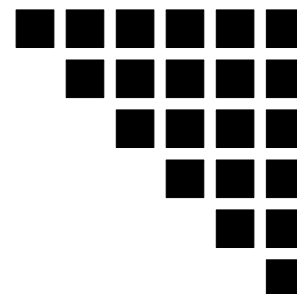


FOUNDATION FOR SUPERANNUATION
OF THE CANADIAN REFORMED CHURCHES



REPORT TO THE MEMBERS
BY THE TREASURER OF THE ADMINISTRATION
COMMITTEE

MAY 12, 2007

Introduction

Esteemed Brothers:

It is my pleasure to review for you the financial activities of the Foundation for the last three years. The one, significant change that has occurred during that time was the significant increase in benefits that was implemented beginning in 2005 in response to a vote by the membership. As a result, the benefits for a married minister rose from \$17,853 in 2004 to \$27,475.80 in 2006. This increase was funded in part by increased assessments to the membership and in part by drawing on our annual investment income.

Financial Results

With respect to our investments, the Foundation follows a conservative investment policy in which we attempt to earn from 1 to 1.5% per annum over average term deposit rates. As can be seen from the chart below, we have managed to achieve that goal in each of the last three years. Overall, our investment rates of return were still better than the published averages for those years.

Our rates of return during the last six years were as follows:

Year	2001	2002	2003	2004	2005	2006
Rate of return	-0.5%	-7.3%	9.0%	7.5%	10.4%	4.3%
Asset base	\$2,487,099	\$2,315,698	\$2,538,838	\$2,676,110	\$2,819,483	\$2,820,480

Investments

Three years ago we changed our method of investing from simply holding mutual funds from several different companies to one where our investment portfolio is actively managed by Goodman Private Wealth Management. They invest our assets directly in stocks and bonds that are purchased based on our approved investment policy. In addition to the monitoring of these investments that we do ourselves, Bill van Huisstede and Wade van Bostelen of Fortress Equity Management continue to act as our advisers with respect to these investments. While originally the portfolio manager from Goodman Private Wealth was based in Toronto, the new manager that was appointed last year is now based in Vancouver. We generally meet with Goodman's representative as well as Fortress's representatives 2 or 3 times each year to review our investments and our investment strategy.

We do not hold any cash reserves other than the cash that is in our investment portfolio at any given time since all of the assessment income is needed to fund benefit payments and we draw down on our investments quarterly to provide the balance of funds needed to meet our disbursement obligations.

Benefits and Assessments

At the end of 2006 the number of members receiving benefits from the Foundation stood at 14, up two from three years ago.

Annual benefit rates during the past four years have been as follows:

	2003	2004	2005	2006
Married minister	\$17,571.84	\$17,853.00	\$26,779.56	\$27,475.80
Widow/widower	\$14,664.72	\$14,899.32	\$22,349.04	\$22,930.08
Dependent child	\$2,198.64	\$2,233.80	\$3,350.76	\$3,437.88
Orphan	\$4,397.28	\$4,467.60	\$6,701.52	\$6,875.76
Maximum supplementary benefit	\$6,090.64	\$6,188.00	\$9,648.00	\$9,898.95

Assessment rates during the past four years have been as follows:

	2003	2004	2005	2006
Per communicant member	\$11.48	\$11.04	\$14.40	\$14.92
Per active minister	\$2,198.64	\$2,231.64	\$2,910.28	\$3,015.08
Per professor or missionary	\$4,397.28	\$4,463.28	\$5,820.56	\$6,030.16

While the formula used to calculate the assessments normally includes a provision to reduce our underfunding position, use of the formula was suspended for 2005 on approval of the membership based on the proposal to increase benefits that they voted in favour of. Similarly, in 2006 assessment increases were limited to 1 per cent over the annual cost of living index. We anticipate this limitation on assessment increases will continue for another 4 to 5 years, at which time the formula specified in our constitution can be applied once again.

Projected Benefits

Our committee annually reviews the projected benefit payments as part of our assessment calculation procedure. Our benefit projection disregards the effect of inflation and is based on the assumption that a minister will retire in the year following his turning 65 and that benefits will be paid out until he turns 82. Our current projection indicates that during the next eight years, barring unexpected events, the fund will, D.V., see benefit payouts mainly at a level below the current payout rate but increases will occur after that that must be planned for.

In the event that a minister passes away prior to age 55, the Foundation has a term life insurance policy in place that provides for an insurance payout directly to the Foundation. Since this is a declining term policy the benefits are much greater in the early years than they are in the period approaching age 55. To date we have never made a claim against this policy.

Respectfully submitted,

S.P.C. Vander Molen, CA
Administration Committee Treasurer