

FOUNDATION FOR SUPERANNUATION OF THE CANADIAN REFORMED CHURCHES

REPORT TO THE MEMBERS BY THE TREASURER OF THE ADMINISTRATION COMMITTEE

MAY 15, 2010

Introduction

To provide assistance to the churches of the federation of Canadian and American Reformed Churches in providing for their retired ministers, the Foundation for Superannuation of the Canadian Reformed Churches (the “Foundation”) receives funds from its members by way of quarterly assessments, invests the funds received, and makes monthly payments to those member churches who have retired ministers.

Board of Governors

The Foundation is overseen by a board of governors made up of the members of the councils of the Canadian Reformed Churches at Cloverdale and Langley, BC. The board is assisted by a five-member administration committee that consists of four members whose terms of office are for a four-year period and its treasurer, whose term of office is for a one-year period, subject to annual renewal. The executive officers of the board of governors are the chairman, Dr. J. Visscher, and its secretary, br. C. Baarda, CMA. The Foundation is administered by the treasurer of the administration committee, br. S. Vander Molen, CA.

Investment Management

The Foundation’s invested assets are overseen by br. Bill vanHuisstede of IPC Investment Corp. located in Burlington, ON and our investment managers are Goodman Private Wealth Management based in Toronto, ON and represented in BC by Pamela Russell. We generally meet with both Bill and Pamela 2 or 3 times each year to review our investments, our investment yields, and our investment strategy in order to satisfy ourselves that our investment policy is adhered to and that reasonable efforts are being made to achieve the desired rates of return.

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 any attention on our part.

Portfolio Assets Distribution

We maintain a diversified portfolio aimed at long-term growth while minimizing losses. Assets distribution as of February 28, 2010 is as follows:

Cash and cash equivalents	\$ 262,870	10.39%
Fixed income products	698,186	27.61%
Common stock and preferred shares	1,435,638	56.77%
Canadian mutual funds	132,273	5.23%
Totals	\$ 2,528,967	100.00%

General Review

Over the past 3 years, the Foundation has been able to achieve solid results despite fluctuation in the national and world economy. Though the Foundation has not been immune to the contraction and expansion of national and international investment markets over that period of time, wise diversification and careful monitoring have resulted in net investment gains of \$205,916 despite the significant downturn in the economy that began in the fall of 2008.

Investment Income – Most Recent Year 2009

During the 2009 fiscal year we earned net investment income of \$404,215 which is made up of the following:

	<u>Canadian</u> <u>Investments</u>	<u>Foreign</u> <u>Investments</u>	<u>Total</u>
Interest, dividends, and other investment income	\$ 75,745	\$ 7,444	\$ 83,189
Foreign withholding taxes unrecoverable	(724)	(1,346)	(2,070)
Realized gains upon sales of securities (net)	51,330	8,105	59,435
Unrealized portfolio gains (net)	197,633	128,413	326,046
Loss on foreign exchange		<u>(62,385)</u>	<u>(62,385)</u>
	<u>\$ 323,984</u>	<u>\$ 80,231</u>	<u>\$ 404,215</u>

Benefits

At December 31, 2009 the number of members receiving benefits from the Foundation stood at 14, unchanged from my last report in 2007. This includes the Theological College, which is receiving benefits for 3 retired professors.

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

	2006	2007	2008	2009
Married minister	\$27,475.80	\$27,723.12	\$28,388.40	\$29,126.40
Widow/widower	\$22,930.08	\$23,136.48	\$23,691.60	\$24,307.20
Dependent child	\$3,437.88	\$3,468.84	\$3,552.00	\$3,644.40
Orphan	\$6,875.76	\$6,937.68	\$7,104.00	\$7,288.80
Maximum supplementary benefit	\$9,898.95	\$9,987.94	\$9,987.94	\$6,658.63

It should be noted that the supplementary benefit is being phased out over a 3-year period. For 2010, the last year of the phase-out, it was set at \$3,329.32. Supplementary benefits are paid to member churches who have fewer than 200 communicant members and are paid on a sliding scale.

Assessments

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

	2006	2007	2008	2009
Per communicant member	\$14.92	\$15.20	\$15.72	\$16.28
Per active minister	\$3,015.08	\$3,072.36	\$3,176.80	\$3,291.20
Per professor or missionary	\$6,030.16	\$6,144.72	\$6,353.60	\$6,582.40

Capital Management

The objective of managing the Foundation’s capital is to ensure that the Foundation has sufficient assets to fund the required benefits over the long term. To that end the Foundation periodically prepares a future cash flow projection which provides a means of assessing the adequacy of current assets and expected assessment revenues to meet the committed benefit payouts. Based on present information the board of governors is of the opinion that the Foundation has sufficient resources to meet its obligations during the next 3 years and well beyond. Furthermore, the board is committed to carrying out this periodic assessment at least every 3 years and reporting its opinion on the sufficiency of the Foundation’s assets to meet retirement obligations.

Looking Forward

The economic conditions we have experienced may be with us for some time to come --
- that we cannot know. What we do know is that we have responded and will continue
to respond in a manner consistent with our disciplined and measured investment
strategy --- one that is prudent and has proved reliable in achieving positive long-term
results.

The board of governors and the administration committee commit our combined
energies and capabilities, with His blessing, to helping to secure the financial future of
the retirement funding requirements of the Foundation. We remain committed to our
long-term diversified investment strategy and are confident that such an approach will
ultimately provide a competitive investment return for the Foundation's members.

Respectfully submitted,

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