

RETIREMENT ASSISTANCE FUND OF THE CANADIAN REFORMED CHURCHES
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TREASURER'S FINANCIAL SUMMARY

YEAR ENDING

DECEMBER 31, 2022

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INTRODUCTION

Introduction

This report summarizes and comments on the results of our operations for the 2022 fiscal year.

While we experienced exceptional investment results in the prior three years, in 2022 we saw a significant correction in the markets in general and particularly in our investment portfolio. The value of our investment portfolio decreased from an opening amount of \$4,531,620 to a year-end value of \$3,833,931 representing a decrease of \$697,689. This decrease is a direct reflection of the effects of the Covid-19 epidemic and more particularly on the continuing disruptions to supply chains throughout the world. These disruptions have resulted in lower production of materials and components that are needed to produce completed products. In addition, a flurry of interest-rate increases by the Bank of Canada has increased costs and put pressure on profits. This results in a general malaise in the stock markets. Although there has been some improvement in the past six weeks or so, it is not possible to predict what our investment returns might be during 2023, especially in light of economists' predictions of a recession during the year.

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 1 to a total of 23. As of the end of the year we were distributing benefits in respect of 29 (2021 = 28) retired ministers and widows. During 2022 benefits began in respect of Rev T VanSpronsen and Rev D Agema while Sr. L Mulder passed away on October 14, 2022.

In the year the benefit rates were increased by 4.7% (2021 = 0.7%) based on the annual change in the Canadian Consumer Price Index as announced for the month of October. The assessment rates were increased by 2.8% (2021 = 2.3%) 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 2042.

INTRODUCTION

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 2022 assessments at a lower rate than would have been the case otherwise.

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**

	2022	2021	2020
Assets			
Current			
Cash in bank	\$ 6,695	\$ --	\$ 26,457
Cash in brokerage account	56,747	82,850	16,380
Assessments receivable	51,206	9,373	--
Rebates receivable	<u>--</u>	<u>26,386</u>	<u>--</u>
	114,648	118,609	42,387
Investments (note 2)	<u>3,777,185</u>	<u>4,531,620</u>	<u>3,902,999</u>
	<u>\$ 3,891,833</u>	<u>\$ 4,650,229</u>	<u>\$ 3,945,836</u>
Liabilities			
Current			
Bank overdraft`	\$ --	\$ 6,495	\$ --
Accounts payable	<u>17,800</u>	<u>19,526</u>	<u>13,839</u>
	17,800	26,021	13,839
Net Assets	<u>3,874,033</u>	<u>4,624,208</u>	<u>3,931,997</u>
	<u>\$ 3,891,833</u>	<u>\$ 4,650,229</u>	<u>\$ 3,945,836</u>

FINANCIAL STATEMENTS (UNAUDITED)

- **Statement of Operations**

	2022	2021	2020
Income			
Assessments	\$ 896,233	\$ 867,062	\$ 846,705
Investment income (note 3)	(567,816)	832,676	452,588
Bequest received	<u>19,045</u>	<u>--</u>	<u>--</u>
	<u>347,462</u>	<u>1,699,738</u>	<u>1,299,293</u>
Expenses			
Bank charges	36	36	35
Benefits	1,040,991	957,013	915,298
Honorarium	6,160	5,883	5,843
Investment management fees (note 3)	49,515	43,612	53,414
Printing, postage, stationery, website	<u>935</u>	<u>980</u>	<u>1,831</u>
Total expenses	<u>1,097,637</u>	<u>1,007,524</u>	<u>976,421</u>
Net Income (Loss)	(750,175)	692,214	322,872
Net Assets, beginning of year	<u>4,624,208</u>	<u>3,931,994</u>	<u>3,609,125</u>
Net Assets, end of year	<u>\$ 3,874,033</u>	<u>\$ 4,624,208</u>	<u>\$ 3,931,997</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

	2022	2021	2020
Marketable securities held in brokerage accounts			
Fixed income products, including GIC's	\$ 1,169,035	\$ 1,297,700	\$ 1,307,160
Common stock and preferred shares	2,437,995	3,044,968	2,421,314
Mutual funds and managed products	<u>170,155</u>	<u>188,952</u>	<u>174,525</u>
	<u>\$ 3,777,185</u>	<u>\$ 4,531,620</u>	<u>\$ 3,902,999</u>

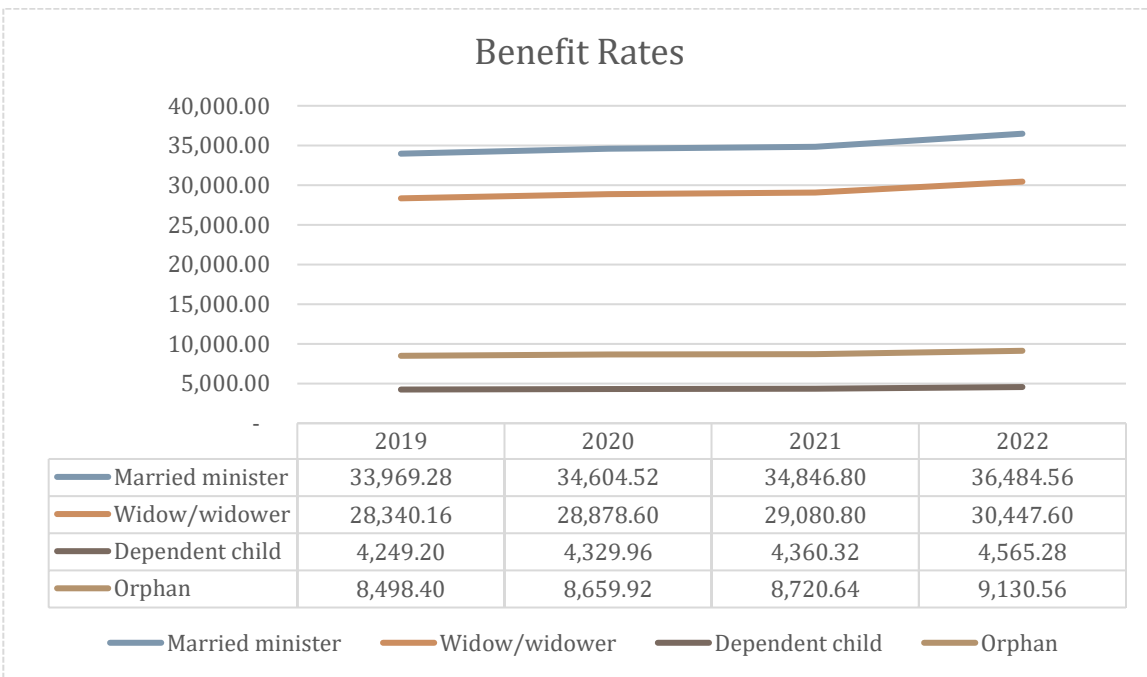
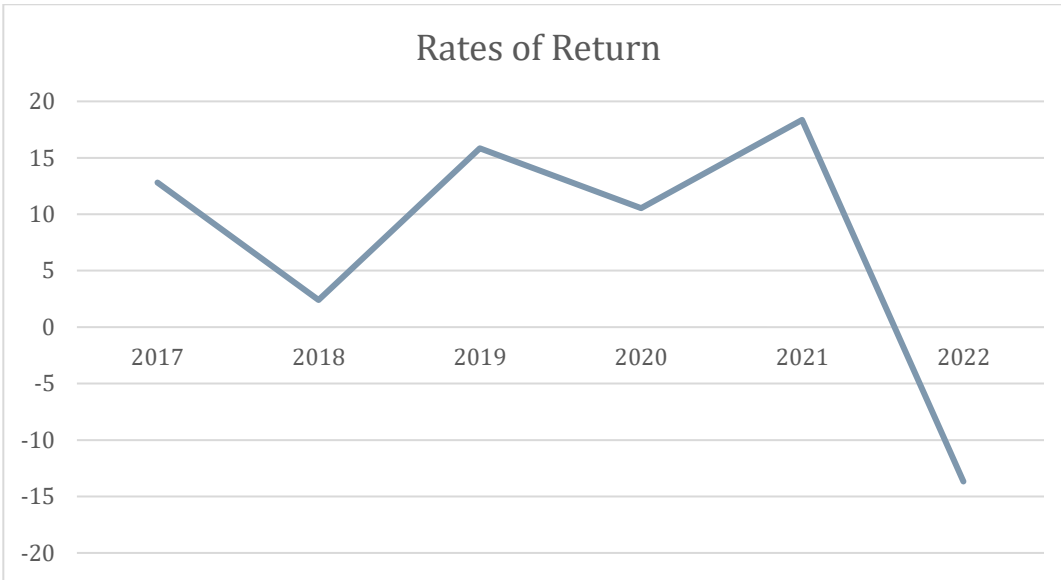
NOTES TO FINANCIAL STATEMENTS

3. ANALYSIS OF INVESTMENT INCOME

	2022	2021	2020
Interest, dividends, foreign exchange and other	\$ 78,048	\$ 80,986	\$ 81,579
Foreign withholding taxes unrecoverable	(1,012)	(921)	(1,577)
Realized and unrealized gains - net	<u>(644,852)</u>	<u>752,611</u>	<u>372,586</u>
Investment income	(567,816)	832,676	452,588
Less: Investment management fees	<u>49,515</u>	<u>43,612</u>	<u>53,414</u>
Net investment income	<u>\$ (617,331)</u>	<u>\$ 789,064</u>	<u>\$ 399,174</u>

DATA CHARTS

Data Charts



DATA CHARTS

Table of assessment rates

	2019	2020	2021	2022
Per communicant member	\$ 29.28	\$ 29.84	\$ 30.52	\$ 31.36
Per active minister	\$ 5,920.20	\$ 6,032.68	\$ 6,171.44	\$ 6,344.24
Per professor or missionary	\$ 11,840.40	\$ 12,065.36	\$ 12,342.88	\$ 12,688.48

Five-Year Rate of Investment Return

	OPENING INVESTMENTS	CLOSING INVESTMENTS	AVERAGE INVESTED	INVESTMENT INCOME	RATE OF RETURN
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%
2018	\$ 3,153,777	\$ 3,040,170	\$ 3,096,973	\$ 76,019	2.45%
Average			\$ 3,704,530	\$ 274,396	7.41%