

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

Financial Statements

Year Ended December 31, 2016

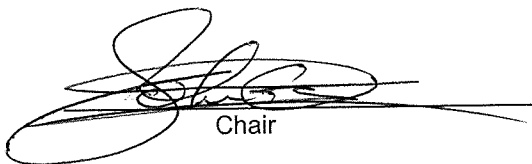
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of The Association Classis Alberta North of the Christian Reformed Church in North America have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.


The integrity and reliability of the reporting systems of The Association Classis Alberta North of the Christian Reformed Church in North America are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Interim Committee. The Interim Committee is appointed by the Board and meets periodically with management and the independent auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Interim Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the independent auditors.

The financial statements have been audited on behalf of the members by Halpert Monsma, in accordance with Canadian generally accepted auditing standards.



Chair



Treasurer

Edmonton, Alberta
February 8, 2017

HALPERT MONSMA

Chartered Accountants

15604 Stony Plain Road
Edmonton AB T5P 3Z4

Phone (780) 484-1110

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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

We have audited the accompanying financial statements of The Association Classis Alberta North of the Christian Reformed Church in North America, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, The Association Classis Alberta North of the Christian Reformed Church in North America derives revenue from certain revenues the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of The Association Classis Alberta North of the Christian Reformed Church in North America. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenses, and cash flows from operations for the year ended December 31, 2016, current assets and net assets as at December 31, 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Association Classis Alberta North of the Christian Reformed Church in North America as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta
February 8, 2017

Halpert Monsma

Chartered Accountants

**THE ASSOCIATION CLASSIS ALBERTA NORTH OF THE
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Statement of Operations

Year Ended December 31, 2016

	Budget 2016 <i>(Note 8)</i>	2016	2015
REVENUES			
Ministry shares	\$ 379,410	\$ 368,424	\$ 436,072
Cost sharing and donations	16,000	8,416	15,519
Grants	8,000	8,000	8,000
Interest income	-	544	622
	<u>403,410</u>	<u>385,384</u>	<u>460,213</u>
EXPENSES			
Amortization	1,000	553	598
Conferences and training	44,100	21,783	15,178
Insurance	2,400	2,400	2,335
Meetings and travel	38,200	35,906	28,725
Ministry grants	52,900	52,660	78,650
Operating supplies and services	24,050	12,701	17,158
Professional fees	6,200	7,224	6,627
Reserve for forgiveness of student loans <i>(Note 5)</i>	32,000	96,875	60,000
Salaries, honoraria and benefits	202,560	194,288	186,941
	<u>403,410</u>	<u>424,390</u>	<u>396,212</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ (39,006)</u>	<u>\$ 64,001</u>

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

Statement of Changes in Net Assets

Year Ended December 31, 2016

	Invested in Equipment	Accumulated Operating Surplus	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 2,161	\$ 390,468	\$ 392,629	\$ 328,628
Deficiency of revenues over expenses	-	(39,006)	(39,006)	64,001
Amortization	(553)	553	-	-
NET ASSETS - END OF YEAR	\$ 1,608	\$ 352,015	\$ 353,623	\$ 392,629

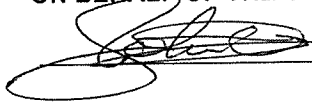
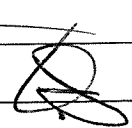
**THE ASSOCIATION CLASSIS ALBERTA NORTH OF THE
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Statement of Financial Position

December 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 285,206	\$ 250,250
Term deposit (Note 3)	30,000	30,000
Accounts receivable	-	9,737
Goods and services tax recoverable	352	1,054
Trust accounts (Note 4)	-	-
Prepaid expenses	3,068	2,507
	318,626	293,548
STUDENT LOANS RECEIVABLE (Note 5)	33,800	98,275
EQUIPMENT (Note 6)	1,608	2,161
ART WORK	5,590	5,590
	\$ 359,624	\$ 399,574
LIABILITIES		
CURRENT		
Accounts payable and accrued charges	\$ 6,001	\$ 6,945
NET ASSETS		
INVESTED IN EQUIPMENT	1,608	2,161
ACCUMULATED OPERATING SURPLUS	352,015	390,468
	353,623	392,629
	\$ 359,624	\$ 399,574

ON BEHALF OF THE CLASSIS INTERIM COMMITTEE


 _____ Chair

 _____ Treasurer

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

Statement of Cash Flows

Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (39,006)	\$ 64,001
Items not affecting cash:		
Amortization	553	598
Reserve for forgiveness of student loans	96,875	60,000
	<u>58,422</u>	<u>124,599</u>
Changes in non-cash working capital:		
Accounts receivable	9,737	(9,737)
Goods and services tax recoverable	702	408
Prepaid expenses	(561)	4,394
Accounts payable and accrued charges	(944)	1,545
	<u>8,934</u>	<u>(3,390)</u>
Cash flow from operating activities	<u>67,356</u>	<u>121,209</u>
INVESTING ACTIVITIES		
Advances of student loans	(32,400)	(24,300)
Tuition refund	-	1,050
Cash flow used by investing activities	<u>(32,400)</u>	<u>(23,250)</u>
INCREASE IN CASH	34,956	97,959
Cash - beginning of year	<u>250,250</u>	<u>152,291</u>
CASH - END OF YEAR	\$ 285,206	\$ 250,250

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

Notes to Financial Statements

Year Ended December 31, 2016

1. DESCRIPTION OF OPERATIONS

The Association Classis Alberta North of the Christian Reformed Church in North America 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 have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Financial instruments

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 less accumulated amortization. Equipment is amortized on a straight-line basis, beginning in the month after purchase, over the estimated useful lives of the assets using the following rates:

Audio visual equipment	5 years
Computer equipment	5 years

Government grants for equipment purchases are treated as a reduction of equipment cost.

Revenue recognition

The association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenues are recognized as revenue when received or receivable.

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.

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

Notes to Financial Statements

Year Ended December 31, 2016

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

Income taxes

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

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, the disclosure 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.

3. TERM DEPOSIT

The term deposit bears interest at 1.10% and matures November 5, 2017.

4. TRUST ACCOUNTS

	<u>The King's University</u>	<u>Other</u>	<u>2016</u>	<u>2015</u>
<u>Trust assets</u>				
Funds held in trust	\$ -	\$ -	\$ -	\$ 169,297
<u>Trust liabilities</u>				
Ministry shares received	241,592	-	241,592	264,737
Specified funds received	3,923	-	3,923	109,058
Ministry shares remitted	(241,592)	-	(241,592)	(104,493)
Specified funds remitted	(3,923)	-	(3,923)	(100,005)
	-	-	-	169,297
Net trust accounts	\$ -	\$ -	\$ -	\$ -

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.

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

Notes to Financial Statements

Year Ended December 31, 2016

5. 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. An allowance is provided for loans that the association considers uncollectible or that the association intends to forgive.

	2016	2015
Loans receivable		
Opening balance	\$ 158,275	\$ 133,975
Advances	32,400	24,300
Loans forgiven, previously set up as a reserve	<u>(20,287)</u>	-
Ending balance	<u>170,388</u>	<u>158,275</u>
 Reserve		
Opening balance	60,000	-
Reserve for forgiveness of student loans	96,875	60,000
Loans forgiven, previously set up as a reserve	<u>(20,287)</u>	-
Ending balance	<u>136,588</u>	<u>60,000</u>
Net student loans receivable	<u>\$ 33,800</u>	<u>\$ 98,275</u>

6. EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Audio visual equipment	\$ 675	\$ 675	\$ -	\$ -
Computer equipment	3,066	1,458	<u>1,608</u>	2,161
	<u>\$ 3,741</u>	<u>\$ 2,133</u>	<u>\$ 1,608</u>	<u>\$ 2,161</u>

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Notes to Financial Statements

Year Ended December 31, 2016

7. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments.

Credit risk

Credit risk arises from the potential that a counter-party will fail to perform its obligations. The association is exposed to credit risk from its student loans receivable. In order to reduce its credit risk, the association conducts a financial review before extending credit and conducts regular reviews of its student loans receivable.

Liquidity risk

The association's exposure to liquidity risk is dependent on the receipt of funds from its members. The association meets its liquidity requirements by preparing and monitoring a detailed forecast of cash flows from operations.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The association is exposed to interest rate risk primarily through its fixed rate term deposit.

8. BUDGET

The budget was approved by the association on October 15, 2015. The budgeted amounts have been provided for information purposes only and are unaudited.

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
