Financial Statements

Crossroads Christian Communications Inc.

August 31, 2025

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Contents

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Independent Auditor's Report

To the Board of Directors of Crossroads Christian Communications Inc.

Opinion

We have audited the financial statements of Crossroads Christian Communications Inc. ("CCCI"), which comprise the statement of financial position as at August 31, 2025, and the statements of operations, changes in net assets 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 accompanying financial statements present fairly, in all material respects, the financial position of CCCI as at August 31, 2025, and its results of 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 CCCI 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 – Restated Comparative Information

We draw attention to Note 3 to the financial statements, which explains a change in accounting policy which resulted in the retrospective application affecting the September 1, 2023 opening balances. Our opinion is not modified with 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 CCCI's 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 CCCI or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CCCI's 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 CCCI's internal controls.

- 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 CCCI'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 CCCI 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
December 11, 2025

Crossroads Christian Communications Inc.
Statement of Financial Position

August 31	**2025**	2024
		(Restated Note 3)
Assets		
Current		
Cash	**$ 3,154,336**	$ 2,091,511
Accounts receivable and other assets	**200,981**	183,067
Short-term investments (Note 4)	**281,595**	267,631
Loan receivable	**-**	2,391,385
	3,636,912	4,933,594
Due from related parties (Note 5)	**718,368**	253,633
Capital assets (Note 6)	**1,258,018**	1,434,051
	$ 5,613,298	$ 6,621,278

Liabilities		
Current		
Accounts payable and accrued liabilities (Note 12)	**$ 255,658**	$ 328,771
Deferred contributions (Note 8)	**1,306,730**	1,399,270
Capital lease obligation	**-**	11,345
Current portion of deferred capital contributions (Note 7)	**-**	14,679
	1,562,388	1,754,065
Deferred capital contributions (Note 7)	**-**	117,430
Irrevocable trusts payable (Note 9)	**402,200**	417,200
	1,964,588	2,288,695
Net assets		
Unrestricted	**2,340,692**	2,848,532
Invested in capital assets	**1,258,018**	1,434,051
Endowment	**50,000**	50,000
	3,648,710	4,332,583
	$ 5,613,298	$ 6,621,278

Commitments (Note 10)

On behalf of the Board of Directors

_______________ Director _______________ Director

The accompanying notes are an integral part of these financial statements.

Crossroads Christian Communications Inc.
Statement of Operations
Year ended August 31

	2025	2024 (Restated Note 3)
Revenue:		
General contributions	**$ 7,891,687**	$ 6,670,593
Gifts in kind	**1,593,388**	1,467,067
International emergency relief and development	**1,055,809**	1,340,248
Legacy and bequests	**942,860**	836,740
Rental income	**379,474**	374,245
Earned income	**356,827**	445,342
Other income	**189,493**	245,770
Investment income	**169,801**	389,075
Trust income	**25,518**	363,151
	12,604,857	12,132,231
Expenditures:		
Programs:		
Media content ministry	**6,880,566**	8,879,547
Prayer ministry	**2,320,093**	2,094,306
International emergency relief and development	**916,670**	1,177,290
Worship/music ministry	**127,884**	174,204
	10,245,213	12,325,347
Support:		
Fundraising	**2,172,404**	1,902,550
Management and administration	**871,113**	846,626
	3,043,517	2,749,176
	13,288,730	15,074,523
Deficiency of revenue over expenditures for the year	**$ (683,873)**	$(2,942,292)

The accompanying notes are an integral part of these financial statements.

Crossroads Christian Communications Inc.
Statement of Changes in Net Assets
Year ended August 31

	Unrestricted	Invested In Capital Assets	Endowment	**2025 Total**
Net assets, beginning of year	$2,848,532	$ 1,434,051	$ 50,000	$ 4,332,583
Deficiency of revenue over expenditures for the year	(503,890)	(179,983)	-	(683,873)
Investment in capital and tangible assets, net	(3,950)	3,950	-	-
Net assets, end of year	$ 2,340,692	$ 1,258,018	$ 50,000	$ 3,648,710

	Unrestricted	Invested In Capital Assets	Endowment	2024 Total (Restated Note 3)
Net assets, beginning of year	$ 5,298,471	$ 1,926,404	$ 50,000	$ 7,274,875
Deficiency of revenue over expenditures for the year	(2,409,105)	(533,187)	-	(2,942,292)
Investment in capital and tangible assets, net	(40,834)	40,834	-	-
Net assets, end of year	$ 2,848,532	$ 1,434,051	$ 50,000	$ 4,332,583

Crossroads Christian Communications Inc.
Statement of Cash Flows

Year ended August 31	2025	2024 (Restated Note 3)
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenditures for the year	**$ (683,873)**	$ (2,942,292)
Adjustments required to reconcile excess of revenue (deficiency) over expenditures with net cash provided by (used in) operating activities:		
Amortization of capital assets	**179,983**	532,908
Loss on disposal/sale of capital assets	**-**	279
Unrealized loss on investments held for endowment	**-**	(9,624)
Trust funds recognized as income	**(15,000)**	(342,000)
Amortization of deferred capital contributions (Note 7)	**(132,109)**	(201,958)
	(650,999)	(2,962,687)
Changes in non-cash working capital items		
Accounts receivable and other assets	**(17,914)**	157,551
Accounts payable and accrued liabilities	**(73,113)**	(155,748)
Deferred contributions	**(92,540)**	399,599
	(834,566)	(2,561,285)
Financing activities		
Advance (repayment) from (to) related parties	**175,637**	(313,508)
Payment of capital lease obligations	**(11,345)**	(44,549)
	164,292	(358,057)
Investing activities		
Purchase of short-term investments, net	**(13,964)**	(16,030)
Purchase of capital assets	**(3,950)**	(40,834)
Mortgage receivable	**-**	6,992
Advance to related parties	**(718,367)**	(253,633)
Advance of loan receivable	**-**	(4,000,000)
Loan receivable	**2,469,380**	1,608,615
	1,733,099	(2,694,890)
Increase (decrease) in cash	**1,062,825**	(5,614,232)
Cash, beginning of year	**2,091,511**	7,705,743
Cash, end of year	**$ 3,154,336**	$ 2,091,511

1. Nature of Operations

Crossroads Christian Communications Inc. ("Crossroads") is a registered charitable organization under the Income Tax Act and 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' purpose is to reveal the transforming story of Jesus through inspiring and innovative media to anyone, anywhere, anytime. Crossroads accomplishes its mission through the production of religious media that is broadcast on television, over-the-air, and the internet, and by providing a 24-hour prayer service, as well as the provision of humanitarian aid and religious education in Canada and overseas.

2. Significant Accounting Policies

Basis of Presentation

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.

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 accounts receivables and the useful lives of capital assets. Actual results could vary from those estimates.

Revenue Recognition

Crossroads follows the deferral method of accounting for contributions. Revenue containing conditions as to its use (restricted contributions) is deferred until the conditions are fulfilled. Revenue not containing conditions as to its use is recognized when received or receivable and the amount to be received can be reasonably estimated and its collection is reasonably assured.

The Organization is named as a beneficiary in certain wills. In some cases, the bequests involve trust arrangements administered by third parties that are not controlled by the Organization. Revenue on these arrangements, whether interest or capital, is recognized on receipt.

Endowments required to be maintained on a permanent basis are recognized as direct increases in net assets when received. Income earned on endowments is recognized as revenue when it becomes available for use in accordance with the terms of the endowment.

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 Crossroads' amortization policy.

2. Significant Accounting Policies (Continued)

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

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

Allocation of Expenditures

Crossroads reports its expenditures by function between program activities, including media content ministry, prayer ministry, international emergency relief and development, and worship/music ministry, and support activities, namely fundraising and administration.

The expenditures of each cost centre in the Organization include personnel, procured services, materials, premises and other expenses. Most cost centres have a primary program or support function. Other cost centres represent a combination of program, fundraising and administrative activities. In this case, the expenditures are allocated between program and support based on the proportion of staff time dedicated between the activities, though certain direct expenditures that have a clear and specific activity are directly attributed to the appropriate activity.

Cost centres that are administrative in nature could have an allocation to program activities while other cost centres that are more programmatic in nature could conversely have an allocation to support activities. Allocation ratios are reviewed annually and are updated and applied on a prospective basis.

Capital Assets

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

Buildings	2.5% - 5%
Television, film and studio equipment	10%
Office, computer equipment and other assets	15% - 30%
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.

Gifts-in-Kind

Gifts-in-kind are valued at their estimated fair market value. The recognition of donated goods is limited to donations where the organization takes possession or constructive title.

Financial Instruments

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

2. Significant Accounting Policies (Continued)

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.

3. Change in Accounting Policy

Crossroads previously presented its financial statements using fund accounting whereby resources for particular purposes were classified into various funds. Crossroads determined to discontinue applying fund accounting as the relevant information is already sufficiently presented in the statement of financial position in deferred liabilities and net assets.

In addition, Crossroads previously accounted for revenue following the restricted fund method whereby externally restricted contributions were recognized as revenue when received, regardless of when the related program expenditure occurred.

Crossroads determined to change revenue recognition from the restricted fund method to the deferral method to better match revenue recognition to the related program expenditure. Crossroads believes that this treatment results in the financial statements being more relevant in describing the results of its operations.

Crossroads has retroactively restated the prior period to reflect this accounting policy change for comparative purposes. The impact on the comparative balances in their financial statements is as follows:

August 31, 2024	Previously Reported	Adjustments	As Restated
Statement of Financial Position			
Net assets	$ 4,960,219	$ (627,636)	$ 4,332,583
Deferred contributions	771,634	627,636	1,399,270
Statement of Changes in Fund Balance	4,960,219	(627,636)	4,332,583
Statement of Operations			
Revenue	12,225,539	(93,308)	12,132,231
Statement of Changes in Net Assets			
Excess of expenditures over revenue for the year	(2,848,984)	(93,308)	(2,942,292)
Statement of Cash Flows			
Change in operating activities	(2,869,379)	(93,308)	(2,962,687)
Change in deferred contributions	306,291	93,308	399,599

4. Short-term Investments

Short-term investments are comprised of the following:

A guaranteed investment certificate ("GIC"), with a balance of $186,850 (2024 - $181,427) held as collateral by the Bank of Montreal to secure credit card transactions for Crossroads. The GIC matures in August 2026 (2024 – August 2025) and currently yields an annual interest rate of 2% (2024 – 3%)

Endowment investments are held in pooled funds with a fair market value of $94,745 (2024 - $86,204).

5. Related Party Transactions and Balances

Related party transactions are in the normal course of operations and are measured at the exchange value as agreed upon by the parties.

Crossroads had the following balances and transactions with the following related parties which are under common control.

(a) Crossroads Television System ("CTS", operating as YES TV) was incorporated in 1994 and is a not-for-profit organization that operates digital media broadcasting.

	2025	2024
Amounts due from related party CTS end of year:		
Amounts receivable from CTS	**$ 765,999**	$ 311,529
Less: Amounts due to CTS	**(47,631)**	(57,896)
	$ 718,368	$ 253,633

	2025	2024
Transactions with related party CTS during the year:		
Airtime received included in gifts in kind	**$ 1,365,446**	$ 1,340,560
Donations	**850,000**	840,000
Shared costs recovered	**574,516**	592,298
Rental income	**328,997**	328,997
Shared costs paid	**881,781**	750,215

(b) Tricord Media Inc. ("Tricord"), a faith and values media distribution company, was incorporated in 2012 as a not-for-profit organization. Crossroads has advanced $892,584 to Tricord, and a corresponding provision has been recorded in previous years.

(c) Young Once Television S2 Inc. ("Young Once") was incorporated in 2019 to produce six episodes of a docu-drama comprising of the second season of Young Once. Crossroads advanced $173,273 to Young Once and a corresponding provision has been recorded in previous years.

(d) Crossroads Christian Communications Incorporated, operating as Crossroads USA ("CUSA"), is a separate and distinct not-for-profit organization incorporated in the United States of America and is classified as a 501(C)(3) tax-exempt organization under the IRS income tax code. CUSA is 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.

5. Related Party Transactions and Balances (Continued)

(e) 1000708882 Ontario Inc. is a subsidiary of CTS. During the year, Crossroads paid $1,821,218 (2024 - $1,214,145) in rent to 1000708882 Ontario Inc. CTS is a sub-tenant of Crossroads and pays rent to Crossroads as noted in Note 5 (a).

6. Capital Assets

			2025	2024
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Buildings	$ 313,857	$ 88,847	**$ 225,010**	$ 230,780
Television, film and studio equipment	2,849,170	2,236,265	**612,905**	676,829
Office, computer equipment and other assets	2,201,422	1,784,194	**417,228**	522,335
Automotive equipment	20,123	17,248	**2,875**	4,107
	$ 5,384,572	$ 4,126,554	**$ 1,258,018**	$ 1,434,051

Buildings consist of equipment affixed to the building in which Crossroads leases office and studio space.

7. Deferred Capital Contributions

	2025	2024
Balance, beginning of year	**$ 132,109**	$ 334,067
Amount recognized in revenue during the year	**(132,109)**	(201,958)
Balance, end of year	**-**	132,109
Less: current portion	**-**	(14,679)
	$ -	$ 117,430

8. Deferred Contributions

	Other	International Emergency Relief and Development	**2025**
Balance, beginning of the year	$ 771,634	$ 627,636	$ 1,399,270
Contributions received	500,000	1,055,809	1,555,809
Amount recognised in Revenue during the year	(710,718)	(937,631)	(1,648,349)
Balance, end of year	$ 560,916	$ 745,814	$ 1,306,730

	Other	International Emergency Relief and Development	2024 (Restated Note 3)
Balance, beginning of the year	$ 465,343	$ 534,324	$ 999,667
Contributions received	804,649	1,340,248	2,144,897
Amount recognised in Revenue during the year	(498,358)	(1,246,936)	(1,745,294)
Balance, end of year	$ 771,634	$ 627,636	$ 1,399,270

9. Irrevocable Trusts Payable

	2025	2024
Irrevocable trusts payable	**$ 402,200**	$ 417,200

A number of irrevocable trusts have been established by supporters for the benefit of Crossroads. These funds are managed by Crossroads and are available to discharge obligations of Crossroads. During their lifetime, the income of the trusts is payable to the supporter, unless waived, and on death, trust funds pass to Crossroads and are recognized as revenue.

10. Commitments

Crossroads is committed under contracts for television airtime in the amount of $1,760,802 (2024 - $1,689,063)

Crossroads is also committed to the following minimum rent, lease, and service contract payments. Rent is payable to 1000708882 Ontario Inc., a subsidiary of CTS.

2026	$ 231,030
2027	19,743
2028	19,743

11. Allocation of Expenses

As described in Note 2, certain expenditures represent a combination of program and support activities.

Administration expenditures are stated in the statement of operations after the allocation of the following amounts to program expenses:

Program expenses	**2025**	2024
Media content ministry	**$ 585,029**	$ 609,934
Prayer ministry	**197,269**	143,858
International emergency relief and development	**77,941**	80,868
Worship/music ministry	**10,874**	11,966

12. Financial Instrument Risks

Transactions in financial instruments may result in Crossroads 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 not currently exposed to any significant credit risk associated with cash, accounts receivables, short-term investments, and due from related parties.

Liquidity Risk

Liquidity risk is the risk that Crossroads will encounter difficulty in meeting obligations associated with financial liabilities. Crossroads is not currently exposed to this risk through its accounts payable or accrued liabilities. Crossroads manages its liquidity risk by maintaining sufficient cash balances and monitoring forecasted and actual cash flows.

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 short-term investments.

13. Comparative Amounts

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.