

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

Financial Statements

Year Ended December 31, 2023

HALPERT MONSMA

Chartered Professional Accountants

15604 Stony Plain Road
Edmonton AB T5P 3Z4

Phone (780) 484-1110
Fax (780) 489-4519

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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 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.

(continues)

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, 2024

Chartered Professional Accountants

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

**Statement of Operations
Year Ended December 31, 2023**

	Budget 2023 <i>(Note 11)</i>	2023	2022
REVENUES			
Ministry shares	\$ 430,920	\$ 336,551	\$ 329,829
Cost sharing and donations	3,000	10,033	597
Deferred contributions recognized as revenue <i>(Note 6)</i>	10,000	24,325	17,722
Interest income	-	14,945	4,507
	443,920	385,854	352,655
EXPENSES			
Amortization	670	663	663
Bank charges and credit card discounts	-	194	-
Conferences and training	25,050	17,656	3,954
Insurance	2,500	2,611	2,462
Meetings and travel	29,200	38,607	31,787
Ministry grants	58,500	156,571	62,722
Operating supplies and services	29,773	21,222	23,953
Professional fees	8,000	18,221	7,827
Reserve for forgiveness of student loans <i>(Note 3)</i>	36,000	27,665	31,000
Reversal of reserve for forgiveness of student loans <i>(Note 3)</i>	-	-	(2,400)
Reversal of write-off of student loan <i>(Note 3)</i>	-	(3,580)	-
Salaries, honoraria and benefits	254,227	221,888	238,846
Settlement <i>(Note 7)</i>	-	15,000	-
Write-off of student loans <i>(Note 3)</i>	-	821	11,455
	443,920	517,539	412,269
DEFICIENCY OF REVENUES OVER EXPENSES	\$ -	\$ (131,685)	\$ (59,614)

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

Statement of Changes in Net Assets
Year Ended December 31, 2023

	Invested in Equipment	Internally Restricted	Accumulated Operating Surplus	Total 2023	Total 2022
NET ASSETS - BEGINNING OF YEAR	\$ 1,876	\$ 56,040	\$ 522,192	\$ 580,108	\$ 639,722
Deficiency of revenues over expenses	-	-	(131,685)	(131,685)	(59,614)
Interest income	-	42	(42)	-	-
Amortization	(663)	-	663	-	-
Home Missions reserve (<i>Note 8</i>)	-	53,000	(53,000)	-	-
NET ASSETS - END OF YEAR	\$ 1,213	\$ 109,082	\$ 338,128	\$ 448,423	\$ 580,108

**THE ASSOCIATION CLASSIS ALBERTA NORTH OF THE CHRISTIAN REFORMED
CHURCH IN NORTH AMERICA**
Statement of Financial Position
December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 278,189	\$ 188,450
Term deposits	200,000	350,816
Interest receivable	1,665	2,380
Loan receivable	-	40,000
Goods and services tax recoverable	638	589
Prepaid expenses	1,102	2,552
	481,594	584,787
STUDENT LOANS RECEIVABLE (Note 3)	-	821
EQUIPMENT (Note 4)	1,213	1,876
ART WORK	5,590	5,590
	\$ 488,397	\$ 593,074
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 8,399	\$ 7,997
Trust liabilities (Note 5)	3,961	4,919
Deferred contributions (Note 6)	12,614	50
Contingent liability (Note 7)	15,000	-
	39,974	12,966
NET ASSETS		
INVESTED IN EQUIPMENT	1,213	1,876
INTERNALLY RESTRICTED	109,082	56,040
ACCUMULATED OPERATING SURPLUS	338,128	522,192
	448,423	580,108
	\$ 488,397	\$ 593,074

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, 2023**

	2023	2022
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (131,685)	\$ (59,614)
Items not affecting cash:		
Amortization	663	663
Reserve for forgiveness of student loans	27,665	31,000
Reversal of reserve for forgiveness of student loans	-	(2,400)
Reversal of write-off of student loan	(3,580)	-
Write-off of student loans	821	11,455
	<u>(106,116)</u>	<u>(18,896)</u>
Changes in non-cash working capital:		
Interest receivable	715	(2,380)
Loan receivable	40,000	(40,000)
Goods and services tax recoverable	(49)	(117)
Prepaid expenses	1,450	(2,002)
Accounts payable and accrued liabilities	402	(15,965)
Trust liabilities	(958)	(78,314)
Deferred contributions	12,564	50
Contingent liability	15,000	-
	<u>69,124</u>	<u>(138,728)</u>
Cash flow used by operating activities	<u>(36,992)</u>	<u>(157,624)</u>
INVESTING ACTIVITIES		
Purchase of term deposits	(200,000)	(350,816)
Redemption of term deposits	350,816	350,000
Cash flow from (used by) investing activities	<u>150,816</u>	<u>(816)</u>
FINANCING ACTIVITIES		
Advances of student loans (<i>Note 3</i>)	(27,665)	(31,000)
Repayment of student loans (<i>Note 3</i>)	3,580	1,579
Cash flow used by financing activities	<u>(24,085)</u>	<u>(29,421)</u>
INCREASE (DECREASE) IN CASH	89,739	(187,861)
Cash - beginning of year	<u>188,450</u>	<u>376,311</u>
CASH - END OF YEAR	\$ 278,189	\$ 188,450

**THE ASSOCIATION CLASSIS ALBERTA NORTH OF THE CHRISTIAN REFORMED
CHURCH IN NORTH AMERICA**
Notes to Financial Statements
Year Ended December 31, 2023

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
--------------------	---------

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.

(continues)

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

Notes to Financial Statements

Year Ended December 31, 2023

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. 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.

	2023	2022
Loans receivable		
Opening balances	\$ 184,862	\$ 190,004
Advances	27,665	31,000
Repayments	(3,580)	(1,579)
Loans forgiven, previously set up as a reserve	(18,177)	(23,108)
Write-off of student loans	(821)	(11,455)
Reversal of write-off of student loans	3,580	-
	193,529	184,862
Reserve		
Opening balance	184,041	178,549
Reserve for forgiveness of student loans	27,665	31,000
Reversal of reserve for forgiveness of student loans	-	(2,400)
Loans forgiven, previously set up as a reserve	(18,177)	(23,108)
	193,529	184,041
Net student loans receivable	\$ -	\$ 821

4. EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	\$ 3,313	\$ 2,100	\$ 1,213	\$ 1,876

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

Notes to Financial Statements

Year Ended December 31, 2023

5. TRUST LIABILITIES

	The King's University	Various causes	2023	2022
Balance, beginning of year	\$ 4,919	\$ -	\$ 4,919	\$ 83,233
Ministry shares received	244,698	-	244,698	227,394
Specified funds received	-	2,848	2,848	1,914
Ministry shares remitted	(246,005)	-	(246,005)	(303,337)
Specified funds remitted	-	(2,499)	(2,499)	(4,285)
Balance, end of year	<u>\$ 3,612</u>	<u>\$ 349</u>	<u>\$ 3,961</u>	<u>\$ 4,919</u>

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.

6. DEFERRED CONTRIBUTIONS

	Balance, beginning of year	Funds received	Recognized as revenue	Balance, end of year
Campus ministries - University of Alberta	\$ -	\$ 11,400	\$ 11,400	\$ -
Campus ministries - NAIT	-	15,000	3,454	11,546
Cuba Connection	50	9,421	9,471	-
Home Mission	-	1,068	-	1,068
	<u>\$ 50</u>	<u>\$ 36,889</u>	<u>\$ 24,325</u>	<u>\$ 12,614</u>

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

7. CONTINGENT LIABILITY

During the year the Association was notified of an apparent copyright breach. No legal proceedings have commenced, but management estimates a possible settlement of \$15,000.

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 \$14,000 (2022 - \$15,128).

**THE ASSOCIATION CLASSIS ALBERTA NORTH OF THE CHRISTIAN REFORMED
CHURCH IN NORTH AMERICA**
Notes to Financial Statements
Year Ended December 31, 2023

10. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2023.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from grants and member churches.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

11. BUDGET

The budget was approved by the Association on October 14, 2022. The budgeted amounts have been provided for information purposes only and are unaudited.
