

CRCNA Funds, LLC

Financial Statements
Years Ended June 30, 2024 and 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



CRCNA Funds, LLC

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Years Ended June 30, 2024 and 2023

CRCNA Funds, LLC

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Independent Auditor's Report

The Board of Directors
CRCNA Funds, LLC
Grand Rapids, Michigan

Opinion

We have audited the financial statements of CRCNA Funds, LLC (the Company), which comprise the balance sheets as of June 30, 2024 and 2023, and 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

September 18, 2024

Financial Statements

CRCNA Funds, LLC

Balance Sheets

<i>June 30,</i>	2024	2023
Assets		
Cash and cash equivalents	\$ 645,277	\$ 585,589
Investments	19,612,029	21,439,625
Interest and dividends receivable	85,505	68,231
Total Assets	\$ 20,342,811	\$ 22,093,445
Liabilities and Member's Equity		
Liabilities		
Due to Christian Reformed Church in North America	\$ 12,552,476	\$ 15,027,001
Due to ReFrame Ministries	7,790,335	7,066,444
Total Liabilities	20,342,811	22,093,445
Member's Equity	-	-
Total Liabilities and Member's Equity	\$ 20,342,811	\$ 22,093,445

See accompanying notes to financial statements.

CRCNA Funds, LLC

Statements of Income

<i>Year ended June 30,</i>	2024	2023
Revenue and Other Support		
Investment return, net	\$ 2,249,363	\$ 1,776,288
Allocation of investment return, net	(2,249,363)	(1,776,288)
Total Revenue and Other Support	-	-
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, 2022	\$	-	\$	-	\$	-
Net income		-		-		-
Balance, June 30, 2023		-		-		-
Net income		-		-		-
Balance, June 30, 2024	\$	-	\$	-	\$	-

See accompanying notes to financial statements.

CRCNA Funds, LLC
Statements of Cash Flows

<i>Year ended June 30,</i>	2024	2023
Cash Flows from Operating Activities		
Net income	\$ -	\$ -
Adjustments to reconcile net income to net cash used in operating activities:		
Unrealized gain on investments	(825,739)	(1,020,555)
Realized gain on investments	(932,976)	(375,347)
Changes in assets and liabilities:		
Interest and dividends receivable	(17,274)	(31,138)
Due to Christian Reformed Church of North America	(2,474,525)	(1,211,882)
Due to ReFrame Ministries	723,891	488,198
Net Cash Used in Operating Activities	(3,526,623)	(2,150,724)
Cash Flows from Investing Activities		
Proceeds from the sale of investments	8,558,973	8,762,906
Purchases of investments	(4,972,662)	(6,559,091)
Net Cash Provided by Investing Activities	3,586,311	2,203,815
Net Increase in Cash	59,688	53,091
Cash and Cash Equivalents, beginning of year	585,589	532,498
Cash and Cash Equivalents, end of year	\$ 645,277	\$ 585,589

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, which include ReFrame Ministries and CRCNA. These investments were administered and managed by U.S. Trust Manager (Blackrock) and Merrill Lynch. 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 shares 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 cash on hand and highly liquid financial instruments with original maturities of less than three months when purchased.

Investments

CRCNA Funds values its investments at estimated 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 risks. 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 affect the amounts reported in the balance sheets.

Due to CRCNA Agencies

CRCNA Funds holds investments for the CRCNA agencies, and the investments and investment income are allocated to the various CRCNA agencies based on the agencies' shares of investment at the time of sale, purchase, or distribution.

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

CRCNA Funds, LLC

Notes to Financial Statements

Funds qualify for charitable contribution deductions according to Internal Revenue Service regulations. CRCNA Funds does not have any material uncertain tax positions.

Investment Return, Net

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

Adoption of New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The guidance is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years, with early adoption permitted. CRCNA Funds adopted ASU 2016-13 on July 1, 2023. This ASU requires financial assets measured on an amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The adoption did not have a material effect on the financial statements and related disclosures.

Subsequent Events

Management has evaluated subsequent events through September 18, 2024, 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

The amortized cost and estimated fair value of available-for-sale securities are as follows:

June 30, 2024

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Fixed-income portfolio:				
Government bonds	\$ 2,718,144	\$ 8,080	\$ (15,622)	\$ 2,710,602
Corporate bonds	1,425,053	5,185	(9,954)	1,420,284
Asset-backed securities	1,138,988	-	(82,168)	1,056,820
Total Fixed-Income Portfolio	5,282,185	13,265	(107,744)	5,187,706
Balanced income portfolio:				
Government bonds	4,227,226	9,800	(317,676)	3,919,350
Corporate bonds	1,557,069	15,952	(80,351)	1,492,670
Asset-backed securities	3,590,264	399,187	(134,391)	3,855,060
Equity securities	3,680,082	1,591,937	(114,776)	5,157,243
Total Balanced Income Portfolio	13,054,641	2,016,876	(647,194)	14,424,323
Total	\$ 18,336,826	\$ 2,030,141	\$ (754,938)	\$ 19,612,029

CRCNA Funds, LLC

Notes to Financial Statements

June 30, 2023

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Fixed-income portfolio:				
Government bonds	\$ 2,918,872	\$ -	\$ (61,371)	\$ 2,857,501
Corporate bonds	1,188,479	225	(40,870)	1,147,834
Asset-backed securities	1,035,496	-	(100,068)	935,428
Total Fixed-Income Portfolio	5,142,847	225	(202,309)	4,940,763
Balanced income portfolio:				
Government bonds	4,925,256	1,783	(420,025)	4,507,014
Corporate bonds	1,586,018	1,206	(154,388)	1,432,836
Asset-backed securities	4,352,001	279,657	(176,684)	4,454,974
Equity securities	5,207,375	1,101,589	(204,926)	6,104,038
Total Balanced Income Portfolio	16,070,650	1,384,235	(956,023)	16,498,862
Total	\$ 21,213,497	\$ 1,384,460	\$ (1,158,332)	\$ 21,439,625

A summary of the aggregated estimated fair values of available-for-sale securities with unrealized losses segregated by time period in an unrealized loss position is as follows:

June 30, 2024

	Less than 12 Months		12 Months or Greater		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Fixed-income portfolio:						
Government bonds	\$ -	\$ -	\$ 1,788,477	\$ (15,622)	\$ 1,788,477	\$ (15,622)
Corporate bonds	-	-	910,707	(9,954)	910,707	(9,954)
Asset-backed securities	1,056,820	(82,168)	-	-	1,056,820	(82,168)
Total Fixed-Income Portfolio	1,056,820	(82,168)	2,699,184	(25,576)	3,756,004	(107,744)
Balanced income portfolio:						
Government bonds	-	-	3,339,870	(317,676)	3,339,870	(317,676)
Corporate bonds	-	-	987,026	(80,351)	987,026	(80,351)
Asset-backed securities	1,366,485	(134,391)	-	-	1,366,485	(134,391)
Equity securities	688,877	(114,776)	-	-	688,877	(114,776)
Total Balanced Income Portfolio	2,055,362	(249,167)	4,326,896	(398,027)	6,382,258	(647,194)
Total	\$ 3,112,182	\$ (331,335)	\$ 7,026,080	\$ (423,603)	\$ 10,138,262	\$ (754,938)

CRCNA Funds, LLC

Notes to Financial Statements

June 30, 2023

	Less than 12 Months		12 Months or Greater		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Fixed-income portfolio:						
Government bonds	\$ -	\$ -	\$ 2,857,501	\$ (61,371)	\$ 2,857,501	\$ (61,371)
Corporate bonds	-	-	1,098,811	(40,870)	1,098,811	(40,870)
Asset-backed securities	935,428	(100,068)	-	-	935,428	(100,068)
Total Fixed-Income Portfolio	935,428	(100,068)	3,956,312	(102,241)	4,891,740	(202,309)
Balanced income portfolio:						
Government bonds	-	-	4,394,279	(420,025)	4,394,279	(420,025)
Corporate bonds	-	-	1,347,702	(154,388)	1,347,702	(154,388)
Asset-backed securities	2,337,285	(176,684)	-	-	2,337,285	(176,684)
Equity securities	1,083,218	(204,926)	-	-	1,083,218	(204,926)
Total Balanced Income Portfolio	3,420,503	(381,610)	5,741,981	(574,413)	9,162,484	(956,023)
Total	\$ 4,355,931	\$ (481,678)	\$ 9,698,293	\$ (676,654)	\$ 14,054,224	\$ (1,158,332)

Since the adoption of Topic 326, CRCNA Funds measures credit losses on government and corporate bonds on a collective basis by major security type with each type sharing similar risk characteristics and considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. The allowance for credit loss on investments is a contra asset valuation account that is deducted from the carrying amount of the investment to present the net amount expected to be collected. Investments are charged off against the allowance for credit loss when deemed uncollectible. Management considers (1) issuer bond ratings, (2) historical loss rates for given bond ratings, (3) the financial condition of the issuer, and (4) whether issuers continue to make timely principal and interest payments under the contractual terms of the investments. At June 30, 2024 and at adoption of Topic 326 on July 1, 2023, there was no allowance for credit loss related to investments.

For the period prior to July 1, 2023, investments with unrealized losses were considered impaired. Determining which investment securities were impaired was the first step in CRCNA Funds policies and procedures in assessing for other-than-temporary-impairment (OTTI). However, the principal considerations that CRCNA Funds based its OTTI analysis on were if CRCNA Funds intended to sell the impaired security or the amortized cost of the impaired security was not expected to be recovered. Recovery of the amortized cost required estimating the present value of the expected cash flows associated with the impaired security and estimating the expected recovery period.

Both of these estimates required the application of significant judgment and the consideration of a variety of factors. Such factors could be common to the market as a whole or specific to the impaired security issuer or its industry. If an OTTI was indicated, it would be separated into the amount of the total OTTI related to credit issues and the amount of the total OTTI related to all other factors, such as interest rates. The amount of the total OTTI related to credit issues was recognized in earnings. The amount of the total OTTI related to all other factors was recognized in other comprehensive income. Based on this approach, CRCNA Funds did not find any securities that it considered to be OTTI during the year ended June 30, 2023.

CRCNA Funds, LLC

Notes to Financial Statements

A summary of the amortized cost and estimated fair value of available-for-sale fixed-maturity securities at June 30, 2024, by contractual maturity, is provided below. The expected maturities may differ from the contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayments penalties.

June 30, 2024

	Amortized Cost	Estimated Fair Value
Due after one year through five years	\$ 5,516,274	\$ 5,478,998
Due after five years through ten years	2,230,499	2,132,428
Due after ten years	2,180,719	1,931,481
Asset-backed securities	4,729,252	4,911,879
Total	\$ 14,656,744	\$ 14,454,786

Major categories of CRCNA Funds' net investment income are summarized as follows:

<i>Year ended June 30,</i>	2024	2023
Investment return, net:		
Interest and dividends	\$ 618,562	\$ 507,412
Net unrealized gains	825,739	1,020,555
Net realized gains	932,976	375,347
Total Investment Return	2,377,277	1,903,314
Investment expense	(127,914)	(127,026)
Investment Return, Net	\$ 2,249,363	\$ 1,776,288

4. Fair Value Measurements

In accordance with the 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.

CRCNA Funds, LLC

Notes to Financial Statements

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

June 30, 2024

	Fair Value Measurements			Total
	Level 1	Level 2	Level 3	
Investments:				
Government, corporate and foreign bonds, and asset-backed securities	\$ 12,729,875	\$ 1,724,911	\$ -	\$ 14,454,786
Equities:				
Common stock	5,157,243	-	-	5,157,243
Total Investments	\$ 17,887,118	\$ 1,724,911	\$ -	\$ 19,612,029

June 30, 2023

	Fair Value Measurements			Total
	Level 1	Level 2	Level 3	
Investments:				
Government, corporate and foreign bonds, and asset-backed securities	\$ 11,965,347	\$ 3,370,240	\$ -	\$ 15,335,587
Equities:				
Common stock	6,104,038	-	-	6,104,038
Total Investments	\$ 18,069,385	\$ 3,370,240	\$ -	\$ 21,439,625