

EMERITUS FUND of the Free Reformed Churches of Australia Inc.
TREASURER'S REPORT - YEAR ENDED 31 DECEMBER 2011

Dear brothers,

I am pleased to report on the financial activities of the *Fund* for the 2011 calendar year.

With the Lord's blessing the *Fund* grew by a net \$192,326 to \$1,968,935, including accrued interest of \$13,160 and after benefit payments totaling \$33,000. This the first benefit payment in the Fund's history when, coinciding with the retirement of Rev Huizinga, monthly benefit instalments were made to FRC Armadale commencing in February.

Investment earnings, before benefit payments, was 15% higher than 2010 and represented two-thirds of the 2011 revenue.

There were no new loans made during the year to member churches and just over \$200,000 of the the total loan capital – which stood at \$1,616,892 at the commencement of the year – was repaid by the 8 borrowers. The FRC Bunbury loan was fully repaid during the year.

There were two Term Deposits lodged with Westpac Bank in 2011, the first in an amount of \$266,000 at 5.9% for 6 months which matured in October and subsequently reinvested, together with an additional amount of \$234,000 for another 6 months at 5.8%.

Once again timely payments of contributions and loan instalments were made by the member churches and Eucalypt for which I thank the various Treasurers. However it should be noted that our honorary auditor expressed disappointment that only 50% of the borrowers' Treasurers responded to his request for information to assist in reconciling their account balances with those provided to him by the *Fund*. Perhaps we can improve on that next time?

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%.*

There was only one interest rate variation during the period; a 0.25% reduction which the Banks passed on following an adjustment by the Reserve Bank late in the year

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

- Loans to member churches 70%
- Loans to Free Reformed Associations (Incorporated) 2%
- Term Deposit 26%
- Holding accounts 2%

At the Annual Meeting of member churches in April, Chairman D Bosveld (R'ham) was re-elected for a second 5-year term, br David Lewis (Snr) for a first, and the Treasurer for another year. Regrettably br R Allingham (Secretary) tendered his resignation following the trauma he and his family experienced as a result of the Kelmscott fires early in the year and Board member J K VanBurgel was subsequently appointed to take over that role. On behalf of the board we thank Richard for his contribution since his appointment in 2004.

A copy of this report, once accepted by the member churches at the forthcoming annual meeting, will, D.V., be placed on the *Fund's* website in due course. (www.frca.org.au/emeritusfund)

In the meantime previous annual reports and other information about the Fund can be found there.

J M Bonker
Treasurer/Investment Officer
15 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 2011 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 27th February 2012.

D Bosveld - Chairman

J K Van Burgel – Secretary

J M Bonker – Treasurer

D Lewis snr – Member

J Versluis – Member

Dated the 27th day of February 2012

MEETINGS HELD

The Board met twice during the year, on 28 February and 27 July

The Annual Meeting of members was held at Southern River on 25 June 2011.

MEMBERS' RETIREMENT SCHEDULE

J M Bonker (Treasurer/Investment Officer)	Term expires annually
D Bosveld (R'ham - Chairman)	Term expires 2016
J Versluis	Term expires 2013
J K Van Burgel (Secretary)	Term expires 2015
D Lewis (MtN)	Term expires 2016

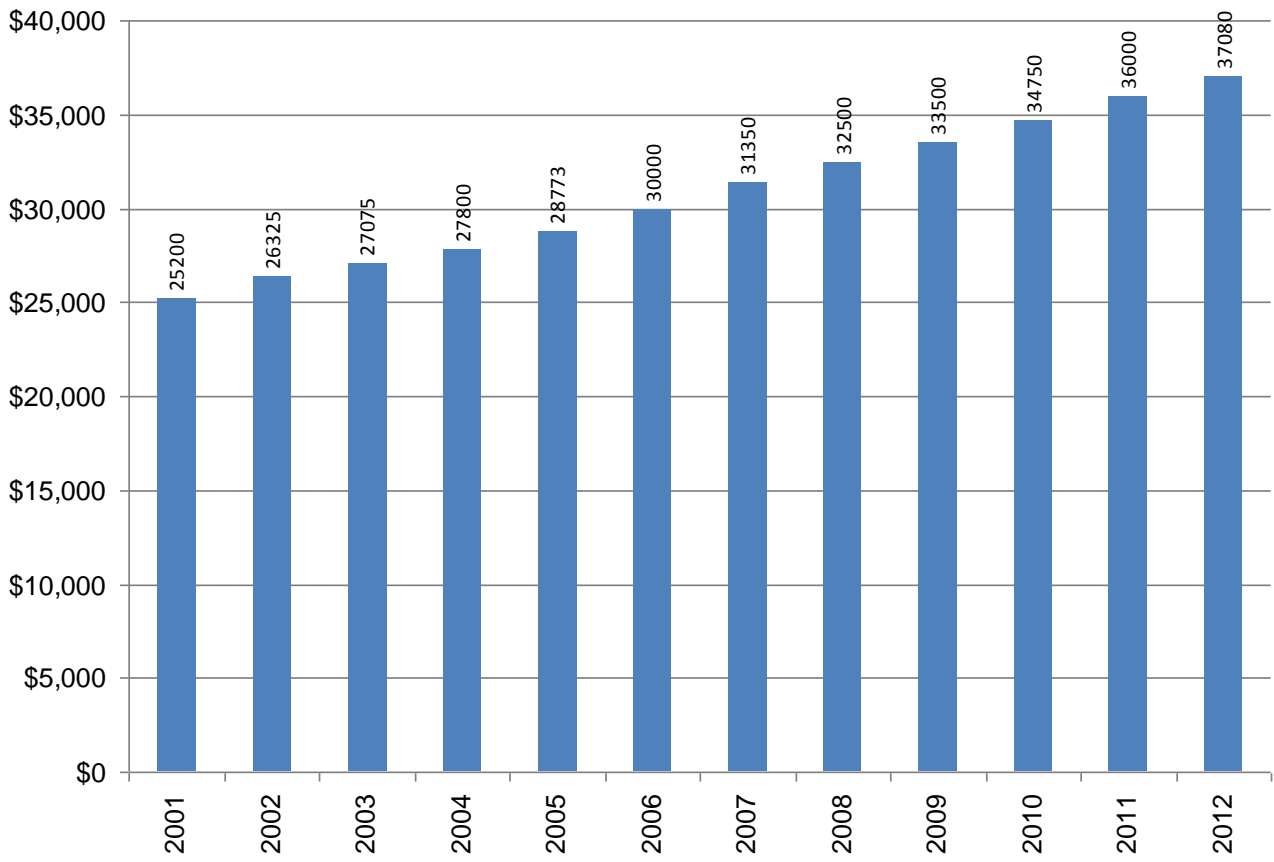
BOARD NOTES

1. The Annual Meeting of members has been scheduled for **Saturday, 28 April 2012 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 reminds the member churches that the maximum annual benefit in the case of death prior to age 65, or early (i.e. pre-age 65) retirement 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 2012 is recommended to be \$34.00 per confessing member.
6. The maximum retirement benefit amount for the 2012/13 financial year is \$37,080, an increase of 3% on the amount published for 2011.

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. 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.
3. 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 2. above, the church should inform the Board of such provisions at that time.

Declared Benefit History



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OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

<u>Revenues</u>	<u>Note</u>	
Members Contributions	1	\$ 75,240.00
Interest Received and Accrued	2	\$ 150,186.35
<u>Total Revenues</u>		<u>\$ 225,426.35</u>
<u>Expenses</u>		
Benefit Payments - FRC Armadale		\$ 33,000.00
Bank Fees - Holding AC		\$ 94.90
- Maxi AC		\$ 5.00
<u>Total Expenses</u>		<u>\$ 33,099.90</u>
<u>Operating Surplus</u>		<u>\$ 192,326.45</u>

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

<u>Assets</u>	<u>Note</u>	
Cash and Investments	3	\$ 1,968,935.05
<u>Total Assets</u>		<u>\$ 1,968,935.05</u>
<u>Equity</u>		
Accumulated Surplus		\$ 1,968,935.05
<u>Total Equity</u>		<u>\$ 1,968,935.05</u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

<u>Accumulated Surplus</u>	<u>Note</u>	
Fund value at beginning of year	4	\$ 1,776,608.60
Net change this year		\$ 192,326.45
Balance at end of year		\$ 1,968,935.05
<u>Total Equity</u>		<u>\$ 1,968,935.05</u>

NOTES

Note 1	Members' Contributions (Levy: \$ 33 per confessing Member)		
	<u>Church</u>	<u>Members</u>	<u>Paid</u>
	Albany	237	\$ 7,821.00
	Armadale	264	\$ 8,712.00
	Baldivis	122	\$ 4,026.00
	Bunbury	93	\$ 3,069.00
	Byford	150	\$ 4,950.00
	Darling Downs	125	\$ 4,125.00
	Kelmscott	185	\$ 6,105.00
	Launceston	147	\$ 4,851.00
	Legana	72	\$ 2,376.00
	Mount Nasura	153	\$ 5,049.00
	Mundijong	98	\$ 3,234.00
	Rockingham	164	\$ 5,412.00
	Southern River	283	\$ 9,339.00
	West Albany	187	\$ 6,171.00
		<u>2280</u>	<u>\$ 75,240.00</u>

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

Loan No.	Borrower	Capital at 1/1/11	New or Extra Borrowings	Payments Received		Capital at 31/12/11	Accrued Int to 31/12/11
				Capital	Interest		
FRCROC03	FRC Rockingham	\$ 341,925.06	\$ -	\$ 116,267.42	\$ 24,732.58	\$ 225,657.64	\$ 1,565.38
FRCBUN01	FRC Bunbury	\$ 4,929.58	\$ -	\$ 4,929.58	\$ 315.87	\$ -	\$ -
FRCSR01	FRC Southern River	\$ 249,869.80	\$ -	\$ (1.69)	\$ 21,877.28	\$ 249,871.49	\$ 1,812.36
FRCLAU01	FRC Launceston	\$ 57,434.31	\$ -	\$ 38,051.41	\$ 3,948.59	\$ 19,382.90	\$ 357.85
FRATSN01	Eucalypt Assn	\$ 63,072.60	\$ -	\$ 24,548.90	\$ 4,610.78	\$ 38,523.70	\$ 225.34
FRCBAL01	FRC Baldivis	\$ 249,754.41	\$ -	\$ (128.38)	\$ 21,688.38	\$ 249,882.79	\$ 1,733.43
FRCKEL01	FRC Kelmscott	\$ 399,904.90	\$ -	\$ 19,063.03	\$ 34,336.97	\$ 380,841.87	\$ 89.03
FRCBYF03	FRC Byford	\$ 250,002.04	\$ -	\$ (109.73)	\$ 21,709.73	\$ 250,111.77	\$ 1,735.02
TD005	Westpac Term Deposit	\$ -	\$ 266,000.00	\$ 266,000.00	\$ 7,868.50	\$ -	\$ -
TD006	Westpac Term Deposit	\$ -	\$ 500,000.00	\$ -	\$ -	\$ 500,000.00	\$ 5,641.10
		<u>\$ 1,616,892.70</u>	<u>\$ 766,000.00</u>	<u>\$ 468,620.54</u>	<u>\$ 141,088.68</u>	<u>\$ 1,914,272.16</u>	<u>\$ 13,159.51</u>

Interest & Costs Received

On Loans (as per above table)	\$ 141,088.68
<i>Maxi</i> Account	\$ 3,619.58
	<u>\$ 144,708.26</u>
Plus Interest Accrued - as per above table	\$ 13,159.51
Less Interest Accrued to 31 December 2010	\$ (7,681.42)
<u>TOTAL INTEREST</u>	<u><u>\$ 150,186.35</u></u>

Note 3**TOTAL CASH AND INVESTMENTS AT 31/12/11**

Capital out on loans & investment	\$ 1,914,272.16
Interest Accrued on Loans	\$ 13,159.51
Balance in Holding Account	\$ 8,769.99
Balance in <i>Maxi</i> Account	\$ 32,733.39
	<u>\$ 1,968,935.05</u>

Note 4**OPENING BALANCE OF ACCUMULATED SURPLUS****Accumulated Surplus Represented by:****Loans at 1/1/11**

Loan No.	Borrower	Capital
FRCROC03	FRC Rockingham	\$ 341,925.06
FRCBUN01	FRC Bunbury	\$ 4,929.58
FRCSR01	FRC Southern River	\$ 249,869.80
FRCLAU01	FRC Launceston	\$ 57,434.31
FRATSN01	Eucalypt Assn	\$ 63,072.60
FRCBAL01	FRC Baldivis	\$ 249,754.41
FRCKEL01	FRC Kelmscott	\$ 399,904.90
FRCBYF03	FRC Byford	\$ 250,002.04
		<u>\$ 1,616,892.70</u>
<u>Accrued interest</u>		
at 31/12/2010		\$ 7,681.42
<u>Cash at 1/1/11</u>		
Holding Account		\$ 84.17
<i>Maxi</i> Account		\$ 151,950.31
		<u>\$ 1,776,608.60</u>

14 February 2012

The Members
Emeritus Fund of the Free Reformed Church of Australia (Inc.)
C/- 9 Tipuana Place
THORN LIE 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 2011. 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 2011 and of its operations and its cash flows for the year then ended.



Bryant De Vos CPA
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