

FOUNDATION FOR SUPERANNUATION OF THE CANADIAN REFORMED CHURCHES
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TREASURER'S FINANCIAL SUMMARY

3-YEAR PERIOD ENDING

DECEMBER 31, 2015

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INTRODUCTION

Introduction

This report summarizes and comments on the results of our operations for the 2013, 2014, and 2015 years.

The investment results achieved over the past 3 years were above the investment indices that we typically compare our results to and this has largely been achieved through the active management of our investment portfolio by our investment manager. More recently we have been moving some of our investments into bonds, both corporate and government, in order to achieve a more stable level of income in the face of a volatile equities market.

Securities selected for us by the investment manager are primarily purchased using a “value” investment approach together with a few other criteria including a preference for securities having an income stream, as opposed to having to rely on an increase in the value of the securities for income purposes. It is therefore possible to underperform any given benchmark from time to time. However, this same approach also provides us with the ability to outperform the indices against which we compare our yields when markets advance, without taking on the same risk as the indices.

Asset Management

We are assisted in managing our invested assets by Wade VanBostelen of Investment Planning Counsel in Burlington, Ontario and we meet with him twice a year to review and discuss our investment portfolio.

I am able to report that all investment matters have been handled in accordance with our established long-term investment policy and there have been no issues that required our attention.

Our cash reserves continue to be tightly managed because a portion of the funding for the benefits that we pay out is covered by making periodic withdrawals from our investment account.

Benefits and Assessments

At the beginning of the period the number of members receiving benefits from the Foundation was 19. As of December 31, 2015 the number receiving benefits remained the same.

In each year the assessment rates were increased by 10% as per the policy previously approved by the members. This rate of increase is necessary to meet the periodic commitments of the Foundation while maintaining a reasonable capital base. At the end of each year we carry out an evaluation and prepare cash flow projections to determine whether the 10% annual rate of increase needs to be maintained. Based on several assumptions, including the assumption that our assessment rate increase will remain at 10% for 2016, at 3% for 2017 – 2019, and at 2% thereafter, as of December 31, 2015 we calculate that the Foundation will have sufficient funds on hand to meet projected responsibilities until the year 2029.

INTRODUCTION

With respect to benefits, the Foundation's policy is to increase annual benefits by the amount of change in the Canadian Consumer Price Index from October to October. This percentage of change is applied in the following January each year.

Respectfully submitted,

S.P.C. Vander Molen, CPA, CA

Administration Committee Treasurer

FINANCIAL STATEMENTS (UNAUDITED)

Financial Statements (unaudited)

STATEMENT OF FINANCIAL POSITION

- Statement of Financial Position

	2015	2014	2013
Assets			
Current			
Cash in bank	\$ 2,539	\$ 5,355	\$ 37,268
Cash in brokerage account	39,249	204,864	35,649
Assessments receivable	<u>1,304</u>	<u>1,484</u>	<u>(816)</u>
	43,092	211,703	72,101
Investments (note 2)	<u>2,865,987</u>	<u>2,554,062</u>	<u>2,571,478</u>
	<u>\$ 2,909,079</u>	<u>\$ 2,765,765</u>	<u>\$ 2,643,579</u>
Liabilities			
Current			
Accounts payable	\$ 11,192	\$ 10,395	\$ 10,350
Net Assets	<u>2,897,887</u>	<u>2,755,370</u>	<u>2,633,229</u>
	<u>\$ 2,909,079</u>	<u>\$ 2,765,765</u>	<u>\$ 2,643,579</u>

STATEMENT OF OPERATIONS

- Statement of Operations

Income			
Assessments	\$ 650,673	\$ 582,566	\$ 525,372
Investment income (note 3)	<u>300,787</u>	<u>305,440</u>	<u>325,890</u>
	<u>951,460</u>	<u>888,006</u>	<u>851,262</u>
Expenses			
Bank charges	29	69	66
Benefits	757,868	718,075	658,243
Honorarium	5,392	5,265	5,229
Investment management fees (note 3)	45,202	42,081	39,237
Printing, postage, stationery, website	452	375	456
Travel	<u>0</u>	<u>0</u>	<u>1,961</u>

FINANCIAL STATEMENTS (UNAUDITED)

	2015	2014	2013
Total expenses	<u>808,943</u>	<u>765,865</u>	<u>705,192</u>
Net Income	142,517	122,141	146,070
Net Assets, beginning of year	<u>2,755,370</u>	<u>2,633,229</u>	<u>2,487,159</u>
Net Assets, end of year	<u>\$ 2,897,887</u>	<u>\$ 2,755,370</u>	<u>\$ 2,633,229</u>

NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Preparation of Financial Statements

These financial statements have been prepared by and are the responsibility of management. They have been prepared using Canadian accounting standards for not-for-profit organizations.

Recognition of Investment Income

The Foundation recognizes investment income as it accrues to the Foundation's benefit. Increases and decreases in the market value of investments are recorded in the accounts at the end of each fiscal year.

Liability for Future Benefits

Under the terms of its constitution and by-laws the Foundation is obligated to make payments to its constituent members in respect of retired ministers or their widows. The Foundation does not record in its accounts the potential liability to its members for such benefit payments because its primary role is as a facilitator on behalf of its members and, as such, considers that it is merely a redistributor of the funds it collects and earns on behalf of its members.

2. INVESTMENTS, at market value

	2015	2014	2013
Marketable securities held in brokerage accounts			
Fixed income products, including GIC's	\$ 402,547	\$ -	\$ -
Common stock and preferred shares	1,788,028	1,312,218	1,263,356
Mutual funds and managed products – C\$	<u>675,412</u>	<u>1,241,844</u>	<u>1,308,122</u>
	<u>\$ 2,865,987</u>	<u>\$ 2,554,062</u>	<u>\$ 2,571,478</u>

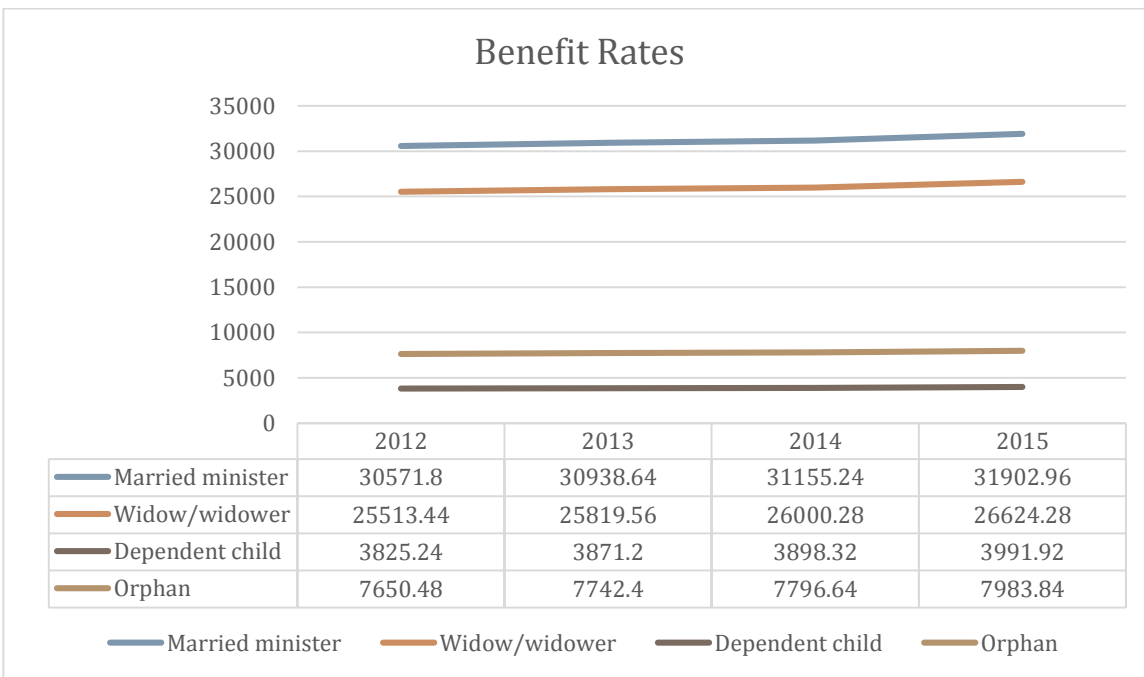
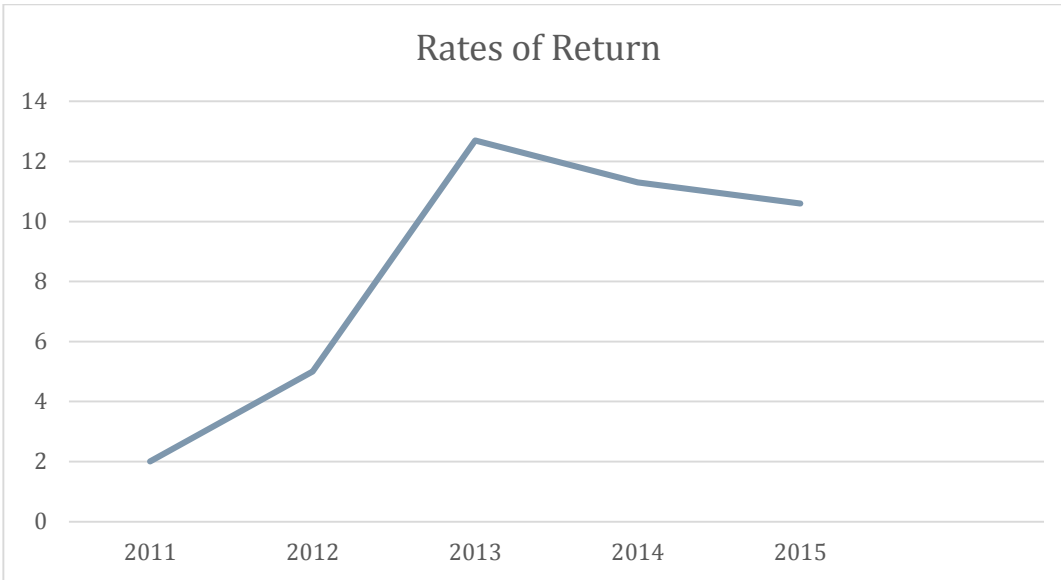
NOTES TO FINANCIAL STATEMENTS

3. ANALYSIS OF INVESTMENT INCOME

	2015	2014	2013
Interest, dividends, foreign exchange and other	\$ 244,808	\$ 147,553	\$ 133,201
Foreign withholding taxes unrecoverable	(1,317)	(1,151)	(992)
Realized and unrealized gains - net	<u>57,295</u>	<u>159,038</u>	<u>193,681</u>
Investment income	300,786	305,440	325,890
Less: Investment management fees	<u>45,202</u>	<u>42,081</u>	<u>39,237</u>
Net investment income	<u>\$ 255,584</u>	<u>\$ 263,359</u>	<u>\$ 286,653</u>

DATA CHARTS

Data Charts



DATA CHARTS

Table of assessment rates

	2012	2013	2014	2015
Per communicant member	\$ 18.76	\$ 20.64	\$ 22.72	\$ 24.96
Per active minister	\$ 3,784.60	\$ 4,163.04	\$ 4,579.36	\$ 5,037.28
Per professor or missionary	\$ 7,569.20	\$ 8,326.08	\$ 9,158.72	\$ 10,074.56