

EMERITUS FUND of the Free Reformed Churches of Australia Inc.
TREASURER'S REPORT - YEAR ENDED 31 DECEMBER 2014

Dear brothers,

It is my privilege to report on the financial activities of the *Fund* for the 2014 calendar year.

With the Lord's blessing the *Fund* grew by a net \$117,419 to \$2,431,500, including accrued interest of \$11,134 and after benefit payments totaling \$108,533 and costs of \$98. Investment earnings, before benefit payments, represented 59% of the 2014 revenue.

A loan extension of \$60,000 was made during the year to FRC Southern River and a new loan of \$90,000 to FRC Armadale. The balance of the investments were in Westpac Term Deposits which were rolled over as they matured; with additional funds added to each successive rollover. However over the year the interest rate progressively declined from 3.9% to 3.15% on these deposits.

The Board's loan interest rate policy which took effect from 1 January 2013 remained unchanged in 2014 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%." Since 26 August 2013 the COR Rate has remained steady at 9.38% which translates to a rate for the members of 6.5%.

As a consequence there were no interest rate changes to the 6 loans made to the member churches.

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

- Loans to member churches 68%
- Term Deposit 31%
- Holding accounts 1%

I thank the church Treasurers for the timely payments of contributions and loan installments made by the member churches during the period. We were also able to welcome FRC Melville as a new member.

At the Annual Meeting of member churches held on 3 May 2014 the brs S Groenewold and M deJager were elected to the Board for 5 year terms.

During the year the Treasurer gave notice that he intended to retire from the position at the 2015 Annual Meeting. In preparation for a smooth handover the Board appointed br Alwin Bax as interim Treasurer and will seek to have his appointment as Treasurer and Board member endorsed at the 2015 Annual Meeting.

I take this opportunity to thank the churches, past and present Board members, church Treasurers and auditors for the cooperation provided to the position over the past 22 years, and in assisting in the establishment and growth of the Fund.

Above all we acknowledge the Lord's providence in granting the necessary resources and His guiding hand in allowing the Fund to prosper and become a blessing for the bond of churches.

To Him be all praise and glory.

J M Bonker
Treasurer/Investment Officer
2 February 2015

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 2014 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 19th February 2015.

J K Van Burgel – Chairman

J Versluis – Vice-Chairman

J M Bonker – Treasurer

D Lewis snr – Secretary

S Groenewold

M deJager

Dated the 19th day of February 2015

MEETINGS HELD

The Board met on three occasions during the year: 27 February, 11 June and 20 November.

The Annual Meeting of members was held at Southern River on 3 May 2014.

MEMBERS' RETIREMENT SCHEDULE

J K Van Burgel (Chairman)	Term expires 2015
J M Bonker (Treasurer/Investment Officer)	Term expires 2015
D Lewis (MtN - Secretary)	Term expires 2016
J Versluis (Vice-Chairman)	Term expires 2018
S Groenewold	Term expires 2019
M deJager	Term expires 2019

BOARD NOTES

1. The Annual Meeting of members has been scheduled for **Saturday, 3 May 2014 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 2015 is recommended to be increased from \$36.40 to \$39 per confessing member.

The Board regularly revises its projections for the future and whilst these rest on a number of scenarios and assumptions, it is clear that contributions need to increase significantly for the Fund to remain viable in the longer future; particularly when the 'second wave' of (now) younger ministers reach retirement age.

Recent analysis suggests a substantial increase would be desirable. However a stepped increase is recommended in the interim until the Board has more clarity about its projections.

6. The maximum retirement benefit amount recommended for the 2014/15 financial year is \$39,240, an increase of 1.7% on the amount published for 2013/14. This is in line with the current CPI.

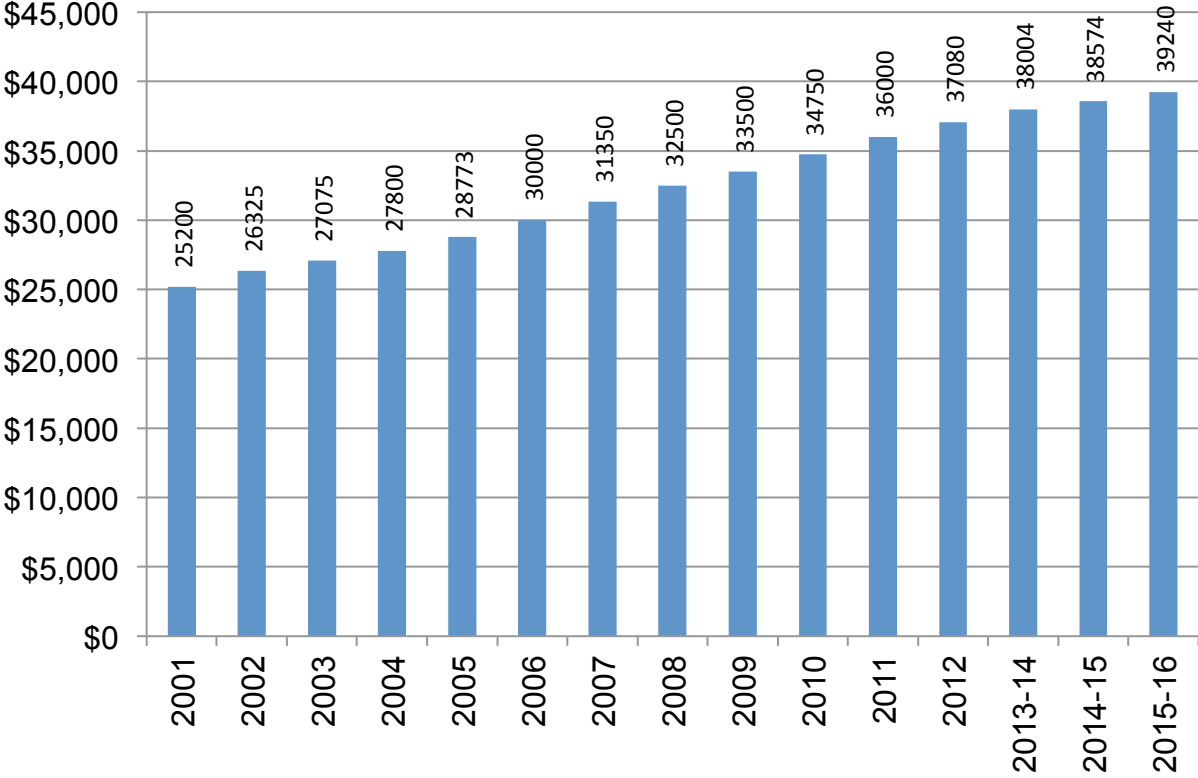
BENEFIT CLAIMS

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



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Note 2 Cash and Investments

Loans & Investments

Loan No.	Borrower	Capital	New or Extra	Payments Received		Capital	Accrued Int
		at 1/1/14	Borrowings	Capital	Interest	at 31/12/14	to 31/12/14
FRCROC03	FRC Rockingham	\$ 316,123.09	\$ -	\$ 161,421.38	\$ 14,578.62	\$ 154,701.71	\$ 798.94
FRCSR01	FRC Southern River	\$ 249,932.41	\$ 60,000.00	\$ (510.12)	\$ 19,767.12	\$ 310,442.53	\$ 1,105.69
FRCBAL01	FRC Baldivis	\$ 568,668.69	\$ -	\$ 48,024.36	\$ 33,775.64	\$ 520,644.33	\$ 2,781.52
FRCKEL02	FRC Kelmscott	\$ 288,078.15	\$ -	\$ 36,717.29	\$ 17,282.71	\$ 251,360.86	\$ 89.53
FRCBUS01	FRC Busselton	\$ 329,876.45	\$ -	\$ 4,818.72	\$ 21,341.28	\$ 325,057.73	\$ 1,736.61
TD009	Westpac Term Deposit	\$ 385,000.00	\$ -	\$ 385,000.00	\$ 7,454.76	\$ -	\$ -
TD010	Westpac Term Deposit	\$ -	\$ 620,000.00	\$ 620,000.00	\$ 7,460.38	\$ -	\$ -
TD011	Westpac Term Deposit	\$ -	\$ 675,000.00	\$ 675,000.00	\$ 6,258.08	\$ -	\$ -
FRCARM02	FRC Armadale	\$ -	\$ 90,000.00	\$ 1,943.10	\$ 1,206.90	\$ 88,056.90	\$ 470.44
TD012	Westpac Term Deposit	\$ -	\$ 740,000.00	\$ -	\$ -	\$ 740,000.00	\$ 4,151.10
		<u>\$ 2,137,678.79</u>	<u>\$ 2,185,000.00</u>	<u>\$ 1,932,414.73</u>	<u>\$ 129,125.49</u>	<u>\$ 2,390,264.06</u>	<u>\$ 11,133.83</u>

Interest Received

On Loans (as per above table)	\$ 129,125.49
Cash Reserve Account	\$ 2,141.72
Plus Interest Accrued - as per above table	\$ 11,133.83
Less Interest Accrued to 31 December 2013	\$ (9,715.07)
TOTAL INTEREST	<u>\$ 132,685.97</u>

Note 3

TOTAL CASH AND INVESTMENTS AT 31/12/14

Capital out on loans & term deposit	\$ 2,390,264.06
Interest Accrued on Loans and Term Deposit	\$ 11,133.83
Balance in Holding Account	\$ 3,454.89
Balance in Cash Reserve Account	\$ 26,647.66
	<u>\$ 2,431,500.44</u>

Note 4

OPENING BALANCE OF ACCUMULATED SURPLUS

Accumulated Surplus Represented by:

Loans at 1/1/14

Loan No.	Borrower/Investment	at 1/1/13
FRCROC03	FRC Rockingham	\$ 316,123.09
FRCSR01	FRC Southern River	\$ 249,932.41
FRCBAL01	FRC Baldivis	\$ 568,668.69
FRCKEL02	FRC Kelmscott	\$ 288,078.15
FRCBUS01	FRC Busselton	\$ 329,876.45
TD009	Westpac Term Deposit	\$ 385,000.00
	at 31/12/2013	\$ 2,137,678.79

Accrued Interest

at 31/12/2013	\$ 9,715.07
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Cash at 31/12/13

Holding Account	\$ 6,630.98
Cash Reserve Account	\$ 160,056.18
	<u>\$ 2,314,081.02</u>

OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

Revenues	Note	
Members Contributions	1	\$ 93,364.70
Interest Received and Accrued	2	\$ 132,685.97
Total Revenues		\$ 226,050.67
Expenses		
Benefit Payments - FRC Sthn River		\$ 38,289.00
Benefit Payments - FRC Armadale		\$ 38,289.00
Benefit Payments - FRC MtNasura		\$ 31,955.00
Bank Fees		\$ 98.25
Total Expenses		\$ 108,631.25
Operating Surplus		\$ 117,419.42

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

Assets	Note	
Cash and Investments	3	\$ 2,431,500.44
Total Assets		\$ 2,431,500.44
Equity		
Accumulated Surplus		\$ 2,431,500.44
Total Equity		\$ 2,431,500.44

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

Accumulated Surplus	Note	
Fund value at beginning of year	4	\$ 2,314,081.02
Net change this year		\$ 117,419.42
Balance at end of year		\$ 2,431,500.44
Total Equity		\$ 2,431,500.44

NOTES

Note 1	Members' Contributions (Levy: \$ 36.40 per confessing Member)			
	Church	Members	Paid	
	Albany	242 \$	8,808.30	(\$0.50 credit C/F from 2013)
	Armadale	242 \$	8,808.80	
	Baldivis	168 \$	6,115.20	
	Bunbury	74 \$	2,693.60	
	Busselton	60 \$	2,184.00	
	Byford	205 \$	7,462.00	
	Darling Downs	152 \$	5,532.80	
	Kelmscott	222 \$	8,080.00	(underpaid \$0.80)
	Launceston	144 \$	5,241.60	
	Legana	75 \$	2,730.00	
	Melville	87 \$	3,166.80	
	Mount Nasura	149 \$	5,423.60	
	Mundijong	142 \$	5,168.80	
	Rockingham	189 \$	6,879.60	
	Southern River	205 \$	7,462.00	
	West Albany	209 \$	7,607.60	
		2565 \$	93,364.70	

11 February 2015

The Members

Emeritus Fund of the Free Reformed Church of Australia (Inc.)
C/- 9 Tipuana Place
THORNIE 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 2014. 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 2014 and of its operations and its cash flows for the year then ended.



Bryant De Vos FCPA
8 Kendell Court, ALBANY, WA 6330