



# Christian Reformed Church in North America Foundation

Financial Statements  
Years Ended June 30, 2018 and 2017

# **Christian Reformed Church in North America Foundation**

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Financial Statements  
Years Ended June 30, 2018 and 2017

# Christian Reformed Church in North America Foundation

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## Independent Auditor's Report

Board of Directors  
Christian Reformed Church in North America Foundation  
Grand Rapids, Michigan

### Report on the Financial Statements

We have audited the accompanying financial statements of the Christian Reformed Church in North America Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, 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 the Christian Reformed Church in North America Foundation as of June 30, 2018 and 2017, 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.

*Emphasis of Matter*

As described in Note 7, the Board of Directors decided to dissolve the Foundation and have transferred all assets and liabilities to the Christian Reformed Church in North America during the year ended June 30, 2018. Our opinion is not modified with respect to this matter.

BDO USA, LLP

September 17, 2018

## Financial Statements

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# Christian Reformed Church in North America Foundation

## Statement of Financial Position

<i>June 30, 2018</i>	Unrestricted	Temporarily Restricted	Total
<b>Assets</b>			
Cash	\$ -	\$ -	\$ -
Investments	-	-	-
Cash surrender value of life insurance	-	-	-
Interest receivable	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts payable and accrued expense	\$ -	\$ -	\$ -
Grants payable	-	-	-
Due to the Christian Reformed Church in North America	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>			
Unrestricted	-	-	-
Temporarily restricted	-	-	-
<b>Total Net Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying notes to financial statements.*

# Christian Reformed Church in North America Foundation

## Statement of Financial Position

<i>June 30, 2017</i>	Unrestricted	Temporarily Restricted	Total
<b>Assets</b>			
Cash	\$ 70,561	\$ 106,066	\$ 176,627
Investments	-	56,815	56,815
Cash surrender value of life insurance	-	21,570	21,570
Interest receivable	214	-	214
<b>Total Assets</b>	<b>\$ 70,775</b>	<b>\$ 184,451</b>	<b>\$ 255,226</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts payable and accrued expense	\$ 1,691	\$ -	\$ 1,691
Grants payable	4,000	-	4,000
Due to the Christian Reformed Church in North America	7,107	-	7,107
<b>Total Liabilities</b>	<b>12,798</b>	<b>-</b>	<b>12,798</b>
<b>Net Assets</b>			
Unrestricted	57,977	-	57,977
Temporarily restricted	-	184,451	184,451
<b>Total Net Assets</b>	<b>57,977</b>	<b>184,451</b>	<b>242,428</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 70,775</b>	<b>\$ 184,451</b>	<b>\$ 255,226</b>

*See accompanying notes to financial statements.*



# Christian Reformed Church in North America Foundation

## Statement of Activities and Changes in Net Assets

<i>Year ended June 30, 2018</i>	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Other Support</b>			
Investment income, net	\$ 4,885	\$ 970	\$ 5,855
Gifts and contributions	23,383	155,256	178,639
Net assets released from restrictions - satisfaction of donor restrictions	176,503	(176,503)	-
<b>Total Revenue and Other Support</b>	<b>204,771</b>	<b>(20,277)</b>	<b>184,494</b>
<b>Expenses</b>			
Program services - grants:			
CRCNA land purchase	100,000	-	100,000
CRCNA Chaplaincy	28,208	-	28,208
CRC Ignite Grants	48,295	-	48,295
<b>Total program services - grants</b>	<b>176,503</b>	<b>-</b>	<b>176,503</b>
Fundraising	47,678	-	47,678
Management and general	16,106	-	16,106
<b>Total Expenses</b>	<b>240,287</b>	<b>-</b>	<b>240,287</b>
<b>Change in Net Assets</b>	<b>(35,516)</b>	<b>(20,277)</b>	<b>(55,793)</b>
<b>Transfer of Assets and Liabilities to CRCNA</b>	<b>(22,461)</b>	<b>(164,174)</b>	<b>(186,635)</b>
<b>Net Assets, beginning of year</b>	<b>57,977</b>	<b>184,451</b>	<b>242,428</b>
<b>Net Assets, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying notes to financial statements.*

# Christian Reformed Church in North America Foundation

## Statement of Activities and Changes in Net Assets

<i>Year ended June 30, 2017</i>	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Other Support</b>			
Investment income, net	\$ 7,495	\$ 382	\$ 7,877
Gifts and contributions	143,967	64,187	208,154
Net assets released from restrictions - satisfaction of donor restrictions	317,500	(317,500)	-
<b>Total Revenue and Other Support</b>	<b>468,962</b>	<b>(252,931)</b>	<b>216,031</b>
<b>Expenses</b>			
Program services - grants:			
Reformed Church of America and Christian Reformed Home Missions joint leadership initiative	20,000	-	20,000
CRCNA Bi-national Day of Justice	4,000	-	4,000
CRCNA Bi-national Gathering	304,200	-	304,200
CRCNA Climate Witness Project	5,000	-	5,000
CRC Ignite Grants	30,000	-	30,000
<b>Total program services - grants</b>	<b>363,200</b>	<b>-</b>	<b>363,200</b>
Fundraising	98,937	-	98,937
Management and general	13,572	-	13,572
<b>Total Expenses</b>	<b>475,709</b>	<b>-</b>	<b>475,709</b>
<b>Change in Net Assets</b>	<b>(6,747)</b>	<b>(252,931)</b>	<b>(259,678)</b>
<b>Net Assets, beginning of year</b>	<b>64,724</b>	<b>437,382</b>	<b>502,106</b>
<b>Net Assets, end of year</b>	<b>\$ 57,977</b>	<b>\$ 184,451</b>	<b>\$ 242,428</b>

*See accompanying notes to financial statements.*

# Christian Reformed Church in North America Foundation

## Statement of Functional Expenses

<i>Year ended June 30, 2018</i>	Program Services - Grants	Fundraising	Management and General	Total
<b>Expenses</b>				
Grants	\$ 176,503	\$ -	\$ -	\$ 176,503
Salaries	-	25,177	-	25,177
Fringe benefits	-	8,626	-	8,626
Professional fees	-	-	16,106	16,106
Printed materials	-	9,999	-	9,999
Postage	-	434	-	434
Travel	-	2,680	-	2,680
Miscellaneous	-	762	-	762
<b>Total Expenses</b>	<b>\$ 176,503</b>	<b>\$ 47,678</b>	<b>\$ 16,106</b>	<b>\$ 240,287</b>

*See accompanying notes to financial statements.*

# Christian Reformed Church in North America Foundation

## Statement of Functional Expenses

<i>Year ended June 30, 2017</i>	Program Services - Grants	Fundraising	Management and General	Total
<b>Expenses</b>				
Grants	\$ 363,200	\$ -	\$ -	\$ 363,200
Salaries	-	55,190	-	55,190
Fringe benefits	-	14,380	-	14,380
Professional fees	-	-	13,552	13,552
Printed materials	-	19,502	-	19,502
Postage	-	4,391	-	4,391
Development services charges	-	396	-	396
Facilities services charges	-	3,546	-	3,546
Travel	-	1,498	-	1,498
Miscellaneous	-	34	20	54
<b>Total Expenses</b>	<b>\$ 363,200</b>	<b>\$ 98,937</b>	<b>\$ 13,572</b>	<b>\$ 475,709</b>

*See accompanying notes to financial statements.*

# Christian Reformed Church in North America Foundation

## Statements of Cash Flows

<i>Year ended June 30,</i>	2018	2017
<b>Cash Flows From (for) Operating Activities</b>		
Change in net assets	\$ (55,793)	\$ (259,678)
Adjustments to reconcile change in net assets to net cash for operating activities:		
Unrealized gain on investments	(2,683)	(4,352)
Changes in assets and liabilities:		
Cash surrender value of life insurance	(1,727)	(2,624)
Interest receivable	(54)	(24)
Accounts payable and accrued expenses	(1,691)	1,691
Grants payable	(4,000)	(60,500)
Due from the Christian Reformed Church in North America	47,011	(12,237)
<b>Net Cash for Operating Activities</b>	<b>(18,937)</b>	<b>(337,724)</b>
<b>Cash Flows From (for) Investing Activities</b>		
Proceeds from the sale of investments	8,709	-
Purchases of investments	(1,290)	(1,060)
<b>Net Cash From (for) Investing Activities</b>	<b>7,419</b>	<b>(1,060)</b>
<b>Net Decrease in Cash</b>	<b>(11,518)</b>	<b>(338,784)</b>
<b>Transfer of Cash to CRCNA</b>	<b>(165,109)</b>	<b>-</b>
<b>Cash, beginning of year</b>	<b>176,627</b>	<b>515,411</b>
<b>Cash, end of year</b>	<b>\$ -</b>	<b>\$ 176,627</b>

*See accompanying notes to financial statements.*

# Christian Reformed Church in North America Foundation

## Notes to Financial Statements

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### 1. Organization

The Christian Reformed Church in North America Foundation (the Foundation) has provided the means for donors to give, over and above ministry share contributions, in order to advance the ministries of God's kingdom as expressed through the Christian Reformed Church's strategic plan.

### 2. Summary of Significant Accounting Policies

#### *Financial Statements*

Net assets and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets which are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. Net assets are temporarily restricted for certain projects or programs.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. The Foundation has no permanently restricted net assets.

Revenues, contributions and investment income are reported as follows:

- Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increase or decrease in unrestricted net assets unless their use is restricted by explicit donor stipulations. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Restricted contributions received and expended for the designated purpose in the same year are reflected in unrestricted net assets.
- Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

#### *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.

#### *Income Taxes*

The Foundation has been organized as a nonprofit religious entity and was, therefore, exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Gifts to the

# Christian Reformed Church in North America Foundation

## Notes to Financial Statements

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Foundation were charitable deductions according to Internal Revenue Service tax regulations. The Foundation did not have any material uncertain tax positions.

### *Cash*

Cash consisted of highly liquid debt instruments with original maturities of less than three months when purchased.

### *Investments Held by CRCNA Funds, LLC*

The Foundation valued its investments at estimated fair value. See Note 4 for additional information. The Foundation invested 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 estimated fair values of investment securities will occur in the near term and those changes could materially affected the amounts reported in the statements of financial position.

### *Cash Surrender Value of Life Insurance*

The Foundation was the beneficiary of a life insurance policy with a death benefit totaling \$275,000 and cash surrender values totaling of \$0 and \$21,570 as of June 30, 2018 and 2017, respectively. The premiums paid in excess of the increase in cash surrender value is the expense recognized in the current period. The cash surrender value of this policy has been included in these financial statements.

### *Investment Income*

Investment income consisted of interest, dividends, and realized and unrealized gains and losses.

### *Program Services - Grants*

When grants were awarded by the Foundation, they were recognized as an expense with a corresponding commitment liability in the financial statements.

### *Subsequent Events*

Management has evaluated subsequent events through September 17, 2018, 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.

### *Reclassifications*

Certain reclassifications have been made in the June 30, 2017 financial statements to conform to the classifications in the June 30, 2018 financial statements. Such reclassifications had no impact on previously reported changes in net assets.

# Christian Reformed Church in North America Foundation

## Notes to Financial Statements

### 3. Investments

The Foundation directed investments through CRCNA Funds, LLC. CRCNA Funds, LLC holds investments of participating agencies of the Christian Reformed Church. Investments are summarized as follows:

<i>June 30,</i>	2018	2017
Investments held by CRCNA Funds, LLC	\$ -	\$ 56,815
Cash surrender value of life insurance	-	21,570
<b>Total</b>	<b>\$ -</b>	<b>\$ 78,385</b>

Investment income for the years ended June 30, 2018 and 2017 included interest and dividends of \$3,172 and \$1,901, respectively, unrealized gains of \$2,683 and \$5,976, respectively. For reporting purposes, trustee and brokerage fees associated with the maintenance of the portfolio have been netted with investment income.

### 4. Fair Value Measurements

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

The following tables set forth, by level within the fair value hierarchy, a summary of the Foundation's investments measured at estimated fair value on a recurring basis:

	Fair Value Measurements			
<i>June 30, 2018</i>	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Investments held by CRCNA Funds, LLC	\$ -	\$ -	\$ -	\$ -
Cash surrender value of life insurance	-	-	-	-
<b>Investments, at fair value</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

	Fair Value Measurements			
<i>June 30, 2017</i>	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Investments held by CRCNA Funds, LLC	\$ 51,599	\$ 5,216	\$ -	\$ 56,815
Cash surrender value of life insurance	-	-	21,570	21,570
<b>Investments, at fair value</b>	<b>\$ 51,599</b>	<b>\$ 5,216</b>	<b>\$ 21,570</b>	<b>\$ 78,385</b>



# Christian Reformed Church in North America Foundation

## Notes to Financial Statements

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### *Level 3 Gains and Losses*

The tables below set forth a summary of changes in the fair value of Foundation's Level 3 investment assets:

<i>Year ended June 30,</i>	Cash Surrender Value of Life Insurance	
	2018	2017
Balance, beginning of year	\$ 21,570	\$ 18,927
Premiums paid	1,000	1,000
Unrealized gain	727	1,643
Transfer of assets to CRCNA	(23,297)	-
Balance, end of year	\$ -	\$ 21,570

### 5. Commitments and Contingencies

The Foundation was authorized the use of its funds held in the Christian Reformed Church concentration cash account as collateral for borrowing from the Christian Reformed Church in North America (CRCNA).

### 6. Transactions with Other Christian Reformed Church Entities

As of June 30, 2018 and 2017, the Foundation owed CRCNA \$0 and \$7,107, respectively, for payroll and other administrative charges paid for by CRCNA on behalf of the Foundation. There were no set payment terms related to this liability.

The Foundation managed its cash in conjunction with the CRCNA consolidated cash management system, which holds all funds in a single bank. As part of this process, the CRCNA was allowed to borrow funds from participating entities. The CRCNA has not borrowed from the Foundation as of June 30, 2018 and 2017.

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# Christian Reformed Church in North America Foundation

## Notes to Financial Statements

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### 7. Transfer of Assets to the Christian Reformed Church in North America

During the year ended June 30, 2018, the Christian Reformed Church in North America Foundation was dissolved and all operations ceased. All assets and liabilities of the foundation were transferred to the CRCNA and are included in the CRCNA's balance sheet as of the acquisition date. The fair value measurements were based on securities valued using quoted prices from active markets for identical assets and securities not traded on an active market but for which observable market inputs are readily available. Any donor restrictions on contributions received by the Foundation remain in place and the CRCNA will spend those funds in accordance with those restrictions. The table below set forth a summary of the assets and liabilities transferred to the CRCNA:

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Cash	\$	165,109
Investments held by CRCNA Funds, LLC		52,079
Cash surrender value of life insurance		23,297
Interest receivable		268
Due to CRCNA		(54,118)
Unrestricted net assets		(22,461)
Temporarily restricted net assets		(164,174)

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