

The Committee have to report the sum of \$2176 due on loans, and chiefly on loans free of interest. Correspondence has been conducted in all these cases, and the Committee being persuaded that the failure to pay arose from the great depression of trade and consequent scarcity of money, felt that they could not enforce a rigid compliance with legal claims, and have consented to delays varying from six months to a year, until the congregations feel in some measure relieved from their embarrassments. Should the Synod disapprove of their procedure, and order the immediate collection of all arrears, such collections can be made, but the consequences to individuals would be serious.

The question has been asked whether the Committee is regarding the Rule of Synod which directs them to keep one-half of the Fund at interest, and to give in free grants only the annual income of such investments. In reply they have to state that their interest receipts from funds paid into their hands by the executors of the Hunter Estate amount to \$650 from congregations, and dividends \$528.76,—in all \$1178.76, while their free grants amount to \$4735 to date, and some further amounts promised. But on the other hand, the Executors have received in interest and dividends, up to the end of 1878, \$5710.51, according to returns made and approved in the Court of Probate, from which it appears that the Committee have kept within the limit, and left a considerable margin untouched.

The Committee have conferred with the Executors respecting the sale or transference of the property which belongs to the Synod as the residuary legatees. The Committee could not advise a sale, as this would certainly be at a ruinous sacrifice. As regards transfer, the property consists of land in the country and lots in the city, houses, a few mortgages, and stock, at present in great measure unsaleable, the management of which the Committee considered would demand more time and care than the Synod could expect them to devote to this object.

The Committee have in all made free grants to 26 congregations. They have loaned on interest to 7, and they have given free loans to 12. Their chief anxieties have been in connection with *free loans* payable by instalments. Some congregations have met their obligations with commendable promptitude, and these have evidently derived advantage in every way from the loan. They have saved interest, and they have been stimulated to reduce and even to extinguish debts which otherwise might long have remained. But others have failed to fulfil engagements voluntarily made, and for their own benefit, and while the Committee attribute such failures in most cases to untoward circumstances, they still have some fears that delay in payment has been encouraged by the presumption that coercive measures would not be used in collecting payments due. As all congregations are represented in the Synod, the Committee hope that from your body there will be diffused a high sense of honor in this matter, for the efficiency of the fund turns greatly on the conduct of churches in meeting their obligations with punctuality. Unless a congregation sees its way pretty clearly to the payment of instalment notes as they mature, it were better every way to ask for a grant in aid, and though the sum thus received will of course be smaller and afford less immediate relief, yet it has no consequences of an unpleasant character.

The Committee trust the Synod will recommend their congregations to keep their church property *insured*. The Committee make insurance a *condition* to receiving aid; but they have no power to *keep* the property insured, and yet the burning of a church, once aided, is almost certain to be followed by a second application. Though it is in the power of Synod to forbid any second grant or free loan in such a case, yet such a prohibition might be unwise, but the Committee are of opinion that a strong recommendation should be issued to all congregations not able to rebuild from their own resources to keep their churches insured, and that such recommendation should be followed up by an enquiry by Presbytery as to its being carried out.

The Committee would call the attention of Synod to a regulation forbidding them to loan money in any case under 6 per cent. While the Committee desire to execute their trust faithfully and to make their investments as good, in a commercial point of view, as possible, they doubt the wisdom of the rule just referred to on this as well as other grounds, that it is not possible at all times to get safe investments at 6 per cent.

All of which is respectfully submitted,

P. G. MACGREGOR, *Chairman*.