Grant Thornton

Financial statements

Crossroads Christian Communications Inc.

August 31, 2020

Contents

Grant Thornton

Independent auditor's report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 360 4949

To the Members of
Crossroads Christian Communications Inc.

Qualified 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, 2020, and the statements of operations and 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, except for the possible effects on the corresponding figures 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 Crossroads as at August 31, 2020, 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 Qualified Opinion

We were not able to complete audit procedures to satisfy ourselves concerning the completeness of donation revenues for the year ended August 31 2019. Our verification of these revenue was limited to amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenses and cash flows from operations for the year ended August 30, 2019, current assets as at August 30, 2019 and fund balances as at August 30, 2019. Our audit opinion on the financial statements for the year ended August 30, 2019 was modified accordingly. Our audit opinion on the current year's financial statements is also modified because of the possible effects of this matter on the comparability of the current period's figures and comparative information.

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 qualified 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
Date February 1, 2021

Chartered Professional Accountants
Licensed Public Accountants

Crossroads Christian Communications Inc.
Statement of financial position

August 31	**2020**	2019
Assets		
Current		
Cash	**$ 1,579,533**	$ 2,050,777
Accounts receivable and other assets	**642,059**	459,160
Short term investment	**164,000**	-
Mortgage receivable (Note 5)	**14,133**	14,133
	2,399,725	2,524,070
Investments held for endowment fund	**71,736**	69,537
Due from related parties (Note 3)	**-**	88,845
Mortgage receivable (Note 5)	**31,371**	42,992
Vendor take-back mortgage receivable (Note 4)	**-**	3,464,624
Capital assets (Note 6)	**4,489,910**	5,115,232
	$ 6,992,742	$11,305,300

Liabilities		
Current		
Accounts payable and accrued liabilities (Note 12)	**$ 999,380**	$ 981,837
Due to related parties (Note 3)	**136,113**	979,279
Trusts payable - revocable (Note 7)	**13,900**	13,900
Current portion of capital lease obligations (Note 8)	**39,033**	-
Current portion of deferred gain on sale of property (Note 4)	**-**	939,266
Current portion of deferred capital contributions (Note 9)	**1,168,636**	344,207
	2,357,062	3,258,489
Capital lease obligation (Note 8)	**142,857**	-
Trusts payable – irrevocable (Note 7)	**1,243,400**	1,351,900
Deferred gain on sale of property (Note 4)	**-**	2,403,491
Deferred capital contributions (Note 9)	**185,499**	1,354,135
	1,571,756	5,109,526
Fund balances		
Capital and Operating Fund	**2,607,360**	2,521,725
Externally Restricted Funds (Note 10)	**406,564**	365,560
Endowment Fund	**50,000**	50,000
	3,063,924	2,937,285
	$ 6,992,742	$11,305,300

Commitments (Note 11)

On behalf of the Board of Directors

______________________Director ______________________ Director

See accompanying notes to the financial statements.

Crossroads Christian Communications Inc.
Statement of operations

Year ended August 31	**2020**	2019
Revenue		
Contributions		
General	**$11,721,968**	$12,571,419
Designated contributions		
Missions Fund	**630,981**	578,956
Debt Retirement Fund	**80,500**	183,500
Canadian emergency wage subsidy	**1,113,081**	-
Other income	**1,534,421**	1,892,907
	15,080,951	15,226,782
Expenses		
Remuneration of personnel	**7,133,619**	7,374,164
Airtime and production costs	**2,016,260**	2,923,078
Rent, utilities and other occupancy costs	**1,891,648**	2,106,558
Administrative costs	**816,401**	513,244
Correspondence and distribution costs	**562,790**	684,596
Fundraising and promotion	**369,868**	443,075
Interest and bank charges	**177,761**	217,523
Other missions and programs	**724,177**	768,705
	13,692,524	15,030,943
Excess of revenue over expenses before undernoted items	**1,388,427**	195,839
Net impairment loss on sale of property (Note 4)	**(121,867)**	939,266
Amortization and impairment (Note 6)	**(963,379)**	(799,383)
Provision for amounts receivable and loans receivable, net of recovery (Note 3(a), Note 3(b), Note 3(d))	**(176,542)**	(91,264)
Excess of revenue over expenses for the year	**$ 126,639**	$ 244,458

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 (Note 10)	Endowment Fund	**2020 Total**	2019 Total
Fund balances, beginning of year	$ 2,521,725	$ 365,560	$ 50,000	**$ 2,937,285**	$ 2,692,827
Excess of revenue over expenses for the year	80,835	45,804	-	**126,639**	244,458
Interfund transfers (Note 10)	4,800	(4,800)	-	**-**	-
Fund balances, end of year	$ 2,607,360	$ 406,564	$ 50,000	**$ 3,063,924**	$ 2,937,285

See accompanying notes to the financial statements.

Crossroads Christian Communications Inc.
Statement of cash flows

Year ended August 31	2020	2019
Increase (decrease) in cash		
Operating activities		
Excess of revenue over expenses for the year	**$ 126,639**	$ 244,458
Items not affecting cash:		
Net impairment loss on sale of property	**121,867**	(939,266)
Amortization of capital assets	**962,444**	528,389
Loss on disposal/sale of capital assets	**3,134**	275,313
Provision for amounts due from related parties	**176,542**	91,264
Unrealized gain on investments held for endowment	**(2,199)**	(3,959)
Donated trusts	**(108,500)**	(687,940)
Interest on vendor take-back mortgage receivable	**-**	(271,421)
Amortization of deferred capital contributions	**(344,207)**	(159,625)
	935,720	(922,787)
Change in non-cash working capital items		
Accounts receivable and other assets	**(182,899)**	63,672
Accounts payable and accrued liabilities	**17,543**	(273,547)
	770,364	(1,132,662)
Financing activities		
Amounts due to related parties	**(843,166)**	(422,720)
Repayment of capital lease obligations	**(60,351)**	(11,436)
Repayment of trusts payable	**-**	(9,900)
Deferred capital contributions received	**-**	1,359,172
	(903,517)	915,116
Investing activities		
Amounts due from related parties (net)	**(87,697)**	(88,237)
Purchase of short term investment	**(164,000)**	-
Mortgage receivable (net)	**11,621**	11,060
Purchase of capital assets	**(98,677)**	(3,902,296)
Proceeds on disposal of capital assets (net of fees)	**662**	6,567
	(338,091)	(3,972,906)
Decrease in cash	**(471,244)**	(4,190,452)
Cash, beginning of year	**2,050,777**	6,241,229
Cash, end of year	**$ 1,579,533**	$ 2,050,777

See accompanying notes to the financial statements.

1. Nature of operations

Crossroads Christian Communications Inc. (“Crossroads”) 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. Significant estimates include the collectability of amounts receivable and amounts dure from related parties, impairment of financial assets and the impairment and useful lives of capital assets. 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

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.

2. Summary of significant accounting policies (continued)

Fund accounting (continued)

The Externally Restricted Funds include the following:

- World Harvest Evangelism and Television Fund (“WHEAT”);
- Emergency Response and Development Fund (“ERDF”); and
- Debt Retirement Fund 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 $71,736 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 on an accrual basis as earned.

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

The Club recognizes government assistance toward current expenses in the statement of operations. When government assistance relates to future expenses, the Club 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
Production set	Straight line over 5 years
Television, film and studio equipment	10.0%
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, amounts due from related parties, mortgages receivable, vendor take-back mortgage receivable, investments, accounts payable, amounts due to related parties and trusts payable.

Initial measurement

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

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.

Adoption of new accounting standards

On September 1, 2019, Crossroads adopted new accounting standards Section 4433 Tangible capital assets held by not-for-profit organizations and Section 4434 Intangible assets held by not-for-profit organizations (the "standards"). The most significant requirements include:

- tangible capital assets must be separated into their component parts, when practicable, and when estimates can be made of the lives of the separate components;
- tangible capital assets and intangible assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts; and
- additional disclosures when an impairment has occurred.

The adoption of the new accounting standards was applied prospectively The adoption of these standards did not have any impact on the statement of financial position as at September 1, 2019 or the changes in fund balances for the current period.

3. Related party transactions and balances

Unless otherwise noted, CCCI's related party transactions and balances are trade in nature, unsecured, non-interest bearing and have no set terms of repayment. During the year, the following balances are receivable/payable with related parties:

	2020	2019
Loan receivable from Tricord Media Inc. (a)	**$ -**	$ 70,000
Loan receivable from Young Once S2 Inc. (b)	**-**	18,845
	$ -	$ 88,845

3. Related party transactions and balances (continued)

	2020	2019
Amounts payable to related party		
Crossroads Television Systems Inc. ("CTS") (c)	**$ 189,876**	$ 1,087,725
Less: Amounts receivable from CTS (c)	**(53,763)**	(108,446)
	$ 136,113	$ 979,279

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 2020, $1,620 was advanced to Tricord (2019 – nil) and a provision of $71,620 (2019 – 77,632) was recorded against the total Tricord loan and recivable balance and is included as part of amortization and impairment in the statement of operations. Tricord did not make any loan or recievable payments during 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 $287,000. During 2020, Young Once repaid $18,845 (2019 - $100,000) to CCCI. In 2020, no amounts were written off (2019 – $168,896).

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

	2020	2019
Airtime received included in general contributions	**$ 982,196**	$ 1,420,565
Contributions for capital purchases	**-**	1,150,000
Donations	**2,075,996**	-
Shared costs recovered	**874,308**	837,019
Rental income	**95,112**	248,028
Shared costs paid	**689,693**	394,834

(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 2020, loan advances of $102,149 were made to CRUSA. A provision for this amount was also recorded in the statement of operations. Additionally, receivables from CRUSA increased $2,773 in 2020 where a provision was recorded for the same amount.

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, $4.3M 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.

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.

6. Capital assets

			2020	2019
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Buildings	$ 313,857	$ 58,481	**$ 255,376**	$ 261,924
Leasehold improvements	2,491,675	692,889	**1,798,786**	2,252,938
Television, film and studio equipment	2,839,333	1,828,936	**1,010,397**	1,132,285
Production set	473,895	159,728	**314,167**	408,971
Automotive Equipment	20,122	3,018	**17,104**	-
Office, computer equipment and other assets	2,059,950	965,870	**1,094,080**	1,059,114
	$ 8,198,832	$ 3,708,922	**$ 4,489,910**	$ 5,115,232

6. Capital assets (continued)

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:

			2020	2019
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Office, computer equipment and other assets	$ 229,711	$ 34,457	**$ 195,254**	$ -

Included in amortization and impairment in the statement of operations is amortization of $962,444 (2019 - $528,389) and a loss on disposal of $3,134 (2019 - $275,313).

7. Trusts payable

	2020	2019
Revocable		
Capital and Operating Fund	**$ 13,900**	$ 13,900
Irrevocable		
Capital and Operating Fund	**$ 703,200**	$ 731,200
Debt Retirement Fund	**540,200**	620,700
	$ 1,243,400	$ 1,351,900

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.

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 $540,200 (2019 - $620,700) 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 new capital lease in 2020. During the year, a network server was leased from Dell Financial Services with an acquisition cost of $220,353 The lease began November 25, 2019 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.

2021	$ 45,607
2022	45,607
2023	45,607
2024	45,607
2025	12,393
Total minimum lease payments	194,821
Less: imputed interest included therein at rates 3.09%	(12,931)
Present value of future obligations	181,890
Less: current portion	(39,033)
	$ 142,857

Interest expense of $4,341 was incurred during the year on these leases.

9. Deferred capital contributions

	2020	2019
Balance, beginning of year	**$ 1,698,342**	$ 498,795
Donation received	**-**	1,359,172
Amount recognized in revenue during the year	**(344,207)**	(159,625)
Balance, end of year	**1,354,135**	1,698,342
Less: current portion	**(1,168,636)**	(344,207)
	$ 185,499	$ 1,354,135

10. Externally restricted funds

	Opening Balance September 1, 2019	Revenue	Expenses	Transfers In (Out)	Closing Balance August 31, 2020
Missions Funds	$ 365,560	$ 630,981	$ 635,704	$ 45,727	**$ 406,564**
Debt Retirement Fund	-	80,500	29,973	(50,527)	**-**
	$ 365,560	$ 711,481	$ 665,677	$ (4,800)	**$ 406,564**

11. Commitments

CCCI is committed under contracts for television airtime in 2021 in the amount of $321,087.

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

2021	$ 2,014,033
2022	1,844,779
2023	1,109,439
2024	20,714
2025	713
	$ 4,989,678

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 receivable, amounts due from related parties, mortgage receivable, and vendor take-back mortgage receivable,. A provision of $176,542 (2019 - $91,264) against the related party receivable was recognized in fiscal 2020.

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 $252,762 (2019 - $3,671). These amounts are not in arrears.

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, vendor take-back mortgage receivable, short term investments and trusts payable.

13. COVID-19

Since January 1, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As a result of the pandemic, Crossroads has applied for and received federal wage subsidies in order to minimize the financial impact of the pandemic on its employees

Based on the nature of its operations and net assets, CCCI has determined that these events did not have a significant financial impact on its financial position or operations at August 31, 2020. Going forward, Management will continue to monitor the progress of the Pandemic and will take the necessary steps to mitigate the impact to the organization.