

The Christian Reformed Church in
North America - Canada Corporation
Financial Statements
For the year ended June 30, 2019

**The Christian Reformed Church in North
America - Canada Corporation
Financial Statements
For the year ended June 30, 2019**

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Independent Auditor's Report

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

Qualified Opinion

We have audited the 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, 2019, and the statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue and other support, excess of revenue over expenses, and cash flows from operations for the years ended June 30, 2019 and 2018, current assets as at June 30, 2019 and 2018, and net assets as at July 1 and June 30 for both the June 30, 2019 and 2018 years. Our audit opinion on the financial statements for the year ended June 30, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
October 8, 2019

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

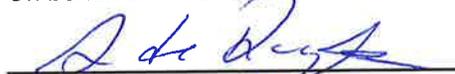
June 30, 2019

	Unrestricted	Restricted - Youth Ministries	Restricted - Resonate Global Mission	Total
Assets				
Current				
Cash	\$ 1,797,220	\$ 104,454	\$ 3,678,213	\$ 5,579,887
Investments (Note 2)	27,200,874	-	336,468	27,537,342
Due from related parties (Note 3)	111,066	-	-	111,066
Accounts receivable	91,522	20,741	6,427	118,690
Prepaid expenses	57,803	-	12,149	69,952
	29,258,485	125,195	4,033,257	33,416,937
Capital assets (Note 4)	3,321,317	-	-	3,321,317
	\$ 32,579,802	\$ 125,195	\$ 4,033,257	\$ 36,738,254

Liabilities

Current				
Accounts payable and accrued liabilities	\$ 679,381	\$ 5,289	\$ 586,775	\$ 1,271,445
Due to related parties (Note 3)	2,380,980	-	1,601,849	3,982,829
Bank loan (Note 2)	26,971,088	-	-	26,971,088
	30,031,449	5,289	2,188,624	32,225,362
Net Assets (Note 5)	2,548,353	119,906	1,844,633	4,512,892
	\$ 32,579,802	\$ 125,195	\$ 4,033,257	\$ 36,738,254

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

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, 2019

	Unrestricted	Restricted - Youth Ministries	Restricted - Resonate Global Mission	Total
Revenue and other support				
Denominational ministry shares	\$ 2,757,232	\$ -	\$ 2,581,966	\$ 5,339,198
Coordinated equipment usage, materials and service revenue	2,025,016	-	-	2,025,016
Investment income, net	510,855	-	86,402	597,257
Contributions from churches, agencies, and individuals	1,265,225	-	-	1,265,225
Youth ministries	-	306,498	-	306,498
Gifts and offerings				
Missionary and program support	-	-	1,785,910	1,785,910
Estates	-	-	269,353	269,353
General	-	-	799,324	799,324
Other	1,402,778	-	6,716	1,409,494
	7,961,106	306,498	5,529,671	13,797,275
Expenses				
Program services				
Coordinated support services	1,813,283	-	-	1,813,283
Synod assembly, trustee, and committee expense, assistance and grants	693,066	-	-	693,066
Ministry support services	607,390	-	-	607,390
Justice and mercy	1,328,644	-	-	1,328,644
Youth ministries	-	273,611	-	273,611
Faith formation	294,448	-	-	294,448
Leadership and strengthening churches	902,338	-	-	902,338
Worship	153,194	-	-	153,194
Resonate Global Mission	-	-	5,114,521	5,114,521
Total program services	5,792,363	273,611	5,114,521	11,180,495
Support services				
Management and general	520,506	-	-	520,506
Resource development	93,950	-	-	93,950
Total support services	614,456	-	-	614,456
	6,406,819	273,611	5,114,521	11,794,951
Excess of revenue and other support over expenses	1,554,287	32,887	415,150	2,002,324
Net assets, beginning of year	994,066	87,019	1,429,483	2,510,568
Net assets, end of year	\$ 2,548,353	\$ 119,906	\$ 1,844,633	\$ 4,512,892

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 (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
Estates	-	-	112,636	112,636
General	-	-	806,515	806,515
Other	512,438	-	11,231	523,669
	<u>5,934,342</u>	<u>284,537</u>	<u>5,360,983</u>	<u>11,579,862</u>
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	<u>5,237,146</u>	<u>257,951</u>	<u>5,375,118</u>	<u>10,870,215</u>
Support services				
Management and general	532,509	-	-	532,509
Resource development	61,991	-	-	61,991
Total support services	<u>594,500</u>	<u>-</u>	<u>-</u>	<u>594,500</u>
	<u>5,831,646</u>	<u>257,951</u>	<u>5,375,118</u>	<u>11,464,715</u>
Excess (deficiency) of revenue and other support over expenses	102,696	26,586	(14,135)	115,147
Net assets, beginning of year	<u>891,370</u>	<u>60,433</u>	<u>1,443,618</u>	<u>2,395,421</u>
Net assets, end of year	<u>\$ 994,066</u>	<u>\$ 87,019</u>	<u>\$ 1,429,483</u>	<u>\$ 2,510,568</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, 2019

	Program Services								Support Services			Total
	Allocated Central Support Services	Synod Assembly, Trustee, and Comm. Exp., Assist. and Grants	Ministry Support Services	Justice and Mercy	Youth Ministries	Faith Formation	Leadership and Strengthening Churches	Worship	Resonate Global Mission	Management and General	Resource Development	
Expenses												
Salaries	\$ 789,108	\$ -	\$ 339,586	\$ 557,076	\$ -	\$ 266,689	\$ 306,445	\$ -	\$ 1,695,355	\$ 180,326	\$ 51,959	\$ 4,186,544
Employee benefits	195,732	-	72,112	117,976	-	61,027	57,615	-	353,905	32,017	7,019	897,403
Communications	26,689	-	12,060	11,425	14,355	678	5,286	420	6,127	2,897	6,273	86,210
Mailing	79,568	11,268	105,888	11,227	-	1,602	2,178	4,079	21,872	4,834	6,498	249,014
Travel	7,572	95,093	6,374	70,177	663	33,564	31,612	436	162,874	18,980	8,101	435,446
Dues and subscriptions	1,261	18,500	1,254	1,936	-	444	215	-	5,874	1,004	-	30,488
Insurance	10,062	-	-	-	540	-	-	-	2,969	-	-	13,571
Interest and bank fees (recovery)	7,396	-	-	-	-	-	-	-	5,850	(5,285)	-	7,961
Legal and professional	5,312	-	23,060	131,610	68,139	75	64,322	1,012	86,569	43,336	-	423,435
Supplies	38,813	-	359	2,409	6,655	879	880	-	4,775	989	422	56,181
Telecommunications	71,928	-	-	1,322	-	1,331	-	-	1,914	-	-	76,495
Other office costs	16,365	700	891	11,599	3,782	719	3,668	50	10,162	1,169	181	49,286
Repairs and maintenance	73,961	-	-	-	-	-	-	-	-	-	-	73,961
Rent	1,786	-	-	7,620	-	-	-	-	-	-	-	9,406
Utilities	29,881	-	-	-	-	-	-	-	-	-	-	29,881
Deputation	-	-	-	-	-	-	-	-	15,381	-	-	15,381
Amortization	261,958	-	-	-	-	-	-	-	-	-	-	261,958
Other facilities	26,663	-	-	-	-	-	-	-	-	-	-	26,663
Training and conferences	2,089	1,700	559	35,387	179,477	28,835	179,740	1,179	53,425	1,320	33	483,744
Leadership training	-	83,566	-	-	-	-	-	-	-	-	-	83,566
Grants	-	-	-	653,586	-	-	7,130	-	451,121	-	-	1,111,837
Cost sharing - US	-	482,239	(17,503)	(360,306)	-	(127,546)	203,410	146,018	841,828	54,810	686	1,223,636
Total	1,646,144	693,066	544,640	1,253,044	273,611	268,297	862,501	153,194	3,720,001	336,397	81,172	9,832,067
Allocated central support services	167,139	-	62,750	75,600	-	26,151	39,837	-	311,371	184,109	12,778	879,735
Field costs	-	-	-	-	-	-	-	-	1,083,149	-	-	1,083,149
	167,139	-	62,750	75,600	-	26,151	39,837	-	1,394,520	184,109	12,778	1,962,884
Total expenses	\$ 1,813,283	\$ 693,066	\$ 607,390	\$ 1,328,644	\$ 273,611	\$ 294,448	\$ 902,338	\$ 153,194	\$ 5,114,521	\$ 520,506	\$ 93,950	\$ 11,794,951

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
	Allocated Central Support Services	Synod Assembly, Trustee, and Comm. Exp., Assist. and Grants	Ministry Support Services	Justice and Mercy	Youth Ministries	Faith Formation	Leadership and Strengthening Churches	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
Communications	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 and bank fees (recovery)	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
Telecommunications	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 6)	-	175,000	-	-	-	-	-	-	-	-	-	175,000
Grants	-	-	-	424,529	-	-	29,015	1,000	500,594	-	-	955,138
Cost sharing - US	-	344,548	(18,482)	(322,086)	-	(155,430)	434,684	141,581	1,768,061	33,356	11,816	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 central support services	157,693	-	57,813	60,519	-	39,595	17,056	-	-	157,011	9,709	499,396
Field costs	-	-	-	-	-	-	-	-	940,836	-	-	940,836
	157,693	-	57,813	60,519	-	39,595	17,056	-	940,836	157,011	9,709	1,440,232
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
Statement of Cash Flows**

For the year ended June 30	2019	2018
Cash flows from operating activities		
Excess of revenue and other support over expenses	\$ 2,002,324	\$ 115,147
Adjustments to reconcile excess of revenue and other support over expenses to net cash provided by operating activities		
Amortization of capital assets	261,958	112,357
Unrealized foreign exchange loss on due to related parties	455,857	663,943
Unrealized loss (gain) on investments	(435,166)	315,267
Changes in non-cash working capital balances		
Accounts receivable	79,426	(53,873)
Due from related parties	(21,460)	102,076
Prepaid expenses	(51,375)	12,750
Accounts payable and accrued liabilities	(135,719)	346,411
Due to related parties	(1,320,894)	928,724
	834,951	2,542,802
Cash flows from investing activities		
Acquisition of capital assets	(315,956)	(2,611,298)
Purchase of investments	(13,805,144)	(13,290,429)
Sale of investments	12,837,081	12,273,859
	(1,284,019)	(3,627,868)
Cash flows from financing activity		
Advances from bank loan	938,549	3,236,251
Net increase in cash	489,481	2,151,185
Cash, beginning of year	5,090,406	2,939,221
Cash, end of year	\$ 5,579,887	\$ 5,090,406

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, 2019

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, 2019

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 \$5,285 (2018 - \$23,960) are included in management and general support service expenses. Foreign exchange gains of \$2,755 (2018 - losses of \$(45,209)) are included in Resonate Global Mission support service expenses. Unrealized foreign exchange losses of \$455,857 (2018 - \$663,943) 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 \$26,498 (2018 - \$56,348) and machinery and equipment of \$5,675 (2018 - \$56,723).

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, 2019

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 at initial recognition. 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. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Income Taxes

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

2. 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 Christian Reformed Church in North America -
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June 30, 2019

2. Investments and Bank Loan (Continued)

The investment portfolio is comprised of the following:

	2019	2018
Cash	\$ 48,156	\$ 33,503
Short-term notes	1,321,821	1,323,823
Canadian bonds	17,191,060	16,474,303
Pooled funds	8,639,837	7,980,213
	27,200,874	25,811,842
Investment with Christian Stewardship Services	336,468	322,271
	\$ 27,537,342	\$ 26,134,113

The effective interest rate on the short-term notes during the year varied from 1.668% to 1.680% and mature within three months of the year end. The effective interest rate on the Canadian bonds during the year varied from 1.400% to 5.340%. The maturities of these bonds range from January 23, 2020 to June 1, 2026.

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.

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

June 30, 2019

3. Related Party Balances and Transactions

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

	2019	2018
Due from related parties		
Due from Back to God Ministries International	\$ 24,469	\$ -
Due from various other denominational organizations	86,597	89,606
	\$ 111,066	\$ 89,606
	2019	2018
Due to related parties		
Due to The Christian Reformed Church in North America - U.S.	\$ (1,936,392)	\$ (2,788,562)
Due to Back to God Ministries International	-	(70,304)
Due to World Renew	(1,961,039)	(1,913,407)
Due to various other denominational organizations	(85,398)	(75,593)
	\$ (3,982,829)	\$ (4,847,866)

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

During the year, \$1,198,644 (2018 - \$1,175,150) of expenses were allocated to the Organization from The Christian Reformed Church in North America, a Michigan non-profit corporation, and \$1,580,452 (2018 - \$1,610,579) of expenses were allocated by the Organization to The Christian Reformed Church in North America, a Michigan non-profit corporation.

During the year, the Organization charged related Canadian organizations their proportionate share of office and related services totalling \$2,023,555 (2018 - \$1,987,793).

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

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

June 30, 2019

4. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 152,011	\$ -	\$ 152,011	\$ -
Building and building improvements	4,192,011	1,243,619	3,916,713	1,062,522
Computer equipment	316,483	251,925	300,940	208,751
Automotive equipment	77,273	74,567	90,204	79,369
Machinery and equipment	223,982	70,332	216,474	58,381
	4,961,760	1,640,443	4,676,342	1,409,023
Net book value		\$ 3,321,317		\$ 3,267,319

5. 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:

	2019	2018
Opening investment in capital assets	\$ 3,267,319	\$ 768,378
Acquisition of capital assets	315,956	2,611,298
Amortization	(261,958)	(112,357)
Closing investment in capital assets	\$ 3,321,317	\$ 3,267,319

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

June 30, 2019

6. 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 2019 was \$74,915 (2018 - \$74,095). The contributions were made for current service and these have been recognized in operations.

The funding valuation for the Plan shows a surplus of \$9,293,600 (2018 - \$11,135,500). The total required contributions to the Plan for 2019 are \$1,127,700 (2018 - \$966,600), which includes special payments totalling \$Nil (2018 - \$Nil), current service costs of \$731,000 (2018 - \$618,000) and administrative expenses of \$308,300 (2018 - \$275,000). During the year, the Organization transferred \$Nil (2018 - \$175,000) 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, 2019, the contributions to this plan were \$255,266 (2018 - \$231,895).

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June 30, 2019

7. Commitments

As at June 30, 2019, the Organization has outstanding letters of guarantee totalling \$141,000 in connection with building improvements.

8. 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; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Organization's financial instruments that are exposed to concentrations of credit risk related primarily to its accounts receivable and due from related parties. The Organization is also exposed to credit risk arising from all of its bank accounts being held at one financial institution with deposits exceeding Canadian Deposit Insurance Corporation coverage limits. There have not been any changes in the risk from the prior year.

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter 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. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, due to related parties, bank loan, and commitments. There have not been any changes in the risk from the prior year.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price 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 \$1,936,392 (2018 - \$2,788,562) of its due to related parties, as this amount is denominated in US dollars. The Organization considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risks. There have not been any changes in the risk from the prior year.

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

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8. Financial Instrument Risks (Continued)

Market Risk (continued)

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 is exposed to interest rate risk on its fixed-interest instruments which include its investment with Christian Stewardship Services, its short-term notes, and bond portfolio. Fixed-interest instruments subject the Organization to a fair value risk. The Organization is also exposed to interest rate risk in relation to interest expense on its bank loan since the bank loan bears interest at a variable interest rate. Variable rate instruments subject the Organization to a cash flow risk. The interest rate risk related to the Organization's bank loan is mitigated by the fact that the Organization pays interest on the loan only to the extent that its loan balance exceeds the accumulated balance in its cash concentration account. There have not been any changes in the risk from the prior year.

The Organization invests in units of pooled funds, which in turn invest in a diversified portfolio of assets. While the underlying investments of the pooled funds may be susceptible to both currency and interest rate risk, the Organization is not directly holding the investments denominated in a foreign currency or any interest-sensitive securities, with the exception of its investment with Christian Stewardship Services, its short-term notes, and bond portfolio. Accordingly, the Organization has no direct significant exposure to currency or interest rate risk as a result of its investment in pooled funds.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk through its investment in pooled funds. There have not been any changes in the risk from the prior year.

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		2019 Total	2018 Total
	Mission Innovation	Global Missions	North American Missions	Management and General	Resource Development		
Expenses							
Salaries	\$ 167,217	\$ 635,657	\$ 387,243	\$ 81,173	\$ 424,065	\$ 1,695,355	\$ 1,544,027
Employee benefits	36,359	125,642	77,527	18,935	95,442	353,905	316,904
Communications	312	47	1,346	217	4,205	6,127	5,381
Mailing	27	22	40	454	21,329	21,872	34,710
Travel	22,811	15,732	52,386	7,069	64,876	162,874	111,213
Dues and subscriptions	1,544	38	721	2,822	749	5,874	13,496
Insurance	-	-	-	2,969	-	2,969	-
Interest and bank fees (recovery)	-	-	-	(2,755)	8,605	5,850	9,165
Legal and professional (recovery)	3,340	(7,871)	18,607	15,562	56,931	86,569	58,988
Supplies	494	-	929	2,110	1,242	4,775	3,024
Telecommunications	573	-	734	-	607	1,914	3,205
Other office costs	522	-	1,503	3,281	4,856	10,162	13,201
Deputation	-	-	-	-	15,381	15,381	11,535
Training and conferences	23,038	435	17,670	483	11,799	53,425	40,778
Grants	44,818	59,915	346,138	-	250	451,121	500,594
Cost sharing - US	436,026	340,770	-	79,845	(14,813)	841,828	1,768,061
Total	737,081	1,170,387	904,844	212,165	695,524	3,720,001	4,434,282
Allocated central support services and general	23,866	5,081	58,467	110,594	113,363	311,371	-
Field costs	-	1,083,149	-	-	-	1,083,149	940,836
Total expenses	\$ 760,947	\$ 2,258,617	\$ 963,311	\$ 322,759	\$ 808,887	\$ 5,114,521	\$ 5,375,118

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