



Financial statements

Crossroads Christian Communications Inc.

August 31, 2021

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Independent auditor's report

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To the Members of
Crossroads Christian Communications Inc.

Opinion

We have audited the accompanying financial statements of Crossroads Christian Communications Inc., ("Crossroads"), which comprise the statement of financial position as at August 31, 2021, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Crossroads as at August 31, 2021, 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.

Basis for Opinion

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 Crossroads in accordance with the 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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing Crossroads' 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 Crossroads or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Crossroads' financial reporting process.

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 Crossroads' 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 Crossroad'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 Crossroads 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.

Grant Thornton LLP

Toronto, Canada
February 17, 2022

Chartered Professional Accountants
Licensed Public Accountants

Crossroads Christian Communications Inc.

Statement of financial position

August 31

2021

2020

Assets

Current

Cash	\$ 2,246,652	\$ 1,579,533
Accounts receivable and other assets	509,743	642,059
Short-term investment	164,000	164,000
Mortgage receivable (Note 5)	<u>14,133</u>	<u>14,133</u>
	2,934,528	2,399,725
Investments held for endowment fund	80,300	71,736
Mortgage receivable (Note 5)	19,162	31,371
Capital assets (Note 6)	<u>3,666,244</u>	<u>4,489,910</u>
	\$ 6,700,234	\$ 6,992,742

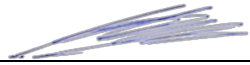

Liabilities

Current

Accounts payable and accrued liabilities (Note 12)	\$ 359,257	\$ 999,380
Due to related parties (Note 3)	447,591	136,113
Trusts payable - revocable (Note 7)	13,900	13,900
Current portion of capital lease obligation (Note 8)	40,257	39,033
Current portion of deferred capital contributions (Note 9)	<u>339,956</u>	<u>341,969</u>
	1,200,961	1,530,395
Trusts payable – irrevocable (Note 7)	1,147,400	1,243,400
Capital lease obligation (Note 8)	100,871	142,857
Deferred capital contributions (Note 9)	<u>672,210</u>	<u>1,012,166</u>
	1,920,481	2,398,423
Fund balances		
Capital and Operating Fund - Unrestricted	2,986,441	2,607,360
Externally Restricted Funds (Note 10)	542,351	406,564
Endowment Fund	<u>50,000</u>	<u>50,000</u>
	3,578,792	3,063,924
	\$ 6,700,234	\$ 6,992,742

Commitments (Note 11)

On behalf of the Board of Directors

 Director
  Director
 Stevan Novoselac Arnold Small

See accompanying notes to the financial statements.

Crossroads Christian Communications Inc.

Statement of operations

Year ended August 31

	Capital and Operating Fund	Externally Restricted Fund (Note 10)	2021 Total	2020 Total
Revenue				
Contributions				
General	\$ 10,537,663	\$ -	\$ 10,537,663	\$ 11,721,968
Designated contributions				
Mission Funds	-	960,827	960,827	630,981
Debt Retirement Fund	-	68,000	68,000	80,500
Canadian emergency wage subsidy	1,642,886	-	1,642,886	1,142,718
Other income	1,628,641	1,828	1,630,469	1,530,079
	<u>13,809,190</u>	<u>1,030,655</u>	<u>14,839,845</u>	<u>15,106,246</u>
Expenses				
Remuneration of personnel	7,502,113	145,282	7,647,395	7,748,184
Airtime and production costs	1,722,605	-	1,722,605	2,016,260
Rent, utilities and other occupancy costs	2,028,872	-	2,028,872	1,891,648
Administrative costs	360,759	187	360,946	459,776
Correspondence and distribution costs	536,597	-	536,597	562,790
Fundraising and promotion	228,363	-	228,363	369,868
Interest and bank charges	156,327	24,187	180,514	207,734
Other missions and programs	3,085	655,127	658,212	461,559
	<u>12,538,721</u>	<u>824,783</u>	<u>13,363,504</u>	<u>13,717,819</u>
Excess of revenue over expenses before underrated items	<u>1,270,469</u>	<u>205,872</u>	<u>1,476,341</u>	<u>1,388,427</u>
Net impairment loss on sale of property (Note 4)	-	-	-	(121,867)
Amortization (Note 6)	(952,128)	-	(952,128)	(962,444)
Loss on disposal/sale of capital assets (Note 6)	(16,296)	-	(16,296)	(3,134)
Unrealized gain on investments held for endowment	8,564	-	8,564	2,199
Provision for amounts receivable and loans receivable, net of recovery (Note 3(a), Note 3(b), Note 3(d))	(1,613)	-	(1,613)	(176,542)
Excess of revenue over expenses for the year	<u>\$ 308,996</u>	<u>\$ 205,872</u>	<u>\$ 514,868</u>	<u>\$ 126,639</u>

See accompanying notes to the financial statements.

Crossroads Christian Communications Inc.
Statement of changes in fund balances

Year ended August 31

	Capital and Operating Fund	Externally Restricted Fund (Note 10)	Endowment Fund	2021 Total	2020 Total
Fund balances, beginning of year	\$ 2,607,360	\$ 406,564	\$ 50,000	\$ 3,063,924	\$ 2,937,285
Excess of revenue over expenses for the year	308,996	205,872	-	514,868	126,639
Interfund transfers (Note 10)	<u>70,085</u>	<u>(70,085)</u>	-	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,986,441</u>	<u>\$ 542,351</u>	<u>\$ 50,000</u>	<u>\$ 3,578,792</u>	<u>\$ 3,063,924</u>

See accompanying notes to the financial statements.

Crossroads Christian Communications Inc.

Statement of cash flows

Year ended August 31

2021

2020

Increase (decrease) in cash

Operating activities

Excess of revenue over expenses for the year	\$ 514,868	\$ 126,639
Items not affecting cash:		
Net impairment loss on sale of property	-	121,867
Amortization of capital assets	952,128	962,444
Loss on disposal/sale of capital assets	16,296	3,134
Provision for amounts due from related parties	1,613	176,542
Unrealized gain on investments held for endowment	(8,564)	(2,199)
Trust funds recognized as income	(96,000)	(108,500)
Amortization of deferred capital contributions	<u>(341,969)</u>	<u>(344,207)</u>

1,038,372 935,720

Change in non-cash working capital items

Accounts receivable and other assets	132,316	(182,899)
Accounts payable and accrued liabilities	<u>(640,123)</u>	<u>17,543</u>

530,565 770,364

Financing activities

Amounts due to related parties	309,865	(843,166)
Repayment of capital lease obligations	<u>(40,762)</u>	<u>(60,351)</u>

269,103 (903,517)

Investing activities

Amounts due from related parties (net)	-	(87,697)
Purchase of short-term investment	-	(164,000)
Mortgage receivable (net)	12,209	11,621
Purchase of capital assets	(144,758)	(98,677)
Proceeds on disposal of capital assets (net of fees)	<u>-</u>	<u>662</u>

(132,549) (338,091)

Increase (decrease) in cash

667,119 (471,244)

Cash, beginning of year

1,579,533 2,050,777

Cash, end of year

\$ 2,246,652 \$ 1,579,533

See accompanying notes to the financial statements.

Crossroads Christian Communications Inc.

Notes to the financial statements

August 31, 2021

1. Nature of operations

Crossroads Christian Communications Inc. (“Crossroads”, “CCCI”) was incorporated by letters patent under the Canada Corporations Act on March 17, 1977 and continued under the Canadian Not-For-Profit Corporations Act in 2013. Crossroads is a registered charitable organization under the Income Tax Act and is primarily engaged in the production and broadcast of religious television programs.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) under Part III of the Chartered Professional Accountants of Canada Handbook - Accounting, applied within the framework of the accounting policies summarized below.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Actual results could vary from those estimates.

Fund accounting

Crossroads uses fund accounting to present its financial statements whereby resources for particular purposes are classified for accounting and reporting purposes into one of the following funds:

Capital and Operating Fund – Unrestricted

The Capital and Operating Fund reflects the activities associated with Crossroads’ day-to-day operations.

Externally Restricted Funds (Note 10)

Externally Restricted Funds are funds that are received that are restricted for a specific use by the donor.

Crossroads Christian Communications Inc.

Notes to the financial statements

August 31, 2021

2. Summary of significant accounting policies (continued)

Fund accounting (continued)

The Externally Restricted Funds include Missions Funds and the Debt Retirement Fund.

Mission Funds include the following:

- World Harvest Evangelism and Television Fund (“WHEAT”)
- Emergency Response and Development Fund (“ERDF”)

The Debt Retirement Fund which is restricted for the retirement of old debt.

Endowment Fund

The Endowment Fund was established in 2007 to support Christian media communication and productions. Income earned is restricted for purposes specified in the agreement and available for additional special projects at the discretion of the Board. Any unspent income is to be added to the principal. Encroachment of the principal balance was not permitted during the initial ten-year period. Subsequently, Crossroads is permitted to encroach upon the fund in the event of an emergency, only to a maximum of 25% of the principal balance, upon written Board resolution, and the funds must be repaid within three years.

Investments of \$80,300 related to the principal and undisbursed interest are held in long-term assets.

Revenue recognition

CCCI follows the restricted fund method of accounting for restricted contributions.

Gifts are considered to be without restriction as to use unless explicitly designated by the donor. These unrestricted gifts are recognized as revenue of the Capital and Operating Fund when received.

Gifts designated as restricted by the donor, other than restricted contributions for the purchase of capital assets, are recognized as revenue of the appropriate Externally Restricted Fund. Gifts designated toward a program will be used as designated with the understanding that when the need for such a program has been met or cannot be completed for any reason determined by Crossroads, the remaining designated funds will be used where needed most.

Restricted contributions for the purchase of capital assets are initially recorded as deferred capital contributions and are recognized in revenue over the useful life of the asset based on CCCI’s amortization policy.

Externally restricted endowments are recognized in revenue of the Endowment Fund when received.

Revenue from trusts is recognized at the time the trust funds pass to CCCI.

Rental, product sales, and other income are recognized as revenue at point of sale.

Crossroads Christian Communications Inc.

Notes to the financial statements

August 31, 2021

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Unrestricted investment income earned is reported as revenue of the Capital and Operating Fund. Restricted investment income earned is reported as revenue of the corresponding Externally Restricted Fund. Investment income subject to externally imposed restrictions requiring that it be maintained permanently is recognized as revenue of the Endowment Fund.

Donated goods are recognized in revenue of the appropriate fund at fair value.

Government assistance

Crossroads recognizes government assistance toward current expenses in the statement of operations. When government assistance relates to future expenses, Crossroads defers the assistance and recognizes it in the statement of operations as the related expenses are incurred.

Capital assets

Purchased capital assets are recorded at cost. Amortization is provided using the declining balance method or the straight line method, which are designed to amortize the assets over their estimated useful lives at the following annual rates:

Buildings		2.5% - 5.0%
Leasehold improvements	Straight line over the lease term	
Television, film and studio equipment		10.0%
Production set	Straight line over 5 years	
Office, computer equipment and other assets		15.0% - 30.0%
Automotive Equipment		30%

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. The resulting impairment is reported in the statement of operations. Any impairment recognized is not reversed.

Financial instruments

Financial assets and financial liabilities include cash, accounts receivable and other assets, investments, mortgage receivable, accounts payable, amounts due to related parties and trusts payable.

Initial measurement

Crossroads initially measures all financial assets and financial liabilities at fair value.

Crossroads Christian Communications Inc.

Notes to the financial statements

August 31, 2021

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

Investments are recorded at fair value and all changes in the fair value are recorded in the statement of operations. Related party balances and transactions are recorded at the exchange amount. All other financial assets and liabilities are recorded at amortized cost.

Financial assets are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired. Any impairment loss is recognized in the statement of operations.

3. Related party transactions and balances

	<u>2021</u>	<u>2020</u>
Amounts payable to related party		
Crossroads Television Systems Inc. ("CTS") (c)	\$ 542,166	\$ 189,876
Less: Amounts receivable from CTS (c)	<u>(94,575)</u>	<u>(53,763)</u>
	<u>\$ 447,591</u>	<u>\$ 136,113</u>

The following outlines the transactions with various related parties:

(a) Tricord Media Inc. ("Tricord"), a faith and values media distribution company, was incorporated in 2012 as a not-for-profit organization controlled by CCCI. In fiscal 2021, \$47 was advanced to Tricord (2020 – 1,620) and a provision of \$47 (2020 – \$71,620) was recorded against the total Tricord loan and receivable balance and is recorded in the statement of operations. Tricord did not make any loan or receivable payments during fiscal 2021 or fiscal 2020.

(b) Young Once Television S2 Inc.

Young Once Television S2 Inc. ("Young Once") was set up by CCCI as an independent corporation for the purpose of producing six episodes of a docu-drama comprising of the second season of Young Once. Funding for this venture was provided in the form of a loan from CCCI. The total amount loaned was originally \$287,000. During 2021, Young Once was loaned an additional \$2,850 (2020 - repayment of \$18,845) to CCCI. A provision for the \$2,850 was recorded in the statement of operations 2021 (2020 – \$nil).

Crossroads Christian Communications Inc.

Notes to the financial statements

August 31, 2021

3. Related party transactions and balances (continued)

- (c) Crossroads Television Systems Inc. ("CTS"), a party under common control with common directors and officers:

	<u>2021</u>	<u>2020</u>
Airtime received included in general contributions	\$ 1,231,534	\$ 982,196
Context broadcasting license income	320,000	260,000
Donations	1,700,000	2,075,996
Shared costs recovered	1,078,736	874,308
Rental income	280,829	212,610
Shared costs paid	481,444	689,693

- (d) Crossroads Christian Communications Inc. USA (CRUSA) is a charity registered in the United States of America, under common control with some common directors and officers. In fiscal 2021, no loan advances were made to CRUSA. In 2021, CCCI recovered \$1,284 in receivables from CRUSA.

4. Sale of property

In March 2018, Crossroads sold its Burlington, Ontario property to 2607380 Ontario Inc. for net proceeds of \$18.4 million, including the assumption of a vendor take-back mortgage of \$4.5 million, under a sale-leaseback arrangement. As part of the sale agreement, Crossroads leased a portion of the building for a 5-year term. The sale resulted in a gain of \$7.1 million, of which, \$4.3 million was deferred and was being recognized over the lease term.

On February 26, 2020, a Companies' Creditors Arrangement Act ("CCCA") order was granted in regard to 2607380 Ontario Inc. As the CCAA process continued throughout fiscal 2020, the ultimate recovery of the vendor take-back mortgage became increasingly uncertain. Accordingly, management wrote off the remaining balance of the vendor-take-back mortgage and the deferred gain on sale of the property which resulted in a net impairment loss on sale of property of \$121,867 in 2020.

5. Mortgage receivable

A mortgage receivable was registered in 2009 as part of the proceeds on the sale of the Circle Square Ranch (CSR) property in Paisley, Ontario. The mortgage matures on February 6, 2024. Payments are received twice a year for a total annual payment of \$14,133, which includes 5% interest on the outstanding balance.

Crossroads Christian Communications Inc.

Notes to the financial statements

August 31, 2021

6. Capital assets

			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Buildings	\$ 313,857	\$ 64,866	\$ 248,991	\$ 255,376
Leasehold improvements	2,491,675	1,194,754	1,296,921	1,798,786
Television, film and studio equipment	2,854,834	1,930,744	924,090	1,010,397
Production set	473,895	254,531	219,364	314,167
Office, computer equipment and other assets	2,172,573	1,207,668	964,905	1,094,080
Automotive Equipment	<u>20,123</u>	<u>8,150</u>	<u>11,973</u>	<u>17,104</u>
	<u>\$ 8,326,957</u>	<u>\$ 4,660,713</u>	<u>\$ 3,666,244</u>	<u>\$ 4,489,910</u>

Buildings consist of equipment affixed to the building which is owned and used by Crossroads. Included in office, computer equipment, and other assets are assets under lease as follows:

			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office, computer equipment and other assets	<u>\$ 229,711</u>	<u>\$ 88,583</u>	<u>\$ 141,128</u>	<u>\$ 195,254</u>

Included in the statement of operations is amortization of \$952,128 (2020 - \$962,444) and a loss on the disposal of capital assets of \$16,296 (2020 - \$3,134).

7. Trusts payable

	<u>2021</u>	<u>2020</u>
Revocable		
Capital and Operating Fund	<u>\$ 13,900</u>	<u>\$ 13,900</u>
Irrevocable		
Capital and Operating Fund	<u>\$ 675,200</u>	<u>\$ 703,200</u>
Debt Retirement Fund	<u>472,200</u>	<u>540,200</u>
	<u>\$ 1,147,400</u>	<u>\$ 1,243,400</u>

A number of trusts have been established by supporters for the benefit of CCCI. Additional funds may be added to these trusts by way of loans and could be repayable if requested. These funds are available for investment in the obligations of CCCI. During their lifetime, the income of the trusts is payable to the supporter, unless waived, and on death, trust funds pass to CCCI and are recognized as revenue. The revocable trusts can be called at any time by the holder.

Crossroads Christian Communications Inc.

Notes to the financial statements

August 31, 2021

7. Trusts payable (continued)

A number of trusts have been established for the Debt Retirement Fund (Note 10). As permitted by the terms of the trust agreements, the cash from this fund was invested by the trustees in Series E mortgage certificates of CCCI. These mortgage certificates have been issued in amounts and with interest rates that match each individual trust, with a maturity date that automatically extends for one year each June 30. The certificates will be redeemed when the trusts become revenue of CCCI on death. The certificates held by the trusts and the corresponding liability for CCCI to redeem the certificates of \$472,200 (2020 - \$540,200) have been offset within these financial statements, leaving only the net balance due to the beneficiaries reflected on the statement of financial position.

8. Capital lease obligation

CCCI entered in to a capital lease in 2020 when a network server was leased from Dell Financial Services with an acquisition cost of \$220,353. The lease began November 25, 2020 with a term 60 months. The monthly blended payments are \$3,656 and a weighted average interest rate of 3.09%. This lease is unsecured.

2022	\$	45,607
2023		45,607
2024		45,607
2025		<u>12,393</u>
Total remaining lease payments		149,214
Less: imputed interest included therein at rates 3.09%		<u>(8,086)</u>
Present value of future obligations		141,128
Less: current portion		<u>(40,257)</u>
	\$	<u>100,871</u>

Interest expense of \$4,845 was incurred during the year on these leases.

9. Deferred capital contributions

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 1,354,135	\$ 1,698,342
Donation received	-	-
Amount recognized in revenue during the year	<u>(341,969)</u>	<u>(344,207)</u>
Balance, end of year	1,012,166	1,354,135
Less: current portion	<u>(339,956)</u>	<u>(341,969)</u>
	<u>\$ 672,210</u>	<u>\$ 1,012,166</u>

Crossroads Christian Communications Inc.

Notes to the financial statements

August 31, 2021

10. Externally Restricted Funds

	Opening Balance September 1, 2020	Revenue	Expenses	Transfers In (Out)	Closing Balance August 31, 2021
Missions Funds	\$ 406,564	\$ 962,655	\$ 800,646	\$ (26,222)	\$ 542,351
Debt Retirement Fund	-	68,000	24,137	(43,863)	-
	<u>\$ 406,564</u>	<u>\$ 1,030,655</u>	<u>\$ 824,783</u>	<u>\$ (70,085)</u>	<u>\$ 542,351</u>

11. Commitments

CCCI is committed under contracts for television airtime in 2022 in the amount of \$321,087.

CCCI is also committed to the following minimum rent, lease, and service contract payments until 2025.

2022	\$ 2,056,309
2023	1,109,439
2024	20,714
2025	<u>713</u>
	<u>\$ 3,187,175</u>

12. Financial risk management

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Crossroads is exposed to credit risk associated with accounts receivables and mortgage receivable. A provision of \$1,613 (2020 - \$176,542) against the related party receivable was recognized in fiscal 2021.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Crossroads manages its liquidity risk by maintaining sufficient cash balances and monitoring forecasted and actual cash flows. Included in accounts payable and accrued liabilities are government remittances of \$26,675 (2020 - \$252,762). These amounts are not in arrears.

Crossroads Christian Communications Inc.

Notes to the financial statements

August 31, 2021

12. Financial risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Crossroads is exposed to interest rate price risk with respect to its mortgage receivable, short-term investment and trusts payable.

13. Contingencies

The Organization has been made aware of a possible trademark claim against the Organization. As the likelihood of this claim being brought against the Organization is not determinable at this time, no provision has been recognized in these financial statements in respect of this possible claim.

14. Comparative figures

The financial statements have been reclassified, where applicable to confirm to the presentation used in the current year.