

BR&CF

Brotherhood's
Relief &
Compensation
Fund

SPRING
2018



HIGHBALL

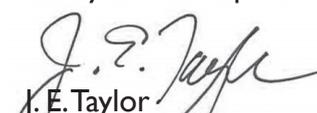
A message from your president

The organization concluded its fiscal year September 30, 2017. The Fund experienced a net decrease in fund balance (loss) of \$171,763 for fiscal year 2017. The net loss is attributable to the continuing increase in payment of benefits to members, which is illustrated in the Benefits Paid to Members graph on page 3. The payment of benefits has increased significantly in recent months, which resulted in a substantial loss for the first quarter of this fiscal year. We are currently projecting a decrease in fund balance (loss) of approximately \$2,000,000 for fiscal year 2018. The officers and directors are closely monitoring this situation to determine the best course of action. On a positive note, the Fund experienced a net reduction in general and administrative expenses in fiscal year 2017 compared to fiscal year 2016. That's no small achievement considering there was a year over year inflation rate of approximately two percent (2%). The in-house officers will continue to seek ways to reduce administrative expenses.

The BR&CF officers and staff will be extremely busy in 2018. Our transition to a Laserfiche Document Management System begun late last year is gaining momentum. We will soon integrate Laserfiche Web Forms with our document management system. We are in the early production stages at this time but anticipate releasing the first Laserfiche Web Form in late February or early March. In the coming weeks we will deploy a redesigned website. I am optimistic the new site will provide the membership a better experience whether using a personal computer, tablet or mobile device.

Beginning February 1, 2018, the organization will start tracking the processing time of electronic applications for "Held Out of Service" benefits. The purpose for the tracking is to provide the membership a report in the "Highball" newsletter that illustrates the average time it takes our staff to process an application for benefits. The timer will start when the electronic application is received in our office and will stop when a member is notified that he/she is approved for the payment of benefits. The vast majority of our members are notified electronically via email per their request on the application for benefits. In fairness to the organization, the clock will start upon receipt of all documents required to make disposition on the application. In the event we receive an application and/or documents outside our normal business hours, we will start the timer at 8:00 a.m. the next business day. I am confident the first report released will reflect the professional and expeditious manner in which our staff processes applications for "Held Out of Service" benefits.

A notice of the annual meeting and proxy will be mailed in early March to all members "In Good and Regular Standing." The exercise of your proxy is very important. It is your opportunity for you to participate in the democratic process afforded by membership in this Brotherhood – in short, it's your voice, please exercise it!


J. E. Taylor
International President

**BROTHERHOOD'S RELIEF AND COMPENSATION FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
INCOME TAX BASIS
SEPTEMBER 30, 2017 AND 2016
(Presented in U.S. Dollars)**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Cash Equivalents	\$ 617,933	\$ 2,125,459
Interest Receivable	308,528	320,894
Prepaid Expenses	59,490	60,190
Investments	40,634,167	38,498,992
Investments Designated for Deferred Compensation	110,177	145,861
Property and Equipment, Net	<u>1,204,214</u>	<u>1,289,743</u>
Total Assets	<u>\$ 42,934,509</u>	<u>\$ 42,441,139</u>
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 304,280	\$ 329,783
Dues Received in Advance	2,049,653	2,149,237
Held Out of Service Payable	<u>193,862</u>	<u>518,512</u>
Total Liabilities	<u>2,547,795</u>	<u>2,997,532</u>
FUND BALANCES		
Fund Balance	46,058,070	45,764,886
Currency Valuation	<u>(5,671,356)</u>	<u>(6,321,279)</u>
Total Fund Balances	<u>40,386,714</u>	<u>39,443,607</u>
Total Liabilities and Fund Balances	<u>\$ 42,934,509</u>	<u>\$ 42,441,139</u>

ANNUAL FINANCIAL REPORT

In accordance with Article XXVII, (Sec. 5), of the BR&CF Constitution, we engaged Hamilton & Musser, P.C. to audit our financial statements, which comprise the statement of assets, liabilities, and fund balances. The audit was performed in late October. Hamilton & Musser reported at the January board meeting there were no material misstatements and a "clean opinion" was provided.

The organization maintains investment assets in the U.S. and Canada. The Fund's financial statements are presented in U.S. dollars; therefore, for reporting purposes all Canadian investment positions were converted to U.S. dollars on September 30, 2017. The conversion rate at that time was .802075. The investment assets listed above are stated at cost and not market value. The current market value of the BR&CF's investment portfolio is approximately \$56,000,000.

Despite a net loss in 2017 and projected loss for 2018, the Fund remains healthy and strong. The organization offers the best membership value and continues to provide service that is unparalleled in our industry.

Annual Meeting of the Members April 21, 2018

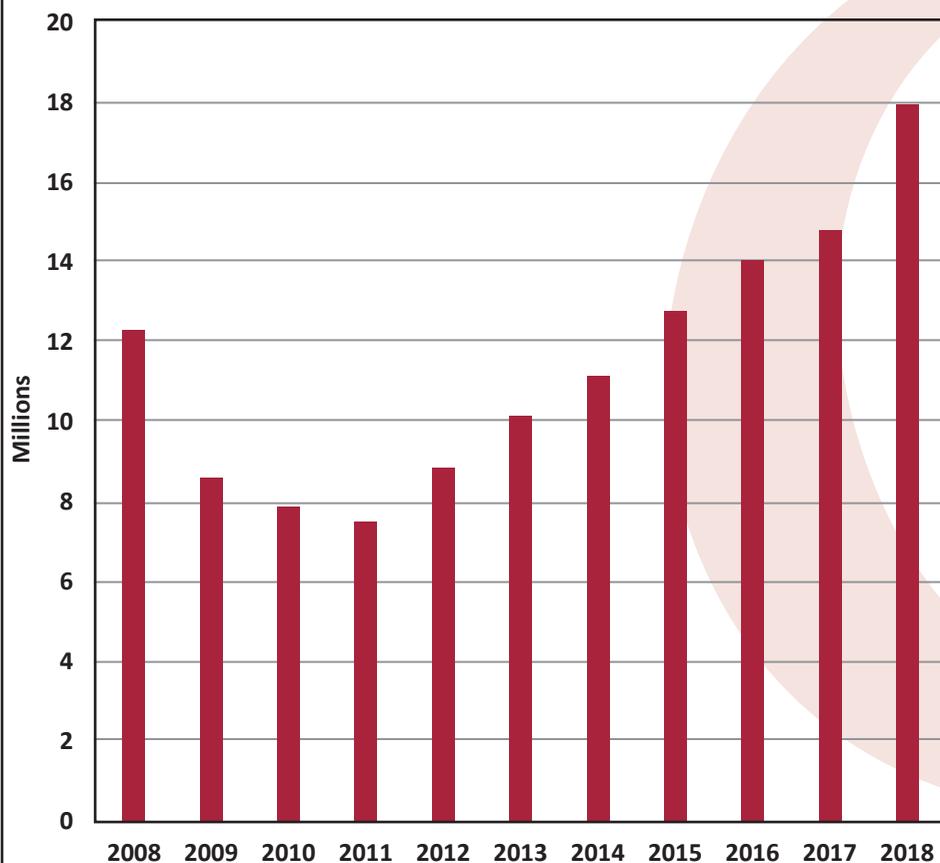
The annual meeting of the members is scheduled to convene in the principal office in Harrisburg, PA at 10:00 a.m. on April 21, 2018. In accordance with Article XX of the BR&CF Constitution, a quorum of the membership must be represented in person or by proxy to convene the annual meeting. If you are unable to attend the annual meeting in person, we encourage you to exercise your proxy vote by phone, internet or via the postal service. The voting process is simple and will only take a couple minutes of your time. The easiest and most efficient means of exercising your proxy vote is by phone or internet.

If you plan to attend the annual meeting it is recommended that you secure a hotel room reservation as soon as possible. If you would like, please contact our office and we will gladly assist you in making a reservation under our room block at a local hotel. It can be a challenge to secure a hotel room during this time frame due to Spring Carlisle, a collector and classic car swap meet, car corral and auction. This event was recognized in 2015 by Hagerty Insurance as one of the top five automotive swap meets in the world.

Below are several local attractions that you may find worthy of visiting while in the area:

Gettysburg Battlefields
Railroad Museum of Pennsylvania
National Civil War Museum
Hershey's Chocolate World

Benefits Paid to Members



Fiscal Year Data from Financial Statements

The graph above depicts benefits paid to members from 2008 through 2018. The information provided for 2018 is projected data based on 1st quarter results. The graph does not include accidental death and dismemberment benefits paid to members or their beneficiaries and it does not include monies paid to members for referring coworkers.

We trust after viewing the graph you will understand our concern when we occasionally hear from members and non-members in the field that the BR&CF does not pay "claims." In the period from October through December 2017, ninety-four percent (94%) of all applications for "Held Out of Service" benefits received in our office were approved for payment.

The in-house officers of this Brotherhood are stewards of the Fund who have been duly elected by the membership to manage the day-to-day operations. The organization does not proclaim or advertise that it will fix or solve any and all injustices, real or perceived, that may occur from time to time in our industry. Benefits are provided in accordance with the provisions that are clearly set forth in the BR&CF Constitution. A copy of the Constitution is provided to each member upon joining and is available in the members only area at our website. We encourage you to familiarize yourself with the Constitution. If you have any questions or concerns regarding your membership, please do not hesitate to contact our office.

Referral Program

The BR&CF membership continues to grow despite retirements, cancellations, and membership lapses from non-payment of dues. The growth in membership is a testament to the tremendous job done by our members referring their coworkers to this Brotherhood. The number of BR&CF members participating in the referral program continues to increase. By participating in the program, you have an opportunity to earn a few extra dollars, but, more important, it's an opportunity for you to explain to your coworkers the benefits of a BR&CF membership so they too can protect their income. The referral fee for a new member, if he/she is approved for membership, is \$125.00. If you are interested in participating in the BR&CF Referral Program, please contact our office today to learn more.

Relief of Dues

If you are off work a complete calendar month, except when "Held Out of Service," you can be relieved of dues for the following reasons:

- Leave of Absence
- Sick
- Injured
- Military Service
- Resignation

An electronic relief of dues form is available at our website. It takes approximately 2 minutes to complete the form.

Reactivate Membership

If you are relieved of dues you must reactive your membership by payment of dues immediately prior to your return to active service.

PREPARING YOUR INCOME TAX RETURN?

Visit the BR&CF Website for Important Information!

The BR&CF mailed the IRS 1099-MISC forms on January 19, 2018.

If you received a 1099 we encourage you to visit our website to retrieve your dues payment history. Your tax consultant will likely need this information to properly complete your tax return. After logging in to the "Members Only" area, click on Personal Information and choose the Membership Tax Informa-

tion option. Your dues payment history is there for your convenience.

Members frequently contact the principal office for information regarding taxes. We remind you that we can offer general information regarding membership that may be helpful to your tax advisor; however, our office staff is not permitted to give specific income tax advice. We encourage members to

consult an IRS information center or individual tax preparation center.

Be sure to make your tax consultant aware of the following:

- The BR&CF is **NOT** an insurance company.
- Members pay dues, **NOT** insurance premiums.



Brotherhood's Relief & Compensation Fund
2150 Linglestown Road
Harrisburg, PA 17110

DATES TO REMEMBER

March 1, 2018

- Proxies mailed to all members "In Good and Regular Standing"
- Deadline for receipt in our office of Luther G. Smith scholarship applications and all required documentation

April 16, 2018

- Deadline for receipt of proxies
- Board of directors meeting in the principal office in Harrisburg, PA

April 21, 2018

- Annual meeting of the members

**The Office will be closed on
February 19, 2018, for President's Day and
March 30, 2018, for Good Friday**

how to contact the home office

Canada & the United States

Toll Free:

1-800-233-7080

Mailing Address:

**2150 Linglestown Road
Harrisburg, PA 17110**

Website:

www.brcf.org

Business Hours:

**8:00 a.m. to 4:15 p.m.
Eastern Time (Monday-Friday)**