

FELLOWSHIP SERVICES



Report by Assistant Superintendent David Hazzard

Vitality is not optional. Any alternative is problematic in the short term and terminal in the long term. Jesus' rather pointed parable of the fig tree in Luke 13 clearly illustrates that vitality is ultimately evidenced by genuine fruitfulness. Vitality is real, and there are observable and verifiable metrics.

This report is an opportunity to reflect on and express gratitude to the Lord for the genuine fruitfulness He is producing through a planting known as the PAOC. Allow me to mention that after creating several versions of this report over the past 16 years, I feel the challenge of presenting what seems to be just numbers. It almost appears unspiritual. But in reporting the evangelistic fruitfulness he witnessed on the day of Pentecost, Luke notes in response to Peter's message, "Those who accepted his message were baptized, and about three thousand were added to their number that day" (Acts 2:41, NIV).

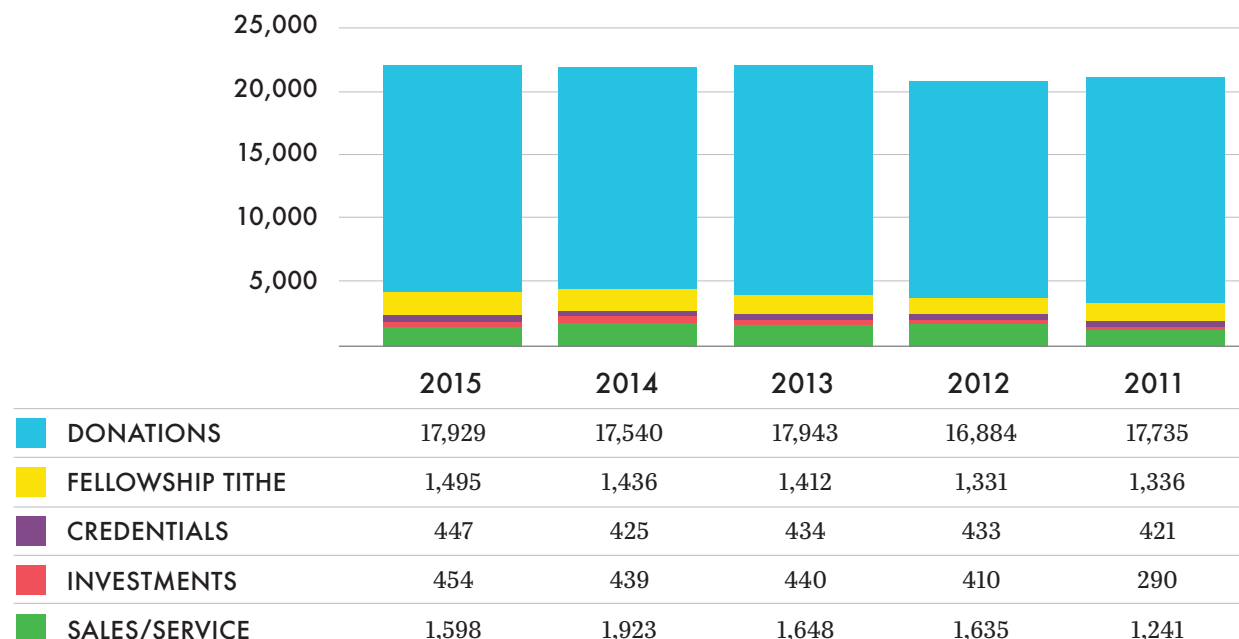
On that day, a specific period of time was identified; a fairly specific number was noted, about 3,000; and a definite result was acknowledged, adding to the number of disciples. Real metrics are important in the kingdom.

As you review the following report, please know that behind the myriad numbers are Pentecostal people, like you and me, seeking to live out the life of Jesus, in the strength of the Holy Spirit, in very practical ways. What you are doing for the Lord is valuable and appreciated.

FINANCIAL OVERVIEW

We are able to report a very positive financial position and thank God for generous provision throughout the 2014-2015 biennium. Total revenues of \$21,767,438 in 2014 and \$21,923,496 in 2015 respectively represented a 2.5% increase over the last biennium. As well, the five-year analysis noted below reflects that total revenue has increased 4% over the past five years.

5-YEAR REVENUE ANALYSIS (\$000'S)



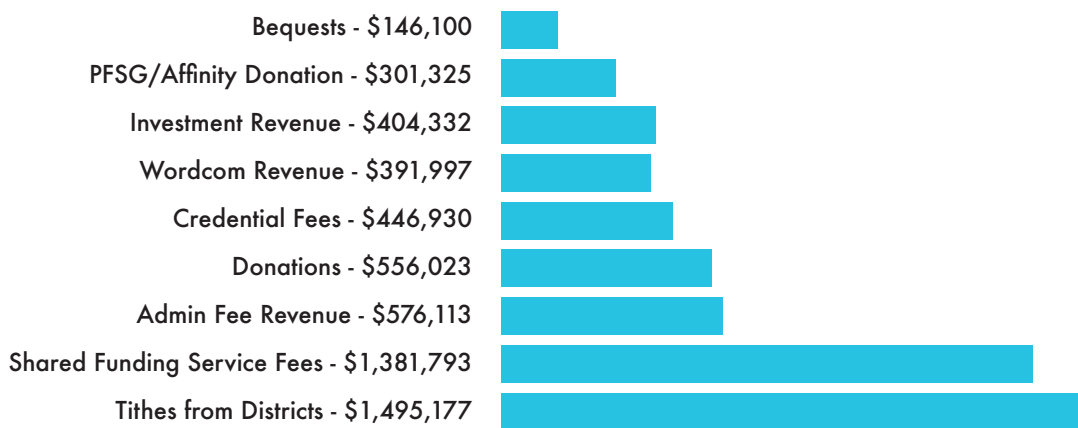
The complete 2015 audited financial statement is included in this magazine on pages 81 to 101.

Across Canada, the base of local church giving continues to be strong in spite of global economic uncertainties. Nationally, the Fellowship tithe support of local churches through district offices to the International Office totaled \$2,931,047 for the 2014-2015 biennium, up 6.9% from \$2,742,980 for the previous biennium. In 2010, the General Executive requested that each assembly in the Fellowship be specifically encouraged to financially support our collective mission. This would include tithes to our district offices and support of PAOC missional endeavours in Canada and around the globe. We are seeing the fruit of increased support from our constituency over recent years. It is appreciated, encouraging and necessary as we share our mission together in the ministry of the PAOC.

OPERATIONAL FUNDING

The ministry departments of the International Office (International Missions, Mission Canada and Fellowship Services) are funded through the combined revenue of several sources as noted below. Fellowship tithe received from districts, totalling \$1,495,177 in 2015, were primarily utilized to fund Fellowship Services (\$1,090,564) and Mission Canada (\$404,613). International Missions is primarily funded by the International Missions service fee, some donations, investment revenues, bequests, and the PFSG/Affinity donation.

OPERATIONAL FUNDING SOURCES - 2015



PROPERTIES

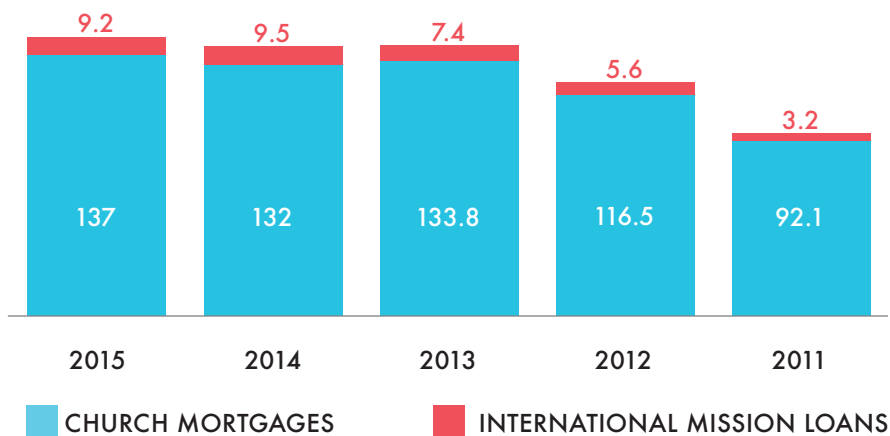
Current (2014) Annual Church Life Reports (ACLRs) indicate that 931 PAOC churches own properties valued at approximately \$1.4 billion. Estimated current indebtedness on these church properties is approximately \$196 million, producing a national debt/asset ratio of approximately 13.6%, slightly decreased from the 14.9% reported at the 2014 General Conference. In addition, from the 2014 ACLR, it was reported that 158 churches rent their meeting location.

To ensure future Pentecostal ministry, approximately 550 property titles continue to be held in the name of The Pentecostal Assemblies of Canada, in accordance with The Declaration of Trust for the local church. One of the ministries of the International Office is servicing the transactions of these assemblies related to property sales and commercial mortgaging through banks and other public institutions. While the local churches involved do carry all legal costs related to their titles, the administration services for these titles are provided to local churches by the International Office at no cost.

PAOC CHURCH LOAN SERVICES

The Pentecostal Assemblies of Canada offers first mortgages to PAOC churches through three lending facilities including the Pension Fund, Pentecostal Financial Services Group Inc. (PFSG), and PAOC Trust Funds. Currently, 200 mortgages and loans are provided by the three facilities with a current balance of \$137 million. Of these, 152 are Pension Fund mortgages

(\$77.6 M), 38 are PFSG mortgages (\$57.4 M), with the 10 remaining being PAOC Trust Fund mortgages (\$2.3 M). In addition, and as reported in note 8 of the 2015 Financial Report, an additional \$9.2 million is invested in 28 international ministry projects, enabling the work of God to move forward in areas served by PAOC global workers and partners.



(In millions of dollars)

NEW PAOC CHURCHES SINCE GENERAL CONFERENCE 2014

Together, we either planted or welcomed 22 new churches into the PAOC since the 2014 General Conference. Of the 22 new churches, nine are English, two are French, two are Aboriginal and the remaining nine represent the rich and increasing cultural diversity within our PAOC family.

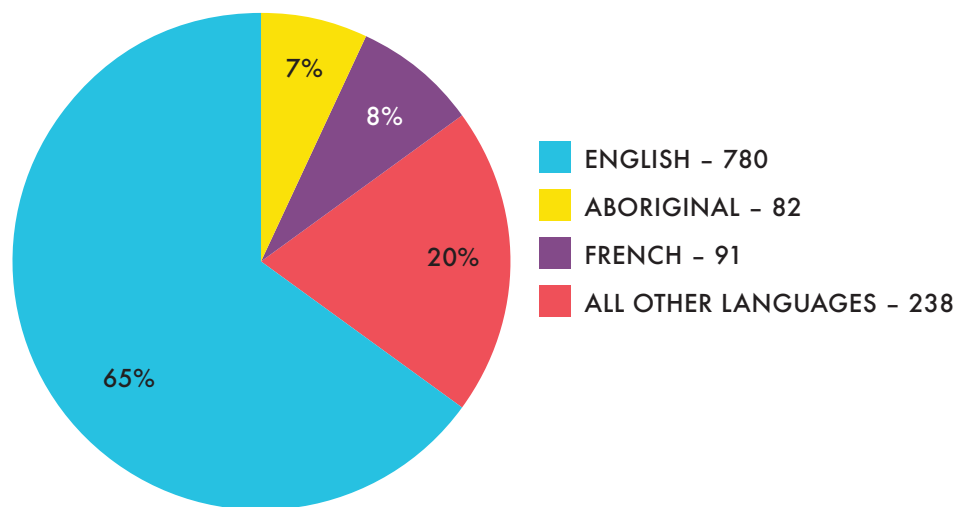
Looking back 90 years, the PAOC has grown from 100 churches in 1924 to 10 times that size in 2014. We do recognize the changing dynamics of church planting and outreach and have included separate categorization for church plants, satellites and preaching points over the last few years.

CONGREGATIONAL STATISTICS

TOTAL CONGREGATIONS BY YEAR Affiliated Assemblies, Church Plants, Satellites and Missional Initiatives by District	2015	2015	2014	2014	2013	2013
	Affiliated Assemblies	Church Plants, Satellites & Missional Initiatives	Affiliated Assemblies	Church Plants, Satellites & Missional Initiatives	Affiliated Assemblies	Church Plants, Satellites & Preaching Points
TOTAL ASSEMBLIES	1,074	116	1,064	108	1,064	54
BC/Yukon District	174	18	173	17	171	13
Alberta/NWT District	117	25	115	24	113	14
Saskatchewan District	55	7	53	8	55	1
Manitoba/NW Ontario District	77	9	78	8	77	5
Western Ontario District	319	26	317	24	319	3
Eastern Ontario District	138	20	139	17	138	11
Quebec District	103	6	99	5	98	4
Maritime District	67	1	66	1	68	
Finnish (Branch Conference)	7		7		7	
Slavic (Branch Conference)	17	4	17	4	18	3

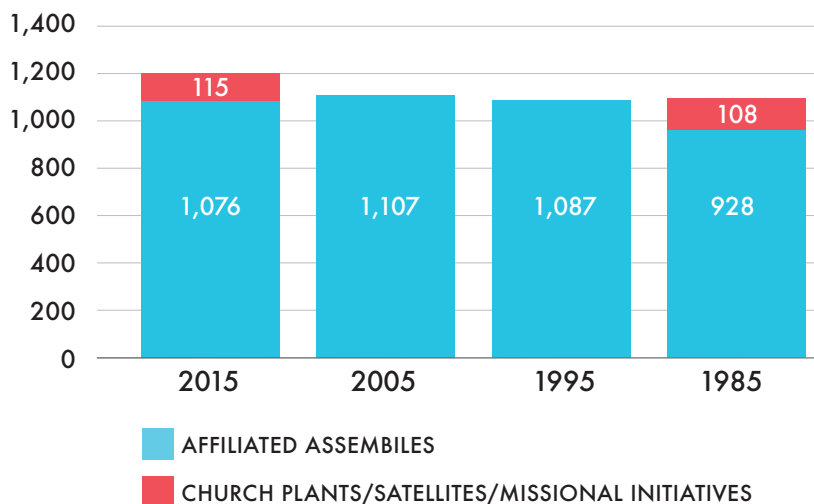
With the increasing number of disciple-making communities, represented as affiliated assemblies, church plants, satellites and missional initiatives, the following graph represents the cultural language groupings that make up the PAOC:

TOTAL DISCIPLE-MAKING COMMUNITIES BY LANGUAGE (2015)



FELLOWSHIP SERVICES

NUMBER OF DISCIPLE-MAKING COMMUNITIES BY DECADE



(The church plant/satellite/missional initiative data is not available for 1995 and 2005.)

BIBLE COLLEGE ENROLMENT

The five Bible colleges, two seminaries and various Bible training centres of PAOC provide valuable leadership development for future leaders in the Fellowship. Given that colleges accommodate both full-time and part-time students, statistical reporting is provided for the Full-Time Equivalent (FTE). The following represents the total FTE enrolment of the five Bible colleges over the past seven academic years. It is encouraging to note the 16.6% increase over the past seven years.

FTE - AS OF OCTOBER 20, 2015

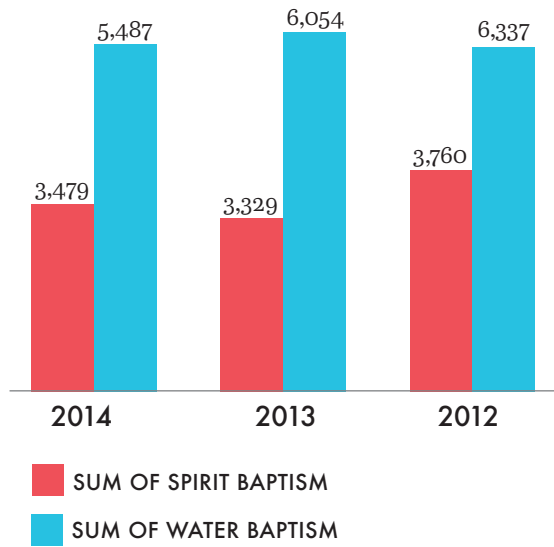
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
TOTAL	645.5	693	721	766	783	779.25	752.65

ANNUAL CHURCH LIFE REPORT (ACLR):

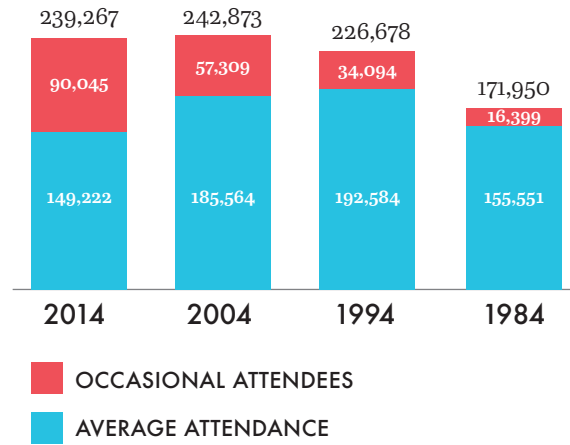
Because the ACLR information is provided by the senior pastor for the previous year-end, the latest PAOC data represents the compiled statistics for the year 2014.

ACLR REPORTED STATISTICS	2014	2013	2012	2011	2010
Conversions Reported	11,952	12,839	14,570	14,034	14,433
Persons Receiving the Baptism in the Holy Spirit	3,479	3,329	3,760	3,900	3,516
Believer Water Baptisms Reported	5,487	6,054	6,337	6,692	6,553
Sunday Morning Attendance	149,222	149,774	154,743	152,064	154,134
Total Number Served	239,267	233,294	237,451	231,196	236,557
Yearly Change in Number Served as Percentage	2.6%	-1.8%	2.7%	-2.3%	0.9%

SPIRIT & WATER BAPTISM



CHURCH ATTENDANCE BY DECADE

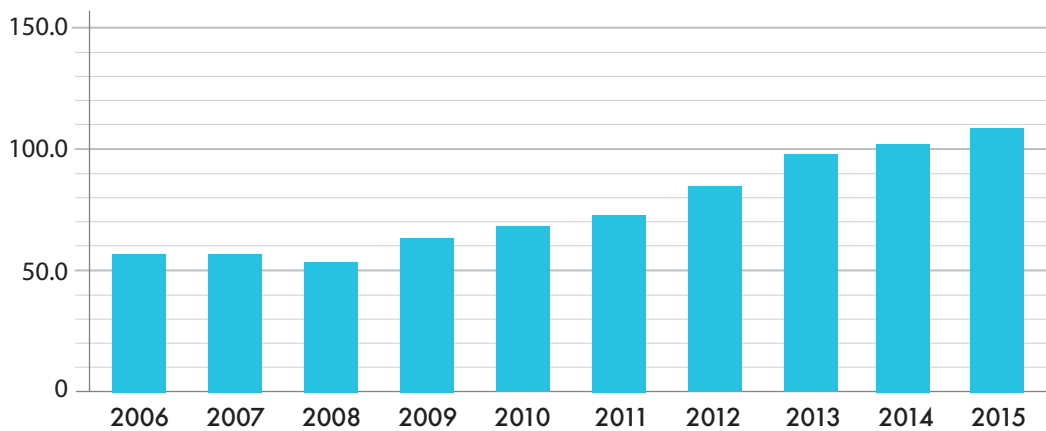


THE PENSION FUND (1969) OF THE PENTECOSTAL ASSEMBLIES OF CANADA

The Pension Fund continues to provide stable, guaranteed income for nearly 600 pensioners in The Pentecostal Assemblies of Canada. The assets of the Fund have grown to over \$113 million. New members have joined the Fund and participating employers still see the Fund as part of the overall remuneration offered to their employees—both pastoral and office staff.

The ongoing low interest climate has made it necessary for participating employers (including the PAOC International Office and the District offices) to continue making special contributions to the Fund. This is an obligation of the Fund Plan Text and is required by the governing body of pension funds. To the end of 2015, the Fund had received just over \$4.5 million in special contributions. This has contributed greatly to the improved health of the Fund.

GROWTH OF PENSION PLAN ASSETS 2006 - 2015 (\$ MILLIONS)



THE PENSION FUND (1969) CONTINUED

The actuarial valuation dated December 31, 2013 showed a strong improvement to the Pension Fund's solvency deficiency position, bringing the Plan to 85.2% funded at the end of 2013. This has resulted in the Fund returning to valuations being conducted every three years rather than annually, providing additional savings to the Fund. The next actuarial valuation is scheduled for December 31, 2016.

The investments of the Fund are held primarily in secure first mortgages of PAOC local churches (71% of the Fund). From an investment perspective, the interest rate on these mortgages may be considered low. Conversely, they would be considered very safe, secure investments. The remainder of the portfolio is invested in Canadian, US and International equities with a small portion held in cash.

The Fund is a defined benefit plan. This means that upon retirement a member would receive an established, guaranteed benefit for the life of the member (and the spouse, if a spousal benefit is chosen). Consideration is currently being given to provide a hybrid plan that could include a defined contribution element to the Fund. More will be said at the Pension Fund Membership Meeting.

A survey of the members and employers of the Pension Fund was conducted last summer with very interesting results. Generally, the membership and employers expressed satisfaction with the Fund, confidence in the investments, and provided valuable input to possible changes in the future. Of significant interest was the strong support for auto enrolment and even mandatory enrolment. More details regarding the survey will be provided in the next Pension Fund newsletter and at the Pension Fund General Meeting.

We are very grateful to the Board of Trustees who have voluntarily provided their expertise in areas of legal, financial, and pension matters to strengthen the Pension Fund, and ensure continued growth and health over the long term.

Additional information on all these matters, and more, will be provided at the Pension Fund Membership Meeting concurrent with this General Conference. It is important that all current members and pastors of employer churches, past and present, invest the time to attend this meeting.

THE MINISTERS ASSISTANCE FUND

Credential holders have an opportunity to provide compassionate assistance to fellow ministers at the time of credential renewals. Since the 2014 General Conference, \$6,000 has been provided on an emergency basis to six credential holders or their surviving spouses and family from this fund.

These funds are distributed by the International Office on the recommendation of a district office, and are often matched by the district office, depending on the nature of the financial need. The Ministers Assistance Fund provides very necessary and valuable aid which would not otherwise be available. We are very grateful for the privilege of providing this assistance in time of need on behalf of all PAOC credential holders.

PAOC FOUNDATION

One of the recent developments in Fellowship Services is the establishment of the PAOC Foundation. We have observed there is a desire for some to make a present and significant contribution to a charity but then disburse the amount in the following years. Often these individuals create a family-based foundation which, given the legal and annual administrative costs, can be expensive and burdensome. The PAOC Foundation is a

vehicle that enables a charitable receipt for contributions but also enables the donor ongoing participation on the Board of the Foundation as the funds are disbursed. For additional information, please contact the office of the Fellowship Services Department at International Office.

CREDENTIAL RENEWALS

Credential holders total 3,632, serving in a wide variety of ministries through 2015. We prayerfully thank God for the valuable ministry of every PAOC credential holder. Credentials add value to the individuals who hold them and the ministries they serve. In a culture of shifting moral values, a PAOC credential ensures the commitment of the credential holder to our doctrinal and lifestyle values. There is value in each church requiring a credential for all teaching staff and at least church membership for all staff.

Credential renewal forms for the period July 1, 2016 to June 30, 2017 were mailed out on April 1, 2016. Our IT system provides PAOC credential holders with the option of online credential renewal for the 2016-2017 credential renewal period. The link to facilitate online credential renewals can be found at www.paoc.org. Detailed information is included in your Credential Renewal Application mailing.

PENSION FUND OVERVIEW

INVESTMENTS



76.8% of funds invested in first mortgages
 20.6% of funds invested in equities
 2.6% of funds invested in cash

MEMBERSHIPS



1,650 active memberships
 594 pensioners
 23 deferred

68

NUMBER OF NEW MEMBERS IN 2015

37

AVERAGE AGE OF NEW MEMBERS

FUND FACTS

5.7

ROI FOR 2015

113

TOTAL ASSETS IN MILLIONS

398

NUMBER OF PARTICIPATING EMPLOYERS

FELLOWSHIP SERVICES

PAOC CREDENTIAL HOLDERS	2015	2014	2013	2012	2011	2010
	3,632	3,584	3,573	3,550	3,547	3,555
Ordained	2,175	2,170	2,184	2,180	2,195	2,181
Licensed	373	370	351	327	316	333
Ministerial License for Women	13	14	14	16	20	22
Recognition of Ministry	393	375	367	361	371	351
Deaconess	198	204	214	223	232	234
Ministry Related	429	405	402	397	364	371
Ministry Related (Lay Preacher)	15	16	16	19	21	22
Ordained Provisional	29	24	18	18	19	27
Licensed Provisional	3	2	3	3	4	8
Recognition of Ministry Provisional	4	4	4	6	5	6

ON A PERSONAL NOTE

It has again been my sincere privilege to serve the Fellowship over the past 24 months as assistant superintendent for Fellowship Services alongside Dave Wells, Murray Cornelius and the General Executive. Calvin Howson, as executive assistant, Judy Hearn, as director of finance and accounting, Tanya Couch, Ruth Stagg, Annie Herbert, Lori-Ann Simmons and Karen Maier as administrative assistants, all provide invaluable support with the myriad details associated with this office. The new contribution that Priscilla Cochrane adds to the team as Fellowship Services' relationship coordinator has been valuable.

It is a sincere joy to also serve alongside Jim Richards (PFSG) and Ron Davis (Pension Fund) and the capable individuals that serve on the Boards of these two organizations. May 31, however, marks the conclusion of Jim Richards' ministry at the International Office as he will then transition to serve with Watoto Ministries. Since January 1, 2007 Jim has served with excellence as executive director of PFSG, seeing that mortgage portfolio increase by approximately 125%. Also during this time, Jim was the PAOC point person in developing creative affinity programs for PAOC churches with various service providers that has proven to be very

fruitful. Jim has also been an incredible team player, particularly evidenced by his sharing of leadership expertise that enabled the ongoing growth of the Pension Fund mortgage portfolio. Most importantly, Jim has been a thoughtful and caring friend to the entire staff of the International Office.

The collective ministry of the International Office would not be possible without the dedication and efficiency of the individuals who serve with us. Each embraces their service as ministry first to the Lord, and provide a meaningful and valuable contribution to PAOC as a whole.

Beyond words, I deeply appreciate the encouragement and support of my wife, Stacey, who is a wonderful friend, adding spiritual insight, grace, charm and delightful humour to my life. Our four children, Joshua (Esther Blumer), Jordan (Josh Hageman), Bethany (Philip Van Kesteren) and Luke, are a source of great thankfulness and joy as noted in 3 John 4. I am blessed as a husband, father, father-in-law and ... 10-time grandfather!

David Hazzard
Assistant Superintendent for Fellowship Services

A PLAN **with** PURPOSE

A DEFINED RETIREMENT BENEFIT GUARANTEED FOR LIFE

*FUND FACT: National PAOC plan that is a **defined benefit** providing the security of a guaranteed pension income without the investment risk of a defined contribution plan or an RRSP*

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PENTECOSTAL FINANCIAL SERVICES GROUP INC.

Executive Director—James G. Richards



The goal of the Pentecostal Financial Services Group (PFSG) is to generate reasonable profits to support the ministry activities of the PAOC by means of:

- a. Supplying mortgage funding to construct, renovate and refinance PAOC churches/ministries across Canada.
- b. Providing investor opportunities.
- c. Negotiating suitable affinity agreements.

On December 31, 2015, the PFSG mortgage portfolio amounted to \$58,550,412 as compared to \$59,435,271 on December 31, 2013. For the year 2015, PFSG donated \$384,214 to PAOC ministries.

In 2014, the payments from the affinity agreements were removed from the PFSG financial statement and were paid directly to PAOC. This results in what appears to be a lower contribution from PFSG to PAOC which amounted to \$493,026 on December 31, 2013.

Beginning in 2014, the PAOC started to purchase Class A preferred shares in PFSG for the purpose of capitalizing the PFSG portfolio and so adding a further protection for our investors. As of December 31, 2015, \$1,129,350 in Class A preferred shares have been purchased.

PFSG currently holds 38 mortgages in PAOC ministries from Nova Scotia to British Columbia.

The amount of new mortgage funding by PFSG has declined since the last General Conference for three reasons: a) The need to first use funds from the Pension Fund for new mortgage funding within the PAOC so as

to maintain Pension Fund revenue levels; b) A general slowdown in new church construction; and c) Aggressive bank interest rates which are becoming an increasing competitive force. Concerning the latter point, it is helpful to note that mortgage funding from PFSG has two advantages over banks. First, the family advantage of funding from PFSG means that in the event of financial difficulty, PFSG as part of the PAOC family tries to be more gracious than banks are. Second, the profits of PFSG are totally donated to the PAOC's missional priorities.

Here are comments from Edwin Rideout, the lead pastor of Family Christian Centre in Fort McMurray, Alberta: "Pentecostal Financial Services Group has proven to be a catalyst worthy of the highest commendation. Faced with a myriad of procedures and costly financial evaluations imposed on us by our financial institution, we turned to PFSG with a request that they consider financing our \$6.7M expansion ... PFSG helped us navigate through complex issues with patience and diligence. Furthermore, it resulted in significant cost savings. It is unlikely that our project would have gotten off the ground as quickly as it did without the assistance of PFSG."

PFSG looks forward to partnering in various ways with PAOC churches to further the mission of the kingdom.

NATIONAL STEWARDSHIP DEPARTMENT

National Stewardship Director—James G. Richards

With the desire to promote the God-honouring use of our resources, National Stewardship is involved in will writing, estate planning, endowment gifts, charitable gift annuities and gifts of securities.

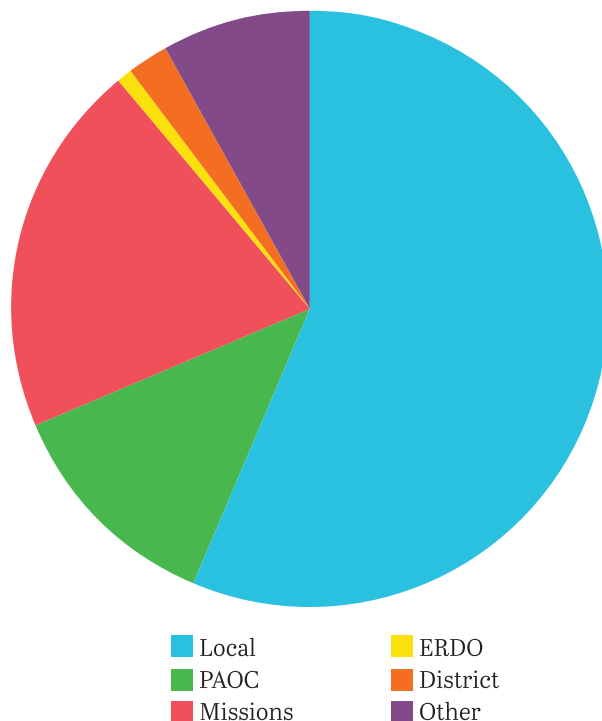
On Sundays a biblically based seminar, Radical Stewardship, is conducted in our churches across Canada followed by free, one hour will writing consultations throughout the week. The seminars and will writing consultations are conducted by Clarence Mitchell in Western Canada, Ron Davis in Eastern Canada and Lorne McAlister in Alberta and the Northwest Territories.

In November 2015, Clarence Mitchell was at Christian Life Centre in Morden, Manitoba. Pastor Weldon Yeo writes: “The Financial Stewardship Seminar works very well into our Sunday morning service. The information covered is not only very important for young and old to hear, but is also presented in a format that is solid and sound scripturally. Some hard realities ... are shared with a gentle spirit and a good dash of humour. This service is invaluable to me as a pastor as it assures me that the people under my care are prepared in the event of a crisis in their lives, and it is not going to be exacerbated with financial and/or legal conflict. On top of that it gives people another opportunity to leave a spiritual legacy through their estate.”

In 2015, 1,109 wills were written by National Stewardship in 34 PAOC churches across Canada. Out of this number, 50 per cent left a portion of their estate to charity. Of these charitable wills, 45 per cent left a contribution to their PAOC church. What is even more striking is that the amount of funds left in these wills to local churches was \$15,203,937. While the individuals making these wills are free to make changes at any time until they pass

away, it is certain that National Stewardship’s will writing ministry does significantly increase the opportunity of the local church to receive funds from estates in the future. The only cost to the local church involves the payment of meals and accommodation for the days that the Stewardship representative is at the church.

TOTAL VALUE OF CHARITABLE WILLS WRITTEN IN 2015 – \$15,203,937



FELLOWSHIP SERVICES PFSG

PAOC's affinity partners have been carefully chosen—firstly because there is a need for this service in our churches, and secondly because these providers demonstrate a quality product at a reasonable price. While affinity donations amounting to \$178,436 in 2015 are much appreciated, they are not the first consideration. Our first priority is to offer a service to our churches. Along with our long-standing partners Robertson Hall Insurance for church property and liability insurance, D. L. Deeks Insurance Services Inc. for home and auto insurance and TD Merchant Services for credit and debit card transactions, PFSG has added

a number of new affinity partners since the last General Conference. These include Emanant Inc. for customized mobile solutions such as donations via text messaging and relational linkage to church members, ChurchOS for website set-up and ongoing support, Staples Copy and Print for colour copying, Lyreco Office Supplies, Bargains Group, and Irving Oil for heating oil in the Maritimes.

National Stewardship and Affinity Programs look forward to partnering in diverse ways with PAOC churches to further the mission of the kingdom.

TOTAL CHARITABLE WILLS BY CATEGORY FROM 2012 - 2015

