

**Christian Reformed World  
Missions of Canada  
Financial Statements  
For the year ended June 30, 2016**

**Christian Reformed World Missions of Canada**  
**Financial Statements**  
**For the year ended June 30, 2016**

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## Independent Auditor's Report

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### To the Governing Board of Christian Reformed World Missions of Canada

We have audited the accompanying financial statements of Christian Reformed World Missions of Canada, which comprise the statement of financial position as at June 30, 2016, and the statements of activities and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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 Christian Reformed World Missions of Canada'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 Christian Reformed World Missions of Canada's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 qualified audit opinion.

#### Basis for Qualified Opinion

In common with many not-for-profit organizations, Christian Reformed World Missions of Canada derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of Christian Reformed World Missions of Canada. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended June 30, 2016 and 2015, current assets as at June 30, 2016 and 2015, and net assets as at July 1 and June 30 for both the 2016 and 2015 years. Our audit opinion on the financial statements for the year ended June 30, 2015 was modified accordingly because of the possible effects of this limitation in scope.

#### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Christian Reformed World Missions of Canada as at June 30, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**BDO CANADA LLP**

Chartered Professional Accountants, Licensed Public Accountants  
Burlington, Ontario  
September 29, 2016

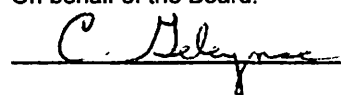
# Christian Reformed World Missions of Canada

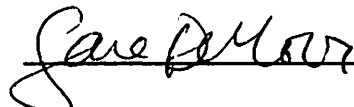
## Statement of Financial Position

June 30, 2016

	Unrestricted	Board Designated	Restricted	Total Restricted	Total
<b>Assets</b>					
<b>Current</b>					
Cash	\$ 847,761	\$ -	\$ 119,415	\$ 119,415	\$ 967,176
Other receivables	2,707	-	-	-	2,707
Due from related party (Note 2)	171,426	-	-	-	171,426
Investment with Christian Stewardship Services (Note 3)	295,958	-	-	-	295,958
	<u>1,317,852</u>	<u>-</u>	<u>119,415</u>	<u>119,415</u>	<u>1,437,267</u>
<b>Capital assets (Note 4)</b>	<u>3,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,948</u>
	<u>\$ 1,321,800</u>	<u>\$ -</u>	<u>\$ 119,415</u>	<u>\$ 119,415</u>	<u>\$ 1,441,215</u>
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ 395,565	\$ -	\$ -	\$ -	\$ 395,565
Due to related party (Note 2)	1,014	-	-	-	1,014
Accrued termination and shipping allowances	116,571	-	-	-	116,571
	<u>513,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>513,150</u>
<b>Net Assets</b>					
Unrestricted	808,650	-	-	-	808,650
Restricted	-	-	119,415	119,415	119,415
	<u>808,650</u>	<u>-</u>	<u>119,415</u>	<u>119,415</u>	<u>928,065</u>
	<u>\$ 1,321,800</u>	<u>\$ -</u>	<u>\$ 119,415</u>	<u>\$ 119,415</u>	<u>\$ 1,441,215</u>

On behalf of the Board:

 Director

 Director

The accompanying notes are an integral part of these financial statements.

# Christian Reformed World Missions of Canada

## Statement of Financial Position

**June 30, 2015**

	Unrestricted	Board Designated	Restricted	Total Restricted	Total
<b>Assets</b>					
<b>Current</b>					
Cash	\$ 962,616	\$ -	\$ 89,518	\$ 89,518	\$ 1,052,134
Other receivables	3,206	-	-	-	3,206
Due from related party (Note 2)	181,606	-	-	-	181,606
Investment with Christian Stewardship Services (Note 3)	284,702	-	-	-	284,702
	1,432,130	-	89,518	89,518	1,521,648
<b>Capital assets (Note 4)</b>	3,544	-	-	-	3,544
	<b>\$ 1,435,674</b>	<b>\$ -</b>	<b>\$ 89,518</b>	<b>\$ 89,518</b>	<b>\$ 1,525,192</b>
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ 396,991	\$ -	\$ -	\$ -	\$ 396,991
Due to related party (Note 2)	15,751	-	-	-	15,751
Accrued termination and shipping allowances	164,252	-	-	-	164,252
	576,994	-	-	-	576,994
<b>Net Assets</b>					
Unrestricted	858,680	-	-	-	858,680
Restricted	-	-	89,518	89,518	89,518
	858,680	-	89,518	89,518	948,198
	<b>\$ 1,435,674</b>	<b>\$ -</b>	<b>\$ 89,518</b>	<b>\$ 89,518</b>	<b>\$ 1,525,192</b>

The accompanying notes are an integral part of these financial statements.

## Christian Reformed World Missions of Canada Statement of Activities

For the year ended June 30, 2016

	Unrestricted	Board Designated	Restricted	Total Restricted	Total
<b>Revenue and other support</b>					
Denominational ministry shares	\$ 1,593,299	\$ -	\$ -	\$ -	\$ 1,593,299
Gifts and offerings:					
Missionary and program support	1,563,626	-	163,883	163,883	1,727,509
General	472,509	-	-	-	472,509
Legacies	190,780	-	-	-	190,780
Investment income	6,180	-	-	-	6,180
Other	4,393	-	-	-	4,393
	<b>3,830,787</b>	<b>-</b>	<b>163,883</b>	<b>163,883</b>	<b>3,994,670</b>
<b>Expenses</b>					
Program services					
East Africa	485,519	-	11,312	11,312	496,831
West Africa	744,539	-	24,406	24,406	768,945
Asia	304,807	-	110	110	304,917
Latin America	988,701	-	92,172	92,172	1,080,873
Europe	218,520	-	5,986	5,986	224,506
Global Impact	430,410	-	-	-	430,410
Total program services	<b>3,172,496</b>	<b>-</b>	<b>133,986</b>	<b>133,986</b>	<b>3,306,482</b>
Support services					
Management and general	362,695	-	-	-	362,695
Resource development	345,626	-	-	-	345,626
Total support services	<b>708,321</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>708,321</b>
	<b>3,880,817</b>	<b>-</b>	<b>133,986</b>	<b>133,986</b>	<b>4,014,803</b>
<b>Excess (deficiency) of revenue and other support over expenses</b>	<b>\$ (50,030)</b>	<b>\$ -</b>	<b>\$ 29,897</b>	<b>\$ 29,897</b>	<b>\$ (20,133)</b>

The accompanying notes are an integral part of these financial statements.

## Christian Reformed World Missions of Canada Statement of Activities

For the year ended June 30, 2015

	Unrestricted	Board Designated	Restricted	Total Restricted	Total
<b>Revenue and other support</b>					
Denominational ministry shares	\$ 1,582,021	\$ -	\$ -	\$ -	\$ 1,582,021
Gifts and offerings:					
Missionary and program support	1,590,749	-	220,005	220,005	1,810,754
General	531,274	-	-	-	531,274
Legacies	299,574	-	-	-	299,574
Investment income	22,347	-	-	-	22,347
Other	649	-	-	-	649
	<u>4,026,614</u>	<u>-</u>	<u>220,005</u>	<u>220,005</u>	<u>4,246,619</u>
<b>Expenses</b>					
Program services					
East Africa	424,531	-	68,617	68,617	493,148
West Africa	654,666	-	29,722	29,722	684,388
Asia	427,429	-	1,489	1,489	428,918
Latin America	1,285,233	-	106,339	106,339	1,391,572
Europe	237,865	-	4,849	4,849	242,714
Global Impact	398,059	-	-	-	398,059
Total program services	<u>3,427,783</u>	<u>-</u>	<u>211,016</u>	<u>211,016</u>	<u>3,638,799</u>
Support services					
Management and general	338,629	-	-	-	338,629
Resource development	289,629	-	-	-	289,629
Total support services	<u>628,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>628,258</u>
	<u>4,056,041</u>	<u>-</u>	<u>211,016</u>	<u>211,016</u>	<u>4,267,057</u>
<b>Excess (deficiency) of revenue and other support over expenses</b>	\$ (29,427)	\$ -	\$ 8,989	\$ 8,989	\$ (20,438)

The accompanying notes are an integral part of these financial statements.

## Christian Reformed World Missions of Canada Schedule of Functional Expenses

For the year ended June 30, 2016

	Program Services							Support Services			
	East Africa	West Africa	Asia	Latin America	Europe	Global Impact	Total	Management and General	Resource Development	Total	Total
Expenses											
Salaries	\$ 59,713	\$ 223,423	\$ 123,179	\$ 259,814	\$ 72,012	\$ 260,835	\$ 998,976	\$ 152,640	\$ 121,662	\$ 274,302	\$ 1,273,278
Employee benefits	28,687	31,778	-	26,530	18,032	51,689	156,716	34,289	27,158	61,447	218,163
	88,400	255,201	123,179	286,344	90,044	312,524	1,155,692	186,929	148,820	335,749	1,491,441
Home office costs											
Education/training	-	-	-	-	-	1,774	1,774	-	-	-	1,774
Travel	470	1,664	-	-	1,949	16,973	21,056	7,749	14,206	21,955	43,011
Publications/printed/ AV material	-	-	-	-	-	3,187	3,187	-	43,053	43,053	46,240
Financial/personnel/ computer services	-	-	-	-	-	27,714	27,714	75,019	49,476	124,495	152,209
Deputation expense	-	-	-	-	-	-	-	-	7,437	7,437	7,437
Operations	-	-	-	-	-	4,334	4,334	84,929	74,682	159,611	163,945
Facilities	-	-	-	-	-	8,069	8,069	8,069	4,035	12,104	20,173
Allocations	(5,187)	-	-	-	(2,647)	3,917	(3,917)	-	3,917	3,917	-
Total home office costs	(4,717)	1,664	-	-	(698)	65,968	62,217	175,766	196,806	372,572	434,789
Field costs	413,148	512,080	181,738	794,529	135,160	51,918	2,088,573	-	-	-	2,088,573
Total expenses	\$ 496,831	\$ 768,945	\$ 304,917	\$ 1,080,873	\$ 224,506	\$ 430,410	\$ 3,306,482	\$ 362,695	\$ 345,626	\$ 708,321	\$ 4,014,803

The accompanying notes are an integral part of these financial statements.



## Christian Reformed World Missions of Canada Schedule of Functional Expenses

For the year ended June 30, 2015

	Program Services						Support Services				
	East Africa	West Africa	Asia	Latin America	Europe	Global Impact	Total	Management and General	Resource Development	Total	Total
<b>Expenses</b>											
Salaries	\$ 55,188	\$ 220,073	\$ 72,300	\$ 304,056	\$ 93,606	\$ 229,031	\$ 974,254	\$ 145,558	\$ 101,800	\$ 247,358	\$ 1,221,612
Employee benefits	45,602	75,987	-	78,239	20,828	50,862	271,518	33,377	16,785	50,162	321,680
	100,790	296,060	72,300	382,295	114,434	279,893	1,245,772	178,935	118,585	297,520	1,543,292
<b>Home office costs</b>											
Education/training	-	-	-	-	-	1,503	1,503	-	-	-	1,503
Travel	-	-	-	4,339	1,512	18,705	24,556	18,923	18,047	36,970	61,526
Publications/printed/ AV material	-	-	-	-	-	1,369	1,369	11	39,456	39,467	40,836
Financial/personnel/ computer services	-	-	-	-	-	21,203	21,203	74,841	42,013	116,854	138,057
Deputation expense	-	-	-	-	-	-	-	-	13,931	13,931	13,931
Operations	-	-	-	560	-	12,066	12,626	61,275	65,852	127,127	139,753
Facilities	-	-	-	-	-	4,644	4,644	4,644	2,322	6,966	11,610
Allocations	-	(8,750)	-	-	(7,323)	26,650	10,577	-	(10,577)	(10,577)	-
<b>Total home office costs</b>	-	(8,750)	-	4,899	(5,811)	86,140	76,478	159,694	171,044	330,738	407,216
<b>Field costs</b>	392,358	397,078	356,618	1,004,378	134,091	32,026	2,316,549	-	-	-	2,316,549
<b>Total expenses</b>	\$ 493,148	\$ 684,388	\$ 428,918	\$ 1,391,572	\$ 242,714	\$ 398,059	\$ 3,638,799	\$ 338,629	\$ 289,629	\$ 628,258	\$ 4,267,057

The accompanying notes are an integral part of these financial statements.

## Christian Reformed World Missions of Canada Statement of Changes in Net Assets

**For the year ended June 30**

	<b>Unrestricted</b>	<b>Board Designated</b>	<b>Restricted</b>	<b>Total Restricted</b>	<b>Total</b>
<b>Balance as at June 30, 2014</b> (Unaudited)	\$ 388,107	\$ 500,000	\$ 80,529	\$ 580,529	\$ 968,636
Excess (deficiency) of revenue and other support over expenses	(29,427)	-	8,989	8,989	(20,438)
Transfers (Note 5)	500,000	(500,000)	-	(500,000)	-
<b>Balance as at June 30, 2015</b>	858,680	-	89,518	89,518	948,198
Excess (deficiency) of revenue and other support over expenses	(50,030)	-	29,897	29,897	(20,133)
<b>Balance as at June 30, 2016</b>	<b>\$ 808,650</b>	<b>\$ -</b>	<b>\$ 119,415</b>	<b>\$ 119,415</b>	<b>\$ 928,065</b>

The accompanying notes are an integral part of these financial statements.

## Christian Reformed World Missions of Canada Statement of Cash Flows

For the year ended June 30	2016	2015
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Deficiency of revenue and other support over expenses for the year	\$ (20,133)	\$ (20,438)
Adjustments to reconcile deficiency of revenue and other support over expenses to net cash provided by operating activities		
Amortization of capital assets	853	575
Changes in non-cash working capital balances		
Other receivables	499	(166)
Due from related party	10,180	(69,180)
Prepaid expenses	-	7,539
Accounts payable and accrued liabilities	(1,426)	1,946
Due to related party	(14,737)	4,321
Accrued termination and shipping allowances	(47,681)	6,239
	<u>(72,445)</u>	<u>(69,164)</u>
<b>Investing activities</b>		
Purchase of office equipment	(1,257)	(664)
Purchase of investments	(11,256)	(284,702)
	<u>(12,513)</u>	<u>(285,366)</u>
<b>Net decrease in cash</b>	<b>(84,958)</b>	<b>(354,530)</b>
<b>Cash, beginning of year</b>	<b>1,052,134</b>	<b>1,406,664</b>
<b>Cash, end of year</b>	<b>\$ 967,176</b>	<b>\$ 1,052,134</b>

The accompanying notes are an integral part of these financial statements.

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# Christian Reformed World Missions of Canada

## Notes to Financial Statements

June 30, 2016

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### 1. Significant Accounting Policies

#### Nature of Organization

Christian Reformed World Missions of Canada operates under the direction of the Synod of the Christian Reformed Church in North America ("CRCNA"). The Organization is incorporated under the Canada Not-for-Profit Corporations Act as a not-for-profit corporation without share capital and is a registered charity under the Income Tax Act. The primary purpose of the Organization is to direct and supervise world mission programs and activities which CRCNA establishes outside the boundaries of Canada and the United States of America.

The Organization administers its overseas work in association with Christian Reformed World Missions of the United States of America ("CRWM USA"), a Michigan non-profit corporation, and Christian Reformed World Missions International ("CRWM International"), through a joint ministry agreement which they have established. The Organization accounts for its proportionate share of shared costs incurred by the joint ministry.

#### Basis of Accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### Fund Accounting

The Organization follows the Restricted Fund method of accounting. The Organization ensures, as part of its fiduciary responsibilities, all funds received with a restricted purpose are expensed for that purpose.

For financial reporting purposes, the accounts have been classified into the following funds:

- (i) Restricted Fund - the Restricted Fund is used to account for revenue and expenses relating to net assets which are subject to donor-imposed stipulations. The donors of these assets have stipulated they be held in support of specific missionaries or projects which have not yet transpired. These assets will be restricted until such time as the specified cause requires funding. The board designated component is used to account for net assets which have been designated by the Board of Directors for missionary and international ministry projects.
- (ii) Unrestricted Fund - the Unrestricted Fund reports resources available for day-to-day operations of the Organization.

#### Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided over the estimated useful life using the straight-line basis as follows:

Office equipment       -       10 years

#### Revenue Recognition

Contributions are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Due to the difficulty in determining their value and in that they would otherwise not have been purchased, contributed services are not recognized in the financial statements.

The Organization has not received any unconditional promises to give.

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# Christian Reformed World Missions of Canada

## Notes to Financial Statements

June 30, 2016

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### 1. Significant Accounting Policies (Continued)

#### **Accrued Termination and Shipping Allowance**

Termination and shipping allowances, which will be paid to personnel when they terminate their employment with the Organization, are recognized in the accompanying financial statements as incurred.

#### **Pensions**

The Organization contributes to a multi-employer defined benefit pension plan on behalf of ordained ministers. Other participants in this plan include related organizations. Since sufficient information is not available to use defined benefit accounting, the Organization accounts for the plan as if it were a defined contribution plan, recognizing contributions as an expense in the year to which they relate.

The Organization also maintains a defined contribution pension plan for non-ordained employees.

#### **Allocation of Support Services**

The Organization's principle activity is to provide services for six major programs: East Africa, West Africa, Asia, Latin America, Europe and Global Impact. The costs of each include the salaries and benefits, home office costs and field costs. All allocations are based on an estimate of time in each function.

The Organization also incurs support services that are common to more than one program or service. There are two major categories of support services, namely Management and General and Resource Development. Resource development consists of several departments: Regional Mobilizer and Donor Development/Advancement.

#### **Foreign Currency Translation**

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current period. Foreign exchange gains of \$35,362 (2015 - \$23,933) are included in management and general support service expenses.

#### **Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### **Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

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## Christian Reformed World Missions of Canada Notes to Financial Statements

**June 30, 2016**

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### 1. Significant Accounting Policies (Continued)

#### Income Taxes

No provision for income taxes is required as the Organization is exempt from income taxes under the Income Tax Act.

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### 2. Related Party Balances and Transactions

The following table summarizes the amounts due from (to) related parties, which are organizations related through common control:

	<u>2016</u>	<u>2015</u>
<b>Due from related party</b>		
Due from The Christian Reformed Church in North America - Canada Corporation	<u>\$ 171,426</u>	<u>\$ 181,606</u>
<b>Due to related party</b>		
Due to CRWM USA	<u>\$ (1,014)</u>	<u>\$ (15,751)</u>

The amounts due from (to) related parties are unsecured, non-interest-bearing and have no fixed terms of repayment.

Effective September 1, 1989, the Organization and CRWM USA entered into a joint ministry agreement to administer those foreign operations which have joint interests and objectives. In connection therewith, during the year, \$2,088,573 (2015 - \$2,316,549) of expenses were allocated to the Organization from CRWM International.

The Organization paid \$288,385 (2015 - \$276,782) to The Christian Reformed Church in North America - Canada Corporation for management and support services.

These transactions were made in the normal course of business and have been recorded in appropriate expense accounts at the exchange amount.

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### 3. Investment with Christian Stewardship Services

During the year, the Organization earned interest income in the amount of \$11,256 (2015 - \$8,795) on its investment held in a high interest savings account with Christian Stewardship Services.

# Christian Reformed World Missions of Canada

## Notes to Financial Statements

**June 30, 2016**

### 4. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office equipment	\$ 15,324	\$ 11,376	\$ 14,067	\$ 10,523
Net book value		\$ 3,948		\$ 3,544

### 5. Transfers

In the prior year, the Board of Directors fully released the board-designated component of the restricted fund.

### 6. Pension Plans

The Organization participates in two retirement plans of the Christian Reformed Church under which all of its full-time regular employees with specified periods of service are eligible.

#### Ordained Ministers

The Organization makes contributions to the Retirement Plan for Ministers of the Christian Reformed Church in Canada (the "Plan"), which is a multi-employer defined benefit plan, on behalf of members of its staff. The Plan specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. However, the Plan is accounted for as a defined contribution plan as insufficient information is available to account for the Plan as a defined benefit plan. The Organization is only one of a number of employers that participates in the Plan and the financial information provided to the Organization on the basis of the contractual agreements is usually insufficient to reliably measure the Organization's proportionate share in the Plan assets and liabilities on defined benefit accounting requirements.

The funding valuation for the Plan shows a surplus of \$4,103,500 (2015 - \$848,900). The total required contributions to the Plan for 2016 are \$3,141,500 (2015 - \$3,444,900), which includes special payments totalling \$2,134,900 (2015 - \$2,431,900, current service cost of \$731,600 (2015 - \$738,000) and administrative expenses of \$275,000 (2015 - \$275,000).

The Organization contributes an amount specified by the Plan's administrator, the Synod of the CRCNA. Contributions to the Plan are received primarily from supporting Christian Reformed Church members on a denominational ministry share basis and certain participating organizations. The amount contributed to the plan for 2016 was \$35,880 (2015 - \$35,663). The contributions were made for current service and these have been recognized in net income.

#### Unordained Employees

Unordained employees of the Christian Reformed Church are covered by a group registered retirement savings plan, under which the Organization contributes a specified percentage of its employees' base salary. During the year, the contributions to this plan were \$51,882 (2015 - \$58,374).

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## **Christian Reformed World Missions of Canada**

### **Notes to Financial Statements**

**June 30, 2016**

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#### **7. Commitment**

The Board has authorized the use of agency funds on deposit with its banker and incorporated in the cash management system as collateral for borrowing of the Christian Reformed Church in North America - Canada Corporation. No amount has been drawn upon this credit facility as at June 30, 2016.

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#### **8. Financial Instruments**

##### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations. The Organization's financial instruments that are exposed to concentrations of credit risk related primarily to its due from related party. This risk has not changed from the prior year.

##### **Currency Risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A significant portion of the Organization's expenses are made in foreign countries. The Organization is exposed to foreign exchange fluctuations to the extent that these purchases are denominated in U.S. dollars. This risk has not changed from the prior year.

##### **Liquidity Risk**

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from the Organization's accounts payable and accrued liabilities, accrued termination and shipping allowances and due to related party. This risk has not changed from the prior year.

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#### **9. Comparative Figures**

Certain of the comparative figures have been reclassified to conform to the current year's presentation.