



## Financial Statements

Crossroads Christian Communications Inc.

August 31, 2022

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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, 2022, 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, 2022, 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.

## Emphasis of Matter

We draw attention to Note 3 to the financial statements, which explains that certain comparative information presented for the year ended August 31, 2021, has been restated. Our opinion is not modified in respect of this matter.

## 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.

Toronto, Canada  
December 8, 2022

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants  
Licensed Public Accountants

# Crossroads Christian Communications Inc.

## Statement of financial position

August 31

2022

2021

(Restated  
Note 3)

### Assets

#### Current

Cash	\$ 2,970,464	\$ 2,246,652
Accounts receivable and other assets	336,945	583,177
Short-term investments (Note 4)	269,085	164,000
Mortgage receivable (Note 6)	<u>19,162</u>	<u>14,133</u>
	<b>3,595,656</b>	3,007,962
Investments held for endowment fund	<b>73,290</b>	80,300
Mortgage receivable (Note 6)	<b>1,306</b>	19,162
Capital assets (Note 7)	<u><b>2,758,196</b></u>	<u>3,666,244</u>
	<b>\$ 6,428,448</b>	<b>\$ 6,773,668</b>

### Liabilities

#### Current

Accounts payable and accrued liabilities (Note 13)	\$ 732,541	\$ 769,856
Due to related parties (Note 5)	712,398	447,591
Current portion of capital lease obligation (Note 8)	41,626	40,257
Current portion of deferred capital contributions (Note 9)	340,260	339,956
Trusts payable - revocable (Note 10)	<u>-</u>	<u>13,900</u>
	<b>1,826,825</b>	1,611,560
Capital lease obligation (Note 8)	<b>57,516</b>	100,871
Deferred capital contributions (Note 9)	<b>332,254</b>	672,210
Trusts payable - irrevocable (Note 10)	<u><b>809,300</b></u>	<u>1,147,400</u>
	<u><b>3,025,895</b></u>	<u>3,532,041</u>

### Fund balances

Capital and Operating Fund - Unrestricted	<b>2,831,786</b>	2,649,276
Externally Restricted Funds (Note 11)	<b>520,767</b>	542,351
Endowment Fund	<u><b>50,000</b></u>	<u>50,000</u>
	<u><b>3,402,553</b></u>	<u>3,241,627</u>
	<b>\$ 6,428,448</b>	<b>\$ 6,773,668</b>

Commitments (Note 12)

Contingencies (Note 14)

On behalf of the Board of Directors



Arnie  
Small,  
Director



Stephen  
Novoselac,  
Director

# Crossroads Christian Communications Inc.

## Statement of operations

Year ended August 31

	Capital and Operating Fund	Externally Restricted Funds (Note 11)	2022 Total	2021 Total (Restated Note 3)
<b>Revenue</b>				
Contributions				
General	\$ 12,289,869	\$ -	\$ 12,289,869	\$ 10,537,663
Designated contributions				
Mission Funds	-	1,623,546	1,623,546	960,827
Debt Retirement Fund	-	28,100	28,100	68,000
Canada emergency wage subsidy	79,931	-	79,931	1,305,721
Other income	1,093,333	4,417	1,097,750	1,630,469
	<u>13,463,133</u>	<u>1,656,063</u>	<u>15,119,196</u>	<u>14,502,680</u>
<b>Expenses</b>				
Remuneration of personnel	7,416,934	216,163	7,633,097	7,647,395
Airtime and production costs	1,882,034	-	1,882,034	1,722,605
Rent, utilities and other occupancy costs	1,814,304	-	1,814,304	2,028,872
Correspondence and distribution costs	556,744	-	556,744	536,597
Administrative costs	371,736	2,804	374,540	360,946
Fundraising and promotion	167,755	-	167,755	228,363
Interest and bank charges	137,690	22,043	159,733	180,514
Other missions and programs	4,199	1,455,146	1,459,345	658,212
	<u>12,351,396</u>	<u>1,696,156</u>	<u>14,047,552</u>	<u>13,363,504</u>
Excess (deficiency) of revenue over expenses before undernoted items	1,111,737	(40,094)	1,071,644	1,139,176
Amortization (Note 7)	(903,363)	-	(903,363)	(952,128)
Loss on disposal/sale of capital assets (Note 7)	(345)	-	(345)	(16,296)
Unrealized (loss) gain on investments held for endowment	(7,010)	-	(7,010)	8,564
Provision for amounts receivable and loans receivable, (net) (Note 5)	-	-	-	(1,613)
Excess (deficiency) of revenue over expenses for the year	<u>\$ 201,019</u>	<u>\$ (40,093)</u>	<u>\$ 160,926</u>	<u>\$ 177,703</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 Funds (Note 11)	Endowment Fund	<b>2022 Total</b>	2021 Total (Restated Note 3)
Fund balances, beginning of year, as previously reported	\$ 2,986,441	\$ 542,351	\$ 50,000	\$ <b>3,578,792</b>	\$ 3,063,924
Prior period adjustment (Note 3)	<u>(337,165)</u>	<u>-</u>	<u>-</u>	<u><b>(337,165)</b></u>	<u>-</u>
Fund balances, beginning of year, as restated	2,649,276	542,351	50,000	<b>3,241,627</b>	3,063,924
Excess (deficiency) of revenue over expenses for the year	201,019	(40,093)	-	<b>160,926</b>	177,703
Interfund transfers (Note 11)	<u>(18,509)</u>	<u>18,509</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,831,786</u>	<u>\$ 520,767</u>	<u>\$ 50,000</u>	<u>\$ <b>3,402,553</b></u>	<u>\$ 3,241,627</u>

See accompanying notes to the financial statements.

# Crossroads Christian Communications Inc.

## Statement of cash flows

Year ended August 31

2022

2021

(Restated  
Note 3)

Increase (decrease) in cash

### Operating activities

Excess of revenue over expenses for the year	\$ 160,926	\$ 177,703
Items not affecting cash:		
Amortization	903,363	952,128
Loss on disposal/sale of capital assets	345	16,296
Unrealized loss (gain) on investments held for endowment	7,010	(8,564)
Trust funds recognized as income	(338,100)	(96,000)
Amortization of deferred capital contributions (Note 9)	(339,652)	(341,969)
Provision for amounts receivable and loan receivable (net)	<u>-</u>	<u>1,613</u>
	393,892	701,207
Change in non-cash working capital items		
Accounts receivable and other assets	246,232	58,882
Accounts payable and accrued liabilities	(37,315)	(229,524)
Trust payable	<u>(13,900)</u>	<u>-</u>
	<u>588,909</u>	<u>530,565</u>

### Financing activities

Amounts due to related parties	264,807	309,865
Repayment of capital lease obligations	<u>(41,986)</u>	<u>(40,762)</u>
	<u>222,821</u>	<u>269,103</u>

### Investing activities

Purchase of short-term investments	(105,085)	-
Purchase of capital assets	(3,660)	(144,758)
Mortgage receivable	12,827	12,209
Proceeds on disposal of capital assets	<u>8,000</u>	<u>-</u>
	<u>(87,918)</u>	<u>(132,549)</u>

Increase in cash	723,812	667,119
Cash, beginning of year	<u>2,246,652</u>	<u>1,579,533</u>
Cash, end of year	<u>\$ 2,970,464</u>	<u>\$ 2,246,652</u>



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# Crossroads Christian Communications Inc.

## Notes to the financial statements

August 31, 2022

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### 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.

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### 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 11)*

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

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 is restricted for the retirement of old debt.

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# Crossroads Christian Communications Inc.

## Notes to the financial statements

August 31, 2022

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### 2. Summary of significant accounting policies (continued)

#### Fund accounting (continued)

##### *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.

#### 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 Externally Restricted Funds. 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 and at that time, transferred from the Externally Restricted funds to the Operating and Capital Fund.

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 assets purchased with these funds 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.

Unrestricted investment income earned is reported as revenue of the Capital and Operating Fund. Restricted investment income earned is reported as revenue of the Externally Restricted Funds. 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.

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# Crossroads Christian Communications Inc.

## Notes to the financial statements

August 31, 2022

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### 2. Summary of significant accounting policies (continued)

#### 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.

##### *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.

During the year, the Canadian Accounting Standards Board issued amendments to Section 3856 Financial Instruments, pertaining to financial instruments in related party transactions. These amendments impact the accounting for financial assets originated or acquired or financial liabilities issued or assumed in related party transactions. These amendments are effective January 1, 2021 and have been applied retrospectively. The adoption of this amendment did not impact CCCI.

# Crossroads Christian Communications Inc.

## Notes to the financial statements

August 31, 2022

### 3. Prior period adjustment

Since fiscal 2020, Crossroads participated in the Canada Emergency Wage Subsidy (“CEWS”) program which was initiated by the Government of Canada to lessen the impact of the Covid-19 pandemic on organizations. Under the program, each organization who applied for the subsidy, was required to comply with a series of eligibility and calculation requirements in order to receive the subsidy. During the year ended August 31, 2022, management identified both a calculation error of \$410,599 and a cut-off error of \$73,434 related to the previous fiscal year, which resulted in a net overstatement of CEWS of \$337,165.

Crossroads has retroactively restated the prior period to correct for this error. The impact on the comparative balances in their financial statements is as follows:

<u>August 31, 2021</u>	<u>Previously Reported</u>	<u>Adjustments</u>	<u>As restated</u>
<b>Statement of Financial Position</b>			
Accounts receivable and other assets	\$ 509,743	\$ 73,434	\$ 583,177
Accounts payable and accrued liabilities	359,257	410,599	769,856
Capital and Operating Fund balance	2,986,441	(337,165)	2,649,276
<b>Statement of Operations</b>			
Canada emergency wage subsidy	1,642,886	(337,165)	1,305,721
Excess of revenue over expenses for the year	514,868	(337,165)	177,703
<b>Statement of Changes in Fund Balances</b>			
Excess of revenue over expenses for the year	514,868	(337,165)	177,703
<b>Statement of Cash Flows</b>			
Excess of revenue over expenses for the year	514,868	(337,165)	177,703
Change in accounts receivable and other assets	132,316	(73,434)	58,882
Change in accounts payable and accrued liabilities	640,123	(410,599)	229,524

# Crossroads Christian Communications Inc.

## Notes to the financial statements

August 31, 2022

### 4. Short-term investments

Short-term investments are comprised of the following:

A guaranteed investment certificate ("GIC"), with a balance of \$ 165,765 (2021 - \$164,691) held as collateral by the Bank of Montreal to secure credit card transactions for Crossroads. The GIC does not have a set maturity date and yields an annual interest rate of 0.40%.

Investments in pooled funds with a fair market value of \$ 103,320 (2021 - \$Nil).

### 5. Related party transactions and balances

	<u>2022</u>	<u>2021</u>
Amounts due to related party		
Crossroads Television Systems Inc. ("CTS") (c)	\$ 837,586	\$ 542,166
Less: Amounts receivable from CTS (c)	<u>(125,188)</u>	<u>(94,575)</u>
	<u>\$ 712,398</u>	<u>\$ 447,591</u>

In addition Crossroads had the following balances with related parties noted below:

(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. Crossroads has advanced \$ 892,584 to Tricord, and a corresponding provision has been recorded in previous years.

(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. Crossroads advanced \$171,746 to Young Once and a corresponding provision has been recorded in previous years.

(c) Crossroads Christian Communications Inc. USA (CUSA) is a charity registered in the United States of America, under common control with some common directors and officers. Crossroads advanced \$569,020 to CUSA, and a corresponding provision has been recorded in previous years.

The following outlines the transactions with various related parties with CTS:

	<u>2022</u>	<u>2021</u>
Airtime received included in general contributions	\$ 1,294,072	\$ 1,231,534
Donations	3,066,381	1,700,000
Shared costs recovered	692,276	1,078,736
Rental income	280,829	280,829
Shared costs paid	866,257	767,237
Rent paid	332,717	1,330,868

# Crossroads Christian Communications Inc.

## Notes to the financial statements

August 31, 2022

### 6. 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.

### 7. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2022</u> <b>Net Book Value</b>	<u>2021</u> Net Book Value
Buildings	\$ 313,857	\$ 71,090	<b>\$ 242,767</b>	\$ 248,991
Leasehold improvements	2,491,675	1,696,618	<b>795,057</b>	1,296,921
Television, film and studio equipment	2,834,981	2,011,413	<b>823,568</b>	924,090
Production set	473,895	349,334	<b>124,561</b>	219,364
Office, computer equipment and other assets	2,176,235	1,412,370	<b>763,865</b>	964,905
Automotive equipment	<u>20,123</u>	<u>11,745</u>	<b><u>8,378</u></b>	<u>11,973</u>
	<b><u>\$ 8,310,766</u></b>	<b><u>\$ 5,552,570</u></b>	<b><u>\$ 2,758,196</u></b>	<b><u>\$ 3,666,244</u></b>

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>Cost</u>	<u>Accumulated Amortization</u>	<u>2022</u> <b>Net Book Value</b>	<u>2021</u> Net Book Value
Office, computer equipment and other assets	<u>\$ 229,711</u>	<u>\$ 134,036</u>	<b><u>\$ 95,675</u></b>	<u>\$ 141,128</u>

# Crossroads Christian Communications Inc.

## Notes to the financial statements

August 31, 2022

### 8. Capital lease obligation

CCCI entered into a capital lease in November 2020 with an acquisition of cost of \$220,353 with a term of 60 months. The monthly blended payments are \$3,656 and a weighted average interest rate of 3.09%. This lease is unsecured.

2023	\$ 45,607
2024	45,607
2025	<u>12,393</u>
Total remaining lease payments	103,607
Less: imputed interest included therein at rates 3.09%	<u>(4,465)</u>
Present value of future obligations	99,142
Less: current portion	<u>(41,626)</u>
	<u>\$ 57,516</u>

Interest expense of \$3,621 was incurred during the year on these leases.

### 9. Deferred capital contributions

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,012,166	\$ 1,354,135
Amount recognized in revenue during the year	<u>(339,652)</u>	<u>(341,969)</u>
Balance, end of year	672,514	1,012,166
Less: current portion	<u>(340,260)</u>	<u>(339,956)</u>
	<u>\$ 332,254</u>	<u>\$ 672,210</u>

### 10. Trusts payable

	<u>2022</u>	<u>2021</u>
Revocable		
Capital and Operating Fund	\$ <u>-</u>	\$ <u>13,900</u>
Irrevocable		
Capital and Operating Fund	\$ 365,200	\$ 675,200
Externally Restricted Funds (Note 11)	<u>444,100</u>	<u>472,200</u>
	<u>\$ 809,300</u>	<u>\$ 1,147,400</u>

A number of trusts, both revocable and irrevocable, have been established by supporters for the benefit of CCCI. The revocable trusts can be called at any time by the holder. Additional funds may be added to these trusts by way of loans and could be revocable if requested. These funds are available to discharge 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.

# Crossroads Christian Communications Inc.

## Notes to the financial statements

August 31, 2022

### 11. Externally Restricted Funds

	Opening Balance September 1, 2021	Revenue	Expenses	Transfers In (Out)	Closing Balance August 31, 2022
Missions Funds	\$ 542,351	\$ 1,627,963	\$ 1,674,113	\$ 24,566	\$ 520,767
Debt Retirement Fund	-	28,100	22,043	(6,057)	-
	<u>\$ 542,351</u>	<u>\$ 1,656,063</u>	<u>\$ 1,696,156</u>	<u>\$ 18,509</u>	<u>\$ 520,767</u>

### 12. Commitments

CCCI is committed under contracts for television airtime in 2023 in the amount of \$1,663,064

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

2023	\$ 1,279,185
2024	20,714
2025	<u>713</u>
	<u>\$ 1,300,612</u>

### 13. 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, short-term investments and mortgage receivable. A provision of \$Nil (2021 - \$1,613) against the related party receivable was recognized in fiscal 2022.

#### 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 \$2,849 (2021 - \$26,675). These amounts are not in arrears.



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# **Crossroads Christian Communications Inc.**

## **Notes to the financial statements**

August 31, 2022

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### **13. 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 investments, investments held for endowments and trusts payable.

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### **14. Contingencies**

A trademark claim has been brought against the Organization. As the outcome of this claim is not determinable at this time, no provision has been recognized in these financial statements.