

**THE ASSOCIATION CLASSIS ALBERTA NORTH OF THE
CHRISTIAN REFORMED CHURCH IN NORTH AMERICA**

Financial Statements

Year Ended December 31, 2022

HALPERT MONSMA

Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Association Classis Alberta North of the Christian Reformed Church in North America

Qualified Opinion

We have audited the financial statements of The Association Classis Alberta North of the Christian Reformed Church in North America (the "Association"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets 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 Association as at December 31, 2022, and the results of its operations and 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 Association derives revenue from certain activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation of 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 Association in accordance with 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 the 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Members of The Association Classis Alberta North of the Christian Reformed Church in North America (*continued*)

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 Association'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 Association'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 Association 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.

Halpert Monsma

Edmonton, Alberta
February 6, 2023

Chartered Professional Accountants

**THE ASSOCIATION CLASSIS ALBERTA NORTH OF THE CHRISTIAN REFORMED
CHURCH IN NORTH AMERICA**

**Statement of Operations
Year Ended December 31, 2022**

	Budget 2022 <i>(Note 10)</i>	2022	2021
REVENUES			
Ministry shares	\$ 410,133	\$ 329,829	\$ 359,732
Cost sharing and donations	3,000	597	2,594
Deferred contributions recognized as revenue <i>(Note 7)</i>	10,000	17,722	25,760
Interest income	-	4,507	757
	423,133	352,655	388,843
EXPENSES			
Amortization	800	663	663
Conferences and training	21,100	3,954	6,903
Insurance	2,500	2,462	1,903
Meetings and travel	26,250	31,787	6,745
Ministry grants	58,500	62,722	69,760
Operating supplies and services	26,175	23,953	20,330
Professional fees	8,400	7,827	7,852
Reserve for forgiveness of student loans <i>(Note 4)</i>	36,000	31,000	49,700
Reversal of reserve for forgiveness of student loans <i>(Note 4)</i>	-	(2,400)	-
Salaries, honoraria and benefits	243,408	238,846	231,454
Write-off of student loans <i>(Note 4)</i>	-	11,455	-
	423,133	412,269	395,310
DEFICIENCY OF REVENUES OVER EXPENSES	\$ -	\$ (59,614)	\$ (6,467)

THE ASSOCIATION CLASSIS ALBERTA NORTH OF THE CHRISTIAN REFORMED CHURCH IN NORTH AMERICA

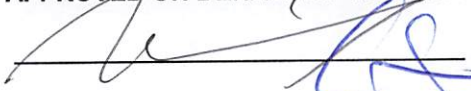
Statement of Changes in Net Assets
Year Ended December 31, 2022

	Invested in Equipment	Internally Restricted	Accumulated Operating Surplus	Total 2022	Total 2021
NET ASSETS - BEGINNING OF YEAR	\$ 2,539	\$ 55,765	\$ 581,418	\$ 639,722	\$ 646,189
Deficiency of revenues over expenses	-	-	(59,614)	(59,614)	(6,467)
Interest income	-	42	(42)	-	-
Amortization	(663)	-	663	-	-
Home Missions reserve (<i>Note 8</i>)	-	53,000	(53,000)	-	-
Contribution restricted to Home Mission	-	233	(233)	-	-
Church plants	-	(53,000)	53,000	-	-
NET ASSETS - END OF YEAR	<u>\$ 1,876</u>	<u>\$ 56,040</u>	<u>\$ 522,192</u>	<u>\$ 580,108</u>	<u>\$ 639,722</u>

**THE ASSOCIATION CLASSIS ALBERTA NORTH OF THE CHRISTIAN REFORMED
CHURCH IN NORTH AMERICA**
Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 188,450	\$ 376,311
Term deposits	350,816	350,000
Interest receivable	2,380	-
Loan receivable (Note 3)	40,000	-
Goods and services tax recoverable	589	472
Prepaid expenses	2,552	550
	<u>584,787</u>	<u>727,333</u>
STUDENT LOANS RECEIVABLE (Note 4)	821	11,455
EQUIPMENT (Note 5)	1,876	2,540
ART WORK	5,590	5,590
	<u>\$ 593,074</u>	<u>\$ 746,918</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,997	\$ 23,963
Trust liabilities (Note 6)	4,919	83,233
Deferred contributions (Note 7)	50	-
	<u>12,966</u>	<u>107,196</u>
NET ASSETS		
INVESTED IN EQUIPMENT	1,876	2,539
INTERNALLY RESTRICTED	56,040	55,765
ACCUMULATED OPERATING SURPLUS	522,192	581,418
	<u>580,108</u>	<u>639,722</u>
	<u>\$ 593,074</u>	<u>\$ 746,918</u>

APPROVED ON BEHALF OF THE BOARD

 Chair

 Treasurer

**THE ASSOCIATION CLASSIS ALBERTA NORTH OF THE CHRISTIAN REFORMED
CHURCH IN NORTH AMERICA**

**Statement of Cash Flows
Year Ended December 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (59,614)	\$ (6,467)
Items not affecting cash:		
Amortization	663	663
Reserve for forgiveness of student loans	31,000	49,700
Reversal of reserve for forgiveness of student loans	(2,400)	-
Write-off of student loans	11,455	-
	<u>(18,896)</u>	43,896
Changes in non-cash working capital:		
Interest receivable	(2,380)	484
Loan receivable	(40,000)	-
Goods and services tax recoverable	(117)	(95)
Prepaid expenses	(2,002)	950
Accounts payable and accrued liabilities	(15,965)	11,291
Trust liabilities	(78,314)	(29,767)
Deferred contributions	50	-
	<u>(138,728)</u>	(17,137)
Cash flow from (used by) operating activities	<u>(157,624)</u>	26,759
INVESTING ACTIVITIES		
Purchase of term deposits	(350,816)	(150,000)
Redemption of term deposits	350,000	-
Cash flow used by investing activities	<u>(816)</u>	(150,000)
FINANCING ACTIVITIES		
Advances of student loans (Note 4)	(31,000)	(26,400)
Repayment of student loans (Note 4)	1,579	-
Cash flow used by financing activities	<u>(29,421)</u>	(26,400)
DECREASE IN CASH	<u>(187,861)</u>	(149,641)
Cash - beginning of year	376,311	525,952
CASH - END OF YEAR	<u>\$ 188,450</u>	<u>\$ 376,311</u>

**THE ASSOCIATION CLASSIS ALBERTA NORTH OF THE CHRISTIAN REFORMED
CHURCH IN NORTH AMERICA**
Notes to Financial Statements
Year Ended December 31, 2022

1. DESCRIPTION OF OPERATIONS

The Association Classis Alberta North of the Christian Reformed Church in North America (the "Association") is a not-for-profit organization incorporated under the Alberta Societies Act and is a registered charity under the Income Tax Act.

The purposes of the Association are to encourage member congregations to faithful and creative ministry, to jointly undertake ministries of common interest, and to participate in denominational ministries and governance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a straight-line basis at the following rates and methods:

Computer equipment	5 years
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Government grants are treated as a reduction of equipment cost.

Revenue recognition

The Association follows the deferral method of accounting for contributions.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Other revenues are recognized as revenue when received.

Volunteered services

The work of the Association is dependent on the voluntary services of many members. The value of donated services is not recognized in these statements.

Income taxes

The Association is exempt from income taxes under subsection 149(1)(f) of the Income Tax Act.

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Notes to Financial Statements
Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Measurement uncertainty

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. In particular, estimates are used for accounting for certain items such as useful lives of equipment and reserves for student loans receivable.

3. LOAN RECEIVABLE

The Association advanced \$40,000 to LaGlace Christian Reformed Church to assist in the church's dissolution process. The loan is non-interest bearing and will be repaid by proceeds from the sale of the church property or parsonage, whichever sale occurs first.

4. STUDENT LOANS RECEIVABLE

The Association provides non-interest bearing loans to individuals who are preparing to enter into full-time ministry in the Christian Reformed Church. The recipients sign loan agreements when the funds are advanced. When the individuals enter into full-time ministry in the Christian Reformed Church, the loans are forgiven at a rate of 20% per year. An allowance is provided for loans that the Association considers uncollectible or that the Association intends to forgive.

	<u>2022</u>	<u>2021</u>
Loans receivable		
Opening balances	\$ 190,004	\$ 186,712
Advances	31,000	26,400
Repayments	(1,579)	-
Loans forgiven, previously set up as a reserve	(23,108)	(23,108)
Write-off of loans	(11,455)	-
Ending balance	<u>184,862</u>	<u>190,004</u>
Reserve		
Opening balance	178,549	151,957
Reserve for forgiveness of student loans	31,000	49,700
Reversal of reserve for forgiveness of student loans	(2,400)	-
Loans forgiven, previously set up as a reserve	(23,108)	(23,108)
Ending balance	<u>184,041</u>	<u>178,549</u>
Net student loans receivable	<u>\$ 821</u>	<u>\$ 11,455</u>

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Notes to Financial Statements
Year Ended December 31, 2022

5. EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 3,313	\$ 1,437	\$ 1,876	\$ 2,540

6. TRUST LIABILITIES

	The King's University	Various causes	2022	2021
Balance, beginning of year	\$ 80,862	\$ 2,371	\$ 83,233	\$ 113,000
Ministry shares received	227,394	-	227,394	251,820
Specified funds received	-	1,914	1,914	2,110
Ministry shares remitted	(303,337)	-	(303,337)	(282,186)
Specified funds remitted	-	(4,285)	(4,285)	(1,511)
Balance, end of year	\$ 4,919	\$ -	\$ 4,919	\$ 83,233

The Association collects ministry shares from member congregations on behalf of The King's University. The receipts are remitted to The King's University on a quarterly basis.

The Association also collects funds from member congregations which are specified for various causes such as The King's University and other projects. The Association remits these funds to the designated causes as specified.

7. DEFERRED CONTRIBUTIONS

	Balance, beginning of year	Funds received	Recognized as revenue	Balance, end of year
Campus ministries	\$ -	\$ 10,000	\$ 10,000	\$ -
Cuba Connection	-	7,772	7,722	50
	\$ -	\$ 17,772	\$ 17,722	\$ 50

Deferred contributions are unspent restricted contributions designated for future specified projects.

8. HOME MISSIONS RESERVE

Each year, the committee for Home Missions determines an amount to be set aside for church plant projects. This amount is recorded as internally restricted.

9. RELATED PARTY TRANSACTIONS

The Association paid honoraria and fees for professional services to members of the Board of Directors totaling \$15,128 (2021 - \$14,500).

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10. BUDGET

The budget was approved by the Association on October 16, 2021. The budgeted amounts have been provided for information purposes only and are unaudited.
