

RETIREMENT ASSISTANCE FUND OF THE CANADIAN REFORMED CHURCHES

26995 – 24 Avenue  
Aldergrove, BC V4W 3Y9

[www.superannuation.ca](http://www.superannuation.ca)

# TREASURER'S FINANCIAL SUMMARY

YEAR ENDING

DECEMBER 31, 2019

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# INTRODUCTION

## Introduction

This report summarizes and comments on the results of our operations for the 2019 fiscal year.

Due primarily to continuing advances in the US market we experienced very good investment results for 2019. The result has been a strong yield on our invested assets. The net investment income of \$524,938 represents a return on average invested assets of 15.85%. This yield is not expected to continue into 2020, especially because of the uncertain effect on the markets of the Covid-19 epidemic that is currently being experienced.

## Asset Management

We are assisted in managing our invested assets by Wade VanBostelen of Investment Planning Counsel in Burlington, Ontario and we meet with him each year to review and discuss our investment portfolio.

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 our attention.

Our cash reserves continue to be tightly managed because a portion of the funding for the benefits that we pay out is covered by making periodic withdrawals from our investment account.

## Benefits and Assessments

During the year the number of members that were receiving benefits was 21, in respect of 27 retired ministers and widows.

In the year the assessment rates were increased by 2.3% based on the annual change in the Canadian Consumer Price Index as announced for the month of October. Based on several assumptions, including the assumption that our assessment rate increase will be 2% annually in the future we calculate that the Foundation will have sufficient funds on hand to meet projected responsibilities beyond the year 2039.

With respect to benefits, the Fund's policy is to increase annual benefits by the amount of change in the Canadian Consumer Price Index from October to October. This percentage of change is applied in the following January each year.

Respectfully submitted,

S.P.C. Vander Molen, CPA, CA

Management Committee Treasurer

# FINANCIAL STATEMENTS (UNAUDITED)

## Financial Statements (unaudited)

### STATEMENT OF FINANCIAL POSITION

#### • Statement of Financial Position

	2019	2018	2017
Assets			
Current			
Cash in bank	\$ 1,757	\$ 24,367	\$ --
Cash in brokerage account	26,313	108,925	43,193
Assessments receivable	<u>13,911</u>	<u>7,042</u>	<u>21,458</u>
	41,981	140,334	64,651
Investments (note 2)	<u>3,582,385</u>	<u>3,040,170</u>	<u>3,153,777</u>
	<u>\$ 3,624,366</u>	<u>\$ 3,180,504</u>	<u>\$ 3,218,428</u>
Liabilities			
Current			
Bank overdraft	\$ --	\$ --	\$ 13,911
Accounts payable	<u>15,241</u>	<u>13,147</u>	<u>13,503</u>
	15,241	13,147	27,414
Net Assets	<u>3,609,125</u>	<u>3,167,357</u>	<u>3,191,014</u>
	<u>\$ 3,624,366</u>	<u>\$ 3,180,504</u>	<u>\$ 3,218,428</u>

#### • Statement of Operations

Income			
Assessments	\$ 810,367	\$ 782,682	\$ 760,502
Investment income (note 3)	<u>578,511</u>	<u>76,019</u>	<u>390,001</u>
	<u>1,388,878</u>	<u>858,701</u>	<u>1,150,503</u>
Expenses			
Bank charges	38	83	67
Benefits	883,186	824,333	790,569
Committee expenses	1,981	--	--
Honorarium	5,734	5,605	5,527

# FINANCIAL STATEMENTS (UNAUDITED)

	2019	2018	2017
Investment management fees (note 3)	53,573	51,317	48,031
Printing, postage, stationery, website	1,375	1,020	918
Travel	<u>1,223</u>	<u>0</u>	<u>0</u>
Total expenses	<u>947,110</u>	<u>882,358</u>	<u>845,112</u>
Net Income (Loss)	441,768	(23,657)	305,391
Net Assets, beginning of year	<u>3,167,357</u>	<u>3,191,014</u>	<u>2,885,623</u>
Net Assets, end of year	<u>\$ 3,609,125</u>	<u>\$ 3,167,357</u>	<u>\$ 3,191,014</u>

# NOTES TO FINANCIAL STATEMENTS

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Preparation of Financial Statements

These financial statements have been prepared by and are the responsibility of management. They have been prepared using Canadian accounting standards for not-for-profit organizations.

#### Recognition of Investment Income

The Fund recognizes investment income as it accrues to the Fund's benefit. Increases and decreases in the market value of investments are recorded in the accounts at the end of each fiscal year.

#### Liability for Future Benefits

Under the terms of its constitution and by-laws the Fund is obligated to make payments to its constituent members in respect of retired ministers or their widows. The Fund does not record in its accounts the potential liability to its members for such benefit payments because its primary role is as a facilitator on behalf of its members and, as such, considers that it is merely a redistributor of the funds it collects and earns on behalf of its members.

### 2. INVESTMENTS, at market value

	2019	2018	2017
Marketable securities held in brokerage accounts			
Fixed income products, including GIC's	\$ 1,073,315	\$ 1,066,549	\$ 973,442
Common stock and preferred shares	2,249,662	1,727,722	1,887,926
Mutual funds and managed products	<u>259,408</u>	<u>245,899</u>	<u>292,409</u>
	<u>\$ 3,582,385</u>	<u>\$ 3,040,170</u>	<u>\$ 3,153,777</u>

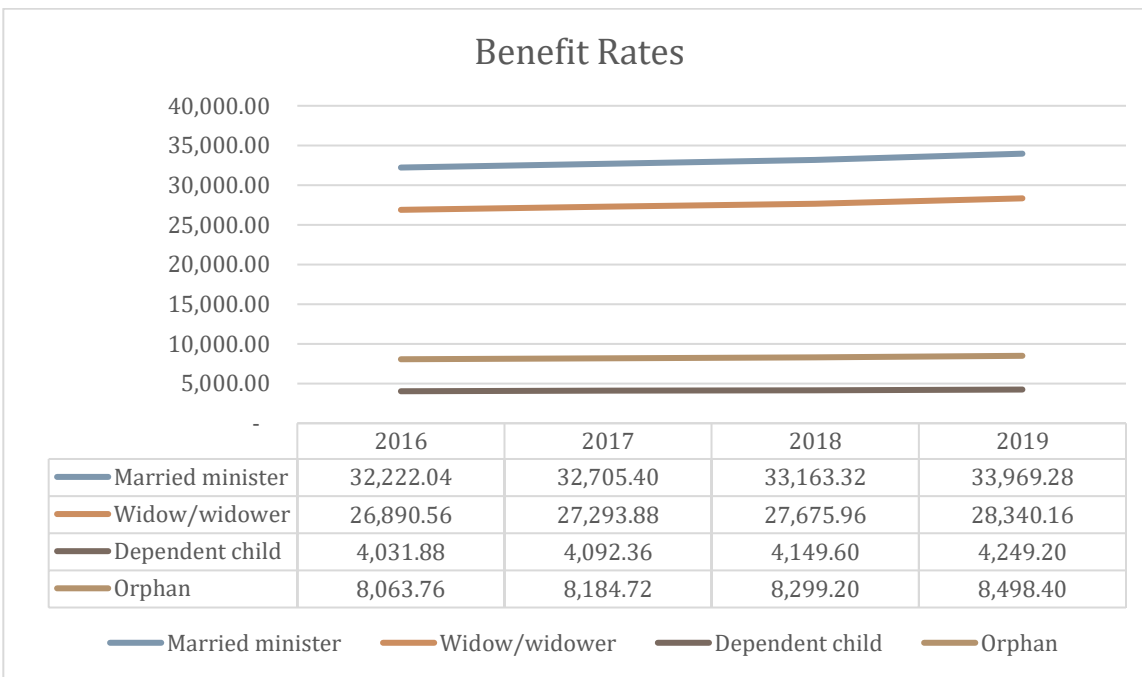
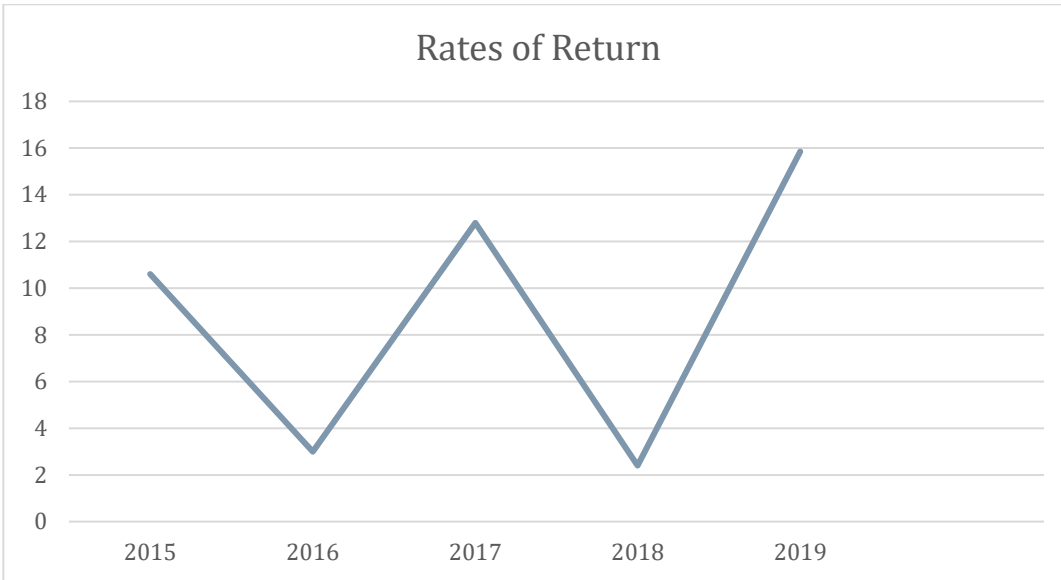
# NOTES TO FINANCIAL STATEMENTS

## 3. ANALYSIS OF INVESTMENT INCOME

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Interest, dividends, foreign exchange and other	\$ 75,269	\$ 71,423	\$ 59,571
Foreign withholding taxes unrecoverable	( 1,092)	( 1,342)	( 1,864)
Realized and unrealized gains - net	<u>504,334</u>	<u>5,938</u>	<u>332,294</u>
Investment income	578,511	76,019	390,001
Less: Investment management fees	<u>53,573</u>	<u>51,317</u>	<u>48,031</u>
Net investment income	<u>\$ 524,938</u>	<u>\$ 24,702</u>	<u>\$ 341,970</u>

# DATA CHARTS

## Data Charts



# DATA CHARTS

Table of assessment rates

	2016	2017	2018	2019
<b>Per communicant member</b>	\$ 27.44	\$ 28.24	\$ 28.64	\$ 29.28
<b>Per active minister</b>	\$ 5,541.00	\$ 5,707.20	\$ 5,787.12	\$ 5,920.20
<b>Per professor or missionary</b>	\$ 11,082.00	\$ 11,414.40	\$ 11,574.24	\$ 11,840.40