

CRCNA Funds, LLC

Financial Statements
Years Ended June 30, 2016 and 2015

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Contents

Independent Auditor's Report	3-4
 Financial Statements	
Balance Sheets as of June 30, 2016 and 2015	6
Statements of Income for the Years Ended June 30, 2016 and 2015	7
Statements of Changes in Member's Equity for the Years Ended June 30, 2016 and 2015	8
Statements of Cash Flows for the Years Ended June 30, 2016 and 2015	9
Notes to Financial Statements	10-12

Independent Auditor's Report

Board of Directors
CRCNA Funds, LLC
Grand Rapids, Michigan

We have audited the accompanying financial statements of CRCNA Funds, LLC (CRCNA Funds), which comprise the balance sheets as of June 30, 2016 and 2015, the related statements of income, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CRCNA Funds, LLC as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

September 19, 2016

Financial Statements

CRCNA Funds, LLC

Balance Sheets

<i>June 30,</i>	2016	2015
Assets		
Cash and cash equivalents	\$ 8,066,328	\$ 8,048,347
Investments	16,331,971	16,136,677
Interest and dividends receivable	28,499	47,362
Total Assets	\$ 24,426,798	\$ 24,232,386
Liabilities and Member's Equity		
Liabilities		
Due to World Renew	\$ 9,179,242	\$ 9,097,202
Due to the Christian Reformed Church Loan Fund	6,046,679	6,033,198
Due to the Christian Reformed World Missions of the United States of America	4,189,307	4,143,928
Due to Back to God Ministries International	2,693,441	2,664,507
Due to the Christian Reformed Board of Home Missions	2,248,646	2,224,808
Due to Christian Reformed Church in North America Foundation	51,509	50,951
Due to Christian Reformed Church of North America	16,974	16,792
Total Liabilities	24,425,798	24,231,386
Member's Equity		
Member's capital	1,000	1,000
Total Liabilities and Member's Equity	\$ 24,426,798	\$ 24,232,386

See accompanying notes to financial statements.

CRCNA Funds, LLC

Statements of Income

<i>Year ended June 30,</i>	2016	2015
Revenue and Other Income		
Investment income, net	\$ 145,821	\$ 897,209
Allocation of investment income, net	(145,821)	(897,209)
Net investment income	-	-
Net Income	\$ -	\$ -

See accompanying notes to financial statements.

CRCNA Funds, LLC

Statements of Changes in Member's Equity

	Member's Capital		Retained Earnings		Total Member's Equity
Balance, July 1, 2014	\$ 1,000	\$ -	\$ -	\$ 1,000	
Net income for the year	-	-	-	-	
Balance, June 30, 2015	1,000	-	-	1,000	
Net income for the year	-	-	-	-	
Balance, June 30, 2016	\$ 1,000	\$ -	\$ -	\$ 1,000	

See accompanying notes to financial statements.

CRCNA Funds, LLC
Statements of Cash Flows

Year ended June 30,	2016	2015
Cash Flows From (for) Operating Activities		
Net income	\$ -	\$ -
Adjustments to reconcile net income to net cash from operating activities:		
Unrealized loss on investments, net	1,918,308	289,129
Realized gains on investments, net	(1,820,045)	(860,440)
Changes in assets and liabilities:		
Interest receivable	18,863	712
Due to World Renew	82,040	409,152
Due to Christian Reformed Church Loan Fund	13,481	2,010,972
Due to Christian Reformed World Missions of the United States of America	45,379	237,722
Due to Back to God Ministries International	28,934	(449,785)
Due to the Christian Reformed Board of Home Missions	23,838	96,958
Due to the Christian Reformed Church in North America Foundation	558	2,923
Due to Christian Reformed Church of North America	182	815
Net Cash From Operating Activities	311,538	1,738,158
Cash Flows From (for) Investing Activities		
Proceeds from sale of investments	16,164,129	1,074,954
Purchases of investments	(16,457,686)	(798,123)
Net Cash From (for) Investing Activities	(293,557)	276,831
Net Increase in Cash and Cash Equivalents	17,981	2,014,989
Cash and Cash Equivalents, beginning of year	8,048,347	6,033,358
Cash and Cash Equivalents, end of year	\$ 8,066,328	\$ 8,048,347

See accompanying notes to financial statements.

CRCNA Funds, LLC

Notes to Financial Statements

1. Organization

CRCNA Funds, LLC (CRCNA Funds) was formed by the Christian Reformed Church in North America (CRCNA) as of May 26, 2011 as a limited liability company under Delaware law. CRCNA is the sole member of CRCNA Funds. CRCNA Funds is a wholly owned subsidiary of CRCNA, formed to help fulfill the mission and charitable purposes of CRCNA and related agencies.

CRCNA Funds holds investments for participating agencies of the Christian Reformed Church. These investments were administered and managed by JPMorgan through April 2016 and all investments were transferred to US Trust Manager (Blackrock) and Merrill Lynch in April 2016. Participating agencies may direct their investments into one or more of the following: a money market account, a balanced portfolio, a fixed income portfolio or bank certificates of deposit. Agencies receive allocations of their share of investment income. All participating agencies are considered related parties.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results in future periods may differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid debt instruments with original maturities of less than three months when purchased.

Investments

CRCNA Funds values its investments at fair value (see Note 4 for additional information). CRCNA Funds invests in various securities, including U.S. government securities, corporate debt instruments and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

Income Taxes

CRCNA Funds is a limited liability company and, accordingly, no provision for income taxes has been made in the accompanying financial statements. The income or loss of CRCNA Funds is passed through to the sole member, which is a nonprofit religious entity and, therefore, exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Gifts to CRCNA Funds qualify for charitable contribution deductions according to the Internal Revenue Service regulations. CRCNA Funds does not have any material uncertain tax positions.

CRCNA Funds, LLC

Notes to Financial Statements

Investment Income

Investment income consists of interest and dividends, realized and unrealized gains and losses, and other investment charges and fees.

Subsequent Events

Management has evaluated subsequent events through September 19, 2016, the date the financial statements were available to be issued. Based on this evaluation, there were no matters identified that had a significant impact on the financial statements as presented.

3. Investments

Investments are summarized as follows:

<u>June 30,</u>	2016	2015
Fixed Income Portfolio		
Government bonds	\$ 434,276	\$ 758,271
Corporate bonds	581,483	201,285
Money market account	22,222	64,606
Total fixed income portfolio	1,037,981	1,024,162
Balanced Portfolio		
Government bonds	4,019,903	3,496,331
Foreign bonds	-	175,316
Corporate bonds	3,470,087	1,194,287
Common stocks	7,448,907	8,979,312
Foreign stocks	-	825,716
Preferred stocks	-	103,006
Money market account	355,093	338,547
Total balanced portfolio	15,293,990	15,112,515
Total	\$ 16,331,971	\$ 16,136,677

Investment income for the years ended June 30, 2016 and 2015 includes interest and dividends of \$411,169 and \$434,445, respectively, net unrealized losses of \$(1,918,308) and \$(289,129) respectively, and net realized gains of \$1,820,045 and \$860,440 respectively. Investment income at June 30, 2016 and 2015 also includes other investment charges of \$103,656 and \$50,371 respectively.

Trustee and brokerage fees associated with the maintenance of the portfolio were \$63,429 and \$58,176 for the years ended June 30, 2016 and 2015, respectively. For reporting purposes, these fees have been netted with investment income.

CRCNA Funds, LLC

Notes to Financial Statements

4. Fair Value Measurements

In accordance with the Financial Accounting Standards Board (FASB) standard relating to fair value measurements, CRCNA Funds classifies its investments into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. The valuation technique utilized by CRCNA Funds for its Level 2 investments is the market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following tables set forth by level within the fair value hierarchy a summary of CRCNA Funds' investments measured at fair value on a recurring basis:

<u>June 30, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Money market funds	\$ 377,315	\$ -	\$ -	\$ 377,315
Government, corporate and foreign bonds	6,969,820	1,535,929	-	8,505,749
Equities:				
Common stock	7,448,907	-	-	7,448,907
Total Investments	\$ 14,796,042	\$ 1,535,929	\$ -	\$ 16,331,971
<u>June 30, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Money market funds	\$ 403,153	\$ -	\$ -	\$ 403,153
Government, corporate and foreign bonds	3,182,341	2,643,149	-	5,825,490
Equities:				
Common stock	8,979,312	-	-	8,979,312
Foreign stock	825,716	-	-	825,716
Preferred stock	103,006	-	-	103,006
Total Investments	\$ 13,493,528	\$ 2,643,149	\$ -	\$ 16,136,677