

ANNUAL REPORT 2016

Emeritus Fund of the Free Reformed Churches of Australia (Inc.)

Albany | Armadale | Baldivis | Bunbury | Busselton | Byford | Darling Downs | Kelmscott | Launceston
Legana | Melville | Mount Nasura | Mundijong | Rockingham | Southern River | West Albany

Treasurer's Report

Dear brothers,

It is my privilege to report on the financial activities of the Fund for another year.

With the Lord's blessing the Fund grew in 2016 by a net \$73,654 to \$2,589,539. With the commencement of benefit payments to FRC Baldivis during the year - and it being the first full year of payments to FRC Byford - the Fund's outgoings increased by \$29,254 on the prior year, more than offsetting an improvement in income of \$18,534. Investment earnings represented 53% of 2016 revenue.

During the year, a new loan of \$900,000 was issued to FRC Mundijong to assist with funding of the church construction project. After principal repayments on a number of other loans, our loan investments increased by a net \$796,243, or approximately 54%, during the year.

The standard interest rate setting of the Fund remains unchanged and is as follows: *"70% of the Commonwealth Bank "Corporate Overdraft Reference Rate" as published on the Bank's website where that rate is at or below 10%, and 3 percentage points below that rate when it exceeds 10%, rounded up or down to the nearest 0.25%".* Effective 19 August 2016, the reference rate was reduced from 8.88% to 8.71%, resulting in a reduction in the Fund's interest rate by 25 basis points to 6.0%.

Following consultation with the member churches, the uncertainty surrounding support of Rev. Kleijn in retirement was resolved with the assistance of FRC Baldivis. Benefit payments to this member church commenced in April with a pro-rata allocation reflecting 21.25% of the maximum benefit payment. We thank FRC Baldivis for its assistance in this matter.

At the Annual Meeting of member churches held on 7 May 2016, br. D Lewis was elected to serve a further five-year term.

At year-end the net value of the Fund comprised the following:

- Loans Receivable 87%
- Term Deposit 10%
- Cash 3%

I thank the church treasurers for their assistance with timely contributions and loan installments during the period.

Alwin Bax

Treasurer/Investment Officer

20 February 2017

Statement of Profit or Loss

Year ended 31 December 2016

		2016	2015
Income			
Members Contributions	Note 1	112,266	100,894
Interest - Loans & Deposits	Note 2	127,782	121,228
Interest - Cash Accounts		2,480	1,872
		<u>242,528</u>	<u>223,994</u>
Expenses			
Benefit Payments - FRC Sthn River		39,573	38,907
Benefit Payments - FRC Armadale		39,573	38,907
Benefit Payments - FRC MtNasura		39,573	38,907
Benefit Payments - FRC Byford		39,573	22,835
Benefit Payments - FRC Baldivis		10,494	-
Bank Fees		85	54
		<u>168,873</u>	<u>139,609</u>
Net Income		<u>73,654</u>	<u>84,384</u>

Balance Sheet

As at 31 December 2016

	2016	2015
Assets		
Cash - Holding Account	8,247	74,596
Cash - Reserve Account	71,390	259,515
Overdue Member Contributions	-	3,880
Loans Receivable	2,258,484	1,462,241
Bank Deposits	251,418	715,652
	<u>2,589,539</u>	<u>2,515,884</u>
Equity		
Accumulated Surplus	<u>2,589,539</u>	<u>2,515,884</u>

Statement of Changes in Equity

Year ended 31 December 2016

	2016	2015
Fund value at beginning of year	2,515,884	2,431,500
Net change this year	73,654	84,384
Balance at end of year	<u>2,589,539</u>	<u>2,515,884</u>

Notes

(1) Member Contributions

Member Church	Members	2016 Levy
Albany	235	9,811
Armadale	256	10,688
Baldivis	195	8,141
Bunbury	79	3,298
Busselton	63	2,630
Byford	243	10,145
Darling Downs	155	6,471
Kelmscott	202	8,434
Launceston	156	6,513
Legana	76	3,173
Melville	76	3,173
Mount Nasura	146	6,096
Mundijong	168	7,014
Rockingham	198	8,267
Southern River	230	9,603
West Albany	211	8,809
	2689	112,266

Levy = \$41.75 per confessing member

(2) Loans & Deposits

	Opening	Advances/ Deposits	Capital Repayments	Interest Earned	Interest Received	Closing
Loans Receivable						
FRCSR01 FRC Southern River	314,622	0	146	20,693	-20,919	314,542
FRCBAL01 FRC Baldivis	476,967	0	-52,642	29,916	-29,358	424,883
FRCKEL02 FRC Kelmscott	231,466	0	-23,055	14,030	-12,945	209,496
FRCBUS01 FRC Busselton	317,129	0	-20,009	20,333	-18,991	298,462
FRCARM02 FRC Armadale	81,043	0	-7,796	5,120	-4,804	73,563
FRCMUN01 FRC Mundijong	0	900,000	5,060	16,305	-9,164	912,201
AFRRA01 Albany FR Retirement Assoc	41,014	0	-15,819	2,323	-2,182	25,337
	1,462,241	900,000	-114,114	108,720	-98,363	2,258,484
Bank Deposits						
TD014 Westpac Term Deposit	401,841	0	-400,000	1,937	-3,778	-0
TD015 Westpac Term Deposit	313,811	0	-312,604	644	-1,852	0
TD016 Westpac Term Deposit	0	500,000	-500,000	7,105	-7,105	0
TD017 Westpac Term Deposit	0	350,000	-350,000	2,647	-2,647	0
TD018 Westpac Term Deposit	0	300,000	-300,000	2,850	-2,850	0
TD019 Westpac Term Deposit	0	300,000	-300,000	1,258	-1,258	0
TD020 Westpac Term Deposit	0	150,000	-150,000	1,203	-1,203	0
TD021 Westpac Term Deposit	0	250,000	0	1,418	0	251,418
	715,652	1,850,000	-2,312,604	19,062	-20,693	251,418
Total Investments	2,177,893	2,750,000	-2,426,718	127,782	-119,056	2,509,902

23 February 2017

The Members
Emeritus Fund of the Free Reformed Church of Australia (Inc.)
C/- 102 Davy Street
BOORAGOON WA 6154

I have audited the accompanying financial report, being a special purpose financial report of the Emeritus Fund of the Free Reformed Church of Australia (Inc.), which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss, statement of changes in equity and notes to the financial statements.

Board's Responsibility for the Financial Report

The Board of the Emeritus Fund of the Free Reformed Church of Australia (Inc.) is responsible for the preparation of the financial report and has determined that the basis of preparation and accounting policies are appropriate to meet the requirements of the Emeritus Fund of the Free Reformed Church of Australia (Inc.) constitution and the needs of the members. The Board's responsibility also includes such internal control as it determines necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report to the members of the Emeritus Fund of the Free Reformed Church of Australia (Inc.). I have conducted an independent audit to obtain reasonable assurance whether the financial report is free from material misstatement. The financial report has been prepared for the purpose of fulfilling the Board's financial reporting responsibilities under the constitution and for distribution to members of the Emeritus Fund of the Free Reformed Church of Australia (Inc.). As a result, this report or the financial report may not be suitable for another purpose or for any person other than members.

An audit involves planning and performing procedures to obtain audit evidence about the amounts, disclosures and the reasonableness of accounting estimates in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. No opinion is expressed whether the accounting policies are appropriate to the needs of the members.

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

Opinion

In my opinion the financial report gives a true and fair view of the financial position of the Emeritus Fund of the Free Reformed Church of Australia (Inc.) as at 31 December 2016 and of its financial performance and cash flows for the year then ended.



Charles Brearley CA
34 Munster Ave
Mount Clarence, WA, 6330

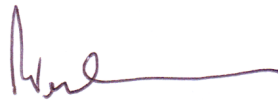
Certification By Board

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 2016 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.

A resolution certifying these statements and adopting the Annual Report was made at a meeting of the Board held on 2nd March 2017.



J K Van Burgel – Chairman



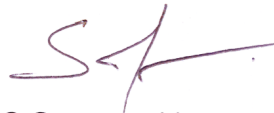
J Versluis – Vice Chairman



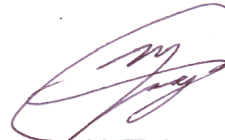
A Bax – Treasurer



D Lewis – Secretary



S Groenewold



M de Jager

Dated the 2nd day of March 2017

Meetings Held

The Board met on one occasion during the year, being on February 18.

The Annual Meeting of members was held at Southern River on 7 May 2016.

Members' Retirement Schedule

J Versluis (Vice-Chairman)	Term expires 2018
S Groenewold	Term expires 2019
M de Jager	Term expires 2019
J K Van Burgel (Chairman)	Term expires 2020
A Bax (Treasurer/Investment Officer)	Term expires 2020
D B Lewis (Secretary)	Term expires 2021

Board Notes

1. The Annual Meeting of members has been scheduled for **Saturday, 6 May 2017 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 the Board will establish contact annually with each member church that is receiving benefits to confirm the level of ongoing funding required.
4. The Board reminds the member churches that the maximum annual benefit in the case of death prior to retirement age 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. Benefits are payable only to churches supporting a minister 65 years of age or older, his widow and/or his dependents, unless:
 - a. A minister is unable to work and retires early in accordance with Article 13 of the Church Order; and
 - b. The member church, despite reasonable endeavours, was unable to obtain appropriate and reasonable insurance cover for the risk or is unsuccessful in claiming on an existing insurance policy.
6. The contribution rate for 2017 is recommended to be increased from \$41.75 to \$44.75 per confessing member.

The Board regularly revises its projections for the future and, whilst these rest on a number of variables, it is clear that continued increases in the contribution rate are required for the Fund to remain viable in the longer term.
7. The maximum retirement benefit amount recommended for the 2017/18 financial year is \$39,907, equivalent to that for the prior year.

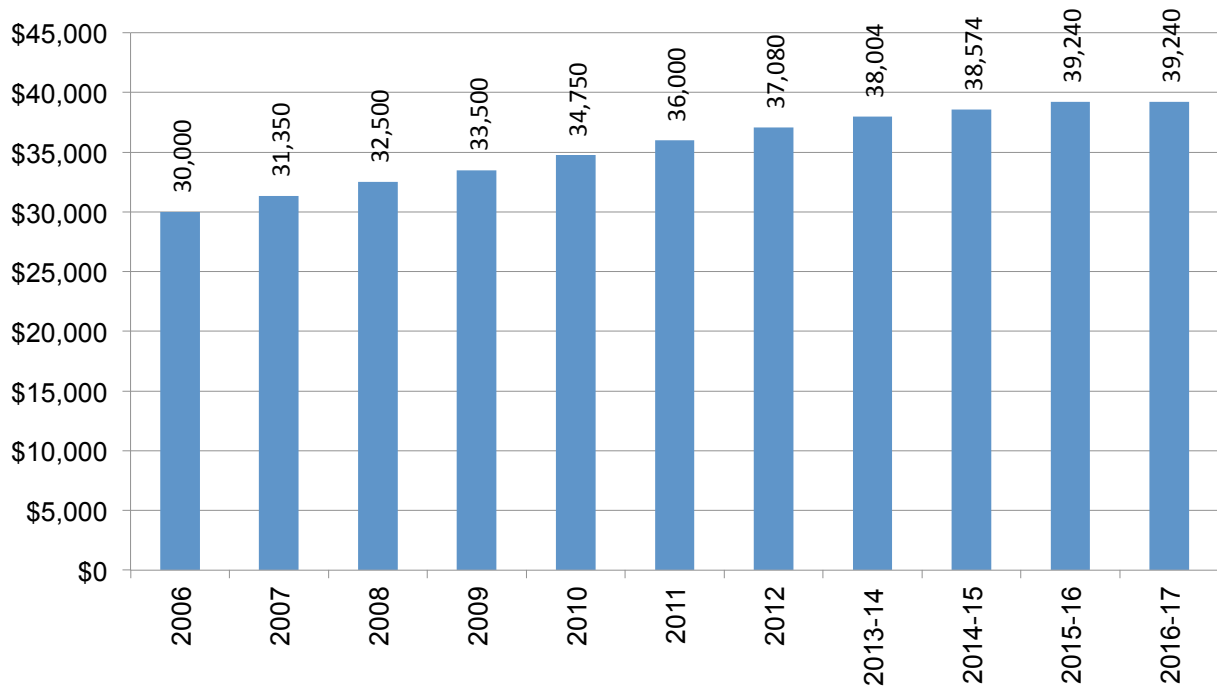
Benefit Claims

1. When a member church becomes eligible to receive annual benefits, the church is advised to 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. Annual benefits are made in monthly installments paid at the beginning of the calendar month. Members applying for a benefit should submit the claim in writing at least one month before the first monthly benefit payment is requested. The earliest a benefit installment will be made is the month after the month in which the minister turns 65 or retires, whichever is the later.

Obligation To Include Board In Negotiations

1. 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 an extraordinary liability for the Fund, the church should include the Board in such negotiations.

Declared Benefit History



EMERITUS FUND - FRCA

102 Davy Street, BOORAGOON, WA 6154.

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Secretary: David B Lewis

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Treasurer: Alwin Bax

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