter

Manager, Audit & Assurance

31 Keen Street LISMORE NSW 2480

Suite 901, Level 9 The Rocket 203 Robina Town Centre Drive ROBINA QLD 4226

T: +61 2 6626 3000

M: 0437 404 354

W: tnr.com.au

E: Jodie.Carter@tnr.com.au

Visit **TNR's COVID-19 Resource Centre** for insights to help you and your business during this challenging time.

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Regards,

Chris Nelson

General Manager/Registrar

Anglican Diocese of Grafton

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Anglican Funds Grafton Diocese

ABN 42 489 753 905

Financial Statements

For the Year Ended 31 December 2019

Anglican Funds Grafton Diocese

ABN 42 489 753 905

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For the Year Ended 31 December 2019

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Anglican Funds Grafton Diocese

ABN 42 489 753 905

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
Interest income	4 1,347,255	1,488,627
Interest expense	5 (719,329)	(808,005)
Net interest income	627,926	680,622
Non-interest income	4 219,547	141,421
Employee benefits expense	(108,276)	(123,751)
Depreciation and amortisation expense	5 (1,483)	(6,925)
Computer expenses	(141,543)	(118,718)
Bank fees and charges	(12,649)	(17,838)
Investment management fees	(17,522)	(38,482)
Professional fees and charges	(53,853)	(74,190)
Travel and accommodation expenses	(5,742)	(12,122)
Other expenses	(27,732)	(84,418)
Total expenses	(368,800)	(476,444)
Profit for the year before contributions to related parties	478,673	345,599
Contribution to Anglican Diocese of Grafton	(175,000)	(175,000)
Income tax expense	-	-
Profit after income tax and contributions to related parties	303,673	170,599
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that will be reclassified to profit or loss when specific conditions are met		
Net fair value movements for available-for-sale financial assets	15 (23,270)	(137,185)
Other comprehensive income for the year	(23,270)	(137,185)
Total comprehensive income for the year	280,403	33,414

The accompanying notes form part of these financial statements.

Anglican Funds Grafton Diocese

ABN 42 489 753 905

Statement of Financial Position As At 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
Cash and cash equivalents	6	1,548,780	3,072,425
Trade and other receivables	7	28,608	24,032
Other financial assets	8	7,154,814	8,722,787
Loans and advances	9	25,581,231	20,771,018
Property, plant and equipment	10	3,456	4,939
TOTAL ASSETS		34,316,889	32,595,201
LIABILITIES			
Trade and other payables	12	176,978	250,935
Deposits	13	32,413,116	30,897,025
Provisions	14	14,006	14,855
TOTAL LIABILITIES		32,604,100	31,162,815
NET ASSETS		1,712,789	1,432,386
EQUITY			
Reserves	15	(31,395)	(8,125)
Retained earnings		1,744,184	1,440,511
TOTAL EQUITY		1,712,789	1,432,386

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 December 2019

2019

	Retained Earnings	Financial Assets Revaluation Reserve	FVOCI Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2019	1,440,511	-	(8,125)	1,432,386
Net profit/(loss) for the year	303,673	-	-	303,673
Total other comprehensive income for the year	-	-	(23,270)	(23,270)
Balance at 31 December 2019	1,744,184	-	(31,395)	1,712,789

2018

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

The accompanying notes form part of these financial statements.

Anglican Funds Grafton Diocese

ABN 42 489 753 905

Statement of Cash Flows For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit after income tax expense	303,673	170,599
Non cash flows in profit from operating activities		
Depreciation	1,483	6,925
Loss on disposal of property, plant and equipment	-	2,367
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(4,576)	4,632
(Increase)/decrease in loans and advances	(4,810,213)	2,289,234
Increase/(decrease) in trade and other payables	(73,957)	(72,291)
Increase/(decrease) in depositor funds	1,516,091	(6,196,086)
Increase/(decrease) in provisions	(849)	(1,504)
Loss on disposal of property, plant and equipment	-	2,367
Net cash provided by/(used in) operating activities	<u>(3,068,348)</u>	<u>(3,793,757)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	-	19,636
Net movement in other financial assets	1,544,703	3,827,398
Net cash provided by/(used in) investing activities	<u>1,544,703</u>	<u>3,847,034</u>
Net increase/(decrease) in cash and cash equivalents held	(1,523,645)	53,277
Cash and cash equivalents at beginning of year	3,072,425	3,021,515
Cash and cash equivalents at end of financial year	16(a) <u>1,548,780</u>	<u>3,074,792</u>

The accompanying notes form part of these financial statements.

Anglican Funds Grafton Diocese

ABN 42 489 753 905

Notes to the Financial Statements For the Year Ended 31 December 2019

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

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

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

The financial report was authorised for issue by the Board on 11 June 2020.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

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

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

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

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

2 Summary of Significant Accounting Policies

(a) Income Tax

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

(b) Revenue recognition

The Fund recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Fund is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Fund: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (continued)

(b) Revenue recognition (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(c) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

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

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

(d) Cash and cash equivalents

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

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

(e) Financial instruments

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

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

Financial assets at amortised cost

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

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

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

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

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets at fair value through other comprehensive income

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Impairment of financial assets

The Fund recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Fund's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

For trade receivables, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

(f) Property, plant and equipment

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

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

Depreciation

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

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

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

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

(g) Intangibles

Software

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

Amortisation

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

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

(h) Impairment of non-financial assets

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

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (continued)

(h) Impairment of non-financial assets (continued)

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

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

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

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

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

(i) Depositor Funds

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

(j) Trade and Other Payables

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

(k) Employee benefits

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

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

Defined contribution schemes

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

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (continued)

(l) Adoption of new and revised accounting standards

Adoption of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-profit Entities

The Fund has applied the recognition and measurement requirements of AASB 15 and AASB 1058 for the first time. The nature and effect of the changes as a result of adoption of this accounting standards is described below.

AASB 15 *Revenue from Contracts with Customers* replaces AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations for annual periods beginning on or after 1 January 2019, and applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. AASB 1058 *Income of Not-for-profit Entities* applies to transactions of not-for-profit (NFP) entities where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and the receipt of volunteer services. AASB 1058 supersedes the existing requirements in AASB 1004 *Contributions*. AASB 1004 continues to be in force, however, its scope has now been reduced to only cover issues specific to government departments and contributions by owners in the public sector.

The Fund has applied the recognition and measurement requirements of AASB 15 and AASB 1058 under the modified retrospective approach with an initial application date of 1 January 2019. Comparatives have not been restated and continue to be reported under AASB 111, AASB 118 and AASB 1004 and related Interpretations, where relevant.

Classification and measurement

The measurement requirements of AASB 15 and AASB 1058 did not have a significant impact on the Fund.

Adoption of AASB 16 Leases

The Fund has applied the recognition and measurement requirements of AASB 16 for the first time. The nature and effect of the changes as a result of adoption of this accounting standards is described below.

AASB 16 *Leases* replaces AASB 117 *Leases* and related Interpretations for annual periods beginning on or after 1 January 2019.

The Fund has applied the recognition and measurement requirements of AASB 16 under the modified retrospective approach with an initial application date of 1 January 2019. Comparatives have not been restated and continue to be reported under AASB 117 and related Interpretations.

Classification and measurement

The measurement requirements of AASB 16 did not have a significant impact on the Fund.

(m) New Accounting Standards and Interpretations

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

Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Critical Accounting Estimates and Judgements

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

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

The significant estimates and judgements made have been described below.

Key estimates - impairment

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

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

4 Revenue and Other Income

Note	2019 \$	2018 \$
Revenue:		
- interest income	<u>1,347,255</u>	1,488,627
Total revenue	<u><u>1,347,255</u></u>	<u>1,488,627</u>
Other income:		
- other income	<u>219,547</u>	141,421
Total other income	<u><u>219,547</u></u>	<u>141,421</u>

5 Result for the Year

The result for the year includes the following specific expenses:

Contributions to defined contribution superannuation funds	<u>9,203</u>	9,926
Depreciation and amortisation expenses:		
Depreciation - plant and equipment	1,483	835
Depreciation - motor vehicles	<u>-</u>	<u>6,090</u>
Total depreciation and amortisation expenses	<u>1,483</u>	<u>6,925</u>
Interest expense:		
Interest paid to investors	<u>719,329</u>	<u>808,005</u>
Leases:		
- short-term lease payments	<u>5,200</u>	<u>5,200</u>

6 Cash and Cash Equivalents

Cash at bank		1,548,780	1,572,425
Short-term deposits	6(a)	<u>-</u>	<u>1,500,000</u>
Total cash and cash equivalents	16(a)	<u><u>1,548,780</u></u>	<u><u>3,072,425</u></u>

(a) Short term deposits

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

Notes to the Financial Statements
For the Year Ended 31 December 2019

7 Trade and Other Receivables

	2019	2018
Note	\$	\$
<i>Expected to mature within the next 12 months</i>		
Accrued interest	<u>28,608</u>	24,032
Total trade and other receivables	<u><u>28,608</u></u>	<u><u>24,032</u></u>

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

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

8 Other Financial Assets

(a) Other financial assets

Financial assets held at fair value through other comprehensive income

- interest bearing securities

8(b) 5,781,244 7,509,199

Total financial assets held at fair value through other comprehensive income

5,781,244 7,509,199

Financial assets at amortised cost

- fixed rate investments

8(c) 1,373,570 1,213,588

Total financial assets at amortised cost

1,373,570 1,213,588

Total other financial assets

7,154,814 8,722,787

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

FVOCI comprise:

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

(c) Financial assets at amortised cost

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

Notes to the Financial Statements
For the Year Ended 31 December 2019

9 Loans and Advances

	2019	2018
	\$	\$
<i>Secured</i>		
Loans	9,345,486	11,890,532
Other credit facilities	16,235,745	8,880,486
Less: Provision for impairment	-	-
Total loans and advances	25,581,231	20,771,018

(a) Loans and receivables

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

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

10 Property, plant and equipment

Plant and equipment

At cost	31,583	31,583
Accumulated depreciation	(28,127)	(26,644)
Total plant and equipment	3,456	4,939
Total property, plant and equipment	3,456	4,939

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

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

	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$
Year ended 31 December 2019			
Balance at the beginning of year	4,939	-	4,939
Depreciation expense	(1,483)	-	(1,483)
Balance at the end of the year	3,456	-	3,456
Year ended 31 December 2018			
Balance at the beginning of year	7,263	26,604	33,867
Additions	-	-	-
Disposals	(1,489)	(20,514)	(22,003)
Depreciation expense	(835)	(6,090)	(6,925)
Balance at the end of the year	4,939	-	4,939

Notes to the Financial Statements
For the Year Ended 31 December 2019

11 Intangible Assets

	2019	2018
	\$	\$
Computer software		
Cost	60,500	60,500
Accumulated amortisation and impairment	(60,500)	(60,500)
Total intangibles	<u>-</u>	<u>-</u>

12 Trade and Other Payables

Expected to be settled within 12 months

Trade payables	38,867	43,624
Accrued interest	138,111	207,311
Total trade and other payables	<u>176,978</u>	<u>250,935</u>

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

13 Deposits

Maturing within the next 12 months

Funds deposited by The Corporate Trustees of the Diocese of Grafton	16,106,048	11,478,872
Other depositors	16,307,068	19,418,153
Total deposits	<u>32,413,116</u>	<u>30,897,025</u>

14 Employee Benefits

Long service leave	11,628	9,488
Annual leave	2,378	5,367
Total employee benefits	<u>14,006</u>	<u>14,855</u>
Analysis of liability:		
Expected to be settled within 12 months	2,378	5,367
Expected to be settled after 12 months	11,628	9,488
	<u>14,006</u>	<u>14,855</u>

(a) Employee benefits

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

Notes to the Financial Statements
For the Year Ended 31 December 2019

15 Reserves

	2019	2018
Note	\$	\$
FVOCI reserve		
Opening balance	(8,125)	129,060
Revaluation increment/(decrement)	(23,270)	(137,185)
	<u>(31,395)</u>	<u>(8,125)</u>
Closing balance	(31,395)	(8,125)
Total reserves	(31,395)	(8,125)

(a) FVOCI reserve

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

16 Cash Flow Information

(a) Reconciliation of cash

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

Cash and cash equivalents	6	1,548,780	3,072,425
Balance as per statement of cash flows		1,548,780	3,072,425

(b) Approved standby credit facilities limits

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

Total facilities

Westpac Banking Corporation	-	1,500,000
Anglican Funds South Australia (AFSA)	1,000,000	4,000,000
	<u>1,000,000</u>	<u>5,500,000</u>

Used at reporting date

Westpac Banking Corporation	-	-
Anglican Funds South Australia (AFSA)	-	-
	<u>-</u>	<u>-</u>

Unused at reporting date

Westpac Banking Corporation	-	1,500,000
Anglican Funds South Australia (AFSA)	1,000,000	4,000,000
	<u>1,000,000</u>	<u>5,500,000</u>

The Anglican Funds South Australia (AFSA) facility is secured by a term deposit held with AFSA.

Notes to the Financial Statements For the Year Ended 31 December 2019

17 Financial Risk Management

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

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

	Note	2019 \$	2018 \$
Financial Assets			
Cash and cash equivalents	6	1,548,780	3,072,425
Loans and receivables:			
- Trade and other receivables	7	28,608	24,032
- Loans and advances	9	25,581,231	20,771,018
Financial assets held at fair value through OCI	8	5,781,244	7,509,199
Financial assets at amortised cost	8	1,373,570	1,213,588
Total financial assets		34,313,433	32,590,262
Financial Liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	12	176,978	250,935
- Deposits	13	32,413,116	30,897,025
Total financial liabilities		32,590,094	31,147,960

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

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

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

(a) Interest Rate Risk

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

Anglican Funds Grafton Diocese

ABN 42 489 753 905

Notes to the Financial Statements For the Year Ended 31 December 2019

17 Financial Risk Management (continued)

(a) Interest Rate Risk (continued)

Financial Instrument Repricing Analytics

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

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Repricing Within 1 Year		Fixed Interest Rate Repricing 1 to 5 Years		Fixed Interest Rate Repricing After 5 Years		Non-Interest Sensitive		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:														
Cash and cash equivalents	1.10	1.90	1,548,780	1,572,425	-	1,500,000	-	-	-	-	-	-	1,548,780	3,072,425
Trade and other receivables	-	-	-	-	-	-	-	-	-	-	28,608	24,032	28,608	24,032
Loans and advances	5.40	5.36	6,343,813	5,576,131	1,951,638	2,787,715	17,285,780	12,407,172	-	-	-	-	25,581,231	20,771,018
FVOCI	3.70	4.70	-	-	1,166,574	3,405,899	4,614,670	4,103,300	-	-	-	-	5,781,244	7,509,199
Amortised cost	1.50	2.30	273,570	313,588	1,100,000	900,000	-	-	-	-	-	-	1,373,570	1,213,588
Total Financial Assets			8,166,163	7,462,144	4,218,212	8,593,614	21,900,450	16,510,472	-	-	28,608	24,032	34,313,433	32,590,262
Financial Liabilities:														
Trade and other payables	-	-	-	-	-	-	-	-	-	-	176,978	250,935	176,978	250,935
Deposits	1.70	2.30	8,114,218	5,116,865	24,298,898	25,780,160	-	-	-	-	-	-	32,413,116	30,897,025
Total Financial Liabilities			8,114,218	5,116,865	24,298,898	25,780,160	-	-	-	-	176,978	250,935	32,590,094	31,147,960

Notes to the Financial Statements For the Year Ended 31 December 2019

17 Financial Risk Management (continued)

(b) Liquidity risk

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

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

The Board has a minimum liquid assets target of 10% of total liabilities. At balance date, the the Fund's liquidity ratio exceeded this and was 12.7% (2018: 30.1%).

Maturity profile of financial liabilities

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

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

	On demand		Less than 3 months		3 to 12 months
	2019	2018	2019	2018	2019
	\$	\$	\$	\$	\$
Trade and other payables	-	-	176,978	250,935	-
Deposits	8,114,218	5,116,865	13,035,360	12,908,378	11,263,538
Total outflow	8,114,218	5,116,865	13,212,338	13,159,313	11,263,538
	3 to 12 months		1 to 5 years		Total
	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$
Trade and other payables	-	-	-	176,978	250,935
Deposits	12,871,782	-	-	32,413,116	30,897,025
Total outflow	12,871,782	-	-	32,590,094	31,147,960

(c) Credit risk

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

Loans and Advances

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

Notes to the Financial Statements For the Year Ended 31 December 2019

17 Financial Risk Management (continued)

(c) Credit risk (continued)

Investments

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

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

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

The Fund does not have any derivative financial instruments at 31 December 2019 and 31 December 2018.

18 Fair Value Measurement

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

- Financial assets
 - Other Financial Assets (FVOCI)

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

Fair value hierarchy

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

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

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

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

31 December 2019	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
Financial assets at FVOCI					
Australian securities	8	<u>5,781,244</u>	-	-	<u>5,781,244</u>

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

18 Fair Value Measurement (continued)

Fair value hierarchy (continued)

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

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

Transfers between levels of the hierarchy

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

19 Capital Management

The Board manages the level of capital maintained by the Fund with the view of having sufficient capital to absorb economic shocks and protect depositors' funds. The Fund manages its capital levels via its Capital Adequacy Policy which provides for a target level of capital of at least 10% of risk weighted assets. As at balance date, the Fund's capital adequacy ratio was 7.64% (2018: 7.25%).

20 Key Management Personnel Remuneration

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

The Right Reverend Dr Murray Alexander Harvey (Ex-officio; commenced 29 September 2018)*
 Mr David John Ford
 Mr Kenneth John Adlington
 Mr Philip Charles Crandon
 Mr Edward Alfred Clarke
 Mr Gary Laurence Boyd

The total remuneration paid to key management personnel of the Anglican Funds Grafton Diocese is \$NIL (2018: \$18,117).

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

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

Notes to the Financial Statements
For the Year Ended 31 December 2019

21 Related Parties

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

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

Key management personnel - refer to Note 20.

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

(b) Transactions with related parties

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

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

The following transactions occurred with related parties:

	2019	2018
	\$	\$
Loans & Advances		
Total value of loans and credit facilities advanced to key management personnel and other related parties during the year	-	-
Interest earned on loans and credit facilities to key management personnel and other related parties during the year	-	10
Deposits		
Total value of deposits held by key management personnel and other related parties at balance date	1,515,536	1,563,658
Total interest paid on deposits held by key management personnel and other related parties during the financial year	38,094	40,203
Other Transactions		
Other transactions with related parties occurring on normal trading terms and conditions are as follows:		
Contribution to Anglican Diocese of Grafton	175,000	175,000
Receivable from Corporate Trustees of the Diocese of Grafton	-	-
Lease payments to Corporate Trustees of the Diocese of Grafton	5,200	5,200

Notes to the Financial Statements For the Year Ended 31 December 2019

22 Commitments

(a) Capital Expenditure

As at 31 December 2019, the Fund had not engaged in any material capital expenditure commitments (31 December 2018: Nil).

(b) Lease Commitments

The Fund leases premises from the Corporate Trustees of the Diocese of Grafton at market rates. The Fund has no commitment in relation to this lease at 31 December 2019.

(c) Outstanding Loan Commitments

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

	2019	2018
	\$	\$
Loans approved but not funded	6,000,000	12,000,000
Undrawn overdraft and credit facilities	8,437,018	11,397,580
Total loan commitments	14,437,018	23,397,580

23 Auditor's Remuneration

Remuneration of the auditor Thomas Noble & Russell, for:

- auditing or reviewing the financial statements	19,800	19,410
- other services - assistance with financial reporting	2,610	2,560
- other services - consulting	16,700	-
Total auditor's remuneration	39,110	21,970

24 Contingencies

In the opinion of the Board, the Fund did not have any contingencies at 31 December 2019 (31 December 2018: Nil).

25 Events Occurring After the Reporting Date

The outbreak of the COVID-19 virus and the responses taken at a government, diocesan and community level to limit the health impact of the virus, has and will have a substantial financial impact on the Fund in the 2020 year. It will be expected that depositors may need to withdraw some of their funds to cover loss of income sources during the period of restrictions. It is also anticipated that entities with credit facilities (e.g. schools) will need to increase their use of those facilities to bridge the period of restrictions. In addition to this, requests to vary lending arrangements by suspending repayments and converting principal plus interest payments to interest only payments will be received.

To mitigate against those effects, the Corporate Trustees will maintain its deposits (\$16,106,048 at 31 December 2019) to maintain a strong liquidity for the Fund. The Fund will also investigate the extent to which credit facilities can be transferred to other lenders so that the exposure to borrowers is reduced.

With the above actions and the support of Bishop-in-Council that mandated the use of the Fund by the parishes and entities of the Diocese of Grafton, it is expected that the Fund will successfully operate through the period in which the COVID-19 restrictions are in place.

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

25 Events Occurring After the Reporting Date (continued)

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in future financial years.

26 Statutory Information

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

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

Anglican Funds Grafton Diocese

ABN 42 489 753 905

Statement by the Board of the Anglican Funds Grafton Diocese

The Board of the Anglican Funds Grafton Diocese declare that:

- 1. the financial statements and notes for the year ended 31 December 2019 are in accordance with the ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements;
 - b. give a true and fair view of the financial position and performance of the Fund;
 - c. the activities of the Anglican Funds Grafton Diocese have been undertaken in line with the delegated authority of the Board of Management as per Chapter 18 of the Diocese Governance Ordinance 2008.
- 2. In the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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

Chairperson
David Ford

AFGD Board Member
Edward Clarke

Dated this 11th day of June 2020



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

Report on the audit of the financial report

Opinion

We have audited the financial report of Anglican Funds Grafton Diocese (“the Entity”) which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the Board.

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

- a) gives a true and fair view of the Entity’s financial position as at 31 December 2019 and of its financial performance and cash flows for the year then ended; and
- b) complies with Australian Accounting Standards – Reduced Disclosure Requirements.

Basis for Opinion

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

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

Emphasis of Matter - Events occurring after the Reporting Date

We draw attention to Note 25 to the financial report, which describes the uncertainties and possible effects on the Entity arising from its management of the on-going issues related to the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

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

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

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

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

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Auditor’s Responsibilities for the Audit of the Financial Report

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

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

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

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

**THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS**

Per:

.....
K R FRANEY (Partner)

Dated at Lismore this 11th day of June 2020



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)

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



Fwd: CTS financials

1 message

Chris Nelson <chris.nelson@graftondiocese.org.au>
To: Annette Dent <office@afgd.com.au>

25 May 2020 at 08:00

Hi Annette,

For inclusion in the AFGD meeting papers for 11 June.

----- Forwarded message -----

From: **Jodie Carter** <Jodie.Carter@tnr.com.au>

Date: Sun, 24 May 2020 at 14:42

Subject: CTS financials

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

Cc: Kaytrina Jessup <kaytrina.jessup@graftondiocese.org.au>, Terry Luce <terry.luce@graftondiocese.org.au>, Kevin Franey <kevin.franey@tnr.com.au>, Ellenor McLeod <Ellenor.McLeod@tnr.com.au>

Hi Chris,

Please find attached the revised CTS financials with the following changes from the audit committee meeting processed:

- Sign off date changed to 11 June throughout
- Rounding between cash flow rec not 18 and cash flow statement corrected
- Parent entity note 22 to adjusted to correct the rollforward (was out by \$87k). This was caused to a late adjustment to write down the assets HFS by \$87k in FY18 which hadn't been picked up in the note in last year. 2018 numbers updated.
- Note 23 – changed first 4 words to 'In the early 2000's' consistent with ADoG wording
- Note 25 updated to include Dr Harvey's middle name
- Draft watermark removed

As per the AFGD accounts sent through earlier, can you please review the COVID-19 disclosure and advise any changes if applicable.

Kind regards,

Jodie

Jodie Carter
Manager, Audit & Assurance
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Visit [TNR's COVID-19 Resource Centre](#) for insights to help you and your business during this challenging time.

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Regards,

Chris Nelson

General Manager/Registrar

Anglican Diocese of Grafton

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Corporate Trustee's Financials 2019 - Financial statements.pdf
437K

The Corporate Trustees of the Diocese of Grafton

ABN 88 144 942 068

Financial Statements

For the Year Ended 31 December 2019

The Corporate Trustees of the Diocese of Grafton

ABN 88 144 942 068

Contents

For the Year Ended 31 December 2019

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The Corporate Trustees of the Diocese of Grafton

ABN 88 144 942 068

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
Revenue	4	1,488,248	1,653,051
Other income	4	9,745,720	1,751,328
Employee benefits expense		(108,276)	(123,751)
Depreciation and amortisation expense	5	(18,852)	(24,694)
Computer expenses		(141,543)	(118,718)
Investment management fees		(71,731)	(81,595)
Professional fees and charges		(103,253)	(122,277)
Travel and accommodation expenses		(5,808)	(12,122)
Property expenses		(350,474)	(478,202)
Net gain/(loss) on disposal of non-financial assets		(241,859)	(76,143)
Net fair value movement on financial assets	21	279,985	(252,430)
Management fee expenses		(200,000)	(200,000)
Rates and taxes		(74,028)	(70,850)
Other expenses		(222,308)	(112,622)
Finance costs	5	(318,886)	(538,875)
Total expenses		(1,577,033)	(2,212,279)
Profit/(Loss) for the year before contributions to related parties		9,656,935	1,192,100
Contribution to Anglican Diocese of Grafton		(1,715,303)	(769,246)
Contribution to other related parties		(400,000)	(931,089)
Share of net profits of equity-accounted associates and joint ventures		-	-
Income tax expense		-	-
Profit/(Loss) after income tax and contributions to related parties		7,541,633	(508,235)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Revaluation changes for property, plant and equipment		4,188,416	2,509,330
Items that will be reclassified to profit or loss when specific conditions are met			
Net fair value movements for financial assets held at fair value through other comprehensive income	17	(23,266)	(137,184)
Other comprehensive income for the year		4,165,150	2,372,146
Total comprehensive income for the year		11,706,783	1,863,911

The accompanying notes form part of these financial statements.

The Corporate Trustees of the Diocese of Grafton

ABN 88 144 942 068

Statement of Financial Position

As At 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,928,128	3,179,202
Trade and other receivables	7	68,138	57,872
Other financial assets	8	12,658,417	10,973,013
Loans and advances	9	17,502,674	10,792,790
Other assets		180	143
Non-current assets held for sale	10	498,357	520,000
TOTAL CURRENT ASSETS		32,655,894	25,523,020
NON-CURRENT ASSETS			
Loans and advances	9	8,078,556	10,380,988
Property, plant and equipment	11	189,129,746	184,798,018
TOTAL NON-CURRENT ASSETS		197,208,302	195,179,006
TOTAL ASSETS		229,864,196	220,702,026
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	920,074	310,921
Employee benefits	14	14,006	14,855
Financial liabilities	15	16,298,102	19,454,309
Other liabilities	16	13,781	10,491
TOTAL CURRENT LIABILITIES		17,245,963	19,790,576
TOTAL LIABILITIES		17,245,963	19,790,576
NET ASSETS		212,618,233	200,911,450
EQUITY			
Reserves	17	188,185,922	184,020,772
Retained earnings		24,432,311	16,890,678
TOTAL EQUITY		212,618,233	200,911,450

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 December 2019

2019

	Retained Earnings	Asset Revaluation Reserve	Financial Assets Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2019 (restated)	16,890,678	184,028,897	(8,125)	200,911,450
Net profit/(loss) for the year	7,541,633	-	-	7,541,633
Total other comprehensive income for the year	-	4,188,416	(23,266)	4,165,150
Balance at 31 December 2019	24,432,311	188,217,313	(31,391)	212,618,233

2018

	Retained Earnings	Asset Revaluation Surplus	Financial Assets Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2018	17,219,671	181,519,567	308,301	199,047,539
Transfer of Financial Assets Reserve to retained earnings on adoption of AASB 9	179,242	-	(179,242)	-
Adjusted balance at 1 January 2018	17,398,913	181,519,567	129,059	199,047,539
Net profit/(loss) for the year (restated)	(508,235)	-	-	(508,235)
Total other comprehensive income for the year	-	2,509,330	(137,184)	2,372,146
Balance at 31 December 2018 (restated)	16,890,678	184,028,897	(8,125)	200,911,450

The accompanying notes form part of these financial statements.

The Corporate Trustees of the Diocese of Grafton

ABN 88 144 942 068

Statement of Cash Flows For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from operations	9,726,705	1,343,138
Payments to suppliers and employees	(2,790,469)	(3,162,519)
Interest received	1,495,603	1,660,031
Finance costs	(365,153)	(520,244)
Net cash provided by/(used in) operating activities	18 8,066,686	(679,594)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	1,020,150	1,119,899
Net (payment for)/proceeds from investments	(6,206,976)	2,720,345
Purchase of property, plant and equipment	(1,402,532)	(7,953)
Net change in loans and advances	427,805	2,689,234
Net cash used by investing activities	(6,161,553)	6,521,525
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in deposits	(3,156,207)	(5,846,358)
Net cash used by financing activities	(3,156,207)	(5,846,358)
Net increase/(decrease) in cash and cash equivalents held	(1,251,074)	(4,427)
Cash and cash equivalents at beginning of year	3,179,202	3,183,629
Cash and cash equivalents at end of financial year	6(a) 1,928,128	3,179,202

The accompanying notes form part of these financial statements.

The Corporate Trustees of the Diocese of Grafton

ABN 88 144 942 068

Notes to the Financial Statements For the Year Ended 31 December 2019

This financial report is a special purpose financial report of The Corporate Trustees of the Diocese of Grafton ("the Entity") and includes the operations of the Anglican Funds Grafton Diocese.

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

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

The financial statements are presented in Australian dollars.

The financial report was authorised for issue by the Corporate Trustees on 11 June 2020.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the Trustees' opinion, the Entity is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. This special purpose financial report has been prepared to meet the reporting requirements of the *Diocesan Governance Ordinance 2008*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations (except for AASB 13 *Fair Value Measurement*, AASB 116 *Property, Plant and Equipment* and AASB 10 *Consolidated Financial Statements*), and the significant accounting policies disclosed below which the Trustees have determined are appropriate to meet the needs of the users.

The Corporate Trustees control parish plant and equipment, bank accounts and other assets. These assets have not been recognised in this financial report.

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

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

2 Summary of Significant Accounting Policies

(a) Income Tax

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

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

2 Summary of Significant Accounting Policies (continued)

(b) Revenue recognition

The Entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(c) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

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

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

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (continued)

(d) Cash and cash equivalents

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

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

(e) Financial instruments

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

Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

Financial assets at amortised cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

Financial assets at fair value through other comprehensive income

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

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

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

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

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

This category includes the Entity's other financial assets such as listed investments and managed funds.

Financial liabilities

Initial recognition and measurement

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

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

The Entity's financial liabilities include trade and other payables, and depositor funds.

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Subsequent measurement

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

Impairment

The Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

For trade receivables, the Entity applies a simplified approach in calculating ECLs. Therefore, the Entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

(f) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not amortised or depreciated.

Non-current assets classified as held for sale and any associated liabilities are presented separately in the statement of financial position.

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (continued)

(g) Property, plant and equipment

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

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Land and buildings

Freehold land beneficially owned by the Entity is shown at the Valuer General's most recently available unimproved capital valuation, except for graveyards which are carried at \$Nil value. Buildings beneficially owned by the Entity are shown at replacement value for insurance purposes.

The valuation of buildings at insurance replacement cost and land using Valuer General valuations is a departure from AASB 13 Fair Value Measurement, which identifies appropriate valuation techniques as market value, cost approach or the income approach. The Trustees consider that it would not be economical or practicable, given the specialised nature of a large number of properties, to determine the fair value of the buildings beneficially owned by the Entity in line with the requirements of AASB 13.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding parish properties, church buildings, the cathedral, capitalised leased assets, and freehold land, is depreciated on a straight-line basis over the assets useful life to the Entity, commencing when the asset is ready for use.

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

Fixed asset class	Useful life
Plant and Equipment	3 - 10 years
Motor Vehicles	5 years
Computer Equipment	3 years

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

(h) Intangibles

Software

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

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (continued)

(h) Intangibles (continued)

Amortisation

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

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

(i) Impairment of non-financial assets

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

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

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

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

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

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

(j) Trade and Other Payables

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

(k) Depositor Funds

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

(l) Employee benefits

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

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (continued)

(l) Employee benefits (continued)

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

Defined contribution schemes

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

(m) Adoption of new and revised accounting standards

Adoption of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-profit Entities

The Entity has applied the recognition and measurement requirements of AASB 15 and AASB 1058 for the first time. The nature and effect of the changes as a result of adoption of this accounting standards is described below.

AASB 15 *Revenue from Contracts with Customers* replaces AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations for annual periods beginning on or after 1 January 2019, and applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. AASB 1058 *Income of Not-for-profit Entities* applies to transactions of not-for-profit (NFP) entities where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and the receipt of volunteer services. AASB 1058 supersedes the existing requirements in AASB 1004 *Contributions*. AASB 1004 continues to be in force, however, its scope has now been reduced to only cover issues specific to government departments and contributions by owners in the public sector.

The Entity has applied the recognition and measurement requirements of AASB 15 and AASB 1058 under the modified retrospective approach with an initial application date of 1 January 2019. Comparatives have not been restated and continue to be reported under AASB 111, AASB 118 and AASB 1004 and related Interpretations, where relevant.

Classification and measurement

The measurement requirements of AASB 15 and AASB 1058 did not have a significant impact on the Entity.

Adoption of AASB 16 Leases

The Entity has applied the recognition and measurement requirements of AASB 16 for the first time. The nature and effect of the changes as a result of adoption of this accounting standards is described below.

AASB 16 *Leases* replaces AASB 117 *Leases* and related Interpretations for annual periods beginning on or after 1 January 2019.

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

2 Summary of Significant Accounting Policies (continued)

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

The Entity has applied the recognition and measurement requirements of AASB 16 under the modified retrospective approach with an initial application date of 1 January 2019. Comparatives have not been restated and continue to be reported under AASB 117 and related Interpretations.

Classification and measurement

The measurement requirements of AASB 16 did not have a significant impact on the Entity

3 Critical Accounting Estimates and Judgements

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

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

The significant estimates and judgements made have been described below.

Key estimates - impairment

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

The Corporate Trustees of the Diocese of Grafton

ABN 88 144 942 068

Notes to the Financial Statements For the Year Ended 31 December 2019

4 Revenue and Other Income

	2019	2018
	\$	\$
Revenue:		
- interest income	1,488,248	1,653,051
Total revenue	<u>1,488,248</u>	<u>1,653,051</u>
Other income:		
- contribution to Entity from related party *	8,677,624	-
- dividend income	74,720	46,895
- rental income	321,325	358,912
- trust investment income	336,303	534,564
- donations and other income	335,748	460,457
- non-current assets not previously recognised	-	350,500
Total other income	<u>9,745,720</u>	<u>1,751,328</u>

* During the year, upon sale of St Cuthbert's Retirement Village, proceeds arising from the transaction were contributed to the Entity to be held in trust for use by the Anglican Diocese of Grafton and The Anglican Parish of Tweed Heads.

5 Result for the Year

The result for the year includes the following specific expenses:

Contributions to defined contribution superannuation funds	9,203	9,926
Depreciation and amortisation expenses:		
Depreciation - plant and equipment	18,852	18,604
Depreciation - motor vehicles	-	6,090
Total depreciation and amortisation expenses	<u>18,852</u>	<u>24,694</u>
Finance costs:		
- Interest paid to investors	305,934	520,866
- Bank fees and charges	12,952	18,009
Total finance costs	<u>318,886</u>	<u>538,875</u>

The Corporate Trustees of the Diocese of Grafton

ABN 88 144 942 068

Notes to the Financial Statements For the Year Ended 31 December 2019

6 Cash and Cash Equivalents

	2019	2018
Note	\$	\$
Cash at bank	1,928,128	1,679,202
Short-term deposits	6(b) -	1,500,000
Total cash and cash equivalents	6(a) 1,928,128	3,179,202

(a) Reconciliation of cash

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

Cash and cash equivalents	6	1,928,128	3,179,202
Balance as per statement of cash flows		1,928,128	3,179,202

(b) Short term deposits

Short term deposits comprise at call accounts and term deposits with maturity dates of less than 3 months.

7 Trade and Other Receivables

CURRENT

Sundry debtors	12,073	350
Franking credits receivable	11,027	24,207
Accrued interest	45,038	33,315
Total current trade and other receivables	68,138	57,872

8 Other Financial Assets

CURRENT

Financial assets held at fair value through other comprehensive income

- interest bearing securities	5,781,244	7,509,199
-------------------------------	-----------	-----------

Total current financial assets held at fair value through other comprehensive income

5,781,244	7,509,199
-----------	-----------

Financial assets held at fair value through profit or loss

- investments in listed companies	2,420,016	1,588,961
- investments in managed funds and other financial assets	2,958,587	551,922

Total current financial assets held at fair value through profit or loss

5,378,603	2,140,883
-----------	-----------

Financial assets at amortised cost

- fixed rate investments	1,498,570	1,322,931
--------------------------	-----------	-----------

Total current financial assets at amortised cost

1,498,570	1,322,931
-----------	-----------

The Corporate Trustees of the Diocese of Grafton

ABN 88 144 942 068

Notes to the Financial Statements For the Year Ended 31 December 2019

9 Loans and Advances

	2019	2018
	\$	\$
CURRENT		
<i>Secured</i>		
Loans and advances	17,502,674	10,792,790
Less: Provision for impairment	-	-
Total current loans and advances	17,502,674	10,792,790
NON-CURRENT		
<i>Secured</i>		
Loans and advances	8,078,556	10,380,988
Total non-current loans and advances	8,078,556	10,380,988

(a) Loans and receivables

Loans and receivables comprise loans from the Anglican Funds Grafton Diocese to other parties, including the Anglican Diocese of Grafton, Anglican schools, parishes and individuals.

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

10 Non-Current Assets Held for Sale

CURRENT		
Land and buildings	498,357	520,000
Total non-current assets held for sale	498,357	520,000

The non-current assets held for sale include land and building assets that have been approved for sale by the Trustees. The carrying value of these assets is the expected sale proceeds.

11 Property, plant and equipment

Freehold land		
At fair value (at valuer general valuation)	42,288,016	41,014,160
Total freehold land	42,288,016	41,014,160
Buildings		
At cost (at insurance replacement cost)	146,790,751	143,714,027
Total buildings	146,790,751	143,714,027
Plant and equipment		
At cost	391,712	391,712
Accumulated depreciation	(340,733)	(321,881)
Total plant and equipment	50,979	69,831
Total property, plant and equipment	189,129,746	184,798,018

The Corporate Trustees of the Diocese of Grafton

ABN 88 144 942 068

Notes to the Financial Statements For the Year Ended 31 December 2019

12 Intangible Assets

	2019	2018
	\$	\$
Computer software		
Cost	61,500	61,500
Accumulated amortisation and impairment	(61,500)	(61,500)
Total intangibles	<u>-</u>	<u>-</u>

13 Trade and Other Payables

CURRENT

Unsecured liabilities:

Trade payables	507,995	99,686
Accrued interest	96,772	151,235
Sundry creditors - Distribution to Anglican Diocese of Grafton	315,307	60,000
Total current trade and other payables	<u>920,074</u>	<u>310,921</u>

14 Employee Benefits

CURRENT

Long service leave	11,628	9,488
Annual leave	2,378	5,367
Total current employee benefits	<u>14,006</u>	<u>14,855</u>

(a) Employee benefits

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

15 Financial Liabilities

CURRENT

Deposits	16,298,102	19,454,309
Total current financial liabilities	<u>16,298,102</u>	<u>19,454,309</u>
Total deposits	<u>16,298,102</u>	<u>19,454,309</u>

16 Other Liabilities

CURRENT

Income in advance	13,781	10,491
Total current other liabilities	<u>13,781</u>	<u>10,491</u>

Notes to the Financial Statements

For the Year Ended 31 December 2019

17 Reserves

(a) **Asset revaluation reserve**

The asset revaluation reserve records movements on property, plant and equipment held under the revaluation model. Refer to Note 2(g).

(b) **Financial assets reserve**

The financial assets reserve records the movement in the fair value of financial assets held at fair value through other comprehensive income.

18 Cash Flow Information

(a) **Reconciliation of result for the year to cashflows from operating activities**

	2019	2018
	\$	\$
Net profit/(loss) for the year	7,541,633	(508,235)
Non-cash flows in profit:		
- depreciation and amortisation expense	18,852	24,694
- fair value movement on financial assets	(336,950)	207,179
- non-current assets not previously recognised	-	(350,500)
- loss on sale of property, plant and equipment	241,859	76,143
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(10,266)	1,873
- (increase)/decrease in other assets	(37)	(143)
- increase/(decrease) in trade and other payables	609,154	(124,238)
- increase/(decrease) in other liabilities	3,290	(4,863)
- increase/(decrease) in employee benefits	(849)	(1,504)
Cashflows provided by/(used in) operations	8,066,686	(679,594)

(b) **Approved standby credit facilities limits**

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

Total facilities

Westpac Banking Corporation	-	1,500,000
Anglican Funds South Australia (AFSA)	1,000,000	4,000,000
	1,000,000	5,500,000

Used at reporting date

Westpac Banking Corporation	-	-
Anglican Funds South Australia (AFSA)	-	-
	-	-

Unused at reporting date

Westpac Banking Corporation	-	1,500,000
Anglican Funds South Australia (AFSA)	1,000,000	4,000,000
	1,000,000	5,500,000

The Anglican Funds South Australia (AFSA) facility is secured by a term deposit held with AFSA.

The Corporate Trustees of the Diocese of Grafton

ABN 88 144 942 068

Notes to the Financial Statements For the Year Ended 31 December 2019

19 Restricted Assets

The Corporate Trustees holds cash and other assets on behalf of Diocese parishes and the Bishop. These assets are restricted in their use and are not available for day-to-day operations of the Corporate Trustees:

	2019	2018
	\$	\$
Restricted financial assets	5,503,603	1,588,960
Restricted land and buildings	22,245,022	19,496,182
Total restricted assets	27,748,625	21,085,142

20 Commitments

(a) Capital Expenditure

As at 31 December 2019, The Corporate Trustees of the Diocese of Grafton had not engaged in any material capital expenditure commitments (31 December 2018: Nil).

(b) Outstanding Loan Commitments

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

Loans approved but not funded	6,000,000	12,000,000
Undrawn overdraft and credit facilities	8,437,018	11,397,580
Total loan commitments	14,437,018	23,397,580

21 Correction of Prior Period Error

Certain investments held by the Entity in 2018 were classified as fair value through other comprehensive income (FVOCI). A review of these investments has identified that they should be held at fair value through profit or loss. As a result, the prior period comparatives have been adjusted to reflect the transfer of the fair value in movement of these investments from the Financial Assets Reserve to the income statement. This adjustment has increased the Financial Assets Reserve by \$207,179 and reduced the 2018 profit/(loss) before income tax and contributions to related parties by the same.

	31 December 2018		
	Previously stated	Effect of restatement	Restated
	\$	\$	\$
Statement of Profit or Loss and Other Comprehensive Income			
Revenue:			
Fair value movement of financial assets	(45,251)	(207,179)	(252,430)
Profit/(loss) for the year before contribution to related parties	(301,056)	(207,179)	(508,235)
Net fair value movements for financial assets held at FVOCI	(344,363)	207,179	(137,184)
Statement of Financial Position	-	-	-
Reserves	183,992,835	207,179	184,200,014
Retained earnings	16,918,615	(207,179)	16,711,436

The Corporate Trustees of the Diocese of Grafton

ABN 88 144 942 068

Notes to the Financial Statements For the Year Ended 31 December 2019

22 Corporate Trustee Financial Information

The following information has been extracted from the books and records of The Corporate Trustees of the Diocese of Grafton.

The financial information is prepared to allow financial statement users to understand the financial performance and position of the organisation without consideration of the Anglican Funds Grafton Diocese.

	2019	2018
	\$	\$
Statement of Financial Position		
Assets		
Current assets	22,577,370	14,812,539
Non-current assets	189,126,291	184,793,079
Total Assets	211,703,661	199,605,618
Liabilities		
Current liabilities	798,216	126,552
Non-current liabilities	-	-
Total Liabilities	798,216	126,552
Net Assets	210,905,445	199,479,066
Equity		
Retained earnings	22,716,065	15,478,107
Asset revaluation reserve	188,217,313	184,028,897
Financial assets reserve	(27,933)	(27,938)
Total Equity	210,905,445	199,479,066
Statement of Profit or Loss and Other Comprehensive Income		
Profit/(loss) before contributions to related parties	9,178,262	1,066,232
Contributions to related parties	(1,940,303)	(1,537,885)
Profit/(loss) after contributions to related parties	7,237,959	(471,653)
Other comprehensive income (including revaluations)	4,188,420	2,389,152
Total comprehensive income	11,426,379	1,917,499

23 Contingent Liabilities and Professional Standards

In the early 2000's, claims were made against the Diocese of Grafton for abuse including sexual abuse in relation to the former North Coast Children's Home (NCCH). Most of these claims were settled but became a focus of Case Study 3 held in late 2013 by the Royal Commission into Institutional Responses to Child Sexual Abuse and led to the Entity revisiting each claim in accordance with the Entity's Pastoral Care and Assistance Scheme (PCAS). The process of revisiting these claims is considered complete.

More recently there have been further claims on the Entity under the PCAS and there have been some common law claims outside of the Scheme. While most of these claims relate to the NCCH, there have been some claims arising from other contexts.

In 2018, the Commonwealth Government established the National Redress Scheme (NRS) to handle historical claims of child sexual abuse in an institutional context. The Corporate Trustees of the Diocese of Grafton indicated its intention to be a participating organisation in the NRS and was confirmed as a participating organisation in March 2019.

The Corporate Trustees of the Diocese of Grafton

ABN 88 144 942 068

Notes to the Financial Statements For the Year Ended 31 December 2019

23 Contingent Liabilities and Professional Standards (continued)

As the NRS has a maximum payment of \$150,000 as opposed to the \$75,000 maximum under the Entity's PCAS and there is an expectation that both former claimants will apply for an additional payment and new claimants will arise under the NRS, extra professional standards costs for the Diocese of Grafton are envisaged. It is also expected that there will be an increase in common law claims.

With the costs of settling these further professional standards claims expected to be significant, the Diocese has commissioned Marsh Actuarial to estimate the likely liability.

The meeting of this liability will be met initially using funds set aside in the Diocesan Financial Challenge trust fund held by The Corporate Trustees of the Diocese of Grafton. Funds beyond the current balance of the trust are likely to be required and the source of funds is under examination by the Bishop-in-Council and will largely be met by the liquidation of assets held by The Corporate Trustees as identified by the Bishop-in-Council. A memorandum of arrangement between the Corporate Trustees and Bishop-in-Council has been exchanged to confirm the availability of assets held by the Corporate Trustees.

Bishop-in-Council have recognised that since Marsh Actuarial provided its report in early 2019, there has been experience of the National Redress Scheme (NRS) and claims made outside of the NRS that may affect the assumptions made in the 2019 report. Bishop-in-Council has now commissioned Marsh Actuarial to provide a revised report.

24 Events Occurring After the Reporting Date

The outbreak of the COVID-19 virus and the responses taken at a government, diocesan and community level to limit the health impact of the virus, has and is likely to have a moderate financial impact on the Trustees finances in the 2020 year. The major concern is ensuring that there is sufficient liquidity of the Trustees holdings to accommodate any financial needs of the Anglican Diocese of Grafton and its Parishes who will likely need to draw down upon the trust funds for which they are beneficiaries. With regard to AFGD, the Trustees will ensure that it maintains the current level of deposits within AFGD so that a high level of liquidity is maintained for stability of the Entity.

The COVID-19 outbreak will affect the holding value of investment assets such as property and equities however, as the Trustees have a strong liquidity position, the Trustees will not be forced to sell investment assets in a depressed market. The Trustees are well placed to wait for an improvement in values before selling any of its investment assets. Conversely, once potential liquidity demands are better known and it is assessed that lower levels of liquidity are sufficient, the Trustees will be well placed to take advantage of value in the financial markets.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Entity, the results of those operations, or the state of affairs of the Entity in future financial years.

25 Trustee Information

The names of the Corporate Trustees of the Diocese of Grafton at any time during, or since the end of, the year were:

The Right Reverend Dr Murray Alexander Harvey (Ex-officio)
Mr Bradley Scott Bishop (until 21 June 2019)
Dr Gordon John Burch
Mr Lindsay Ian Walker
Ms Lee Bronwyn Archinal
Mr Stephen Geoffrey Campbell
Mrs Kelley Leanne Malaba (appointed 23 June 2019)

The Corporate Trustees of the Diocese of Grafton

ABN 88 144 942 068

Notes to the Financial Statements For the Year Ended 31 December 2019

25 Trustee Information (continued)

Anglican Funds Grafton Diocese

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

The Right Reverend Dr Murray Alexander Harvey (Ex-officio)
Mr David John Ford
Mr Kenneth John Adlington
Mr Philip Charles Crandon
Mr Edward Alfred Clarke
Mr Gary Laurence Boyd

26 Entity Information

The registered office of and principal place of business of the Entity is:
The Corporate Trustees of the Diocese of Grafton
Bishops Registry
50 Victoria Street
GRAFTON NSW 2460

The Corporate Trustees of the Diocese of Grafton

ABN 88 144 942 068

Statement by the Corporate Trustees

The Trustees have determined that the Entity is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 2 to the financial statements.

The Members of The Corporate Trustees of the Diocese of Grafton declare that:

1. The financial statements and notes, as set out on pages 1 to 22:
 - (a) present fairly the Entity's financial position as at 31 December 2019 and its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements.
2. In the Trustees' opinion, there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Trustees of The Corporate Trustees of the Diocese of Grafton.

.....
Ms Lee Archinal

.....
Dr Gordon Burch

Dated this 11th day of June 2020

Independent Auditor's Report to the Members of the Corporate Trustees of the Diocese of Grafton

Report on the audit of the financial report

Opinion

We have audited the financial report of the Corporate Trustees of the Diocese of Grafton ("the Entity") which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the Corporate Trustees.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Entity as at 31 December 2019, and its financial performance for the year then ended in accordance with the accounting policies described in Note 2 of the financial statements.

Basis for Opinion

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

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Entity to meet its financial reporting responsibilities under the *Diocesan Governance Ordinance 2008*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Events after the Reporting Period

We draw attention to Note 24 to the financial report, which describes the uncertainties and possible effects on the Entity arising from its management of the on-going issues related to the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

Responsibilities of Management and the Trustees for the Financial Report

Management is responsible for the preparation of the financial report in accordance with the accounting policies described in Note 2 to the financial statements and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Trustees are responsible for overseeing the Entity's financial reporting process.

Page 1 of 2

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Robina QLD 4226
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Email: enquiries@tnr.com.au
Website: www.tnr.com.au



Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS

Per:

.....
K R FRANEY (Partner)

Dated at Lismore this 11th day of June 2020



BOARD MEETING DATE:

11/06/2020

No 8 Matters for discussion and/or decision

Item: b

Title: Ordinance Requirements

No of Pages. 2 incl Header



AFGD Board Meeting

1 message

Chris Nelson <chris.nelson@graftondiocese.org.au>
To: Annette Dent <office@afgd.com.au>

4 June 2020 at 16:09

Hi Annette,

I have just been looking through the Governance Ordinance and I realise that there are matters that need to be on Thursday's AFGD Board meeting.

Could you please put in a new agenda item "Ordinance Requirements" and add the following?

Board members's attention is drawn to following two clauses from the Diocesan Governance Ordinance. Instructions are sought as to what submissions, if any, should be made to Bishop-in-Council in this regard.

220.8 The members of the AFGD Board immediately preceding the 2017 Synod may continue as members until no later than the later of the 2020 Synod or 9 years of consecutive service.

221.1 The AFGD Board shall meet at least 8 times in a calendar year.

--

Regards,

Chris Nelson

General Manager/Registrar

Anglican Diocese of Grafton

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BOARD MEETING DATE:

11/06/2020

No 9 Matters for noting and status updates

Item: a

Title: Corporate Trustees Resolution regarding AFGD and AFSA

No of Pages. 2 incl Header



Corporate Trustees Resolution regarding AFGD and AFSA

1 message

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

4 May 2020 at 08:00

To: David Ford <fordie@mac.com>

Cc: Annette Dent <office@afgd.com.au>, Kaytrina Jessup <kaytrina.jessup@graftondiocese.org.au>

Hi David,

The Corporate Trustees had a discussion about AFGD at their recent meeting and after receiving advice on the pause in negotiations with AFSA finalised the following resolution.

"Consistent with the recommendations of Barrington Asset Consulting in their report of 21 April 2020 and in consideration of the current level of risk versus return in Anglican Funds Grafton Diocese (AFGD), the Corporate Trustees reiterate their support for the program of moving lending exposure to Westpac to improve AFGD security. The Corporate Trustees also recognise that this action and the impact of the COVID-19 may have a significant effect on AFGD's viability and its relevance to various stakeholders in the Diocese and on that basis the Corporate Trustees:

- 1. support a pause in negotiations with Anglican Funds South Australia (AFSA); and*
- 2. request that the AFGD Board report to the Corporate Trustees in August 2020 as to its strategic direction in the light of the structure of the Fund and other relevant factors.*

A recommencement of negotiations with AFSA will be contingent upon the Corporate Trustees assessment of the August 2020 report."

Could you please include this resolution in the papers of the next AFGD Board meeting?

--

Regards,

Chris Nelson

General Manager/Registrar

Anglican Diocese of Grafton

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BOARD MEETING DATE:

11/06/2020

No 5 Confirmation of Minutes

Late Paper

Title: Flying Minute of 9 June 2020 – Withdrawal of Corporate Trustee Funds updated analysis 05/06/20.

No of Pages. 7 incl Header



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

Re: Withdrawal of Corporate Trustee Funds - Updated Analysis 05/06/20 and Proposed Motion

1 message

Annette Dent <office@afgd.com.au>

9 June 2020 at 15:56

To: David Ford <fordie@mac.com>, John Adlington <jadlington2@gmail.com>, Philip Crandon <phil_crandon@bigpond.com>, Ted & Peggy Clarke <tedpeggy@bigpond.net.au>, Gary Boyd <garyandcilla@outlook.com>, Murray Harvey <bishop@graftondiocese.org.au>

Cc: Chris Nelson <chris.nelson@graftondiocese.org.au>, Linda Butler <linda.butler@afgd.com.au>, Blaine Fitzgerald <afsahead@adelaideanglicans.com>

Hi All

Thanks for your responses today. Please see confirmation of motion and Flying Minute in regards to withdrawal of Corporate Trustee funds below.

That when comparing 31/5/20 actual liquidity against the forecast liquidity position, it has become evident that AFGD will be in a position to release \$1.5m in early June 2020 to The Corporate Trustees and that based on the forecast liquidity position to 30/6/20, AFGD would need to wait until the actual data becomes available before it will be in a position to advise the Corporate Trustees further. AFGD anticipates it will be able to provide that information to the Corporate Trustees by 7/7/20.

Moved: Mr Phil Crandon

Second: Mr Gary Boyd

Carried

KInd regards

Annette

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



Visit www.anglicanfundsgraftondiocese.com.au for details on our Investment Products, Saver and Term Investment Accounts - currently paying up to 1.55% pa

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Thank you.

On Tue, 9 Jun 2020 at 08:47, Annette Dent <office@afgd.com.au> wrote:

Hi All,

Just following up as I have not received a response from anyone in regards to this matter.

Please 'Reply All' to advise how you would like to proceed? Do you support the motion as presented or do you want to hold for further discussion at Agenda Item 8c. at the AFGD Board Meeting this week 11th June 2020?

Kind regards

Annette

Annette Dent
Office Admin / Customer Service
Anglican Funds Grafton Diocese
Level 1, 50 Victoria Street GRAFTON NSW 2460



Visit www.anglicanfundsgraftondiocese.com.au for details on our Investment Products, Saver and Term Investment Accounts - currently paying up to 1.55% pa

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Thank you.

On Fri, 5 Jun 2020 at 16:44, Annette Dent <office@afgd.com.au> wrote:

Hi All,

Further to agenda item 8.f of the AFGD Board Meeting 30th April 2020 and AFGD Flying Minute of 12 May 2020 in response to the resolution presented to AFGD by the Corporate Trustees in regards to withdrawal of funds held with AFGD, please see details below and attached.

Blaine Fitzgerald & I were asked to complete further analysis on expected cashflow requirements and liquidity in order for the AFGD Board to determine whether AFGD is in a position to support the withdrawal of Corporate Trustee funds during June.

Please note

that the forecast liquidity for June 2020 takes into account that the schools have not been able to confirm the exact amount and timing of any early government funding although it can clearly be seen in the May actual numbers funding was received with the overall position improving by \$3.9m.

Loan increase LAGS \$3.1m as at 30/6/20 is factored in.

CT's release of a maximum of \$1.5m is factored in. (Whilst this puts stress on overall position we are trying to assist as best we can)

No firm commitment from Westpac on any line of credit refinances. Position is protracted and not assisting the Trustees and AFGD. This is of concern and taking up considerable resources to keep this moving.

Overall position based on above factors will see

short term liquidity position at \$5.7m sufficient to cover monthly cash-flow requirements for the fund.

Fully drawn position if all facilities fully utilised whilst waiting for Westpac to commit moves from -\$2m to -\$7.4m.

Mitigating circumstances

Historical knowledge of schools portfolios use of AFGD line of credit facilities peaks at 60% throughout the year with peak usage occurring in December annually. Therefore risk of full utilisation by 30/6/20 unlikely. Impact of COVID-19 on schools cashflow has eased via early release of federal Government funding and overall annual impact will not be as severe as first anticipated.

Short term timing mis-match can be sourced with AFSA if necessary.

Westpac once they are in a position to move, based on May OD usage by the schools will correct AFGD's position by \$8.6m minimum closing any gap.

In addition, whilst there has to date been no requests for early redemption of Term Investments, there has been a higher than usual number of Term Investments being redeemed at maturity in particular by the parishes who are now drawing on these funds from their at call accounts due to the significant reduction in their income in recent months.

It is for these reasons that Blaine & I recommend the proposed motion below in response to the Corporate Trustees.

Proposed Motion:

That when comparing 31/5/20 actual liquidity against the forecast liquidity position, it has become evident that AFGD will be in a position to release \$1.5m in early June 2020 to The Corporate Trustees and that based on the forecast liquidity position to 30/6/20, AFGD would need to wait until the actual data becomes available before it will be in a position to advise the Corporate Trustees further. AFGD anticipates it will be able to provide that information to the Corporate Trustees by 7/7/20.

Please 'Reply All' to advise how you would like to proceed? Do you support the motion as presented or do you want to hold for further discussion at Agenda Item 8c. at the AFGD Board Meeting next week 11th June 2020?

Kind regards
Annette

Annette Dent
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Thank you.*

 **200531 AFGD tracker snapshot updated 05June2020.pdf**
456K

Customer Investments	May			June		
	Actual	Forecast	Variance	Actual	Forecast	Variance
A *At Call	\$ 6,100,222	\$ 5,306,706	\$ 793,516	\$ 5,700,222		
B *Term Investments	\$ 9,286,668	\$ 9,573,759	-\$ 287,091	\$ 8,886,668		
Corporate Trustees Funds						
C At Call	\$ 6,206,606	\$ 6,890,960	-\$ 684,353	\$ 4,706,606		
Term Investments	\$ 9,252,819	\$ 9,247,474	\$ 5,346	\$ 9,247,474		
Total	\$ 30,846,316	\$ 31,018,898	-\$ 172,582	\$ 28,540,970		
Cuustomer Loans & Overdrafts						
D Loans	\$ 8,785,134	\$ 8,846,736	\$ 61,602	\$ 8,685,134		
E New Advances				\$ 3,100,000		
Overdrafts Balances	\$ 9,049,642	\$ 13,051,905	\$ 4,002,263	\$ 11,024,642		
Total	\$ 17,834,776	\$ 21,898,641	\$ 4,063,865	\$ 22,809,776		
Current Short Term Liquidity position	\$ 13,011,540	\$ 9,120,257	\$ 3,891,283	\$ 5,731,194		
F Cross check Remaining LOC Limits	\$ 24,150,000	\$ 24,150,000		\$ 24,150,000		
G Plus undrawn facilities Overdrafts	\$ 15,100,358	\$ 11,098,095	-\$ 4,002,263	\$ 13,125,358		
H Plus redraw availability	\$ -	\$ -		\$ -		
Current Total commitments	\$ 32,935,134	\$ 32,996,736	\$ 61,602	\$ 35,935,134		
Net Position	-\$ 2,088,818	-\$ 1,977,838	\$ 110,980	-\$ 7,394,163		
Note: * Potential parish Impact COVID -19						
Projected outflows						
Parish Investor		\$ 200,000		\$ 200,000		
		\$ 200,000		\$ 200,000		
		\$ 400,000		\$ 400,000		
Retail Associated		\$ 200,000		\$ 200,000		
		\$ 200,000		\$ 200,000		
		\$ 400,000		\$ 400,000		
Corporate Trustees		\$ -		\$ 1,500,000		
Schools increase demand for capital		\$ -		\$ -		
				\$ 3,100,000		
I LOC utilisation						
St Columba Anglican School Council Incor		\$ 1,820,000		\$ 1,950,000		
Clarence Valley Anglican School		\$ -		\$ -		
Anglicare North Coast		\$ 25,000		\$ 25,000		
Emmanuel Anglican College		\$ 500,000		\$ -		
Lindisfarne Anglican School		\$ -		\$ -		
Bishop Druitt College Council		\$ 1,000,000		\$ -		
Bishop Druitt College Council		\$ -		\$ -		
		\$ 3,345,000		\$ 1,975,000		

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>

Corporate Trustees Funds on Deposit with Anglican Funds Grafton Diocese

1 message

Annette Dent <office@afgd.com.au>

9 June 2020 at 16:01

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

Cc: David Ford <fordie@mac.com>, Blaine Fitzgerald <afsahead@adelaideanglicans.com>

Hi Chris

Please see below resolution from the AFGD Board in regards to the withdrawal of Corporate Trustees funds held with AFGD.

That when comparing 31/5/20 actual liquidity against the forecast liquidity position, it has become evident that AFGD will be in a position to release \$1.5m in early June 2020 to The Corporate Trustees and that based on the forecast liquidity position to 30/6/20, AFGD would need to wait until the actual data becomes available before it will be in a position to advise the Corporate Trustees further. AFGD anticipates it will be able to provide that information to the Corporate Trustees by 7/7/20.

Kind regards
Annette

Annette Dent
Office Admin / Customer Service
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Thank you.*



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

Re: Late Paper - AFGD Meeting 11 June 2020 - AFSA Key client update

1 message

Blaine Fitzgerald <afsahead@adelaideanglicans.com>

10 June 2020 at 16:13

To: office <office@afgd.com.au>, David Ford <fordie@mac.com>, John Adlington <jadlington2@gmail.com>, Philip Crandon <phil_crandon@bigpond.com>, Ted & Peggy Clarke <tedpeggy@bigpond.net.au>, Gary Boyd <garyandcilla@outlook.com>, Murray Harvey <bishop@graftondiocese.org.au>, Chris Nelson <chris.nelson@graftondiocese.org.au>

Cc: "linda.butler" <linda.butler@afgd.com.au>

Dear AFGD Board members

Attached is the late AFSA Briefing paper.

Apologies for the delay I was waiting to receive something tangible and more meaningful from Westpac to assist discussions, which I only received at 1.30pm today.

I look forward to discussing tomorrow.

Kind regards

Blaine Fitzgerald

Head of Anglican Funds South Australia

18 King William Road, North Adelaide SA 5006

P 08 8305 9371 | M 0452 137 740



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

Date: Tuesday, 9 June 2020 at 4:45 pm

To: David Ford <fordie@mac.com>, John Adlington <jadlington2@gmail.com>, Philip Crandon <phil_crandon@bigpond.com>, Ted & Peggy Clarke <tedpeggy@bigpond.net.au>, Gary Boyd <garyandcilla@outlook.com>, Murray Harvey <bishop@graftondiocese.org.au>, Chris Nelson <chris.nelson@graftondiocese.org.au>, Blaine Fitzgerald <afsahead@adelaideanglicans.com>

Cc: "linda.butler" <linda.butler@afgd.com.au>

Subject: Late Paper - AFGD Meeting 11 June 2020 - Confirmation of Minutes

Hi All

Please see attached Late Paper for the AFGD Board Meeting 11 June 2020 Agenda Item 5 - Confirmation of Minutes - Flying Minute 09 June 2020 - Withdrawal of CTS funds.

Kind regards

Annette

Annette Dent

Office Admin / Customer Service

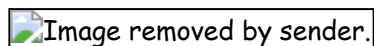
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 **200611 AFGD Board Executive Summary .pdf**
270K

Executive Summary		Confidential <input type="checkbox"/> Urgent <input type="checkbox"/>	
Date:	11/06/20	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 has been agreed until 31/7/20.

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 into 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 getting a clear decision and path to move forward has been slow and frustrating. Head of AFSA has had several conversations with Westpac and Andrew Davies and to date getting a clear time-line on a decision and timing of transfer of school portfolios has not been established.

Verbally the priority that was agreed was

1. EAC – new business for them and significant funding required.
2. LAGS – multiple infrastructure funding required and AFGD needs to meet a land purchase commitment with LAGS for \$3.1m on 30/6/20.
3. SCAS – Senior Environmental Centre funding recently approved by Westpac, therefore made sense to re-open file to incorporate AFGD Line of Credit \$8m.
4. BDC – Land Purchase \$1m recently approved by Westpac, therefore made sense to re-open file to incorporate AFGD Line of Credit \$5.45m.

Key client updates

St Columba Anglican School

- Conversations exchanged with Business Director Jennifer Pike last week 5/6/20, in relation to an update on timing and for sign off for Westpac on undrawn funding for the fit out of the Performing Arts Centre approved in 2018.
- Jennifer Pike indicated the school will be positioned better by 31/12/20 than originally budgeted. She indicated the reason for this was the school
 - Qualified for job keeper

- Received funding for the ELC from the government as well
- Reduced hours and overheads during peak of COVID-19 Pandemic.
- Head of AFSA Spoke to Les Murray Account Executive Westpac to ask if he could formalise the request that appears to be pending priority 1 & 2 getting completed.
- Westpac have re-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 Jennifer Pike has provided the following:
 - 31/12/19 audited financial statements.
 - Council approved management results to 30/04/20.
 - Approved budget in October 2019 remains in place with an updated budget to be provided in July 2020 once council sign off is achieved.

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.
- Troy Mountain Account Executive Westpac has transferred to St George. Currently Andrew Davis and Marianne Bertolet are managing the account until Troy's replacement starts.
- It would be fair to assume this has not been started at Westpac.
- 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 Shane Oxley has provided the following:
 - 31/12/19 audited financial statements.
 - 30/4/20 actual to approved budget.

Emmanuel Anglican College

- EAC will be the fourth school in the Grafton Diocese School network that wants to take up Pari Passu arrangements with Westpac.
- Head of AFSA during May and early June has had several conversations with Andrew Davis at Westpac regarding delays and lag in getting this proposal bedded down.
- Head of AFSA has also received feedback from the Principal of the School Rob Tobias that Westpac appear to be forcing the school into damaging its relationship with the Diocese and AFGD, acknowledging that all parties have worked hard over the last 7 years to regain each others trust. He would not like to see that undermined by Westpac's stance.
- AFSA Head is currently co-ordinating with Westpac and EAC the restructure of
 - Shifting of existing line of credit \$3.1m and Multi Purpose Centre Loan \$7.5m 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 14 days. Management results are held.)
 - Council approved management results to 30/04/20.
 - Update budgets incorporating COVID-19 event have been received.

- **10/6/20 Westpac update from Andrew Davis**

- Westpac have an approval in place and are prepared to move forward on the funding on the following terms.
- Kelley Malaba and Rob Tobias have been in consultation with Westpac to make the proposal comply with their requirements.

Terms of approval:

- **Debt/EBITDA not to exceed 5.5 times.**
 - All prior modelling completed by AFGD based on total facilities \$14m met this requirement. Note: It has not been tested against any revised budgets prepared recently by Kelley Malaba – Business Manager EAC.
- **Facility mix and split between Westpac and AFGD circa**
 - Westpac \$9.5m covers Construction finance, Line of Credit \$500K
 - AFGD \$4.4m residual loans (both subsidised and non-subsidised)
- **Security**
 - No Pari Passu Deed to be entered into as Westpac will hold majority of exposure
 - Westpac will take a mortgage over land and buildings and a fixed and floating charge as security
 - Westpac will require consent to reverse priority with their mortgage ranking ahead of AFGD/CT's.
 - Impact AFGD/CT's will go from being in a fully secured position to having circa 50% cover ie exposure of \$2.2m and ranking second. (This may require approval from CT's and also B-i-C to proceed.)
- **Next steps**
 - AFGD/CT's to advise if they want to proceed on those terms and work through the process of obtaining appropriate sign-offs.
 - EAC to confirm they are accepting the proposal put to them by Westpac and are prepared to obtain appropriate sign-off.
- **Risks:**
 - An obvious one is the exposure and ranking second.
 - The other risk to consider. Will this set a precedent whereby if there is an unequal split under existing Pari Passu Deed arrangements between Westpac and AFGD, Westpac will try to unwind the Deed.
 - This will be the case with the three remaining schools. So it is something to be aware of. Andrew Davis has indicated impacts only new lend EAC, however I'm not confident given current credit environment.

Lindisfarne Anglican Grammar School

- This has been as frustrating as EAC to get bedded down with Westpac.
- Head of AFSA Spoke to Andrew Davis at Westpac and Mark Parry Account Executive Westpac confirming proposal and I have again raised concerns over time lag.
- Westpac have commenced the process including new middle school building and Sunshine Avenue Campus upgrade. To date though, approval is not held as EAC was considered priority 1. LAGS is priority 2.
- 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.
- Even getting to documentation with LAGS and FWO has required negotiation between the school and AFGD with requests for customisation of mortgage annexures requested etc.

- 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.
-

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. The delegations approved by the Board are assisting Annette Dent to be able to make timely and informed changes to interest rates.

Blaine Fitzgerald – Head of Anglican Funds South Australia

Disclaimer

This document has been prepared by The Synod of the Diocese of Adelaide of the Anglican Church of Australia Inc trading as Anglican Funds South Australia ABN 63 198 215 958 for consideration by AFGD. Before acting on any information within this document, you AFGD should consider the appropriateness of it having regard to your own particular circumstances, objectives, financial situation and needs. We believe the information used to compile this report was correct at the time the report was compiled. However, we do not warrant the accuracy or the reliability of the information contained in this report. To the maximum extent permitted by law, we disclaim all responsibility and liability for any direct or indirect loss or damage suffered by any recipient of the report other than AFGD, where the recipient has relied on anything contained in, or omitted from this report.
