

TRUSTEE BOARD

To the Venerable, the 149th General Assembly:

The Trustee Board seeks to be wise, discerning and faithful as it exercises its responsibilities. In this way, the Trustee Board desires to fulfill Jesus' instructions: "Be as shrewd as snakes and as innocent as doves". (Matthew 10:16)

INVESTMENT MATTERS

The Trustee Board manages two pools of funds on behalf of The Presbyterian Church in Canada. The Pension Fund and the Consolidated Fund. The principles guiding each fund are outlined in the Statement of Investment Policy and Procedures (SIP&P) for each fund. The Trustee Board, through its Investment Advisory Committee, reviews each SIP&P on a regular basis.

Through the Investment Advisory Committee, supported by the professional consulting firm, Eckler, the Trustee Board evaluates the performance of the various fund managers who hold the church's investments. This a significant piece of work. As well, this committee evaluates new investment possibilities and vets new fund managers.

The calendar year 2023 was not as difficult in the markets as was 2022. The Pension Fund was up 11.6 percent in 2023 (after being down 4.8 percent in 2022) and the Consolidated Fund was up 13.2 percent in 2023 (after being down 13.3 percent in 2022). Decisions were made in late 2023, given the increased interest rates, to stabilize the Pension Fund by moving some funds into long bonds, thus building further resilience into the Pension Fund.

The Consolidated Fund has two sources of funds. About 40 percent is monies invested on behalf of The Presbyterian Church in Canada, the other 60 percent is investments from congregations and other entities within The Presbyterian Church in Canada (these entities are called unit holders). The income from the investments in the Consolidated Fund helps support work of the wider Presbyterian Church in Canada in its calling to live out the good news of Jesus Christ. This income has become an important source of annual cash flow in some contexts.

The number of unit holders has grown rapidly over the last 15–20 years. As the number has increased, the work of calculating each unit holder's quarterly income has put growing demands on the Finance Department staff of the national office. Through on-going conversation with unit holders, the company contracted to produce the quarterly reports and the Investment Advisory Committee of the Trustee Board, we continue to work towards a useable and understandable reporting system. The Trustee Board is aware of the need for a good reporting system.

WORK WITH OTHER BOARDS AND COMMITTEES

Pension and Benefits Board

While the Trustee Board manages the investments of the Pension Fund, it is the Pension and Benefits Board that proposes changes to pensions and to contribution levels to the General Assembly. The Pension and Benefits Board's recommendations determine how much money will be needed to support pensions and how much will be put into the plan by employers and employees. The Trustee Board, with those two pieces of information, seeks to invest the contributions in such a way that the money is available to pay the pensions. Not surprisingly, there is frequent communication between the two boards.

Part of that communication has involved a year long process to develop a Pension Funding Policy. The Pension and Benefits Board will be introducing the Pension Funding Policy in its report (see p. XXX). The Trustee Board affirmed the Pension Funding Policy when it met in late February 2024.

Assembly Council and Additional Motion 2023 re Demographic Study (A&P 2023, p. 14)

During the presentation of the report of the Trustee Board to the General Assembly in 2023, a commissioner made an additional motion, which was adopted by the Assembly:

That, on the basis of the past three years, the Trustee Board create a demographic projection of the next three years and report to the next Assembly.

At its September 2023 meeting, the Trustee Board adopted the following motion:

That this study be initiated and invite the Assembly Council, in light of the broader nature of this issue, to work with the Trustee Board in responding to this additional motion.

At its November 2023 meeting, the Assembly Council discussed the invitation of the Trustee Board to work with it on this General Assembly assignment. The Assembly Council agreed to appoint two individuals to serve with members of the Trustee Board on an ad hoc committee set up to address the additional motion. The comments below were prepared by the ad hoc committee comprised of the Rev. Victor Kim, the Rev. Dr. Stuart Macdonald, the Rev. Dr. Susan Shaffer and Dr. Elizabeth Speers.

Demographic Trends

The committee's work began with a consideration of demographic trends. The additional motion requested that projections be made for the next three years, based upon the most recent three years.

Given the impact of the COVID-19 pandemic, it is fair to consider whether the years from 2020 to 2022 are representative. A longer time frame could be used. The denominational membership was: 66,632 (2022), 72,153 (2021) and 76,367 (2020). In 2018 membership stood at 82,457.

This decline needs to be taken seriously. At the same time, recent denominational trends need to be placed within a larger historical context. The Life and Mission Agency Research Report 2011–2012 (commonly referred to as the Haynes Report) included a detailed analysis of The Presbyterian Church in Canada's own statistics. The trends have not changed. Put simply, membership in The Presbyterian Church in Canada peaked in 1964 and has been in decline since that year. Decline in Sunday school membership within The Presbyterian Church in Canada congregations began in 1961. What is seen here is a working out of these long-term trends.

Denominational statistics also need to be placed within the larger Canadian context. The Presbyterian Church in Canada was not the only denomination to move from growth to decline during the 1960s. At the beginning of that decade, the Canadian census reported that under one percent of Canadians had no religious identity. In the most recent census (2021), that percentage of Canadians who say they have "no religion" now stands at 35 percent. In the 2021 census report, only one identifiable Christian tradition (Christian Orthodox) grew over the past decade; all other identifiable Christian traditions experienced a decline in the number of Canadians who identified with that tradition (Anglican, Baptist, Catholic, Lutheran, Pentecostal, Presbyterian, Reformed, United Church).

Purpose and Scope of the Study

Given this raw data, most of the discussion in the ad hoc committee focused on how to define the purpose and scope of the demographic study. These were not identified in the additional motion and yet they have a tremendous impact on how the study should be structured. What questions is the study designed to answer? What kinds of data are needed to answer those questions? What board, committee or agency has access to the necessary data and also has the fiduciary responsibility to address the questions for the church?

For example, one fundamental question for a demographic study might be the sustainability of the Pension Fund: will the Pension Fund be able to fulfill the promises to all the church's ministers – both current retirees and actively serving ministers, some of whom may be many years away from retirement? This question falls entirely within the responsibilities of the Pension and Benefits Board. It is the Pension and Benefits Board that is tasked with monitoring the solvency of the Pension Fund. The Pension and Benefits Board also recommends to the General Assembly changes to the Constitution of the Pension Plan, including what is referred to as the funding formula: the rates at which ministers, congregations and employers must contribute to the Pension Fund. Previous times when the Pension and Benefits Board has carried out a comprehensive sustainability study, this required significant input from the actuary of the Pension Plan, using the whole tranche of confidential data held exclusively by the Pension and Benefits Board. One factor in the analysis was the anticipated rate of return on the investment of the Pension Fund, which is managed by the Trustee Board but the fiduciary responsibility to answer the sustainability question rested with the Pension and Benefits Board.

Alternatively, a fundamental question for a demographic study might be the sustainability of the national programs made possible by the church's financial resources. This question falls entirely within the responsibilities of the Assembly Council, which is tasked with recommending a budget and presenting the current and future needs of the

national agencies to the General Assembly. It is the Assembly Council that has final responsibility for all matters financial under the authority of the General Assembly.

The Finance Committee of Assembly Council might be best placed to address this question, with data from the Life and Mission Agency (Stewardship and Planned Giving) that provides more detail than the summaries published annually in the Acts and Proceedings. There are other questions that could be the focus of a demographic study but the preceding two examples illustrate the importance of defining the purpose and scope of the demographic study before the work is commenced. This foundational work will allow the work to be assigned to the appropriate body. In the event that input from more than one board, committee or agency is required, decisions about how to coordinate the shared work can be made from the outset. Certainly, there is no benefit to establishing a new, ad hoc committee to carry out tasks that fall under the jurisdiction of standing boards, committees or agencies. A duplication of efforts by an ad hoc group, possibly in a more piecemeal fashion than can be accomplished by a standing committee, will not serve the church well.

Trustee Board Purpose, Accountability and Responsibilities

The terms of reference for the Trustee Board do not suggest that conducting a demographic study fits well within its work. The purpose and accountability of the Trustee Board are given in these terms: Under authority of the Parliament of Canada and the Legislatures of all ten provinces, the Trustee Board has responsibility to administer the Acts of the Federal Government in each of ten provinces and manage the assets and sign contracts for the Church.

The Trustee Board, subject to its statutory duties, is accountable to the General Assembly and when not in session to its Assembly Council. The responsibilities of the Trustee Board are as follows:

- Administer the Acts in force
- Acquire and manage properties
- Enter into contracts
- Investment of funds
- Issue annuities
- Establish pension plans
- Execute documents

The Trustee Board is also responsible for all assets of dissolved congregations, disposing of those assets and paying the proceeds to the church for use as determined by the General Assembly.

A Way Forward

Perhaps the best approach is to refer the request for a demographic study back to the church. Presbyteries and sessions routinely submit overtures to the General Assembly asking for work to be carried out that will answer questions or address issues that the overture authors believe are important for the church. Perhaps the identification of questions or issues that necessitate a demographic study will be presented by means of overture to a future General Assembly.

For this reason, the following recommendation is presented:

Recommendation TRB-001 adopted/defeated/amended
That the preceding be the response to the additional motion re demographic study.

INVESTMENT IN INDIGENOUS ECONOMY

In 2021, the General Assembly directed the Trustee Board to invest 5 percent of the Consolidated Fund in the Indigenous Economy, a task to be completed in three to five years. The board began in earnest working on this mandate in the fall of 2022. To be clear, these investments are not grants, they are not hand-outs, these are investments which are expected to provide a rate of return. Part of Healing and Reconciliation is to support opportunities for Indigenous entrepreneurs to develop and thrive, opening doors to capital investments in their ventures.

As noted above, the Consolidated Fund has holdings from The Presbyterian Church in Canada and holdings from congregations and other entities. In conversation with the Investment Advisory Committee and given the nature of investing in the Indigenous Economy, the 5 percent investment will be 5 percent of the holdings of The Presbyterian Church in Canada which are held on behalf of bodies appointed by or responsible to the General Assembly. The 5 percent will not be taken from the other 60 percent of the Consolidate Fund, that is investments from congregations

and other entities within The Presbyterian Church in Canada. A dedicated fund will be established for the purpose of investing in the Indigenous economy which will be managed by the Trustee Board through a newly created Indigenous Investment Advisory Committee. The Indigenous Investment Advisory Committee will report to the Trustee Board, who will make the final decision. This clarity was not present in the original motion and has taken some time to achieve.

A second question that is still being worked through is: what is the definition of the Indigenous economy? Does that mean a company that is 100 percent Indigenously owned or is it 51 percent Indigenously owned? Can the economic initiative being invested in be urban based or must it be reserve based? While these seem like simple questions, there needs to be clarity in the answers so the Trustee Board can know which investments to consider.

Third, the nature of the Indigenous economy at present is that some of the investments will likely be in some form of venture capital, not investments in publicly traded stocks. There is an increased financial risk with any venture capital investment and investments in this sector are no different. However, the board believes that it has access to advisors who can assist in evaluating possible investments and help limit risk.

PROPERTY/REAL ESTATE MATTERS

The Trustee Board is the holder of the title to all the property of closed Presbyterian Church in Canada congregations; to quote the act: “any congregation of The Presbyterian Church in Canada which shall have ceased to exist shall vest in the Board upon trust”. The work of dealing with such property is handled through the Commission on Assets, which reports at every meeting of the Trustee Board. In the case of congregational amalgamation, the Commission on Assets reviews and approves the mission plan which outlines how the amalgamated congregation will use the funds realized from the sale of property surplus to the ministry needs of the amalgamated congregation. In the case of a dissolution of a congregation the Commission on Assets handles the sale of the property: both buildings and their contents. This task is governed by an act of the Parliament of Canada which states the Trustee Board is to sell the property for “the general benefit” of The Presbyterian Church in Canada. Historically, the process within the Commission on Assets is three-fold:

1. The commission is informed by a presbytery that a congregation has closed or will soon be closing.
2. A real estate agent in the vicinity of the building is contacted and asked to sell the building. While the building is to be sold for market value, preference is given toward selling the building for a use that will continue the witness to Jesus Christ in the community. When a buyer is found the commission approves or disapproves of the sale.
3. When all expenses related to the building and its sale have been paid the remaining assets are distributed as directed by the General Assembly.

Between March 1, 2023 and March 1, 2024, the following congregations were dissolved and their buildings and assets became the responsibility of the Trustee Board. Some of the buildings have been sold, some have not yet been sold. In these congregations, people worshiped the Triune God of Grace and met Jesus Christ in the Word preached and experienced the Holy Spirit poured out. In these congregations, children were baptized, couples were married, communion was celebrated and fellowship was enjoyed:

- St. Andrew’s Church, Hagersville, Ontario
- Rockland Community Church, Rockland, Ontario
- Knox Church, Bellafield, Manitoba
- Alberton Church, Alberton, Ontario
- Knox Church, Briercrest, Saskatchewan
- St. Andrew’s Church, Swift Current, Saskatchewan
- Oshawa Korean Church, Oshawa, Ontario
- Kitimat Church, Kitimat, British Columbia
- St. Andrew’s Church, Priceville, Ontario
- Riverfield Church, Howick, Quebec
- Winnipeg Somang Church, Winnipeg, Manitoba
- St. John’s Church, Windsor, Nova Scotia
- Dorchester Church, Dorchester, Ontario
- Westview Church, Toronto, Ontario
- Norval Church, Norval, Ontario

CEMETERIES

A request came to the Trustee Board regarding support of orphan cemeteries (orphan cemeteries are cemeteries where the congregation that operated them has closed but the cemetery still exists and is being operated in the name of The Presbyterian Church in Canada).

The Trustee Board recognizes that the Act of Incorporation establishing the Trustee Board gives to the Trustee Board the responsibility of receiving congregational cemeteries which local congregations are no longer able to manage. The board further recognizes the historical significance of cemeteries and appreciates the desire to maintain them in perpetuity. But the board is not able to manage or maintain cemeteries nor is it the board's responsibility to do so. The requirement of the Act is for the board "upon trust to sell, get in and realize the same and to pay the proceeds to the treasurer of The Presbyterian Church in Canada".

The Trustee Board has no staff. The members of the board serve for six years and then leave the board, so there is no long-term continuity of board members. Further, board members are not located across the country but rather are appointed on the basis of their skills not on the basis of their geography. The Trustee Board does not have the infrastructure to manage cemeteries from coast to coast to coast in Canada. Neither does the board have the expertise to do that work.

Therefore:

- The Trustee Board has no intention or desire to operate, manage or oversee cemeteries.
- The Trustee Board urges congregations that own, operate or manage cemeteries and are considering divesting themselves of their cemeteries to do so in ways that do not involve the Trustee Board of The Presbyterian Church in Canada.
- If the Trustee Board does become responsible for a cemetery due to the closure of a congregation, the board will act with all possible expedience to divest itself of the cemetery.

The board is presently researching the rules and processes extant in the various provinces regarding congregations divesting themselves of cemeteries. In Ontario, for example, the local municipality by-law is required to take over the operation of cemeteries that are abandoned.

Presbyteries which have become responsible for cemeteries because of congregational closures are urged to find ways to divest themselves of those cemeteries. The Trustee Board has no obligation or responsibility to assist presbyteries in managing or maintaining cemeteries.

The board will maintain an unofficial inventory of cemeteries, so that it is aware of potential areas of concern. In maintaining such an inventory, the board is not accepting any responsibility for cemeteries listed in the inventory, rather the inventory is a means of managing potential risk.

Recommendation TRB-002 adopted/defeated/amended

That the above statement on the Trustee Board and Cemeteries be circulated to the congregations and presbyteries of the church.

MEMBERSHIP OF THE TRUSTEE BOARD

The membership structure of the Trustee Board is unique among the boards and committees of the church. Members of the board serve for a six-year term and cannot be immediately reappointed. Further a minimum and maximum number of members is established. This leads to an uneven distribution of members' retirements which complicates succession planning. Succession planning is essential for the Trustee Board given the sets of skills needed to oversee a significant range of complex matters. The Trustee Board is in conversation with the Committee to Nominate Standing Committees regarding these matters.

One member of the Trustee Board retires in 2024, Lori Ransom. We thank her for her commitment to the work of the Trustee Board, her insights, challenges and contributions have been gifts to the board and to the church.

Peter Bush
Convener