

RETIREMENT ASSISTANCE FUND OF THE CANADIAN REFORMED CHURCHES

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TREASURER'S FINANCIAL SUMMARY

YEAR ENDING

DECEMBER 31, 2023

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INTRODUCTION

Introduction

This report summarizes and comments on the results of our operations for the 2023 fiscal year.

In this year we saw a return to more normal investment results despite the turbulence that continued to affect the markets. This is a direct reflection of the conservative nature of our investment portfolio. The value of our investment portfolio increased from an opening amount of \$3,833,931 to a year-end value of \$4,012,044 representing an increase of \$178,113 even after withdrawals amounting to \$260,100 to cover our benefit payments.

Asset Management

We are assisted in managing our invested assets by Wade VanBostelen of Investment Planning Counsel in Burlington, Ontario and we usually 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 increased by 2 to a total of 25. As of the end of the year we were distributing benefits in respect of 31 (2022 = 29) retired ministers and widows. During 2023 benefits began in respect of Rev E Kampen, Rev P Aasman and Prof A deVisser while Prof N Gootjes passed away on August, 2023.

In the year the benefit rates were increased by 6.9% (2022 = 4.7%) based on the annual change in the Canadian Consumer Price Index as announced for the month of October. The assessment rates were increased by 4.8% (2022 = 2.8%) calculated based on the annual 20-year cash flow projection. Based on several assumptions, including the assumption that our assessment rate increase will be 2% annually in the future we calculate that the Fund will have sufficient funds on hand to meet projected responsibilities beyond the year 2043.

With respect to assessments, the Fund's policy is to increase assessments based on a 20-year cash flow projection and is designed with the objective of maintaining a positive cash balance throughout that period. The percentage of change is applied in the following January of each year.

Due primarily to the increase in the number of active ministers it was possible to increase the 2023 assessments at a lower rate than would have been the case otherwise.

INTRODUCTION

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**

	2023	2022	2021
Assets			
Current			
Cash in bank	\$ 81,165	\$ 6,695	\$ --
Cash in brokerage account	25,694	56,747	82,850
Assessments receivable	5,124	51,206	9,373
Rebates receivable	<u>--</u>	<u>--</u>	<u>26,386</u>
	111,983	114,648	118,609
Investments (note 2)	<u>3,986,350</u>	<u>3,777,185</u>	<u>4,531,620</u>
	<u>\$ 4,098,333</u>	<u>\$ 3,891,833</u>	<u>\$ 4,650,229</u>
Liabilities			
Current			
Bank overdraft`	\$ --	\$ --	\$ 6,495
Accounts payable	<u>11,300</u>	<u>17,800</u>	<u>19,526</u>
	11,300	17,800	26,021
Net Assets	<u>4,087,033</u>	<u>3,874,033</u>	<u>4,624,208</u>
	<u>\$ 4,098,333</u>	<u>\$ 3,891,833</u>	<u>\$ 4,650,229</u>

FINANCIAL STATEMENTS (UNAUDITED)

- **Statement of Operations**

	2023	2022	2021
Income			
Assessments	\$ 966,731	\$ 896,233	\$ 867,062
Investment income (note 3)	476,798	(567,816)	832,676
Bequest received	<u> --</u>	<u> 19,045</u>	<u> --</u>
	<u>1,443,529</u>	<u> 347,462</u>	<u>1,699,738</u>
Expenses			
Bank charges	76	36	36
Benefits	1,190,798	1,040,991	957,013
Honorarium	6,585	6,160	5,883
Investment management fees (note 3)	32,011	49,515	43,612
Printing, postage, stationery, website	<u> 1,059</u>	<u> 935</u>	<u> 980</u>
Total expenses	<u>1,230,529</u>	<u>1,097,637</u>	<u>1,007,524</u>
Net Income (Loss)	213,000	(750,175)	692,214
Net Assets, beginning of year	<u>3,874,033</u>	<u>4,624,208</u>	<u>3,931,994</u>
Net Assets, end of year	<u>\$ 4,087,033</u>	<u>\$ 3,874,033</u>	<u>\$ 4,624,208</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

	2023	2022	2021
Marketable securities held in brokerage accounts			
Fixed income products, including GIC's	\$ 1,176,481	\$ 1,169,035	\$ 1,297,700
Common stock and preferred shares	2,809,869	2,437,995	3,044,968
Mutual funds and managed products	<u>--</u>	<u>170,155</u>	<u>188,952</u>
	<u>\$ 3,986,350</u>	<u>\$ 3,777,185</u>	<u>\$ 4,531,620</u>

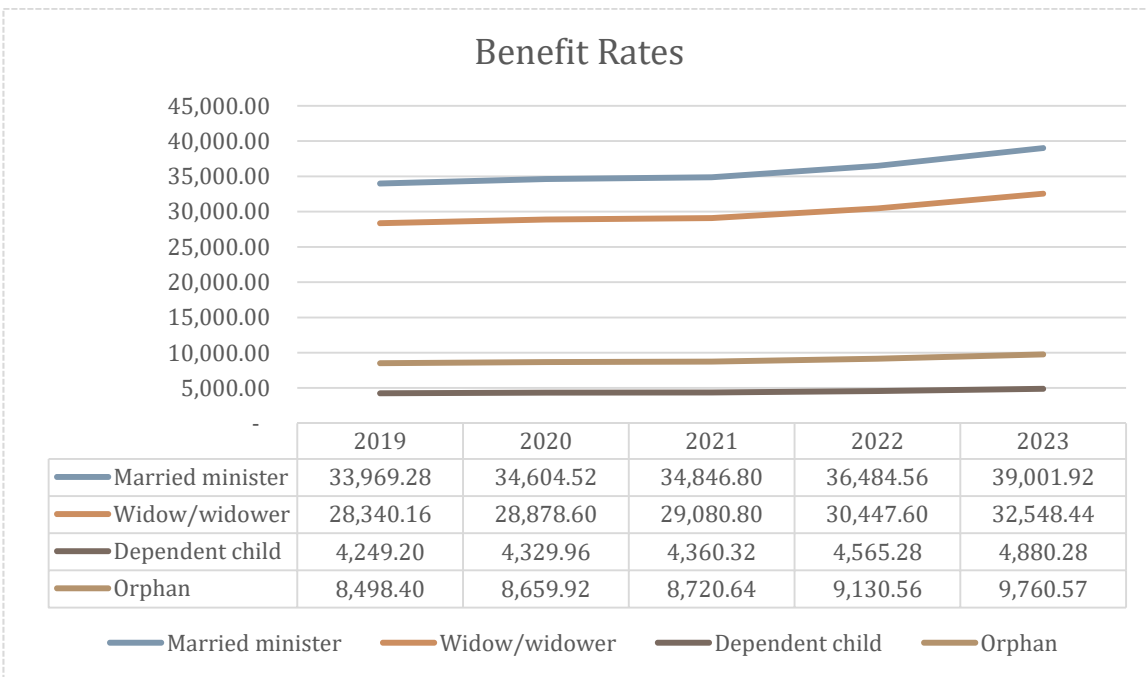
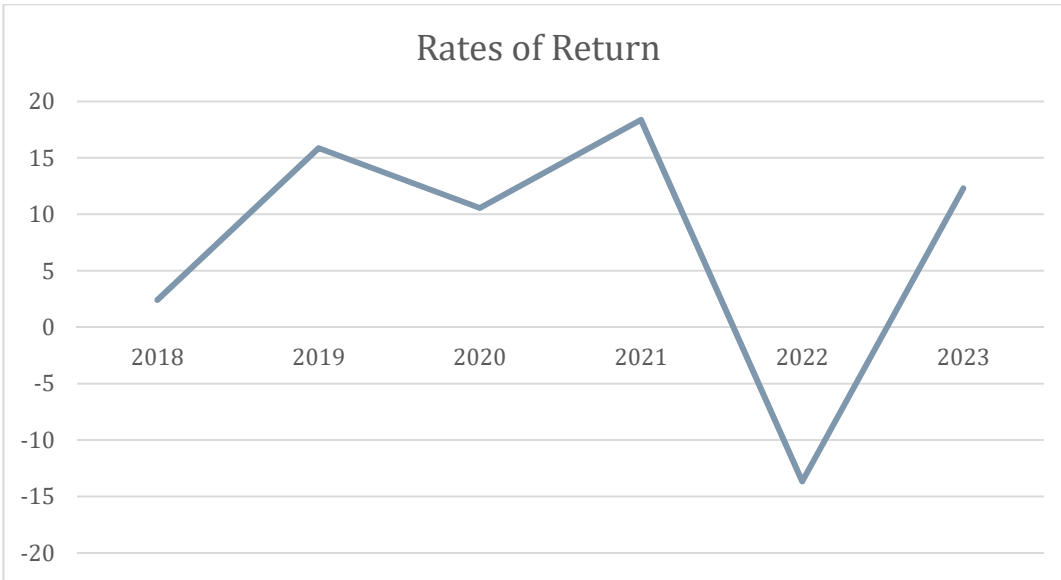
NOTES TO FINANCIAL STATEMENTS

3. ANALYSIS OF INVESTMENT INCOME

	2023	2022	2021
Interest, dividends, foreign exchange and other	\$ 79,278	\$ 78,048	\$ 80,986
Foreign withholding taxes unrecoverable	--	(1,012)	(921)
Realized and unrealized gains - net	<u>397,520</u>	<u>(644,852)</u>	<u>752,611</u>
Investment income	476,798	(567,816)	832,676
Less: Investment management fees	<u>32,011</u>	<u>49,515</u>	<u>43,612</u>
Net investment income	<u>\$ 444,787</u>	<u>\$ (617,331)</u>	<u>\$ 789,064</u>

DATA CHARTS

Data Charts



DATA CHARTS

Table of assessment rates

	2020	2021	2022	2023
Per communicant member	\$ 30.52	\$ 31.36	\$ 31.36	\$ 32.88
Per active minister	\$ 6,171.44	\$ 6,344.24	\$ 6,344.24	\$ 6,648.76
Per professor or missionary	\$ 12,342.88	\$ 12,688.48	\$ 12,688.48	\$ 13,297.52

Five-Year Rate of Investment Return

	OPENING INVESTMENTS	CLOSING INVESTMENTS	AVERAGE INVESTED	INVESTMENT INCOME	RATE OF RETURN
2023	\$ 3,777,185	\$ 3,986,350	\$ 3,881,767	\$ 476,798	12.28%
2022	\$ 4,531,620	\$ 3,777,185	\$ 4,154,402	\$(567,816)	-13.67%
2021	\$ 3,902,999	\$ 4,531,620	\$ 4,217,309	\$ 832,676	19.74%
2020	\$ 3,582,385	\$ 3,902,999	\$ 3,742,692	\$ 452,588	12.09%
2019	\$ 3,040,170	\$ 3,582,385	\$ 3,311,277	\$ 578,511	17.47%
Average			\$ 3,704,530	\$ 274,396	9.58%