



# **Christian Reformed Church Employees' Savings Plan**

**Reviewed Financial Statements**  
Years Ended December 31, 2019 and 2018

**Christian Reformed Church  
Employees' Savings Plan**

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Reviewed Financial Statements  
Years Ended December 31, 2019 and 2018

# Christian Reformed Church Employees' Savings Plan

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## Independent Accountant's Review Report

U.S. Pension Trustees  
Christian Reformed Church Employees' Savings Plan  
Grand Rapids, Michigan

We have reviewed the accompanying financial statements of the Christian Reformed Church Employees' Savings Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2019 and 2018, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Plan management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### *Accountant's Responsibility*

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### *Accountant's Conclusion*

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

May 28, 2020

# Christian Reformed Church Employees' Savings Plan

## Statements of Net Assets Available for Benefits

<i>December 31,</i>	2019	2018
<b>Assets</b>		
Participant-directed investments, at fair value:		
Self-directed brokerage	\$ 2,508,866	\$ 2,079,818
Mutual funds	32,758,220	28,038,059
Stable asset fund	3,259,289	3,367,524
<b>Total Assets</b>	<b>38,526,375</b>	<b>33,485,401</b>
<b>Liability</b>		
Due to Christian Reformed Church in North America	6,838	8,174
<b>Net Assets Available for Benefits</b>	<b>\$ 38,519,537</b>	<b>\$ 33,477,227</b>

*See accompanying independent accountant's review report  
and notes to financial statements.*

## Christian Reformed Church Employees' Savings Plan

### Statements of Changes in Net Assets Available for Benefits

<i>Year ended December 31,</i>	2019	2018
<b>Additions</b>		
Contributions:		
Participants	\$ 1,103,981	\$ 1,064,976
Participating employers	1,319,900	1,246,977
Rollover	111,714	8,787
<b>Total contributions</b>	<b>2,535,595</b>	<b>2,320,740</b>
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	5,566,554	(3,238,461)
Dividends and interest on investments	1,599,843	1,316,686
<b>Total investment income (loss)</b>	<b>7,166,397</b>	<b>(1,921,775)</b>
<b>Total Additions</b>	<b>9,701,992</b>	<b>398,965</b>
<b>Deductions</b>		
Distributions paid to retired or terminated participants	4,528,808	4,192,862
Administrative expenses	130,874	146,013
<b>Total Deductions</b>	<b>4,659,682</b>	<b>4,338,875</b>
Net increase (decrease)	5,042,310	(3,939,910)
<b>Net Assets Available for Benefits, beginning of year</b>	<b>33,477,227</b>	<b>37,417,137</b>
<b>Net Assets Available for Benefits, end of year</b>	<b>\$ 38,519,537</b>	<b>\$ 33,477,227</b>

*See accompanying independent accountant's review report  
and notes to financial statements.*

# Christian Reformed Church Employees' Savings Plan

## Notes to Financial Statements

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### 1. Plan Description

The Christian Reformed Church Employees' Savings Plan (the Plan) was established on January 1, 1967 as a defined contribution plan, and has been amended from time to time subsequent to that date. On January 1, 2012, the Plan was restated under Section 410(d) of the Internal Revenue Code. The Plan covers unordained employees of any Denominational Agency of the Christian Reformed Church in North America. Participants should refer to the Plan Document for a more complete description of the Plan's provisions. Employees of these organizations who are regularly scheduled to work 20 hours per week or more are eligible to enroll for the matching employer contribution on the first day of the month following employment.

The Plan provides for monthly contributions to the Plan by participating agencies in a match of up to 4% of the employees' compensation, with employer discretionary contributions up to an additional 6% of employees' compensation. Participants vest immediately on the matching contributions and 100% of the discretionary contributions after two years of employment.

Participants may direct the investment of their account balances among investment funds made available by the Plan. Annually, the employees' accounts are allocated a portion of the net investment earnings (losses) of the respective investment funds. Benefit payments to participants are recorded upon distribution.

Although the Plan is intended to be ongoing, the Christian Reformed Church in North America reserves the right to terminate the Plan and discontinue contributions at any time.

Upon termination from the Plan, each participant becomes eligible to receive his or her vested account balance as of their termination date, along with investment earnings thereon from the time of termination to withdrawal date. The non-vested portion of a terminated participant's account balance reduces future quarterly contributions of the related Denominational Agencies.

### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### *Investment Valuation and Income Recognition*

Investments are stated at fair value. Fair value is the price that would be received to sell an asset (an exit price) in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. (See Note 3 for discussion of fair value measurements.)

Net appreciation or depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Management fees and operating expenses charged to the Plan for investments in mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently,

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# Christian Reformed Church Employees' Savings Plan

## Notes to Financial Statements

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management fees and operating expenses are reflected as a reduction of investment return for such investments.

### ***Risks and Uncertainties***

The Plan utilizes various investment instruments, including mutual funds, self-directed brokerage accounts, and a stable asset fund. Investment securities, in general, are exposed to various risks such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

### ***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

### ***Subsequent Events***

Subsequent events have been evaluated by management through May 28, 2020, the date these financial statements were available to be issued.

### ***COVID-19***

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. As a result, the Plan's investment portfolio has incurred a significant decline in fair value since December 31, 2019. Because the values of the Plan's individual investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, and related impact on the Plan's liquidity cannot be determined at this time.

### ***CARES Act***

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act, among other things, includes several relief provisions available to tax-qualified retirement plans and their participants. Plan management is currently evaluating the impact of the CARES Act on the Plan's financial statements.

*See accompanying independent accountant's review report.*



# Christian Reformed Church Employees' Savings Plan

## Notes to Financial Statements

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We continue to examine the impact that the CARES Act may have on our business. Currently, we are unable to determine the impact that the CARES Act will have on our financial condition, results of operations, or liquidity.

### 3. Fair Value Measurements

Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset. The Plan utilizes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described as follows:

*Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets.

*Level 2* - Inputs to the valuation methodology include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, and other inputs that are observable or can be corroborated by observable market data.

*Level 3* - Inputs to the valuation methodology are both significant to the fair value measurement and unobservable.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

*Self-directed brokerage* - The Plan's self-directed funds are comprised of money market and mutual funds. The self-directed brokerage money markets are valued at the closing price of the money market at year-end. Because short-term obligations are not actively traded, the fair values are classified as Level 2 measurements. The self-directed brokerage mutual funds are valued at the closing price of the mutual fund reported at year-end. Because the mutual funds are actively traded, the fair values are classified as Level 1 estimates.

*Mutual funds* - The Plan's mutual funds are valued at the net asset value of shares held by the Plan at year-end. Because the mutual funds are actively traded, the fair values are classified as Level 1 estimates.

*Stable asset fund* - The fair value of the Plan's stable asset investment, the JPMorgan Stable Asset Income Fund (the Fund), is based on net asset value, as reported by the manager of the Fund, JPMorgan Chase Bank, NA. The Fund is a commingled pension trust fund that may invest in corporate and government bonds, money market funds, mortgage-backed securities, bond funds, other fixed-income securities, and insurance investment contracts. The Fund provides for daily redemption by the Plan at reported net asset value, with no advance notice requirements.

*See accompanying independent accountant's review report.*

# Christian Reformed Church Employees' Savings Plan

## Notes to Financial Statements

The following tables set forth the Plan's investments by level within the fair value hierarchy:

<i>December 31, 2019</i>	Fair Value Measurements			Total
	Level 1	Level 2	Level 3	
Self-directed brokerage	\$ 2,028,286	\$ 480,580	\$ -	\$ 2,508,866
Mutual funds	32,758,220	-	-	32,758,220
Total investments in the fair value hierarchy	34,786,506	480,580	-	35,267,086
Total investments at net asset value*				3,259,289
<b>Total Participant-Directed Investments, at fair value</b>	<b>\$ 34,786,506</b>	<b>\$ 480,580</b>	<b>\$ -</b>	<b>\$ 38,526,375</b>

<i>December 31, 2018</i>	Fair Value Measurements			Total
	Level 1	Level 2	Level 3	
Self-directed brokerage	\$ 1,736,968	\$ 342,850	\$ -	\$ 2,079,818
Mutual funds	28,038,059	-	-	28,038,059
Total investments in the fair value hierarchy	29,775,027	342,850	-	30,117,877
Total investments at net asset value*				3,367,524
<b>Total Participant-Directed Investments, at fair value</b>	<b>\$ 29,775,027</b>	<b>\$ 342,850</b>	<b>\$ -</b>	<b>\$ 33,485,401</b>

\* The investment in the stable asset fund is measured at fair value using the net asset value per share (or its equivalent) as a practical expedient and has not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

#### 4. Expenses and Transactions With Other Denominational Entities

Administrative expenses include costs of \$83,530 in 2019 and \$97,581 in 2018, which were paid by The Christian Reformed Church in North America Denominational Services and allocated to the Plan.

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# Christian Reformed Church Employees' Savings Plan

## Notes to Financial Statements

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### 5. Income Tax Status

The Plan is part of the Christian Reformed Church in North America and, under Internal Revenue Service regulations, is exempt from taxation. The Plan is also exempt from the reporting requirements of the Employee Retirement Income Security Act of 1974. Plan management has analyzed the tax positions taken by the Plan and has concluded that, as of December 31, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there currently are no audits for any tax periods in progress.

*See accompanying independent accountant's review report.*