
CLASSIS HAMILTON OF THE CHRISTIAN REFORMED CHURCH

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members of Classis Hamilton of the Christian Reformed Church

I have audited the accompanying financial statements of Classis Hamilton of the Christian Reformed Church, which comprise the balance sheet as at December 31, 2015 and the statements of revenues and expenses, statement of changes in fund balances and statement of 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 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 organization's preparation 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 organization'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 presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Classis Hamilton of the Christian Reformed Church as at December 31, 2015 and of 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.

Hamilton, Ontario
April 7, 2016

David den Boer
CPA, CA, Licensed Public Accountant

CLASSIS HAMILTON OF THE CHRISTIAN REFORMED CHURCH

BALANCE SHEET
DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and bank	\$ 147,560	\$ 144,609
GST/HST recoverable	2,597	2,020
Accounts receivable	19,060	23,812
Prepaid expenses	<u>1,303</u>	<u>638</u>
	170,520	171,079
Other Assets		
Loans receivable (note 4)	<u>102,708</u>	<u>36,343</u>
	<u>\$ 273,228</u>	<u>\$ 207,422</u>

LIABILITIES

Current Liabilities		
Accounts payable and accrued liabilities	\$ 5,338	\$ 10,304

FUND BALANCES

Externally Restricted Funds (page 4)	<u>267,890</u>	<u>197,118</u>
	<u>\$ 273,228</u>	<u>\$ 207,422</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

CLASSIS HAMILTON OF THE CHRISTIAN REFORMED CHURCH

**STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN RESTRICTED FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<i>Opening Balance</i>	<i>Revenues</i>	<i>Expenses</i>	<i>Excess (Deficit)</i>	<i>Transfers</i>	<i>Closing Balance</i>
RESERVE FUND						
Fund balance, <i>beginning</i>	\$ <u>8,254</u>					
Revenues		\$ -				
Expenses			\$ -		\$ (8,254)	
Fund balance, <i>ending</i>						\$ -
CLASSIS EXPENSE FUND						
Fund balance, <i>beginning</i>	<u>32,490</u>					
Revenues (page 5)		<u>44,851</u>				
Expenses (page 5)			<u>51,854</u>	<u>(7,003)</u>	<u>15,292</u>	
Fund balance (deficit), <i>ending</i>						<u>40,779</u>
SUSTAINING PASTORAL EXCELLENCE						
Fund balance, <i>beginning</i>	<u>4,631</u>					
Revenues (page 5)		<u>6,195</u>				
Expenses (page 5)			<u>1,500</u>	<u>4,695</u>	-	
Fund balance, <i>ending</i>						<u>9,326</u>
YOUTH MINISTRY						
Fund balance, <i>beginning</i>	<u>624</u>					
Ministry shares		<u>1,982</u>				
Expenses			<u>400</u>	<u>1,582</u>	<u>(2,206)</u>	
Fund balance, <i>ending</i>						-
MCMASTER CAMPUS MINISTRY						
Fund balance, <i>beginning</i>	<u>70,818</u>					
Revenues (page 6)		<u>127,224</u>				
Expenses (page 6)			<u>123,663</u>	<u>3,561</u>	-	
Fund balance, <i>ending</i>						<u>74,379</u>
CLASSICAL CANDIDACY COMMITTEE						
Fund balance, <i>beginning</i>	<u>36,417</u>					
Ministry shares		68,712				
Interest income		<u>2,650</u>				
		<u>71,362</u>				
Candidate benefits			<u>3,425</u>	<u>67,937</u>	-	
Fund balance, <i>ending</i>						<u>104,354</u>
SHALOM MANOR CHAPLAINCY						
Fund balance, <i>beginning</i>	<u>244</u>					
Ministry shares		<u>40,381</u>				
Grants			<u>40,381</u>		-	
Fund balance, <i>ending</i>						<u>244</u>

CLASSIS HAMILTON OF THE CHRISTIAN REFORMED CHURCH

**STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN RESTRICTED FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<i>Opening Balance</i>	<i>Revenues</i>	<i>Expenses</i>	<i>Excess (Deficit)</i>	<i>Transfers</i>	<i>Closing Balance</i>
DIACONAL CONFERENCE						
Fund balance, <i>beginning</i>	<u>1,836</u>					
Ministry shares		-				
Grants					<u>(1,836)</u>	
Fund balance, <i>ending</i>						<u>-</u>
FUTURE CHURCH PLANTING						
Fund balance	<u>38,808</u>	-	-	-	-	<u>38,808</u>
PRAYER COORDINATOR						
Fund balance	<u>2,996</u>	-	-	-	<u>(2,996)</u>	<u>-</u>
REDEEMER UNIVERSITY COLLEGE						
Fund balance, <i>beginning</i>	<u>-</u>					
Ministry shares		<u>4,286</u>				
Grants			<u>4,286</u>	-	-	
Fund balance, <i>ending</i>						<u>-</u>
FUND TOTALS						
Fund balances, <i>beginning</i>	<u>\$ 197,118</u>					
Total revenues		<u>\$ 296,281</u>				
Total expenses			<u>\$ 225,509</u>			
Excess of revenues over expenses				<u>\$ 70,772</u>		
Fund transfers					<u>\$ -</u>	
Fund balances, <i>ending</i>						<u>\$ 267,890</u>

CLASSIS HAMILTON OF THE CHRISTIAN REFORMED CHURCH

**STATEMENT OF REVENUES AND EXPENSES - CLASSIS EXPENSE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
Revenues		
Classis ministry shares	\$ 43,316	\$ 48,031
Interest income	<u>1,535</u>	<u>1,633</u>
	44,851	49,664
Expenses		
Conferences and professional development	2,209	1,000
Insurance	1,506	1,102
Meeting expenses	20	273
Office, postage and general	1,935	2,088
Professional fees	4,677	6,153
Salaries, benefits and honoraria	36,106	33,264
Travel	<u>5,401</u>	<u>4,701</u>
	<u>51,854</u>	<u>48,581</u>
Excess (deficiency) of revenues over expenses	<u>\$ (7,003)</u>	<u>\$ 1,083</u>

STATEMENT OF REVENUES AND EXPENSES - SUSTAINING PASTORAL EXCELLENCE

Revenues		
Christian Reformed Church grants	\$ 6,195	\$ 6,195
Expenses		
Books	1,011	1,206
Meals and hospitality	<u>489</u>	<u>358</u>
	<u>1,500</u>	<u>1,564</u>
Excess of revenues over expenses	<u>\$ 4,695</u>	<u>\$ 4,631</u>

CLASSIS HAMILTON OF THE CHRISTIAN REFORMED CHURCH

STATEMENT OF REVENUES AND EXPENSES - MCMASTER CAMPUS MINISTRY
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Revenues		
Classis ministry shares	\$ 108,625	\$ 106,599
Grants from churches and other organizations	11,160	15,591
Conference fees	<u>7,439</u>	<u>3,730</u>
	127,224	125,920
Expenses		
Assistant to chaplains	4,900	4,900
Conference fees and professional development	13,053	9,943
Insurance	-	639
Meals and hospitality	3,839	3,603
Office, postage and general	913	3,230
Salaries and benefits	97,151	102,350
Travel	<u>3,807</u>	<u>3,786</u>
	<u>123,663</u>	<u>128,451</u>
Excess (deficiency) of revenues over expenses	<u>\$ 3,561</u>	<u>\$ (2,531)</u>

CLASSIS HAMILTON OF THE CHRISTIAN REFORMED CHURCH

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Cash provided (used) by:		
Operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ 70,772	\$ 34,956
Net change in non-cash working capital balances		
Change in GST/HST recoverable	(577)	1,155
Change in accounts receivable	4,752	43,743
Change in prepaid expenses	(665)	1,190
Change in accounts payable and accrued liabilities	<u>(4,966)</u>	<u>(73,892)</u>
	<u>(1,456)</u>	<u>(27,804)</u>
	69,316	7,152
Financing and investing activities		
Increase in loans receivable	<u>(66,365)</u>	<u>(36,343)</u>
Increase (decrease) in cash	2,951	(29,191)
Cash, <i>beginning of year</i>	<u>144,609</u>	<u>173,800</u>
Cash, <i>end of year</i>	<u>\$ 147,560</u>	<u>\$ 144,609</u>

CLASSIS HAMILTON OF THE CHRISTIAN REFORMED CHURCH

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2015

1. Purpose of the Organization

The organization was incorporated as a corporation without share capital under the Ontario Corporations Act on October 28, 2008. The corporation is a registered charity and is therefore exempt from payment of income taxes as provided under the Income Tax Act.

Its purpose is to advance and teach the religious tenets, doctrines, observances and culture associated with the Christian Reformed faith.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund Accounting

The organization follows the restricted fund method of accounting for donations.

The Classical Candidacy Committee accounts for the assistance provided to seminary students.

The McMaster Campus Ministry accounts for the organization's activities at the campuses of McMaster University and Mohawk College. This fund became part of the Restricted Fund in 2014.

The Restricted Fund reports revenues and expenses related to the various Christian Reformed Church ministries and causes. The Classis Expense Fund accounts for the organization's administrative activities.

(b) Revenue Recognition

Restricted donations related to general operations are recognized as revenue of the Classis Expense Fund or the McMaster Campus Ministry in the year in which the related expenses are incurred. All other restricted donations are recognized as revenue of the appropriate restricted fund.

Donations are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue in the period it is earned.

(c) Capital Assets

Furniture and equipment acquisitions are expensed fully in the year of purchase and thus not recorded on the balance sheet. No capital assets were purchased in 2015. Software and a computer were purchased in 2014 for \$1,299.

(d) Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect revenues and expenses during the reporting periods in addition to the reported amounts of assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

(e) Financial Instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, GST/HST recoverable, accounts receivable and loans receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

At the end of reporting period, the organization assesses whether there are any indications that a financial asset may be impaired. When there is an indication of impairment, the carrying amount of the asset is reduced and the amount of the reduction is recognized as an impairment loss in the statement of revenues and expenses.

(f) Volunteer Services

Because the hours of service by volunteers are not normally purchased by the organization and the difficulty in determining their fair market value, contributed services are not recognized in the financial statements.

(g) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the exchange rate prevailing at the date in which the transaction took place. Foreign exchange gains and losses are included in the statement of revenues and expenses.

CLASSIS HAMILTON OF THE CHRISTIAN REFORMED CHURCH

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

3. Financial Instruments

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest or credit risks arising from these financial instruments.

Liquidity Risk

Liquidity risk arises through excess financial obligations over available financial assets at any point in time. The organization's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The organization achieves this by maintaining sufficient cash and cash equivalents.

Foreign Currency Risk

Management is aware that the organization is exposed to changes in the exchange rates as it provides loans in a foreign currency.

4. Loans Receivable

	<u>2015</u>	<u>2014</u>
Loans receivable	\$ <u>102,708</u>	\$ <u>36,343</u>

These loans receivable were advanced to assist individuals who are studying to become ministers in the Christian Reformed Church in North America (CRCNA) and are advanced based on financial need. The loans will accrue interest at 1% above the prime lending rate, commencing six months after the borrower terminates or completes the course of studies unless the borrower becomes an ordained minister in the CRCNA or the Reformed Church of America (RCA), has been declared eligible for ministry but has not been hired, or continues in a qualified educational program.

Under certain conditions the borrower will be required to repay the loan over a ten year period commencing six months after the CRCNA has decided that the person is no longer a candidate for ordained ministry. In other situations the borrower will be required to pay interest and repay the loan principal over a five year period.

The loan is interest free while the individual is studying and 20% of the loan will be forgiven annually if the borrower becomes and remains a minister in the CRCNA or the RCA for at least five years.

5. Fund Transfers

The board of directors approved the following fund transfers in 2015:

- \$8,254 from Reserve Fund to Classis Expense Fund,
- \$1,836 from Diaconal Conference to Classis Expense Fund,
- \$2,996 from Prayer Coordinator to , and
- \$2,206 from Youth Ministry to Classis Expense Fund.