

**The Christian Reformed Church in
North America - Canada Corporation
Financial Statements
For the year ended June 30, 2018**

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North America - Canada Corporation**
Financial Statements
For the year ended June 30, 2018

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Independent Auditor's Report

To the Board of Trustees of The Christian Reformed Church in North America - Canada Corporation

We have audited the accompanying financial statements of The Christian Reformed Church in North America - Canada Corporation (the "Organization"), which comprise the statement of financial position as at June 30, 2018, 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 the Organization'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 Organization'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, The Christian Reformed Church in North America - Canada Corporation 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 The Christian Reformed Church in North America - Canada Corporation. 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, 2018 and 2017, current assets as at June 30, 2018 and 2017, and net assets as at July 1 and June 30 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended June 30, 2017 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 The Christian Reformed Church in North America - Canada Corporation as at June 30, 2018, 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
October 10, 2018

**The Christian Reformed Church in North America -
Canada Corporation
Statement of Financial Position**

June 30, 2018

	Unrestricted	Restricted - Youth Ministries	Restricted - Resonate Global Mission	Total
Assets				
Current				
Cash	\$ 1,321,137	\$ 68,719	\$ 3,700,550	\$ 5,090,406
Investments (Note 3)	25,811,842	-	322,271	26,134,113
Due from related parties (Note 4)	89,606	-	-	89,606
Accounts receivable	175,635	19,686	2,795	198,116
Prepaid expenses	18,577	-	-	18,577
	<u>27,416,797</u>	<u>88,405</u>	<u>4,025,616</u>	<u>31,530,818</u>
Capital assets (Note 5)	<u>3,267,319</u>	<u>-</u>	<u>-</u>	<u>3,267,319</u>
	<u>\$ 30,684,116</u>	<u>\$ 88,405</u>	<u>\$ 4,025,616</u>	<u>\$ 34,798,137</u>
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 845,815	\$ 1,386	\$ 559,963	\$ 1,407,164
Due to related parties (Note 4)	2,811,696	-	2,036,170	4,847,866
Bank loan (Note 3)	26,032,539	-	-	26,032,539
	<u>29,690,050</u>	<u>1,386</u>	<u>2,596,133</u>	<u>32,287,569</u>
Net Assets (Note 7)	<u>994,066</u>	<u>87,019</u>	<u>1,429,483</u>	<u>2,510,568</u>
	<u>\$ 30,684,116</u>	<u>\$ 88,405</u>	<u>\$ 4,025,616</u>	<u>\$ 34,798,137</u>

On behalf of the Board:

 _____ Director

 _____ Director

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

**The Christian Reformed Church in North America -
Canada Corporation
Statement of Financial Position**

June 30, 2017

	Unrestricted	Restricted - Youth Ministries	Restricted - Resonate Global Mission	Total
Assets				
Current				
Cash	\$ 276,366	\$ 51,961	\$ 2,610,894	\$ 2,939,221
Investments (Note 3)	25,122,615	-	310,195	25,432,810
Due from related parties (Note 4)	191,682	-	-	191,682
Accounts receivable	118,797	17,513	7,933	144,243
Prepaid expenses	17,586	-	13,741	31,327
	<u>25,727,046</u>	<u>69,474</u>	<u>2,942,763</u>	<u>28,739,283</u>
Capital assets (Note 5)	<u>768,378</u>	<u>-</u>	<u>-</u>	<u>768,378</u>
	<u>\$ 26,495,424</u>	<u>\$ 69,474</u>	<u>\$ 2,942,763</u>	<u>\$ 29,507,661</u>
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 467,555	\$ 9,041	\$ 584,157	\$ 1,060,753
Due to related parties (Note 4)	2,340,211	-	914,988	3,255,199
Bank loan (Note 3)	22,796,288	-	-	22,796,288
	<u>25,604,054</u>	<u>9,041</u>	<u>1,499,145</u>	<u>27,112,240</u>
Net Assets (Note 7)	<u>891,370</u>	<u>60,433</u>	<u>1,443,618</u>	<u>2,395,421</u>
	<u>\$ 26,495,424</u>	<u>\$ 69,474</u>	<u>\$ 2,942,763</u>	<u>\$ 29,507,661</u>

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

**The Christian Reformed Church in North America -
Canada Corporation
Statement of Activities and Changes in Net Assets**

For the year ended June 30, 2018

	Unrestricted	Restricted - Youth Ministries	Restricted - Resonate Global Mission	Total
Revenue and other support				
Denominational ministry shares	\$ 2,796,798	\$ -	\$ 2,670,276	\$ 5,467,074
Coordinated equipment usage, materials and service revenue	1,990,401	-	-	1,990,401
Investment income gain (loss), net	(71,740)	-	39,985	(31,755)
Contributions from churches, agencies, and individuals	706,445	-	-	706,445
Youth ministries	-	284,537	-	284,537
Gifts and offerings				
Missionary and program support	-	-	1,720,340	1,720,340
General	-	-	919,151	919,151
Other	512,438	-	11,231	523,669
	5,934,342	284,537	5,360,983	11,579,862
Expenses				
Program services				
Coordinated support services	1,699,440	-	-	1,699,440
Synod assembly, trustee, and committee expense, assistance and grants	635,085	-	-	635,085
Ministry support services	526,269	-	-	526,269
Justice and mercy	912,596	-	-	912,596
Youth ministries	-	257,951	-	257,951
Faith formation	426,384	-	-	426,384
Leadership and strengthening churches	885,900	-	-	885,900
Worship	151,472	-	-	151,472
Resonate Global Mission	-	-	5,375,118	5,375,118
Total program services	5,237,146	257,951	5,375,118	10,870,215
Support services				
Management and general	532,509	-	-	532,509
Resource development	61,991	-	-	61,991
Total support services	594,500	-	-	594,500
	5,831,646	257,951	5,375,118	11,464,715
Excess (deficiency) of revenue and other support over expenses	102,696	26,586	(14,135)	115,147
Net assets, beginning of year	891,370	60,433	1,443,618	2,395,421
Net assets, end of year	\$ 994,066	\$ 87,019	\$ 1,429,483	\$ 2,510,568

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

**The Christian Reformed Church in North America -
Canada Corporation
Statement of Activities and Changes in Net Assets**

For the year ended June 30, 2017

	Unrestricted	Restricted - Youth Ministries	Restricted - Resonate Global Mission	Total
Revenue and other support				
Denominational ministry shares	\$ 2,897,504	\$ -	\$ 2,797,135	\$ 5,694,639
Coordinated equipment usage, materials and service revenue	1,808,587	-	-	1,808,587
Investment income (loss), net	(169,133)	-	36,802	(132,331)
Contributions from churches, agencies, and individuals	613,279	-	-	613,279
Youth ministries	-	256,324	-	256,324
Gifts and offerings				
Missionary and program support	-	-	1,913,740	1,913,740
General	-	-	931,967	931,967
Other	93,544	-	(763)	92,781
	<u>5,243,781</u>	<u>256,324</u>	<u>5,678,881</u>	<u>11,178,986</u>
Expenses				
Program services				
Coordinated support services	1,615,875	-	-	1,615,875
Synod assembly, trustee, and committee expense, assistance and grants	928,064	-	-	928,064
Ministry support services	540,913	-	-	540,913
Justice and mercy	1,022,720	-	-	1,022,720
Youth ministries	-	243,298	-	243,298
Faith formation	415,425	-	-	415,425
Leadership and strengthening churches	688,497	-	-	688,497
Worship	158,626	-	-	158,626
Resonate Global Mission	-	-	5,489,840	5,489,840
Total program services	<u>5,370,120</u>	<u>243,298</u>	<u>5,489,840</u>	<u>11,103,258</u>
Support services				
Management and general	450,651	-	-	450,651
Resource development	58,276	-	-	58,276
Total support services	<u>508,927</u>	<u>-</u>	<u>-</u>	<u>508,927</u>
	<u>5,879,047</u>	<u>243,298</u>	<u>5,489,840</u>	<u>11,612,185</u>
Excess (deficiency) of revenue and other support over expenses	(635,266)	13,026	189,041	(433,199)
Net assets, beginning of year	1,526,636	47,407	1,254,577	2,828,620
Net assets, end of year	<u>\$ 891,370</u>	<u>\$ 60,433</u>	<u>\$ 1,443,618</u>	<u>\$ 2,395,421</u>

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

The Christian Reformed Church in North America - Canada Corporation

Schedule of Functional Expenses

For the year ended June 30, 2018

	Program Services							Support Services				Total
	Coordinated Support Services	Synod Assembly, Trustee, and Comm. Exp., Assist. and Grants	Ministry Support Services	Justice and Mercy	Youth Ministries	Faith Strengthening Churches	Leadership and Formation	Worship	Resonate Global Mission	Management and General	Resource Development	
Expenses												
Salaries	\$ 791,362	\$ -	\$ 286,126	\$ 494,000	\$ -	\$ 296,857	\$ 179,956	\$ -	\$ 1,544,027	\$ 207,499	\$ 27,366	\$ 3,827,193
Employee benefits	216,683	-	57,896	108,766	-	73,777	37,590	-	316,904	37,458	2,591	851,665
Printed materials	23,413	-	24,713	13,419	12,029	3,294	-	1,008	5,381	1,864	-	85,121
Mailing	71,176	9,649	101,051	10,717	-	1,984	792	4,182	34,710	2,975	4,499	241,735
Other communications	-	-	-	-	-	-	17,511	-	-	-	-	17,511
Travel	7,673	85,374	8,996	47,490	357	27,050	32,820	2,866	111,213	16,646	1,656	342,141
Dues and subscriptions	1,399	16,500	5,288	1,205	-	406	269	-	13,496	48	-	38,611
Insurance	19,533	-	-	-	-	-	-	-	-	-	-	19,533
Interest expense	9,890	-	-	-	-	-	-	-	9,165	-	-	19,055
Legal and professional	7,672	564	194	8,995	65,559	94,914	(508)	-	58,988	58,329	1,179	295,886
Supplies	48,405	-	823	3,670	7,297	1,358	276	-	3,024	1,875	179	66,907
Telephone and fax	72,639	-	1,284	2,627	-	2,800	-	-	3,205	1,726	-	84,281
Other office costs	32,316	1,007	472	7,134	2,890	2,444	71,046	-	13,201	3,281	2,996	136,787
Repairs and maintenance	52,629	-	-	-	-	-	-	-	-	-	-	52,629
Rent	25,218	-	-	7,410	-	-	-	-	-	-	-	32,628
Utilities	22,699	-	-	-	-	-	-	-	-	-	-	22,699
Deputation	-	-	-	-	-	-	-	-	11,535	-	-	11,535
Amortization	112,357	-	-	-	-	-	-	-	-	-	-	112,357
Other facilities	23,781	-	-	-	-	-	-	-	-	-	-	23,781
Training and conferences	2,902	2,443	95	44,201	169,819	37,335	65,393	835	40,778	10,441	-	374,242
Pension transfer (Note 8)	-	175,000	-	424,529	-	-	29,015	1,000	500,594	-	-	175,000
Grants	-	-	(18,482)	(322,086)	-	(155,430)	434,684	141,581	1,768,061	33,356	11,816	955,138
Cost sharing - US	-	344,548	-	-	-	-	-	-	-	-	-	2,238,048
Total	1,541,747	635,085	468,456	852,077	257,951	386,789	868,844	151,472	4,434,282	375,498	52,282	10,024,483
Allocated to support services - management and general	157,693	-	57,813	60,519	-	39,595	17,056	-	-	157,011	9,709	499,396
Field costs	-	-	-	-	-	-	-	-	940,836	-	-	940,836
Total expenses	\$ 1,699,440	\$ 635,085	\$ 526,269	\$ 912,596	\$ 257,951	\$ 426,384	\$ 885,900	\$ 151,472	\$ 5,375,118	\$ 532,509	\$ 61,991	\$ 11,464,715

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

The Christian Reformed Church in North America - Canada Corporation Schedule of Functional Expenses

For the year ended June 30, 2017

	Program Services										Support Services		Total	
	Coordinated Support Services	Synod Assembly, Trustee, and Comm. Exp., Assist. and Grants	Ministry Support Services	Justice and Mercy	Youth Ministries	Faith Formation	Leadership and Church Strengthening	Worship	Resonate Global Mission	Management and General	Resource Development			
Expenses	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries	802,013	-	294,511	493,362	-	333,294	165,913	-	1,522,258	205,498	24,318	3,841,167		
Employee benefits	194,287	-	67,556	105,170	-	72,191	35,755	-	303,332	39,989	2,115	820,395		
Printed materials	25,572	219	34,558	21,255	19,295	4,428	-	399	50,277	2,732	-	158,735		
Mailing	37,971	12,153	95,027	11,153	-	1,629	178	4,249	48,210	2,891	11,814	225,275		
Other communications	-	-	-	3,980	-	-	-	-	-	-	-	3,980		
Travel	15,021	108,308	7,485	34,933	778	14,555	22,109	4,386	111,515	22,254	835	342,179		
Dues and subscriptions	1,292	19,154	5,483	1,531	-	429	181	-	7,801	1,513	-	37,384		
Insurance	12,115	-	-	-	324	-	-	-	3,859	-	-	16,298		
Interest expense	10,590	-	-	-	-	-	-	-	10,116	-	-	20,706		
Legal and professional	36,710	2,793	497	19,780	68,992	860	1,038	-	60,096	44,247	-	235,013		
Supplies	26,413	17	837	2,049	11,679	1,140	731	-	4,149	939	9,235	57,189		
Telephone and fax	70,670	-	1,602	2,393	-	1,603	-	-	5,149	2,627	-	84,044		
Other office costs	7,146	400	552	10,869	2,308	3,102	23,680	-	26,632	811	992	76,492		
Repairs and maintenance	50,004	-	-	-	-	-	-	-	-	-	-	50,004		
Rent	44,525	-	-	7,200	-	-	-	-	-	-	-	51,725		
Utilities	25,685	-	-	-	-	-	-	-	-	-	-	25,685		
Deputation	-	-	-	-	-	-	-	-	12,058	-	-	12,058		
Amortization	103,825	-	-	-	-	-	-	-	1,056	-	-	104,881		
Other facilities	22,690	-	-	-	-	-	-	-	-	-	-	22,690		
Training and conferences	4,089	901	527	68,553	139,922	23,949	116,120	510	86,429	5,187	-	446,187		
Pension transfer (Note 8)	-	482,200	-	-	-	-	-	-	-	-	-	482,200		
Grants	-	-	-	428,032	-	-	19,941	-	556,570	-	-	1,004,543		
Cost sharing - US	-	301,919	(6,399)	(252,601)	-	(83,350)	290,151	149,082	746,559	3,480	(275)	1,148,566		
Total	1,490,618	928,064	502,236	957,659	243,298	373,830	675,797	158,626	3,556,066	332,168	49,034	9,267,396		
Allocated to support services - management and general	125,257	-	38,677	65,061	-	41,595	12,700	-	266,253	118,483	9,242	677,268		
Field costs	-	-	-	-	-	-	-	-	1,667,521	-	-	1,667,521		
Total expenses	\$ 1,615,875	\$ 928,064	\$ 540,913	\$ 1,022,720	\$ 243,298	\$ 415,425	\$ 688,497	\$ 158,626	\$ 5,489,840	\$ 450,651	\$ 58,276	\$ 11,612,185		

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

**The Christian Reformed Church in North America - Canada Corporation
Resonate Global Mission Schedule of Functional Expenses
(Unaudited)**

For the year ended June 30

	Program Services				Support Services			2017 Total
	Mission Innovation	Global Missions	North American Missions	Management and General	Resource Development	2018 Total		
Expenses								
Salaries	\$ 160,569	\$ 664,065	\$ 325,373	\$ 77,212	\$ 316,808	\$ 1,544,027	\$ 1,522,258	
Employee benefits	35,682	115,188	76,764	18,666	70,604	316,904	303,332	
Printed materials	183	227	1,349	384	3,238	5,381	50,277	
Mailing	112	333	47	435	33,783	34,710	48,210	
Travel	23,307	10,845	41,537	4,479	31,045	111,213	111,515	
Dues and subscriptions	1,693	111	1,658	2,670	7,364	13,496	7,801	
Insurance	-	-	-	-	-	-	3,859	
Interest expense	-	-	-	9,165	-	9,165	10,116	
Legal and professional	712	1,265	9,804	15,655	31,552	58,988	60,096	
Supplies	389	182	552	559	1,342	3,024	4,149	
Telephone and fax	552	774	1,797	-	82	3,205	5,149	
Other office costs	139	83	3,793	7,247	1,939	13,201	26,632	
Deputation	-	-	-	-	11,535	11,535	12,058	
Amortization	-	-	-	-	-	-	1,056	
Training and conferences	7,920	2,309	19,841	243	10,465	40,778	86,429	
Grants	55,930	93,370	348,294	3,000	-	500,594	556,570	
Cost sharing - US	509,103	226,750	76,273	356,317	599,618	1,768,061	746,559	
Total	796,291	1,115,502	907,082	496,032	1,119,375	4,434,282	3,556,066	
Allocated to support services - management and general	-	-	-	-	-	-	266,253	
Field Costs	-	940,836	-	-	-	940,836	1,667,521	
Total expenses	\$ 796,291	\$ 2,056,338	\$ 907,082	\$ 496,032	\$ 1,119,375	\$ 5,375,118	\$ 5,489,840	

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

**The Christian Reformed Church in North America -
Canada Corporation
Statement of Cash Flows**

For the year ended June 30	2018	2017
Cash flows from operating activities		
Excess (deficiency) of revenue and other support over expenses	\$ 115,147	\$ (433,199)
Adjustments to reconcile excess (deficiency) of revenue and other support over expenses to net cash provided by (used in) operating activities		
Amortization of capital assets	112,357	104,881
Unrealized foreign exchange (gain) loss on due to related parties	(1,625,825)	95,497
Changes in non-cash working capital balances		
Accounts receivable	(53,873)	(15,236)
Due from related parties	102,076	(132,407)
Prepaid expenses	12,750	22,538
Accounts payable and accrued liabilities	346,411	(107,519)
Due to related parties	3,218,492	(988,520)
Deferred revenue	-	(11,636)
	2,227,535	(1,465,601)
Cash flows from investing activities		
Acquisition of capital assets	(2,611,298)	(287,543)
Purchase of investments	(12,975,162)	(14,436,765)
Sale of investments	12,273,859	14,854,095
	(3,312,601)	129,787
Cash flows from financing activity		
Advances from (repayment of) bank loan	3,236,251	(204,583)
Net increase (decrease) in cash	2,151,185	(1,540,397)
Cash, beginning of year	2,939,221	4,479,618
Cash, end of year	\$ 5,090,406	\$ 2,939,221

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

The Christian Reformed Church in North America - Canada Corporation Notes to Financial Statements

June 30, 2018

1. Significant Accounting Policies

Nature of Organization

The Christian Reformed Church in North America - Canada Corporation (the "Organization") 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 purpose of the Organization is to conduct ministry and provide administrative services for the CRCNA denominational ministries.

Basis of Accounting

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

Fund Accounting

The Organization follows the Restricted Fund method of accounting for contributions. 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:

Restricted Funds

The restricted funds are used to account for revenue and expenses relating to the Ontario Youth Ministry ("Youth Ministry") and Resonate Global Mission.

Unrestricted Fund

The unrestricted fund is used to account for day-to-day operations of the Organization.

Basis of Reporting

These financial statements include the accounts of Christian Reformed Church in North America - Canada Corporation and Co-ordinated Services. Income received from Canadian churches and members is for the following purposes:

- Denominational Services
- Ministry Support Services
- Resonate Global Mission
- Congregational Services
 - Aboriginal Ministries
 - Chaplaincy and Care
 - Disability Concerns
 - Faith Formation
 - Pastor-Church Resources
 - Race Relations
 - Safe Church
 - Social Justice
 - Worship
 - Youth Ministries

The support income received is recorded as the donations are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**The Christian Reformed Church in North America -
Canada Corporation
Notes to Financial Statements**

June 30, 2018

1. Significant Accounting Policies (Continued)

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.

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 \$23,960 (2017 - foreign exchange losses of \$(18,519)) are included in management and general support service expenses. Foreign exchange losses of \$45,209 (2017 - \$13,886) are included in Resonate Global Mission support service expenses. Unrealized foreign exchange losses of \$(1,625,825) (2017 - \$95,497) are included within the cost sharing expenses.

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:

Building	-	40 years
Building improvements	-	20 years
Computer equipment	-	3 to 5 years
Automotive equipment	-	5 years
Machinery and equipment	-	10 years

During the year, the Organization wrote off fully amortized computer equipment of \$56,348 (2017 - \$36,320) and machinery and equipment of \$56,723 (2017 - \$Nil).

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.

The Christian Reformed Church in North America - Canada Corporation

Notes to Financial Statements

June 30, 2018

1. Significant Accounting Policies (Continued)

Disclosure of Allocated Expenses

The Organization engages in program and support services. The cost of each program or support service includes salaries, employee benefits, supplies and other expenses that are directly related to each program or support service. Salaries and employee benefits that relate to more than one program are allocated between departments. All allocations are based on an estimate of time in each function.

Use of Estimates

The preparation of financial statements in conformity 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 amount 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. The investments are recorded at fair value, based on quoted market values. Investment transactions are recorded on a trade date basis. The investment income realized on the investments is the interest earned and the increase or decrease in the market value of the bonds. All short-term notes and bonds have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are subsequently 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.

Income Taxes

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

2. Amalgamation

Effective July 1, 2017, the Governing Board resolved to amalgamate The Christian Reformed Church in North America - Canada Corporation with the Christian Reformed Board of Home Missions of Canada and Christian Reformed Word Missions of Canada. The amalgamated Organization has retained the legal name of The Christian Reformed Church in North America - Canada Corporation. Furthermore, effective July 1, 2017, the Christian Reformed Board of Home Missions of Canada and Christian Reformed Word Missions of Canada have ceased to exist as separate organizations having their own activities and the respective corporations and registered charity status have been discontinued.

The Christian Reformed Church in North America - Canada Corporation Notes to Financial Statements

June 30, 2018

2. Amalgamation (Continued)

The amalgamation of the assets, obligations, employees and operations of the previously separate organizations does not constitute an acquisition as neither The Christian Reformed Church in North America - Canada Corporation, the Christian Reformed Board of Home Missions of Canada and Christian Reformed World Missions of Canada have control or rights of precedence over the other following the amalgamation. In this amalgamation transaction, the pooling of interests method has been applied to combine the assets, obligations, employees and operations of the amalgamating organizations. The financial statements of the amalgamating organizations for the year ended June 30, 2017 have been combined to reflect the financial position, results of operations and cash flows as if the operations of the amalgamating organizations had been combined from inception.

The operations of the amalgamated Organization are governed by a Board of Directors that includes representation from each of the amalgamated organizations. For presentation purposes, the Christian Reformed Board of Home Missions of Canada and Christian Reformed World Missions of Canada will operate as a single ministry department known as "Resonate Global Mission".

3. Investments and Bank Loan

The funds on deposit from CRCNA agencies and associated churches are accumulated with the Canadian Imperial Bank of Commerce in a cash concentration account ("CCA").

The bank loan was taken out by the Organization to finance its investment portfolio, which provides security for the loans. The Organization pays interest at prime on the loan only to the extent that its loan balance exceeds the accumulated balance in the CCA. If the balance in the CCA exceeds the loan balance, interest is paid to the Organization by its banker. The bank loan has no fixed terms of repayment and no covenants.

The investment portfolio is comprised of the following:

	2018	2017
Cash (overdraft)	\$ 33,503	\$ (110,825)
Short-term notes	1,323,823	1,422,811
Canadian bonds	16,474,303	16,419,139
Pooled funds	7,980,213	7,391,490
	25,811,842	25,122,615
Investment with Christian Stewardship Services	322,271	310,195
	\$ 26,134,113	\$ 25,432,810

The effective interest rate on the short-term notes during the year varied from 1.211% to 1.324% and mature within three months of the year end. The effective interest rate on the Canadian bonds during the year varied from 1.40% to 5.34%. The maturities of these bonds range from October 11, 2018 to June 1, 2026.

**The Christian Reformed Church in North America -
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Notes to Financial Statements**

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3. Investments and Bank Loan (Continued)

Investment income received by the Organization from its investment portfolio is used to pay interest to the various CRCNA agencies and churches. Any excess of investment income received by the Organization over the amount paid to agencies and churches is retained by the Organization for its own purposes.

4. Related Party Balances and Transactions

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

	2018	2017
Due from related parties		
Due from Back to God Ministries International	\$ -	\$ 33,069
Due from The Christian Reformed Board of Home Missions of Canada	-	17,305
Due from the Christian Reformed Church in North America - Foundation	-	8,767
Due from Christian Reformed World Missions of Canada	-	35,831
Due from various other denominational organizations	89,606	96,710
	\$ 89,606	\$ 191,682
	2018	2017
Due to related parties		
Due to The Christian Reformed Church in North America - U.S.	\$ (2,788,562)	\$ (469,415)
Due to Back to God Ministries International	(70,304)	-
Due to The Christian Reformed Board of Home Missions a Michigan non-profit corporation	-	(801,315)
Due to CRWM USA	-	(60,537)
Due to World Renew	(1,913,407)	(1,866,967)
Due to various other denominational organizations	(75,593)	(56,965)
	\$ (4,847,866)	\$ (3,255,199)

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

During the year, \$1,175,150 (2017 - \$1,071,766) of expenses were allocated to the Organization from The Christian Reformed Church in North America, a Michigan non-profit corporation, and \$1,610,579 (2017 - \$1,536,143) of expenses were allocated by the Organization to The Christian Reformed Church in North America, a Michigan non-profit corporation.

**The Christian Reformed Church in North America -
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Notes to Financial Statements**

June 30, 2018

4. Related Party Balances and Transactions (Continued)

During the year, the Organization charged related Canadian organizations their proportionate share of office and related services totalling \$1,987,793 (2017 - \$1,808,587).

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

5. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 152,011	\$ -	\$ 152,011	\$ -
Building and building improvements	3,916,713	1,062,522	1,510,840	1,016,798
Computer equipment	300,940	208,751	245,139	197,699
Automotive equipment	90,204	79,369	90,204	72,200
Machinery and equipment	216,474	58,381	179,921	123,040
	4,676,342	1,409,023	2,178,115	1,409,737
Net book value		\$ 3,267,319		\$ 768,378

Included in building and building improvements is \$2,685,466 (2017 - \$279,593) of unamortized construction in progress. Amortization will begin subsequent to year end as the construction is complete and the building improvements are available for use.

6. Deferred Revenue

Deferred revenue represents funds received in advance for subscriptions to the Reformed Worship magazine.

	2018	2017
Balance, beginning of year	\$ 336	\$ 11,972
Amounts received during the year	-	1,408
Less: amounts recognized as revenue in the year	(336)	(13,044)
Balance, end of year	\$ -	\$ 336

**The Christian Reformed Church in North America -
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Notes to Financial Statements**

June 30, 2018

7. Net Assets

Unrestricted net assets includes the Organization's investment in capital assets. The change in the investment in capital assets is calculated as follows:

	2018	2017
Opening investment in capital assets	\$ 768,378	\$ 584,660
Acquisition of capital assets	2,611,298	287,543
Amortization	(112,357)	(103,825)
Closing investment in capital assets	\$ 3,267,319	\$ 768,378

8. Pension Plans

CRCNA 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 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 2018 was \$74,095 (2017 - \$73,690). The contributions were made for current service and these have been recognized in net income.

**The Christian Reformed Church in North America -
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Notes to Financial Statements**

June 30, 2018

8. Pension Plans (Continued)

Ordained Ministers (continued)

The funding valuation for the Plan shows a surplus of \$11,135,500 (2017 - \$7,455,700). The total required contributions to the Plan for 2018 are \$966,600 (2017 - \$3,147,700), which includes special payments totalling \$Nil (2017 - \$2,134,900), current service costs of \$618,000 (2017 - \$737,800) and administrative expenses of \$275,000 (2017 - \$275,000). During the year, the Organization transferred \$175,000 (2017 - \$482,200) to the Plan to fund past service costs. The expense has been included in the synod assembly, trustee, and committee expense, assistance and grants expense.

Unordained Employees

Unordained employees of the Christian Reformed Church are covered by a group registered retirement savings plan, under which CRCNA contributes a specified percentage of its employees' base salary. During the year ended June 30, 2018, the contributions to this plan were \$231,895 (2017 - \$235,048).

9. Commitments

As at June 30, 2018, the Organization is committed to capital expenditures of approximately \$114,250 in respect of building improvements which are scheduled for completion in fiscal 2019. The Organization has outstanding letters of guarantee totalling \$141,000 in connection with these building improvements.

10. Financial Instrument Risks

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 accounts receivable, due from related parties and fixed-income investments. 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. The Organization is exposed to currency risk on \$498,793 (2017 - \$416,279) of its due to related parties, as this amount is denominated in US dollars. This risk has not changed from the prior year.

**The Christian Reformed Church in North America -
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Notes to Financial Statements**

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10. Financial Instrument Risks (Continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization's exposure to this risk arises primarily from its investments with fixed interest rates and its bank loan. 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, due to related parties, and its bank loan. This risk has not changed from the prior year.