

EMERITUS FUND of the Free Reformed Churches of Australia Inc.
TREASURER'S REPORT - YEAR ENDED 31 DECEMBER 2010

Dear brothers,

I am pleased to report on the financial activities of the *Fund* for the year of our Lord 2010.

With the Lord's blessing the *Fund* grew by \$201,528 to \$1,776,609, including accrued interest of \$7,681.

Investment earnings represented 65% of the gain, 5% higher than 2009 and similar to the 66% achieved in 2008.

Three(3) interest-only loan advancements totaling \$900,000 were made during the year to member churches Baldivis (\$250,000), Kelmscott (\$400,000) and Byford (\$250,000).

A \$450,000 Term Deposits lodged with Westpac Bank in 2009 matured in February 2010 and member churches Legana and Mt Nasura redeemed their loans during the period, the Legana loan having the distinction of being the *Fund's* longest running loan. It commenced in 1997 and enabled them to 'buy in' as a member of the *Fund*.

Timely payments of contributions and loan instalments were made by the member churches and borrowers. Appreciation is expressed to the various Treasurers in faithfully attending to their obligations in these matters. It is particularly appreciated that, with one exception, all payments are now made by electronic funds transfer (EFT).

The Board's lending policy again continued unchanged as follows: *80% of the Commonwealth Bank Loan Index Rate (Quarterly Charging Cycle) when that rate is at or below 10%, and 2 percentage points below that rate when it exceeds 10%.*

A series of four(4) interest increases by the Reserve Bank resulted in the Bank's interest rate following suit by a total of 1% during the year. Because of the above policy, the *Fund* passed on approximately 95% of these increases.

At 31 December the net value of the *Fund* comprised the following:

- Loans to member churches 87.9%
- Loans to Free Reformed Associations (Incorporated) 3.6%
- Holding account 8.5%

There were no applications for benefit payments during the year.

At the Annual Meeting of members in April br Jamie Van Burgel was appointed to the Board for a 5-year Term and the Treasurer for another year.

A copy of this report, previous annual reports and other information can be found on the *Fund's* website www.frca.org.au/emeritusfund

J M Bonker
Treasurer/Investment Officer
18 February 2011

CERTIFICATION BY BOARD

Subject to such qualifying remarks that are made or may be made by the Independent Auditor, the members of the Board of the Emeritus Fund of the Free Reformed Churches of Australia hereby certify that the Financial Statements for the year ending 31 December 2010 are, to the best of our knowledge and belief, a true and correct account of the fund it manages on behalf of the member churches and a resolution certifying these statements and adopting the Annual Report was made at a meeting of the Board held on 28th February 2011.

D Bosveld - Chairman

R Allingham – Secretary

J M Bonker – Treasurer

S Bosveld – Member

J Versluis – Member

J K Van Burgel - Member

Dated the 28th day of February 2011

MEETINGS HELD

The Board met once during the year, on 19 February 2010

The Annual Meeting of members was held at Southern River on 24 April 2010.

MEMBERS' RETIREMENT SCHEDULE

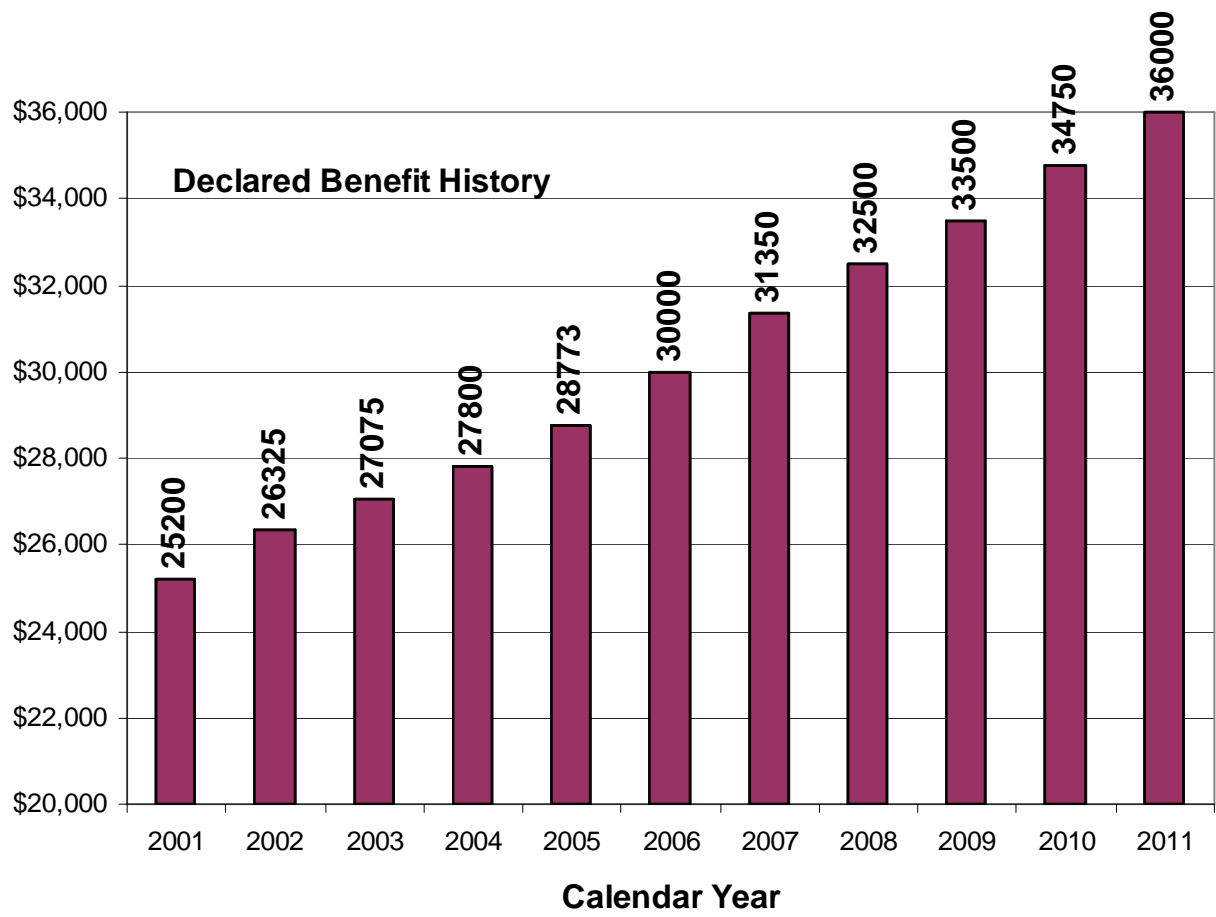
J M Bonker (Treasurer/Investment Officer)	Term expires annually
S Bosveld	Term expires 2011
D Bosveld (Rockingham)	Term expires 2011
J Versluis	Term expires 2013
R Allingham (Secretary)	Term expires 2014
J K Van Burgel	Term expires 2015

BOARD NOTES

1. The Annual Meeting of members has been scheduled for **Saturday, 16 April 2010 at FRC Southern River, Lot 16 Southern River Rd, Southern River**
2. Churches are reminded that the *Fund* is a group savings scheme for the member churches to provide annual financial assistance after their Ministers retire. The *Fund* will provide financial assistance only to the churches, not individual Ministers.
3. For financial planning purposes member churches are advised that the objective of the *Fund* is to provide, in general, the maximum annual benefit set out in Clause 6 below
4. The Board has previously advised that it would not provide benefit payments for early retirement (i.e. before age 65) prior to 2011. That date having arrived, the Board confirms that it will now commence providing benefits for death or early retirement should such situations arise. However the maximum annual benefit will be limited to the amount set out in Clause 6 below and the churches are encouraged to continue to make provision for any requirement over and above that amount.
5. The contribution rate for 2011 is recommended to be \$33.00 per confessing member.
6. The maximum retirement benefit amount for 2011 is \$36,000, an increase of \$1,250 on the amount published for 2010.

MAKING BENEFIT CLAIMS – General Principles

1. The Board is of the view that when a member church becomes eligible to receive annual benefits, the church should take into consideration other retirement provisions that may exist for its Minister at the time of his retirement such as superannuation, government or other pensions.
2. As a broad principle the Board considers that any claim ought to be limited to the additional cost a member church will incur in maintaining a retiring Minister, over and above what that church normally incurred prior to the retirement.
3. Where an existing Minister has previously served in another country and returns to, and retires in, that or another country, resulting in a reduced pension due to the time served in Australia, the Fund will consider – but not necessarily be obligated to approve - applications for pro-rata funding the shortfall based on the time served in Australia. However such applications will only be considered where the Board was notified of a potential future claim by the claimant church at, or before, the time the Minister returns to the other country.
4. Where a church calls a new Minister or Missionary from another country and enters into negotiations with him on provisions for his retirement that has the potential to incur a liability for the Fund under 3. above, the church should inform the Board of such provisions at that time.



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OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

<u>Revenues</u>	<u>Note</u>	
Members Contributions	1	\$ 71,136.60
Interest & Costs Received and Accrued	2	\$ 130,486.67
<u>Total Revenues</u>		\$ 201,623.27
<u>Expenses</u>		
Bank Fees - Holding AC		\$ 95.30
- Maxi AC		\$ -
<u>Total Expenses</u>		\$ 95.30
<u>Operating Surplus</u>		\$ 201,527.97

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

<u>Assets</u>	<u>Note</u>	
Cash and Investments	3	\$ 1,776,608.60
<u>Total Assets</u>		\$ 1,776,608.60
<u>Equity</u>		
Accumulated Surplus		\$ 1,776,608.60
<u>Total Equity</u>		\$ 1,776,608.60

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

<u>Accumulated Surplus</u>	<u>Note</u>	
Fund value at beginning of year	4	\$ 1,575,080.63
Net change this year		\$ 201,527.97
Balance at end of year		\$ 1,776,608.60
<u>Total Equity</u>		\$ 1,776,608.60

NOTES**Note 1** **Members' Contributions (Levy: \$ 31.80 per confessing Member)**

<u>Church</u>	<u>Members</u>	<u>Paid</u>
Albany	246 \$	7,822.80
Armadale	274 \$	8,713.20
Baldivis	106 \$	3,370.80
Bunbury	87 \$	2,766.60
Byford	144 \$	4,579.20
Darling Downs	109 \$	3,466.20
Kelmscott	187 \$	5,946.60
Launceston	140 \$	4,452.00
Legana	73 \$	2,321.40
Mount Nasura	155 \$	4,929.00
Mundijong	95 \$	3,021.00
Rockingham	166 \$	5,278.80
Southern River	270 \$	8,586.00
West Albany	185 \$	5,883.00
	<u>2237 \$</u>	<u>71,136.60</u>

Note 2 **Cash and Investments****Loans & Investments**

Loan No.	Borrower	Capital	New or Extra	Payments Received		Capital	Accrued Int
		at 1/1/10	Borrowings	Capital	Interest/Costs	at 31/12/10	to 31/12/10
FRCLEG01	FRC Legana	\$ 3,299.94	\$ -	\$ 3,299.94	\$ 120.37	\$ -	\$ -
FRCROC03	FRC Rockingham	\$ 467,657.49	\$ -	\$ 125,732.43	\$ 37,867.57	\$ 341,925.06	\$ 1,139.69
FRCMTN02	FRC Mt Nasura	\$ 77,357.31	\$ -	\$ 77,357.31	\$ 3,622.08	\$ -	\$ -
FRCBUN01	FRC Bunbury	\$ 15,001.89	\$ -	\$ 10,072.31	\$ 927.69	\$ 4,929.58	\$ 35.21
FRCSR01	FRC Southern River	\$ 299,999.94	\$ -	\$ 50,130.14	\$ 23,570.14	\$ 249,869.80	\$ 1,805.22
FRCLAU01	FRC Launceston	\$ 67,886.53	\$ -	\$ 10,452.22	\$ 5,047.78	\$ 57,434.31	\$ 580.92
FRATSN01	Eucalypt Assn	\$ 68,072.60	\$ -	\$ 5,000.00	\$ 5,098.82	\$ 63,072.60	\$ 455.68
TD004	Westpac Term Deposit	\$ 450,000.00	\$ -	\$ 450,000.00	\$ 12,092.67	\$ -	\$ -
FRCBAL01	FRC Baldivis		\$ 250,000.00	\$ 245.59	\$ 16,775.79	\$ 249,754.41	\$ 1,783.86
FRCKEL01	FRC KelmScott		\$ 400,000.00	\$ 95.10	\$ 27,622.22	\$ 399,904.90	\$ 95.21
FRCBYF03	FRC Byford		\$ 250,000.00	\$ (2.04)	\$ 2,455.74	\$ 250,002.04	\$ 1,785.63
		\$ 1,449,275.70	\$ 900,000.00	\$ 732,383.00	\$ 135,200.87	\$ 1,616,892.70	\$ 7,681.42

Interest & Costs Received

On Loans (as per above table)	\$ 135,200.87
<i>Maxi</i> Account	\$ 3,529.59
	<u>\$ 138,730.46</u>
Plus Interest Accrued - as per above table	\$ 7,681.42
Less Interest Accrued to 31 December 2009	\$ (15,925.21)
TOTAL INTEREST & COSTS	<u>\$ 130,486.67</u>

Note 3**TOTAL CASH AND INVESTMENTS AT 31/ 12/ 10**

Capital out on loans & investment	\$ 1,616,892.70
Interest Accrued on Loans	\$ 7,681.42
Balance in Holding Account	\$ 84.17
Balance in <i>Maxi</i> Account	\$ 151,950.31
	<u>\$ 1,776,608.60</u>

Note 4**OPENING BALANCE OF ACCUMULATED SURPLUS****Accumulated Surplus Represented by:****Loans at 1/ 1/ 10**

Loan No.	Borrower	Capital
FRCLEG01	FRC Legana	\$ 3,299.94
FRCROC03	FRC Rockingham	\$ 467,657.49
FRCMTN02	FRC Mt Nasura	\$ 77,357.31
FRCBUN01	FRC Bunbury	\$ 15,001.89
FRCSR01	FRC Southern River	\$ 299,999.94
FRCLAU01	FRC Launceston	\$ 67,886.53
FRATSN01	Eucalypt Assn	\$ 68,072.60
TD004	Westpac Term Deposit	\$ 450,000.00
		\$ 1,449,275.70

Accrued interest

at 31/12/2009 \$ 15,925.21

Cash at 1/ 1/ 10

Holding Account	\$ 59.00
<i>Maxi</i> Account	\$ 109,820.72
	<u>\$ 1,575,080.63</u>

17 February 2011

The Members
Emeritus Fund of the Free Reformed Church of Australia (Inc.)
C/- 9 Tipuana Place
THORNLIE WA 6108

I have audited the accompanying special purpose financial report, of the Emeritus Fund of the Free Reformed Churches of Australia (Inc.), which comprises the Statement of Financial Position, Operating Statement, Statement of changes in Equity and Notes to the Financial Statements for the year ended 31 December 2010. The Board of the Emeritus Fund of the Free Reformed Churches of Australia (Inc.) are responsible for the preparation of the financial report and have determined that the basis of preparation and accounting policies used are appropriate to meet the financial reporting requirements of the Emeritus Fund of the Free Reformed Church of Australia (Inc.) constitution and is appropriate to meet the needs of the members. The Board's responsibility also includes such internal control as it determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

I have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Emeritus Fund of the Free Reformed Church of Australia (Inc.). The financial report has been prepared for distribution to the members of the Emeritus Fund of the Free Reformed Church of Australia (Inc.) for the purpose of fulfilling the Board's financial reporting requirements under the constitution. I disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

I have conducted my audit in accordance with Australian auditing standards. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies. No opinion is expressed as to whether the accounting policies are appropriate to the needs of the members.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Emeritus Fund of the Free Reformed Church of Australia (Inc.) as at 31 December 2010 and of its operations and its cash flows for the year then ended.



Bryant De Vos CPA
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